

Metropolitan Solid Waste Management Advisory Committee

November 17, 2011 - 11:15 a.m. to 1:15 p.m.

King Street Center 8th Floor Conference Room

Next MSWMAC meeting – December 16, 2011

Meeting Minutes

Members	
Diana Quinn	<i>Algona</i>
Bill Peloza	<i>Auburn</i>
Joan Nelson	<i>Auburn</i>
Susan Fife-Ferris	<i>Bellevue</i>
Alison Bennett	<i>Bellevue</i>
Joyce Nichols	<i>Bellevue</i>
Sabrina Combs	<i>Bothell</i>
Jaclynn Brandenburg	<i>Bothell</i>
Joan McGilton	<i>Burien</i>
Barre Seibert	<i>Clyde Hill</i>
Rob Van Orsow	<i>Federal Way</i>
Gina Hungerford	<i>Kent</i>
Jessica Greenway	<i>Kirkland</i>
John MacGillivray	<i>Kirkland</i>
Ray Steiger	<i>Kirkland</i>
Bob Lee	<i>Lake Forest Park</i>
Carol Simpson	<i>Newcastle</i>
Nina Rivkin	<i>Redmond</i>
Linda Knight	<i>Renton</i>
Tom Gut	<i>SeaTac</i>
Scott MacColl	<i>Shoreline</i>
Mike Roy	<i>Snoqualmie</i>
Frank Iriarte	<i>Tukwila</i>
Alexandra Sheeks	<i>Woodinville</i>

Others
Carrie Cihak, King County Executive's office
Kathy Hashagen, SWD Staff
Michael Huddleston, King County Council Staff
Kevin Kiernan, SWD Director
Beth Mountsier, King County Council Staff
Mike Reed, King County Council Staff
Thea Severn, SWD Planning & Communications Manager
Diane Yates, SWD Intergovernmental Liaison
Guests
Jay Bennett, City of Pacific
Doreen Booth, Suburban Cities Association
Jamie Burrell, City of North Bend
David Fujimoto, City of Issaquah
Laura Moser, Waste Management
Doug Osterman, City of Normandy Park
Philipp Schmidt-Pathmann, WRSI Consulting Group
Diana Pistoll, City of Maple Valley
Karen Reed, ILA Drafting Committee facilitator
John Taylor, CleanScapes
Michael Thomas, City of Enumclaw

Minutes & Agenda Review

The October MSWMAC minutes were approved as written.

ILA Discussion: Initial Recommendations for MSWMAC Consideration

ILA Drafting Committee member Nichols asked that MSWMAC members listen carefully to the logic process used when drafting the recommendations. ILA Drafting Committee members considered many options and engaged in give and take in order to develop their recommendations. The group included members from large and small cities that were geographically dispersed throughout the county. Their work was facilitated by consultant Karen Reed.

Kiernan reminded MSWMAC members that the ILA Review Committee identified ILA issues. Those issues were reviewed and approved by MSWMAC. The ILA Drafting Committee used the issues to guide their work. Joyce Nichols (Bellevue), Nina Rivkin (Redmond), Scott

MacColl (Shoreline), Bob Lee (Lake Forest Park), Carolyn Robertson (Auburn) and King County staff are members of the committee.

Kiernan said the current ILAs commit the county to provide disposal services through 2028. Based on current projections, the Cedar Hills Landfill has capacity through 2025. The most cost competitive disposal solutions once the facility has reached capacity would require a long term, regional commitment.

The Solid Waste Transfer System and Waste Management Plan (plan) must be implemented regardless of which disposal option is chosen. MSWMAC and the division collaborated on the development of the plan, which was written after the system was evaluated and criteria were identified and applied. However, the plan may need to be revised should some cities choose not to sign an ILA extension.

Historically, the division's transfer system capital projects have been financed with twenty year bonds. The county anticipates issuing a series of bonds between 2012 and 2018 to finance the Solid Waste Transfer and Waste Management Plan projects. In 2018 there will be ten years remaining on the current ILAs which is not enough time for the sale of twenty year bonds.

Karen Reed, ILA Drafting Committee facilitator, discussed options that the committee considered regarding the impact of the ILA term on financing. A handout depicting the options is available here. [Transfer Station Improvements](#)

City members of the ILA Drafting Committee want cities to have the ability to consider another extension to the ILAs when the post-Cedar Hills disposal decision is made.

