

When calculating the rate, the division based LRF calculations on an historic return on investments of 3%. Recent economic conditions have resulted in the LRF underperforming that assumed return. The King County Council Staff and King County Auditor have reviewed the division's rate proposal and are recommending an increase in the rate of approximately one dollar to correct this condition.

Staff is working to confirm the exact number in advance of the August 16 Budget and Financial Management Committee meeting. With this adjustment, the Council and the Executive are advancing the one year rate with a goal of concluding ILA discussions this year.

Councilmember Goodwin from the City of Black Diamond commented about the Solid Waste Rate proposal on his blog. Hardcopies of his comments were distributed at the meeting. The Department of Ecology (DOE) continues to review the comp plan. Their 120 day review period expires in August. It seems they are likely to take all of that allotted time. Since the Council's work on the budget begins in September, it is unlikely that the comp plan will be reviewed by the King County Council until sometime in December, after the budget has passed.

King County has received three responses to the RFP for appraisal services for Cedar Hills. SWD has contacted Appraisal Committee members to determine if a member is interested in participating in contractor selection. The selected firm will determine the value of the added capacity at the landfill which will inform the process for considering next steps with rent. In response to an email from a member, Kiernan said the division will provide information about the costs related to financing for various term lengths, inflation assumptions used in those projections, and other financial information at the next MSWMAC meeting.

SWAC:

SWAC received presentations on closed landfills and the EcoConsumer program. EcoConsumer is a source for a variety of recycling related information. For more information about the program, visit the website at <http://www.KCecoconsumer.com>.

In lieu of a July meeting, SWAC members have been invited to tour Recovery 1, a recycling facility which receives, sorts, and processes co-mingled loads of construction, demolition and land clearing (CDL) debris. SWAC continues to be very interested in the ILA discussions.

Others:

Chair Greenway discussed the recent "Party in the Park," a pancake breakfast fundraiser to provide maintenance funds for the Bridle Trails State Park in Kirkland. She discussed the efforts made to make it a zero waste event and the educational benefit of having volunteers near the waste and recycle bins to educate participants.

Hungerford said that volunteers trained by the Solid Waste Division to be Master Recycler/Composters (MRC) would be attending the Kent Cornucopia Day event this weekend. MRCs volunteer at public events to provide waste reduction and recycling information

The group discussed the difficulty of recycling small cup lids or bottle lids. Equipment at materials recovery facilities is not able to separate these items from the co-mingled stream and the bottle lids sometimes jam machinery.

In response to a question, Kiernan noted that the division has educational materials about recycling available online including the “What do I do with...” site at <http://your.kingcounty.gov/solidwaste/wdidw/index.asp>. The EcoConsumer program is also an important educational tool. More information about the EcoConsumer program is available at <http://your.kingcounty.gov/solidwaste/ecoconsumer/index.asp>. Members noted that haulers can help to educate citizens via billing inserts.

ILA Discussion: Term Sheet

Chair Greenway noted that the ILA Review Committee continues to be bogged down in details. It seems clear that cities have different needs, priorities, and levels of commitment. The ILA Review Committee determined that it would be more productive to develop a draft of the ILA and then give it to MSWMAC and the cities for their response. If MSWMAC agrees, the next step would be to form a smaller committee that would draft the ILA with legal representation.

Kiernan noted that in a complex project it is useful to take a few minutes to review the history of how the project began, why it was pursued and next steps.

In 2004 the King County Council adopted ordinance 14971 in response to concerns raised by the cities about a number of county solid waste decisions including plans to prepare for waste export, the purchase of the Harbor Island property, the transfer system upgrade plans and the assessment of rent for Cedar Hills. The ordinance established MSWMAC and directed the division to begin a collaborative planning process. From 2004 through 2006 four milestone reports¹ were developed in collaboration with MSWMAC that identified 17 criteria² to use in evaluating the solid waste system, applied those criteria, considered alternatives and recommended a transfer system plan.

The Solid Waste Transfer and Waste Management Plan³ recommended the replacement of the aging transfer system with new facilities designed to serve self haul and commercial customers, to provide a wide range of recycling services and to transfer compacted loads of garbage to disposal. A three year solid waste rate supporting the program was adopted in 2007. A report on solid waste system governance, which identified the need to revisit the Interlocal Agreements, was also developed at this time.

In 2010 the county extended the rate an additional year and identified two issues which needed to be resolved before a new multi-year rate could be adopted. One of the issues is the impact of

¹ Links to milestone reports: <http://your.kingcounty.gov/solidwaste/about/planning/documents-planning.asp>

² Link to 17 criteria: <http://your.kingcounty.gov/extranet/dnrp/swd/MSWMAC & SWAC/Level of Service Criteria Urban T S Table.pdf>

³ Link to Solid Waste Transfer and Waste Management Plan: <http://your.kingcounty.gov/solidwaste/about/Planning/documents/Transfer-Waste-Export-Plan.pdf>

extending the life of the landfill on Cedar Hills rent. The county began a process to appraise the landfill and has sought city involvement.

