

MSWAC Advisory Committee Meeting

April 12, 2024 - 11:15 a.m. to 1:15 p.m.

Virtual Meeting (Zoom)

<u>MSWAC Members</u>		<u>King County Staff</u>	
Jessica Griess	Algona	Eyasu Ayalew, Public Health Seattle/King County	
Joan Nelson	Auburn	Ali Blum, SWD staff	
Tami Deady	Black Diamond	Kalyn Brady, SWD staff	
Jenne Alderks	Bothell	Sylvaine Bucher, SWD staff	
Emily Warnock	Bothell	Nori Catabay, SWD staff	
Kim Muromoto	Clyde Hill	Jerome Cruz, Public Health Seattle/King County	
Chris Searcy	Enumclaw	Kinley Deller, SWD staff	
Brian Spindor	Enumclaw	Brian Halverson, SWD staff	
Rob Van Orsow	Federal Way	Lindy Honaker, SWD staff	
Nina Rasmussen	Kenmore	Christine Kim, SWD staff	
Jenna McInnis	Kirkland	Patty Liu, SWD staff	
Penny Sweet	Kirkland	Amy Ockerlander, SWD staff	
Amy Shaw	Maple Valley	Yolanda Pon, Public Health Seattle/King County	
Alana DeRogatis	Mercer Island	Terra Rose, King County Council	
Jake Jacobson	Mercer Island	Andy Smith, SWD staff	
Sheri Healey	Normandy Park	Christopher Stubbs, SWD Deputy Director	
Micah Bonkowski	Redmond	Isabelle Trujillo, SWD staff	
Aaron Moldver	Redmond		
Meara Heubach	Renton	<u>Guests</u>	
Linda Knight, Vice Chair	Renton	Marshall Andrews, DPR Construction	
Genevieve Rubinelli	Sammamish	Cindy Drake	
Mason Giem	SeaTac	Jeannette Jurgensen, Bin There Consulting	
Colleen Minion	Tukwila	Laura Moser, Waste Management	
		Marty Mudd, Jacobs Engineering	
		Laura Soma, GLY Construction	
		Andie Parnell, Sound Cities Association	

Call to Order and Introductions

Chair Sweet called the meeting to order at 11:21 a.m. Introductions followed.

Meeting Minutes

Knight moved to approve the March minutes. Van Orsow seconded. Minutes passed unanimously.

Public Comment

Information from Wadley was shared to members. First, Ecology developed a new flyer that features five laws in one document – the new 5-in-1 flyer for food businesses. Ecology is excited to share this all-in-one resource for food businesses to find information. Please share this flyer to your networks. If you’re able to distribute printed flyers

directly to businesses in your community, please contact Carolyn Bowie at Carolyn.Bowie@ecy.wa.gov to request copies. The English version can be [found here](#). This is also available in Spanish, Korean, Vietnamese, and Chinese.

SWD Updates

Stubbs provided the SWD update.

NERTS DEIS

The public comment period for the DEIS closed on Tuesday, April 9. Our project team received more than 1,700 public comments over 3 public open houses and through online submissions received through our website. The next steps for our team are respond to and summarize the comments received and include them in the final EIS. The Final EIS is expected to be released in Q4 of this year. A site selection process will also happen in Q4 and will take into account the results of the Environmental Review, Equity Impact Report, Socioeconomic Impact Assessment and project cost information.

The Socioeconomic Impact Assessment is nearly complete, and the Equity Impact Report will be done this summer. We look forward to sharing the results with you later this year. The design and planning will occur from late 2024-2027 with construction expected 2027-2029.

Tonnage Reports

Our March 2024 tonnage report shows a total tonnage increase of 2.5% over March 2023, or 1,700 tons. Commercial tons increased by nearly 1.9% (1,000 tons) and Regional Direct grew by approximately 114% (700 tons) compared to March 2023. (Alexander is not sure why RD increased, except perhaps a relabeling of waste). Self-Haul tons increased 1% or about 100 tons. Overall, year-to-date over 2023 we have seen a 1.9% increase in total tonnage received and are .8% ahead of the 2024 forecast.