The ILA Drafting Committee considered three options for the ILA term:

1. Extending the ILA twelve years to 2040
2. Extending the ILA 20 years to 2048
3. Status quo – no extension

The committee recommends extending the current ILA for twelve years through June 2040 for the following reasons:

- This option allows the county to issue twenty year bonds which matches past practice.
- It provides for future discussions about an additional ILA extension before a decision is made on a cost-effective long-term disposal solution post Cedar Hills. This means the cities would have another opportunity to consider their options at that time.

In summary, other key components of the recommended option are as follows:

- The ILA will not include an early termination option.
- Language memorializing current governance and increased city role in system oversight would be included in the contract.

The twelve year extension means that the ILA would end in 2040, twenty eight years in the future. Twenty two to twenty eight year bonds could be sold depending on when the bonds are issued. While this option would result in significantly lower rates for disposal than the no

extension option, it would result in higher rates than a longer extension, which would allow for the sale of 30 year bond. However, the longer the term of the bond the greater the amount of interest that will be paid to finance the debt.

An ILA extension is likely to be necessary during the term of the amended ILA to accommodate a cost-effective disposal solution post Cedar Hills. The amended ILA as recommended would include language describing the parties' intent to enter into negotiations at that time.

Other options were also considered. Those additional options along with their benefits and disadvantages are available on the second page of the document available here. [Solid Waste ILA term sheet](#)

In response to a comment, Rivkin noted that it was important to the ILA Drafting Committee to include information about other options considered in the documentation distributed today. It demonstrates that the committee used due diligence and evaluated various options before recommending a solution.

Steiger said that the Kirkland City Council would prefer a longer term for the ILA saying that it aligns better with the life of the asset and provides the division with more flexibility for the post-Cedar Hills decision. Longer term financing also allows growth to pay for growth. It doesn't seem likely that a city would choose to build a separate transfer system and so it seems that as system partners we should be willing to sign a longer term ILA. Steiger said that bond financing costs at this time are very low and the difference between financing for twenty years or for thirty years is minimal.

Nichols noted that Bellevue prefers a shorter term to limit interest costs. A longer term would also tie the city to decisions made about disposal post Cedar Hills with which they may not agree. There could be significant changes in the solid waste industry. The need for an additional ILA extension before committing to post Cedar Hills disposal would allow cities to choose to extend in order to take advantage of the disposal option chosen or to withdraw from the system at the end of the ILA.

If a city chooses not to extend the ILA, that city would be in a different customer class. Those non-extending cities would be charged higher rates to ensure their portion of transfer station debt is fully repaid by 2028.

Reed noted that the ILA Drafting Committee recommends amending and restating the Solid Waste ILA of 1988 rather than writing a completely new agreement. The amended agreement would meet the principles of accountability, transparency, simplicity and durability to address long-term needs identified by MSWMAC.

The ILA Drafting Committee recommends that the amended ILA not include an early termination option. If a city has the ability to terminate the ILA early, the County will need to recoup from that city, at a minimum, that city's share of debt service costs for the transfer system upgrades. Upon review of the estimated debt service costs based on each city's

percentage of the total solid waste system's population, committee members determined that costs of early termination would make that an unattractive option for any city. As a result, the committee does not recommend that an early termination option be included in the amended ILA. More information about how estimated debt service costs could be distributed between cities and the assumptions used to make the estimate is available at [Estimated debt service cost by city-population](#)

In response to a comment Kiernan said that because the ILA Drafting Committee determined that an early termination option would not be recommended, no additional resources have been expended to fine tune the estimated debt service costs allocated by city/population. The estimate was done to demonstrate the order of magnitude of the costs associated with an early termination option.

Cihak reminded attendees that the numbers about how estimated debt service costs could be distributed between cities are hypothetical. She said the Executive wants to ensure that there is an opportunity for regional conversation and decision making. The amended ILA recommended by the ILA Drafting Committee ensures that occurs.

Rivkin asked cities in attendance if they thought the ILA Drafting Committee had missed any key points or considerations in their deliberations. There was a general agreement and one member said the group did a good job of articulating issues and options.

In response to a comment Kiernan discussed the Post Cedar Hills Disposal Decision Timeline That timeline begins approximately seven years before the landfill reaches capacity. Disposal options will be analyzed in the first two years. In the third year a disposal method will be selected and decisions about ILA extensions will be made. A copy of the timeline is available here. [Cedar Hills Timeline](#)

In response to a question asking that all three options be sent to the cities, Kiernan said that the multi-year rate proposal due next year will be impacted by the term of the ILA and associated financing costs. To meet that deadline it will be necessary for cities to make a decision about ILAs in the first quarter of 2012. Kiernan said that the preferred path is to reach agreement on an amended and restated ILA.