The other issue is how to finance the capital program in the Solid Waste Management and Transfer System Plan. The remaining term of the ILAs controls the term of debt the county will incur to support capital improvements. Changing the term of the ILAs provides a greater selection of financing alternatives with differing impacts on rates.

MSWMAC created the ILA Review Committee and approved the group's workplan in April of this year. The plan identified issues for review and a schedule for completion of work by the end of the third quarter this year.

The members of the ILA Review Committee have considered each of the identified issues and identified considerations and areas of consensus. Many of the issues are inter-related and the group has agreed that some concerns may not be fully resolved until drafting begins. The best way to move forward may be to begin drafting ILA language, recognizing the need to work together to further address policy issues which remain or arise during the process.

Comments included:

- The one year rate currently being proposed is very unusual. It was done to provide a specific window of opportunity in which to make decisions about the ILA.
- Bellevue, Shoreline, Kirkland and Auburn expressed interest in being involved in the committee to draft ILA language. Drafting language in a large group is difficult. A smaller group would be more effective in doing work of this kind. Consider the number and composition of the committee to draft ILA language. Kirkland indicated willingness to defer to other cities that want to participate on the drafting committee.
- Consider geographic representation, city size, and the mix of elected and staff participants when identifying committee members.
- The committee will keep MSWMAC informed of progress via formal and informal communication methods.
- It is important to continue to check in with the cities about key issues as the ILA is drafted.
- The county could only issue 15 year bonds within the existing ILAs. Some cities are interested in a longer ILA, allowing 30 year bonds and a smaller immediate rate impact on citizens.
- City councils will need to make decisions about the ILA in early 2012. It is important to prepare council members to make that decision.

In response to a question, Kiernan noted that King County prefers a twenty year extension from the date of expiration of the current ILAs (2028). This would allow the option of 30 year financing for transfer station improvements. Additionally, regardless of which disposal alternative is chosen after the closure of Cedar Hills, it will very likely require a significant capital investment by either King County or a private contractor. An ILA ending in 2048 would provide a guaranteed waste stream of 20 years after Cedar Hills' closure to allow time to amortize that investment. Other jurisdictions have also found that a guaranteed waste stream ensures the best disposal prices.

Chair Greenway said the ILA Review Committee will be replaced with the ILA Drafting Committee which will interface with MSWMAC. The ILA Drafting Committee will set out the schedule for drafting the ILA including time limits for all steps. It is important that cities have some discussion about how they would like to have attorneys involved in this process.

Yates will email MSWMAC members to confirm membership on the ILA Drafting Committee. The committee's initial goal will be to create a schedule and process to present at the next MSWMAC meeting.

ILA Discussion: Direct Billing

Some cities in MSWMAC are very interested in direct billing, believing they will experience significant cost savings. The county agrees with the concept of saving money for rate payers as long as the practice does not cause problems for the system as a whole. The county has some concerns regarding the information it has received to date and commits to working with interested cities to address those concerns. The county's primary interest is in protecting the utility and the rate payers from additional liability.

Though some cities would like to include specific language in the ILA allowing direct billing, others favored including a defined process for dealing with issues as they arise other than the dispute resolution process.

Some MSWMAC members discussed the challenges of calling out a specific issue in a general document like the ILA saying it creates a presumption in the future that if issues aren't listed they can't be addressed. Before discussing direct billing, the ILA Review Committee agreed not to include specific issues in the ILA but to include a process to address those issues as they arise over the term of the agreement.

Some members suggested that the ILA Drafting Group needs to develop a process for dealing with agreements of this type. They should consider how to incorporate MSWMAC as the forum to spin off smaller work groups as needed.

MSWMAC decided to create a small group to further investigate direct billing. The group will report to MSWMAC. Yates will send an email inviting interested cities to participate. Federal Way, Renton, Kirkland, Issaquah, Auburn and Bellevue identified their interest at the meeting. Others noted that for the group to be successful it should include both cities that are interested in direct billing and some that are not so questions from both sides are addressed.

Comments included:

- Consider option of having small cities able to join with other cities in order to use direct billing.
- We have an obligation to talk about how direct billing impacts the entire system; to balance the needs of individual cities with the needs of the system as a whole.
- The division will detail its concerns about possible county or system liabilities associated with direct billing and provide that information to the small group.

- A member stated a concern that if direct billing occurs in larger cities the haulers will increase the rates to smaller cities that don't have the resources to use direct billing in order to recoup lost revenues.

Public Comment

There was no public comment.