New MSWAC Member: Jake Jacobson, Mercer Island City Council

We would also like to take a moment to welcome Mercer Island Councilmember Jake Jacobson as the newest member of MSWAC. Councilmember Jacobsen has been appointed by the Mercer Island City Council. Councilmember Jacobsen, we are pleased to have you join us and look forward to collaborating and your representation for your city as we move into some transformative decision-making processes for the King County Solid Waste Division.

Jacobson stated that DeRogatis is also in attendance from Mercer Island, and he is looking forward to being a part of this committee.

Long-term disposal selection process

As you will hear later in this meeting, we are making significant progress on the development of a sub-group and planning workshops to help inform, collaborate and ultimately make a recommendation on the future of our disposal system. Director McLaughlin and I would like to thank Chair Sweet, Vice-Chair Knight and all who have collaborated to bring forward your needs for this process. We are really excited about it and are looking forward to the great work ahead.

SWAC Update

No updates.

Re+ Grant Program Update

Blum provided this update.

Starting 2022, we launched two grant programs - the Re+ City Grants and the Re+ Circular Economy Grants. These grant

programs deliver on Re+ by supporting innovations that help meet our zero waste of resources goal – and co-deliver climate and equity objectives.

Last spring, we issued our first request for proposals - the 2023-24 Re+ City Grants (cycle 1). These grants aimed to support new efforts that further Re+ goals and encourage regional collaboration.

These were developed with input from cities and the Re+ Community Panel, and addressed the priority Re+ materials of paper, plastics and organics. The focus areas for the grants were prevention & reuse, recycling and ESJ. We received 5 applications totaling \$450,000 with 12 cities represented, and the proposals were evaluated by community and SWD representatives.

All five proposals were funded for \$390,000. All of these projects have strong equity considerations and are underway with completion at the end of 2024.

Funded projects



Cities	Project description	Material	Project type	Funding award
Algona	Bolster recycling education and provide recycling vouchers that encourage residents to recycle materials	Organics, other recyclables		\$25,000
Bothell, Kirkland, Bellevue, Redmond	Expansion of the Bring Your Own Cup (BYOC) campaign to increase the use of reusable cups at coffee shops	Paper, plastic, compostables		\$84,000
Renton, Kent	Technical assistance to increase commercial recycling and organics service levels	Organics, paper, plastic		\$100,000
Shoreline, Lake Forest Park	Partner with Seattle REconomy to pilot the Shoreline Tool Library, a single location that houses a tool library, reclaimed materials store, and educational space	Plastic, wood		\$99,970
Tukwila, Burien, Maple Valley	Support food service businesses in setting up organics collection services to comply with the new statewide Organics Management Law	Organics		\$83,000

Next, the Re+ Circular Economy Grants (2023-23) funded projects that were intended to create a more circular economy where waste is minimized, materials are kept in use longer, and natural systems are regenerated. There were 14 funded projects for a total of \$2.3M – 80% of the funds were for paper, plastics, and organics, 60% of the funds were for prevention and reuse projects, and 40% of the funds were awarded to nonprofits. From this, over 600 reported tons of material was diverted during the grant period, with greater long-term potential. Over half of the projects had a strong equity focus.

In April 2024, we launched the second round of the [Re+ Circular Economy Grant \(2024-25 cycle\)](#) and we are accepting applications until May 29 at 3 p.m. There is \$2.2M in funding and this grant will prioritize paper, plastics, and organics. Nonprofits, entrepreneurs, businesses, tribal governments, and universities/colleges are eligible to apply, and we anticipate announcing awards at the end of this year.

Improvements for cycle 2 of the Re+ Circular Economy Grant include:

- Reducing barriers for frontline communities
 - Improving outreach to organizations led by and serving frontline communities.
 - Providing application technical assistance for small nonprofits. This is a major step in making this more accessible to historically marginalized communities.
 - Implementing pro-equity contracting practices.
- Enhanced support for grantees
 - Implementing a new grantee orientation.

- Building connections between grantees and SWD staff.
- Improving internal processes
 - Improving proposal evaluation and adding a technical review of proposals.
 - Streamlining contracting processes.
 - Standardizing reporting and program evaluation.

