

SWAC Advisory Committee Meeting
 April 19, 2024 - 9:30 a.m. to 11:30 a.m.
 Virtual Meeting (Zoom)

<u>SWAC Members</u>	<u>King County Staff</u>
April Atwood, Marketing and Education	Eyasu Ayalew, Public Health Seattle/King County
Jay Blazey, Manufacturer	Ali Blum, SWD staff
Amy Lam, Local Elected Official	Laila McClinton, SWD staff
Brett Lohrman, Labor Representative	Sylvaine Bucher, SWD staff
Bill Louie, Vice Chair	Nori Catabay, SWD staff
Laura Mork, Local Elected	Jerome Cruz, Public Health Seattle/King County
Robin Freeman, Waste Management	Kinley Deller, SWD staff
Heather Trim, Recycling Industry	Chris Stubbs, SWD Deputy Director
Wendy Weiker, Chair	Lindy Honaker, SWD staff
Leah Tischler, Public Interest Group	Christine Kim, SWD staff
	Patty Liu, SWD staff
	Amy Ockerlander, SWD staff
	Yolanda Pon, Public Health Seattle/King County
	Hilary Leonard, SWD staff
	Andy Smith, SWD staff
	John Walsh, SWD staff
	Pat McLaughlin, SWD Director
	<u>Guests</u>
	Brad Lovaas
	Diana Wadley, ECY
	Fanny SG, Public Health-Seattle/King County
	Cindy Drake
	Jeannette Jurgensen, Bin There Consulting
	Ricky Vahl, Waste Connections
	Alissa Campbell, Recology King County
	Laura Soma, GLY Construction
	Andie Parnell, Sound Cities Association

Call to Order and Introductions

Chair Weiker called the meeting to order at 9:30 am. Introductions followed.

Meeting Minutes

Louie moved to approve the March minutes. Lam 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.

Secondly, the Ecology Organics Management Team has developed [a guide](#) and a [video](#) to help governments develop a list of businesses that may be impacted by the initial business requirements in the 2022 Organics Management Law. The resources show how to identify businesses via the Data Axle Reference Solutions database, which is accessible on public library websites. HB 2301 doesn't change the utility of these resources.

Finally, the Washington State Public Works Board has funding opportunities for local governments for infrastructure related to solid waste, recycling, organics and more. Applications for pre-construction, capital facilities planning, and emergency funding are accepted on an ongoing basis. Applications for construction including repair, replacement, or creation of facilities are open now through June 28, 2024. [Find more info at this site](#).

SWD Updates

McLaughlin provided the SWD update.

NERTS DEIS

The public comment period for the DEIS closed on Tuesday, April 9. Our project team received over 1,700 total public comments from 3 public open houses and web submissions. Our team is working to respond to and summarize the comments to 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 consider 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. Our economist on staff, Alexander Rist is not sure why Regional Direct 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.

Long-term disposal selection process

MSWAC members formed a subcommittee to dive into long-term disposal discussions. The subcommittee will take part in some planning workshops. We'll keep you informed on their feedback and provide opportunities for this committee to offer input as well.

Trim asked if SWAC could also form a subcommittee or join the MSWAC subcommittee. McLaughlin clarified that the subcommittee is only open to MSWAC members. MSWAC decided to form the subcommittee because the cities will need to decide whether to engage or extend their ILA with the county. SWAC will also have access to the same information shared with the subcommittee. Trim asked for transparency on the MSWAC subcommittee agendas, presentations, and materials to ensure parity between the committees.

Atwood asked when the long-term disposal report will be ready for SWAC to review. Lui responded that SWD received the environmental assessment yesterday. It shows all five options as a matrix with three different tonnage scenarios. It's not the full report, just the comparative analysis. SWD will add comments to the documents then save the report to the

extranet site for members to access. Ockerlander added that the extranet site will be available to SWAC members by next week. She will share access details and members will need to sign the user agreement to visit the site.

Lui added that SWD has a few long-term disposal meetings planned with the consultant. The meetings will be held on June 28, 9-12 pm and July 24, 1-4 pm. The consultant team will be present to answer questions and the meetings are open to all.

