



Final 2001 Comprehensive Solid Waste Management Plan

November 2001



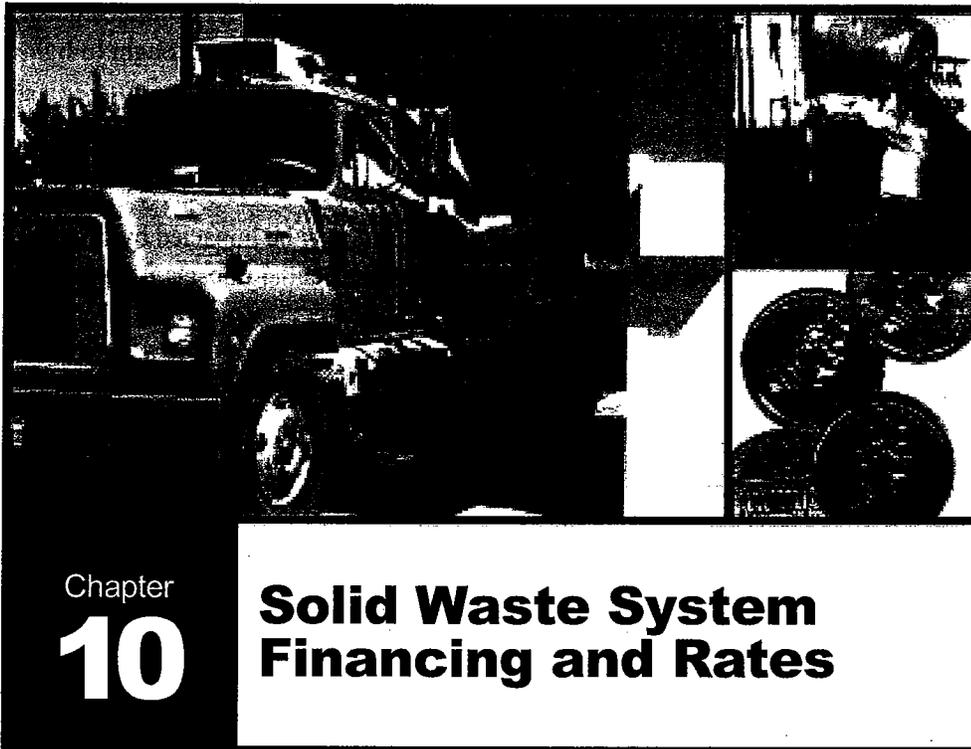
King County

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Chapter
10

Solid Waste System Financing and Rates

Funding mechanisms for solid waste systems vary dramatically in different areas of the country. In some areas, solid waste services and programs are paid for through general property tax revenues. Because funding is achieved through the tax structure in these areas, citizens do not necessarily make a direct connection between the cost of handling solid waste and the amount of garbage they throw away.

In King County, virtually all of the solid waste services and programs are paid for directly by the users of the system in the form of fees for garbage collection and disposal. These fees pay for services and facilities, educational and informational programs, and the development of regional policy. When citizens can make a direct connection between solid waste disposal and its associated costs, they are more likely to see the effects of positive behaviors such as waste reduction and recycling.

With this Plan, the County has sought active participation from the users of the regional solid waste system in planning for the future. During development of the Plan, Solid Waste Division staff met with the public, cities, and private solid waste management companies to hear their ideas about the future of solid waste services and programs. Where rates are concerned, the public expressed a general desire to keep them as low as possible.

In meetings with the cities, the focus was on how solid waste fees are collected and allocated among our services and programs. Three key concerns were brought to light during these meetings:

- The equity of the reduced fee that private haulers pay when they transport wastes through their own transfer facilities instead of County facilities
- The use of a system-wide average rate
- Funding for the cities in the system service area that may be impacted by County-owned transfer stations to help pay for some of the potential impacts from station activities, such as additional traffic, road wear, and litter



Before delving into these specific concerns, this chapter sets the stage for how we as a region can work to resolve them. The first recommendation is for the County to provide more technical assistance to the cities in developing collection contracts and grants, including how to locate funding sources. The second is to share responsibility with the cities for the development of regional solid waste policies through a Solid Waste Policy Work Group. In the past the cities' role has been one of policy review. With this Plan, the County has made a commitment to work with the cities on the development of regional solid waste policy and rates. Recommendations from the group would be submitted to the King County Executive for consideration.