Coming soon:

- We have an additional \$400,000 that will go to support Re+ in King County schools.
- We are also getting ready to roll out a series of “Plug-and-Play” project plans to help cities implement new efforts using Re+ City Grant and WRR funds. This came from direct feedback from city partners on how they wanted support from the county on project ideas and how to implement them. The “Plug and Play” plans give detailed project implementation plans and are customizable to cities.
- SWD is hiring a new Re+ City Technical Assistant position.

Heubach wanted to know if the county will be offering Re+ City Grants again and if so, how much will be available. Blum replied that the current cycle will end at the end of 2024. At that time, we will work with grantees and city partners to evaluate the effectiveness of the grant program. We are planning on offering another grant next cycle in 2025 and we have \$300,000 allocated.

Bonkowski asked if the Re+ money allocated for schools are in addition to the Green Schools Program. Smith replied that we have the Green Schools Program and the WRR Schools Program which is more focused on curriculum. The Re+ money is additional money for schools.

Long Term Disposal Selection Process

Liu gave this update.

Liu said that the county met with the MSWAC chair and co-chair and heard three main points.

1. The want for more information on long-term disposal (LTD)
2. The want for more time to talk with SWD about LTD
3. The want for more face time with consultants on the study

We want to acknowledge that we can’t move forward without our city partners.

To meet these three main points, there are three things that we will be doing:

- 3 monthly subgroup meetings (agendas to be co-created with MSWAC chair & co-chair)
- 2 monthly workshop meetings
- Report out and discuss at MSWAC/SWAC

Tentative timeline:

- April 2024
 - Draft comparative analysis for city comment. We just received the draft from Tetra Tech and are developing a way to share this out with cities for comment.
 - Subgroup meeting #1
- May 2024
 - MSWAC/SWAC report out and discussion, 3 LTD options
 - Subgroup Meeting #2
- June 2024
 - MSWAC/SWAC Report out and discussion, 2 LTD options
 - Subgroup meeting #3
 - Workshop meeting #1

- July 2024
 - MSWAC/SWAC report out and discussion, LTD comparative analysis
 - Workshop meeting #2
- Sept. 2024-Jan. 2025
 - Presentations to cities and Sound Cities Association

Subgroup topics:

- Meeting #1
 - Review key insights from past LTD studies
 - Comp plan and LTD history and timelines. This will look at how we are set to move forward with this.
 - LTD options and criteria overview – this is because the consultants will not be in attendance for the first meeting.
 - ESJ analysis
 - Key discussions: Re+ commitments and the impacts on tonnage forecast
- Meeting #2
 - In-depth presentation on operating history, economic, social and environmental criteria. This will be with the consultants.
 - Discussion question: should some options be removed due to feasibility concerns?
- Meeting #3
 - In-depth presentation on logistics and capacity criteria
 - Recap recommendations from MSWAC and SWAC
 - Discussion question: which sub-criteria should be included in an “at-a-glance” table?
 - Open discussion

Sweet wanted to know if subgroup volunteers can get a look at the consultant’s initial reports prior to meeting #1. Liu replied that she is hoping to get out the initial report next week.

List of volunteers for subgroup:

- Jenna McInnis, Recycling Programs Coordinator - City of Kirkland
- Rob Van Orsow, Solid Waste Programs Lead - City of Federal Way
- Rebecca Kovar, Environmental Services Manager - City of Federal Way
- Chris Searcy, Environmental Services Contract Coordinator - City of Enumclaw
- Jon Gire, Solid Waste Program Manager - City of Bellevue
- Amy Tsai, Chief Policy Advisor - City of Redmond

The consultants are looking at a really long list and when we are looking at these options against 4-5 LTD options, we want to make sure things aren’t getting lost and we are asking the cities to weigh what they think is most important.

Workshop topics

- Meeting #1
 - Review key insights from past LTD studies
 - Comp plan and LTD timelines
 - LTD options and criteria overview
 - 2024 LTD study findings: environmental and economic criteria
- Meeting #2
 - Recap meeting #1
 - 2024 LTD study findings: social, operating history, logistics, and capacity criteria
 - Questions and discussions

The workshop topics will provide more of a general overview and the subgroup meetings will be more in-depth, which is

why we have more meetings for the subgroup.