In response to a question Kiernan said the ILA Drafting Committee Workplan shows the dynamic and open process used, who was involved and when. The committee's workplan is available here. [Revised ILA Drafting Committee Work Plan Oct 12 2011](#)

A member said that it is not possible to "have a crystal ball" to see the future. The idea of future generations having an opportunity to provide further input and possibly further extend the ILAs when new technology is available seems reasonable.

Reed said that other issues the ILA Drafting Committee has been discussing include governance, comp plan amendment approval threshold, and obligations to communicate. A discussion follows. Additional details are available on the final page of the [Solid Waste ILA term sheet](#).

The ILA Drafting Committee worked from the 2007 Governance Report to draft their recommendations. The first recommendation is that MSWMAC be memorialized within the ILA language. Currently, MSWMAC is established in county code and could be changed by council action. The second recommendation is that the Regional Policy Committee (RPC) retains its roles in acting on the comp plan amendments and rate policies as defined in the charter.

In response to a question, Beth Mountsier, King County Council Staff, said that though the RPC did not take formal action on the Governance Report, the report got “head nodding agreement.” The RPC has most likely been expecting recommendations of this type. Attendees were reminded that MSWMAC is involved in comp plan revisions which are where policy changes occur.

The ILA Drafting Committee recommends that an amended ILA include language that confirms the current practice for comp plan adoption whereby the county council acts to approve the comp plan subject to ratification. This occurs in the same way that the countywide planning policies are approved. The county will act after seeking input from MSWMAC and others. The ratification period would end 120 days after county action is effective.

The current ILA requires that jurisdictions representing 75 percent of the population of the ILA cities taking action must approve the comp plan for it to be ratified. Silence is not deemed consent. The ILA Drafting Committee recommends that the ILA be amended to change that process. Instead, ratification would require passing a two pronged test.

1. Jurisdictions representing 60 percent of the population of both the contracting cities and the County unincorporated area must approve the comp plan.
2. Forty percent of the jurisdictions that are party to the ILA must approve the comp plan and the County is considered a jurisdiction.

This changed method of ratification means that a small group of large cities cannot by themselves block approval of the plan. It also means that smaller jurisdictions are more likely to be necessary to securing approval. More detail is available here. [Solid Waste Comp Plan Approval Options Analysis](#)

Knight recommended that “contracting cities” be changed to “parties to the ILA” to avoid confusion. A member noted that the recommended change to the ratification process “empowers all cities to be engaged and all cities to have a voice that matters.”

Reed said the ILA Drafting Committee is in the process of identifying how the collaborative relationship between the parties can be discussed in the ILA. The intent is to memorialize collaborative relationships and support the idea of ongoing two way communication.

The ILA discussions will continue at the December MSWMAC meeting. Discussion will include input to an outreach plan; who is contacted, when and with what key messages. Options for legal review will also be discussed.

Assuming silence as consent and without implying action by city leaders, MSWMAC members generally agreed that the ILA Drafting Committee is considering the appropriate things and moving in the correct direction on the four issues discussed today; ILA term, governance, comp plan ratification and collaborative communication.

Comp Plan and King County Code Title 10 Update

The division made comp plan changes in response to comments from the Washington State Department of Ecology. In general, the changes were not substantive. Some changes were made in the data reported because time has passed and more information is available. The comp plan also includes a statement saying that if the ratification process defined in the ILA changes the comp plan would follow the revised process. More detail is available here. [Comp Plan Final Revisions Summary](#). Contact Severn with questions or comments at thea.severn@kingcounty.gov.

The division is also drafting updates to Title 10.04 Solid Waste Codes. The changes are in draft form and many are related to the comp plan. The most significant change is to remove policies from the code. Currently, policies reside in both the code and the comp plan. Instead, the draft revisions to the code direct the reader to the comp plan so the policies are in only one location. Changes also include revisions to definitions. More detail is available here. [Guide to Title 10 Changes](#).

In response to a question Yates explained that there are two advisory committees identified in Title 10; the Metropolitan Solid Waste Management Advisory Committee (MSWMAC) which is the cities committee and the King County Solid Waste Advisory Committee (SWAC). SWAC is required under state law. Membership comprises the waste management and recycling industries, labor, local elected officials, interested citizens and others. The unincorporated areas asked that representation from the unincorporated areas be specifically included in Title 10.

Public Comment

There was no public comment.