Along with this latter recommendation is more detailed discussion about some alternative rate structures that could be considered. The County plans to maintain a rate structure based on tonnage unless it can be demonstrated that an alternate rate structure would benefit the system as a whole.

The chapter begins with the County's financing and rate policies followed by a brief description of how city and County programs and services are currently funded.

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Many cities contract for solid waste disposal services from private companies

County Financing and Rates Policies

The County sets out financial and rate policies as follows:

FIN-1. The county shall maintain, conduct, operate and account for the disposal of solid waste as a utility of the county. The solid waste system shall be a self-supporting utility financed primarily through fees for disposal.

FIN-2. The county shall charge garbage disposal fees directly to users of the solid waste disposal system to pay for solid waste services.

FIN-3. The county shall maintain a rate structure based on tonnage, recognizing that the structure does not provide a self-hauler subsidy, unless the executive demonstrates that a different rate structure would benefit the system as a whole.

FIN-4. The county should keep garbage disposal fees as low as possible and should manage the solid waste system to keep rate increases as low as possible while meeting the costs of managing the system and providing service to solid waste customers.

FIN-5. The county should provide technical assistance to the cities in developing collection contracts and grants.

FIN-6. The county should develop and implement a grant program for the cities that will consolidate grant programs and contracts wherever possible. The county should provide technical assistance to aid the cities in identifying, applying for and administering grants.

FIN-7. The county should provide opportunities to expand the role of cities in developing and reviewing regional solid waste policies and rates by establishing a Solid Waste Policy Work Group to work in conjunction with the Solid Waste Advisory Committee to make recommendations regarding system operations to the King County executive. As part of these recommendations, the executive shall evaluate the costs and benefits of alternative rate structures on individual customer classes.

FIN-8. The county is committed to working with the cities that are impacted by transfer stations to explore funding to mitigate potential impacts from these facilities. Any statutorily authorized host fees should be in amounts directly attributable to the solid waste facility provided that the cities can establish that the fee is reasonably necessary to mitigate for impacts of the solid waste facility as required in state law.

Funding of Solid Waste Services and Programs

This section describes how the cities and the County collect fees and how these fees are used to pay for collection and disposal services and other solid waste programs.

Funding for the Cities

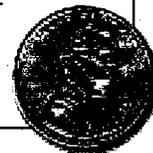
The cities in King County fund their solid waste and recycling programs in various ways. One funding source is through revenues the cities either generate or receive from solid waste collection services. Many cities contract with private solid waste management companies and negotiate a collection price and level of service. Other cities bill customers directly and then pay the private companies for the contracted collection, disposal, and recycling services provided. Most cities, however, allow the private companies to bill the customers directly for the contracted services. Depending on their contracts, some private companies also collect a small fee that is returned to the cities to fund their solid waste and recycling programs. The cities of Enumclaw and

Waste Reduction and Recycling Grants

King County issues grants to the cities to help fund waste reduction and recycling programs. In the 1980s, when it was projected that the Cedar Hills Regional Landfill would reach its permitted capacity as early as 2004, a surcharge on County disposal fees was collected to pay for the construction of incinerators in the County. In 1989 the County decided not to build incinerators and to focus instead on waste reduction and recycling. \$3 million of the surcharge paid by the ratepayers was directed to a grant program to fund waste reduction/recycling programs and projects in the cities and in unincorporated King County. While the cities' \$1.5-million share in grant funds has been expended, the County plans to continue funding this popular program.

The remaining portion of the surcharge money collected for construction of incinerators was used for the environmental remediation and maintenance of the County's landfills.

The commitment of the cities and the County to waste reduction and recycling has proven to be extremely beneficial to the ratepayers. Since changing course in 1989, the development plan for the Cedar Hills Regional Landfill has been scaled back, and 5 years have been added to its estimated life. Through the collaborative efforts of local government and the citizens, the inevitable day has been delayed when our most cost-effective disposal resource will be closed.



Skykomish are the exception in that they collect garbage and recyclables within their own city boundaries and bill their customers themselves. Some cities also tax solid waste collection revenues under the utility tax authorized by state law to generate money for other city purposes.

