

# Metropolitan Solid Waste Management Advisory Committee

January 14, 2011 - 11:15 a.m. to 1:15 p.m.  
 King Street Center 8<sup>th</sup> Floor Conference Room  
 Next MSWMAC meeting – February 11, 2011

## Meeting Minutes

<b>Members</b>	
Bill Peloza	<i>Auburn</i>
Joan Nelson	<i>Auburn</i>
Susan Fife-Ferris	<i>Bellevue</i>
Joyce Nichols	<i>Bellevue</i>
Tom Spille	<i>Bellevue</i>
Sabrina Combs	<i>Bothell</i>
Erin Leonhardt	<i>Bothell</i>
Joan McGilton	<i>Burien</i>
Barre Seibert	<i>Clyde Hill</i>
Dini Duclos	<i>Federal Way</i>
Rob Van Orsow	<i>Federal Way</i>
Gina Hungerford	<i>Kent</i>
Jessica Greenway	<i>Kirkland</i>
John MacGillivray	<i>Kirkland</i>
Bob Lee	<i>Lake Forest Park</i>
Carol Simpson	<i>Newcastle</i>
Jon Spangler	<i>Redmond</i>
Nina Rivkin	<i>Redmond</i>
Tom Gut	<i>SeaTac</i>
Chris Eggen	<i>Shoreline</i>
Mark Relph	<i>Shoreline</i>
Mike Roy	<i>Snoqualmie</i>
Frank Iriarte	<i>Tukwila</i>

<b>Others</b>
Ann Berrysmith, SWD Finance and Administration Manager
Neil Fujii, SWD Staff
Jeff Gaisford, SWD Recycling & Environmental Services Manager
Terri Hansen, SWD Assistant Director
Kathy Hashagen, SWD Staff
Mike Huddleston, King County Council Staff
Kevin Kiernan, SWD Director
Beth Mountsier, King County Council Staff
Victor Okereke, SWD Engineering Services Manager
Mike Reed, King County Council Staff
Glenn Ueda, SWD Staff
Thea Severn, SWD Planning and Communications Manager
Diane Yates, SWD Intergovernmental Liaison
<b>Guests</b>
Jeff Brown, Epicenter Services, LLC
David Fujimoto, City of Issaquah
Sharon Hlavka, Green Solutions
Diana Pistoll, City of Maple Valley
Jodi Vice, CleanScapes

### Minutes

A motion to approve the December MSWMAC minutes passed unanimously.

### Updates

#### SWD:

Tonnage received in 2010 was 835,948 tons including yard waste and 830,912 tons without yard waste. This final amount is slightly higher than the 820,000 tons forecasted for 2010. Trends forward are still uncertain though tonnage is expected to increase as the economy improves.

The City of Bothell is proceeding with planning for the annexation of areas in unincorporated Snohomish County. In 2010, the division pointed out the requirement in the ILA that refuse from that area would come to King County. Both King and Snohomish County have an interest in a predictable waste stream for planning purposes. The City of Bothell would like to resolve the issue and proceed with the annexation.

The City of Bothell and Snohomish County have proposed that in exchange for a new or amended ILA extending Bothell's participation in the King County system, that King County agree to maintain the current waste boundaries. King County is agreeable to those principles and is drafting a response.

In response to a comment Kiernan said that an agreement with Bothell would not predict county response when other cities consider cross-county annexations. Each situation will be considered separately based on the specific facts involved to address the interests of those concerned.

In December, the King County Council adopted the Cedar Hills Project Program Plan (PPP). This authorized the division to proceed with implementation planning for the recommended option. That option is forecasted to extend the capacity of Cedar Hills through approximately 2024.

The Solid Waste Division retained the rights to the emissions credits when signing the landfill gas sales agreement with BioEnergy of Washington. Legislation allowing the Executive to sign a contract with Puget Sound Energy (PSE) for the sale of the credits has been submitted to the King County Council. The legislation will be heard at the Environment and Transportation Committee Wednesday, January 19.

The contract will allow the division to share in PSE's profits from selling the gas coupled with the emissions credits. The division anticipates that the sale of the emissions credits should provide in excess of \$500,000 revenue annually. The initial term of the contract is eleven years with provisions to extend it up to twenty years.