The comment process will include a draft analysis and reports will be reviewed by SWD staff. The plan is to send marked up versions of the draft to the advisory committees for further markup before sending back to consultant for final adjustments. The shared site is currently under construction and in order for cities to use the site, you have to sign user agreements. The whole purpose of the site is to review and comment.

Sweet asked the group how this is landing and how they feel it will get them on the path for LTD understanding.

Knight commented that this is something she had envisioned and has experienced something similar with different processes.

Jacobsen was interested to know the five approaches to LTD. Liu answered that the five LTD are mass burn, waste export by rail, gasification, pyrolysis, and refuse derived fuel.

Sweet commented that she is really convinced that SWD wants the cities and the county to be partners in this work.

Moldver asked how much lead time members will have with the materials before the meetings and said that the longer time, the better.

2025 Rates Update and Discussion

Halverson provided this update.

SWD's revenue for garbage is still about 80%. SWD revenues support operational needs and capital investments. The smaller the amount of revenue that we get from the "other revenue" bucket, the more we will rely on the per-ton garbage fees to close the revenue gap.

The revenue requirement (or expenditures) is made up of operating expenses (OpEx), capital expenditures (CapEx) and reserves – this is the money we spend (or save). The four revenues (or sources of income) are other revenue, per-ton garbage fees + fixed annual charge (FAC), and other rates and fees (anything not a per-ton fee e.g. mattresses, appliances, minimum fee customers, etc.) make up the revenue to pay for the expenditures.

Tonnage reductions increase pressure on the per-ton rate.

The revenue requirement allocation/tonnage equals the per ton rate. As a reminder, the reason we have the FAC is to help stabilize rates as we work to achieve the Re+ goal which will reduce tons by ~70%. The loss of landfill gas significantly reduces non-disposal revenues. We aren't sure how the situation with BEW will end up and can't expect that the loss of revenue will come back.

The actual revenues are \$30M lower than previously projected due to tonnage declines. In the new rate model, we adjusted for this lower projection things are looking up in the first few months of this year.

When looking at the FAC, if we compare what we thought (back in 2022) the 2024 commercial tons would be compared to what we now think they will be (about 34,000 tons lower than we thought in 2022).

There are 83,000 fewer tons total in the 2024 forecast than in the assumed 23-24 rate model. The difference between the 2024 commercial tons forecast, and the current commercial tons forecast is about 34,000 tons. Using the FAC, we could mitigate the revenue loss by about \$1.3M. Without the FAC, there could be a hypothetical revenue loss of \$15M (\$ per-ton fee multiplied by each ton lost) but with the FAC, there would only be about a \$13.7M revenue loss, so the FAC would preserve about \$1.3M in revenue.

The FAC buffers us and allows us to keep about \$1.3M.

- FAC covers about 20% of commercial hauler revenue
- Does not mitigate for drop in self-haul revenue or drops in other tons (e.g., regional direct, special waste).

CapEx is the primary driver of revenue requirement growth. The operating costs grow year after year but CapEx costs are growing faster than the OpEx costs.

Four major projects drive capital spending – NERTS, SCRTS, Permanent facilities, landfill new area development.

Debt assumptions are critical to rate impact

- Term for landfill development projects is determined by final closure of CHRLF (current project 2040). This is when we assume the landfill will close and can't issue debt for landfill projects past this closure date.
- Term for other CIP projects is tied to end of ILA's with cities.
 - Assume that these are extended in 2026.
 - If there is a delay, shorter debt terms may be needed which will increase borrowing costs.
- King County Q2 2024 projections showed lower debt interest rates than prior Q1 projections.

Key drivers of rate increase

- Revenue requirement growth averages 6% over the next five years
 - Primary driver is CapEx
 - Projects have been delayed and costs have increased
- Revenues have fallen
 - Landfill gas assumption - \$0
 - Tonnage forecast is down from 23-24 rate model

Based on a variety of things, we are able to smooth out the rate at 11.5%. We always show two biennia's beyond the rate. We use the rate stabilization to pay down the rates and have a negative cash flow in those years.