McLaughlin suggested that the May SWAC agenda include time to discuss the long-term disposal selection process and how SWAC would prefer to engage. Walsh add that once the EIS is complete in Q1 2025, we'll ask the committee to deliberate on a recommendation. Trim asked if there will be a public scoping period for the EIS. Walsh responded that there will be and SWD's working out the details with the consultant.

EV Inventory

We have an all-electric truck based out of the Enumclaw transfer station. It's the first of its kind in the waste industry. We're working with Kenworth to be on the leading edge nationally and are already talking about a second addition to our fleet. The next generation of EV are currently in development. At next week's Earth Week event we're showcasing our EV fleet, including our electric goats. Our electric vehicles are one example of how we're taking action to reduce our greenhouse gas emissions in our daily work.

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. We know that achieving these objectives is dependent on collaboration across sections and jurisdictions.

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. We funded a mix of waste prevention and recycling efforts.

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.

Trim asked whether the vouchers will be limited to schools or if others can apply. Blum responded that there’s \$400,000 set aside for schools only.

Lam asked how cities developed their joint proposals. Blum responded that cities started working together when the funding opportunity was announced and collaborated on their joint proposals prior to applying.

Mork thanked King County for the funding that supported the Shoreline/Lake Forest Park Tool Library.

Weiker also thanked King County for the funding that helped improve collaboration and outreach between the waste management companies and cities.

2025 Rates Update and Discussion

Honaker presented the update.

Garbage fees still make up about 80% of SWD’s revenues. 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.

For every \$1 we receive from other sources, that’s \$1 we don’t have to charge rate payers through garbage fees and other rates. Landfill gas is about \$7 million per year but is a volatile source of revenue. We don’t expect any of that revenue to return and that’ll take down the amount of other revenue available to us.

The revenue requirement (or expenditures) is made up of money we will spend - operating expenses (OpEx) and capital expenditures (CapEx) and money we need to save – various reserves (such as the Rainy Day Reserve). 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 divided by 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.

There are projected to be 83,000 fewer tons coming in 2024 than what was assumed for 2024 in the 2023-2024 rate model forecast. Because we have the FAC for 2024, we estimate a drop in revenues (due to lower tons, which means less per-ton revenue) to be \$13M. Without the FAC, the hypothetical revenue loss could be \$15M. Therefore, the FAC buffers us and allows us to keep about \$2M because the FAC covers about 20% of commercial hauler revenue and is a fixed charge that doesn’t lose revenue when tonnage doesn’t come in as expected. Note that the FAC does not mitigate for drops in self-haul revenue or drops in other tons (e.g., regional direct, special waste) because the FAC only applies to commercial hauler tons.

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. We're trying to be judicial on the operating side.

Five major projects drive capital spending – NERTS, SCRTS, Permanent Facilities, closed landfill projects, and landfill new area development.

Permanent facilities are those that are currently or will be located at Cedar Hills including our shop, scale house, and others will need to be relocated to make way for area 9 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.
 - Currently, these also end in 2040.
 - 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 2025 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 the 2023-2024 rate model

Based on a variety of things, we can 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.

Trim asked what SWD has planned for using the landfill gas. Honaker responded that resolving the issue with BEW is a high priority and SWD wants to get back to maximizing the environmental and financial value of the landfill gas. Since the issue is unresolved and the timeline and parameters are still uncertain, we're leaving the revenue at zero for the purposes of our rate modeling. McLaughlin noted that we remain under contract with BEW at the moment.

Trim asked about how the estimated curbside impact is calculated and whether it includes multi-family. Honaker said it assumes a certain amount of tonnage per household and is determined on a per capita basis.

Lam asked if the curbside increase would be passed through to each household and whether the impact will be higher than 11% given the hauler contracts. Walsh responded that only about 1/3 of the single-family curbside bill is the county's cost, and 2/3 is related to the service fee. The 11% would only apply to our fees. Weiker added that the disposal fee is passed through each year per the contracts. The service side is only adjusted with the CPI each time the contracts are reset.

Mork asked if the rates will change if the landfill gas issue is resolved sooner than expected. Honaker responded that if there is a breakthrough there's always a chance it could be factored in. We'll be back this time next year about the 2026-2027 rate and it'll likely be factored in by that time.

C&D Fee

Deller provided an update.