A second funding source is state- or County-funded grants. Some cities do not generate or receive any revenue from solid waste collection and rely solely on these grant funds.

The 37 cities participating in the King County regional solid waste system vary greatly in size and available resources. Some cities have the resources to fund innovative environmental programs, while others do not have the staff or the money to do much more than comply with regulations. State- and County-funded grants are one way to equalize the level of services among the cities. These grants may require the cities to provide matching funds or to employ staff to locate and administer the grants. King County recently designated staff to work with the cities to identify additional private and public grant opportunities to fund their environmental programs. Division staff will be providing technical assistance to the cities on grant writing and management. Combining the resources of the County and the cities will help leverage the resources needed by the cities to obtain important funding.

Along with the County, all cities are eligible to receive Coordinated Prevention Grant (CPG) funds from the state. These funds help pay for activities that prevent contamination of air, land, and water by the generation and disposal of hazardous and solid wastes. CPG funds include a base amount and then a variable amount based on population. In 1998 and 1999, the cities received nearly one million dollars in CPG funds. Use of these funds currently requires 40 percent matching funds from the participating jurisdiction, although the matching requirement may be changing.

Funding for the County

Nearly all of the money used to support the County's solid waste programs and services comes from the disposal fees collected at transfer stations and the Cedar Hills Regional Landfill. Also called the tipping fee, this fee is based on the weight of the material being disposed. Some specific solid waste services are funded by means of surcharges and other mechanisms. Figure 10-1 on the following page shows the mix of funding sources for all solid waste operations.

Revenues Generated Through Disposal Fees

There are two types of tipping fees charged at King County facilities for MMSW disposal – the basic fee and the regional direct fee.

Long ago, the King County Council decided that all citizens of King County are entitled to a certain level of solid waste handling service at a reasonable and affordable system-wide rate. Currently, the basic fee charged to all customers who use the County-owned transfer stations is \$82.50 per ton, with a minimum charge of \$13.72. This fee is based on an average system cost – which means that customers at the Factoria Transfer

Station in Bellevue pay the same amount as those at the Cedar Falls Drop Box near North Bend, even though the cost of providing the service at each facility is not the same. Average system cost includes the total cost of all solid waste programs and services. The basic fee covers all of these costs except for funding from the regional direct fee and a limited contribution from the other funding sources shown in Figure 10-1.

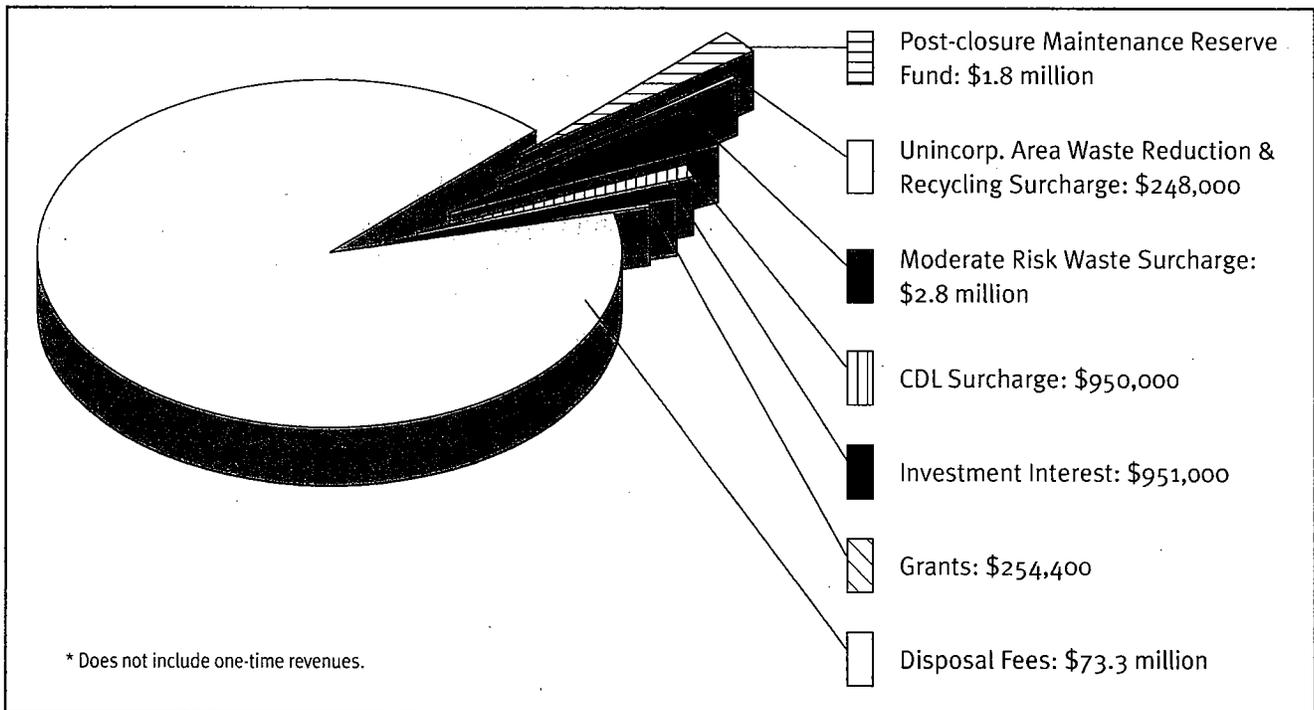
The other tipping fee is called the regional direct fee, which is currently \$59.50 per ton. The regional direct fee is charged to the private collection companies authorized to transport waste directly to the Cedar Hills Regional Landfill from their own private transfer stations or processing facilities. The regional direct fee is a rate negotiated between the private companies and the County that covers the full cost of disposal at Cedar Hills but only some of the costs of services and programs that are provided by the Solid Waste Division.