C&D Fee

- Option 1: status quo
 - \$4.25 Fee per ton. This is the fee collected on C&D materials that go to the landfill
 - Actions to move C&D towards meeting zero waste, climate change, and ESJ priorities – current level of service.
- Option 2: in-between
 - \$8 fee per ton
 - Actions to move C&D towards meeting zero waste, climate change, and ESJ priorities
 - Adds: increased support of source separation and development of community programs
- Option 3: in line with inflation
 - \$13 fee per ton
 - Actions to move C&D towards meeting zero waste, climate change, and ESJ priorities
 - Adds: assistance establishing C&D WMBE businesses, performance incentives for C&D going to highest and best use, and technology advances in reporting C&D at scale houses

Sweet asked what an average project increase would be and that she is thinking of a giant affordable housing project in Totem Lake. Deller looked at two different case studies and did not have the numbers on hand.

Ockerlander reminded that the committee that this is a temperature check on the committee's consensus to go for the \$8 fee per-ton or the \$13 fee per-ton.

Searcy urged McLaughlin to get the issue with BEW resolved because if the gas contains arsenic, it is entering the

environment – either by BEW gas scrubbing into the leachate or into the air via flaring. It is also an opportunity lost in revenue and renewable gas.

McInnis wanted a big picture timeline of the rate and asked for a reminder of for committee of the final. Halverson responded that SWD is meeting with Executive in early May and will bring back what the Executive proposed rate is. We are working on the legislative package that will go to Council in June and will be voted on in September. Communications need to go out by Oct. 1 and things will go into effect on Jan. 1. We are also working on FAC allocation and will probably provide that information before Council votes because they don't have to vote on FAC allocation.

Smith asked the committee if there were any strong views against either of the two options (\$8 or \$13) because we need to move forward with our internal process planning. We heard from SWAC that option 2 and 3 seem feasible and people showed slight concern over \$13 being a bigger step than \$8. If the committee does not have a strong view, that would be helpful to know.

Knight wanted clarification that option 3 is to add more support in the C&D program and have a behavior change. If the construction project and associated waste are being managed in a way that is responsible, they are going to pay less by managing their costs and being proactive in their approach to sustainability. Deller replied that this is correct. Knight said that the contractors have some control over how they manage a project site.

Moldver asked Deller how much revenue will be required from King County on the youth lumber warehouse or if it is completely with Seattle. Deller responded that the City of Seattle received a \$4M grant from the EPA to set that warehouse up and they will be doing an RFP to find someone to operate it. King County has no financial commit to it right now, and we are working on a concept of a circular economy business park which would work in conjunction with the salvage lumber warehouse. Next year, we may put grant funding to it – each year we set aside about \$200,000 for grant funding – but at this point, that is the only financial contribution we have talked about.

Jacobsen stated that from a construction standpoint, costs will be added if a contractor is going to do sorting. One of the things that this will impact is the cost of affordable housing which is a huge problem given the cost of land in King County. The fact that they are going to get a lower rate by sorting is not free - there is a cost to it. Sweet said she doesn't disagree with Jacobsen, but the volumes that contractors would be taking to the landfill would be decreased too. After this legislative session with little sustainability progress, this is right stuff to do. Between \$8 or \$13, Sweet believed that \$13 would do a better job.

Sweet commented that this committee rarely looks at anything going down, and that they always look at things going up. She said that the committee knows the fee must go up and it will be interesting to see if SWAC agrees with \$8 or \$13. It is up to SWD to come up with a recommendation for the Executive and the Council.

Member Comment

Knight said this is always the case when start talking about the money aspect and there are a lot of interconnected parts. Using C&D as an example – the less efforts that are happening on the construction sites, the more materials that are going into the landfill and this also has the potential to increase our costs.

We always measure the cost in light of the projects, waste reduction and recycle but we still want to keep the Re+ mindset at the forefront and there has been a lot of times in the past where we could have made better decisions. The costs will keep going up and it's just about making the best decision.

Adjourn

Meeting adjourned at 12:25 p.m.