Want to get an initial consensus from the committee on which is the preferred option.

- 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

Louie asked if construction companies will pay the King County's C&D fee in addition to the designated C&D facility's disposal fees. Deller responded that it depends on whether the C&D waste is disposed or recycled. If the contractor treats the C&D materials as waste, they will pay the full fee to dispose of it. If they take it to a C&D facility that handles commingled materials, they should only pay a portion of the fee based on the facility's diversion rate. The fee only applies to C&D disposal, not recycling.

Tischler asked if the C&D fee will be a one-time increase. Deller stated that the fee is just for 2025 and SWD is looking into different options for 2026 and 2027. There's been some talk of adjusting it automatically each year and other options to further incentivize diversion.

Mork asked whether the 2026 and 2027 options will differ depending on what is decided for the 2025 rate. Deller responded that he had originally considered a \$30 per ton fee during the development of a fee increase proposal. Portland Metro has a \$30 per ton fee. They use the revenue to make upgrades for additional C&D diversion. However, we proposed the three options presented, based on the current climate for fee increases.

Louie asked about how the fee increases will be used and whether the program will work to support women and minority owned businesses. Deller responded that the Re+ grant program is one of the mechanisms we have for supporting women and minority owned businesses. If we had additional funding, we would put some of it towards grants that relate to C&D diversion efforts. We did a deconstruction training program last year and are planning to do it again this year. We're hoping to also do a salvage assessment training. Training encourages people to begin their own businesses in the industry. Some of the participants from last year's trainings have gone on to start their own businesses.

Trim commented that we should aim higher than \$13 per ton if Portland Metro is already at \$30.

Smith commented that our approach to the 2025 C&D fee is to begin our journey towards more sustainable fees. We will be coming back to the advisory committees to discuss different pathways and gather input.

Lam commented that she would support exploring going higher than \$13 per ton because it won't impact smaller self-haulers and will encourage greater diversion.

Trim proposed going higher now, at least \$15 as a recommendation rather than one of the set options. Honaker commented that for this cycle we've been honing these three options and are quickly approaching finalization for our rate

package. This is something we'll want to address when we come back to the committee. The current timeline is tight. This is just a one-year rate, rather than a two-year, and there will be opportunity to talk about higher fees for 2026 and beyond.

Blazey commented that he would like to see King County's C&D diversion rates. There was a recent news story about C&D recycling and how much is truly being recycling. In general, I would support a higher fee as long as diversion is meeting our expectations.

McLaughlin commented that he supports SWD providing more detailed data to the committee around C&D to inform future rates that are potentially higher.

Trim moved to approve recommending Option 3 to the Executive with the added ask that SWD staff come back with more data exploring a higher rate for the next rate cycle. Louie seconded. The committee reached consensus.

Honaker noted that after SWD submits our rate proposal we will come to the advisory committees in May to consider a letter of support. It could be an opportunity for the committee to craft the language around future C&D rates that reflect the committee's consensus.

Lam asked if MSWAC provided feedback on a rate higher than \$13. Deller shared they didn't reach a consensus but indicated that \$13 would be a good direction. Lam commented that SWD should inform MSWAC about SWAC's discussion at the next meeting.

Mork commented that the goal of increasing diversion is admirable but we're not hearing the implications of raising this rate. She requested more information to understand the bigger picture.

Weiker commented that from a hauler perspective C&D diversion is complicated and there aren't a lot of folks doing it. It takes a lot of customer outreach, and the specialized materials pose many challenges.

Member Status

Ockerlander presented an update.

SWAC membership must be recommended by the Executive and confirmed by the council. We must have a minimum of 9 members and no more than twenty committee positions. Positions have staggered rolling 3-year term assigned even when the position is vacant. Service is limited to 2 full terms.

We traditionally have 18 positions filled and we currently have 5 position vacancies. The SCA appointments, Councilmember Lam and Councilmember Mork, are currently in process along with all the SWAC reappointments.

Member Comment

Weiker congratulated Wadley on their promotion and thanked her for all her work. She also encouraged members to join the [SWANA symposium](#) on May 1-3.

Deller thanked the committee on their discussion on C&D and input.

Adjourn

Meeting adjourned at 11:19 a.m.