Based on the tonnage forecast presented in Chapter 3 of this Plan, an increase in the tipping fee is not anticipated until at least 2005. This projection assumes that there are no substantial changes in the rate of inflation, projected tonnage, areas of expenditure, or other forecast assumptions.

Revenues from Other Sources

As stated earlier, the County receives some revenue from sources other than the tipping fees to fund specific programs or operations. These revenue sources are described below.

Figure 10-1. Funding Sources for Solid Waste Division Operations in 2000*



Unincorporated Area Waste Reduction and Recycling Surcharge

In the unincorporated areas of the County, the certificated private collection company directly bills customers who subscribe to curbside garbage collection. The customers are charged a 22-cent-per-month fee, which is remitted to the County to support waste reduction and recycling programs and services in the unincorporated areas.

Moderate Risk Waste Surcharge

Services to handle moderate risk waste and small quantities of hazardous waste are funded through fees set by the King County Board of Health as part of the Local Hazardous Waste Management Program. Residents and businesses pay a monthly surcharge on their garbage collection accounts to fund the programs. Self-haul customers disposing of waste at County-owned transfer stations also pay a \$1.00 surcharge per trip. Collectively, these funds are used to pay for the Wastemobile and a variety of educational and technical assistance programs administered by the County's Solid Waste Division, County Water and Land Resources Division, Public Health – Seattle & King County, and the City of Seattle. These programs are aimed at the reduction and proper handling of hazardous wastes and targeted waste reduction and recycling services.

Construction, Demolition, and Landclearing Debris Surcharge

The County program for the disposal and recycling of construction, demolition, and landclearing (CDL) debris is funded by a \$4.25-per-ton surcharge established by contract and County ordinance. The surcharge is paid by the private solid waste management companies that operate the four CDL receiving facilities in King County. The costs of the CDL program are paid by those using the service. This surcharge is set to expire in 2004, when the current CDL contracts expire. See Chapter 8 for a description of CDL management alternatives beyond 2004.

Post-closure Maintenance Reserve Fund

Funds for the environmental monitoring and maintenance of closed landfills are collected while the landfills are still active. Upon closure of a landfill, the accumulated money is transferred to a post-closure maintenance reserve fund. Enough money is set aside to fund at least 30 years of maintenance at each landfill. In 2000 about \$1.8 million was expended for environmental monitoring and site maintenance at the County's ten closed landfills.

Grants

The County, like the cities, is also eligible for Coordinated Prevention Grants (administered by the Washington Department of Ecology) funds. Grant funds are used to pay for some waste reduction and recycling programs and planning expenditures. The County also receives grant funds from the Washington Department of Ecology to pay for cleaning up illegal dump sites and litter on public property in the region.