When the Solid Waste Transfer and Waste Management Plan was transmitted to council, MSWMAC sent a letter supporting the collaborative process used in writing the plan. That letter was helpful in obtaining council approval.

The division anticipates that the comp plan will be transmitted to council as early as April. A similar letter indicating that MSWMAC participated in writing the comp plan and supports the planning process would be equally valuable. SWD will draft a letter of that type for MSWMAC review and comment at the next meeting. The letter will address only the participative process used in writing the plan. It will not address the content of the plan.

In response to a request, the division will provide MSWMAC members with a link to the comp plan as it was sent to the Department of Ecology before they are asked to consider the draft letter.

#### Master Schedule:

The short term master schedule shows Governance/ILA discussions throughout the year. It also shows the completion of the Houghton project in January. The long term schedule no longer shows Cedar Hills' closure. It does show Area 8 design and construction. In response to a request, the next schedule will show the relationship between the closure of Area 7 and the opening of Area 8.

## **Houghton Transfer Station Project Wrap-Up and Bow Lake Project Update**

The Houghton Transfer Station project is on schedule to re-open to the public on weekdays beginning January 24, 2011. The station remained open to commercial haulers throughout construction. The building now meets current code requirements.

The roof of the station was strengthened and then raised nine feet to provide sufficient clearance for commercial hauler vehicles to unload. Some interior columns were removed to increase turning radii, skylights were installed to take advantage of natural light, and a catwalk was added to improve worker safety.

Outside the building, the trailer parking area was reconfigured, the wastewater collection system was improved and changes were made to improve traffic flow, erosion control and lighting.

The project also included the installation of a sound barrier wall on the west side of the station, a screen wall to improve neighborhood aesthetics, and a pathway constructed on the north side of N.E. 60th St. Chair Greenway noted that these enhancements were key to community acceptance of the project.

The first phase of the Bow Lake project is complete. The second phase which includes constructing the new building, deconstructing the existing building, and completing the project began early in 2011. Current work includes installing underground vaults and drainage systems and installing the base of the elevator.

## **State Legislative Session Preview**

The State Legislative process has begun. Three bills of particular interest to the division are the Senate and House the Secure Medicine Return Bills and a Carpet Product Stewardship Bill (Senate Bill 5110).

Secure Medicine Return – There are two bills, one in the Senate (SB 5234) sponsored by Senator Kline and one in the House (HB 1370) sponsored by Representative Van De Wege. The goal of these bills is to create a statewide medicine take-back program, financed and provided by pharmaceutical manufacturers, for the secure collection and environmental sound disposal of unwanted medicines from households.

The federal law covering the disposal of medicines that are also controlled substances has been changed and new federal rules, offering new disposal options, will be in place before the take-back program would be implemented. Visit the web site at [www.TakeBackYourMeds.org](http://www.TakeBackYourMeds.org) for more information.

Pharmaceutical companies are expected to oppose these bills. Support from cities or other groups would be valuable.

Senate Bill 5110 concerning carpet stewardship – sponsored by Senator Kohl-Welles  
The goal of this bill is to increase the recycling of discarded carpet. The bill establishes a system in which manufacturers would finance the collection, transportation, processing and recycling of discarded carpet. No fee would be charged at the time the carpet is collected. The bill is modeled on product stewardship legislation adopted last fall in California.

### **Rate Study**

The division is preparing a rate analysis and report for submittal to council March 30, 2011. Discussions are in progress and the division is not in a position to report details about the current rate study until the discussions are concluded.

However, the process being used for rate analysis is similar to the approach which was used previously. Information about the previous process is discussed in the Executive Proposed [Solid Waste Disposal Fees 2008-2010](#), prepared September 2006.

Referring to a handout, [SWD 20-year Financial Plan](#), Kiernan discussed rate considerations.

- The division has historically prepared a three year rate. Shorter periods may be considered in response to the ongoing ILA discussions.
- The rate includes a 45 day cash reserve. It has been a long standing division practice to accumulate reserves in the early part of the rate period. Then, when costs increase and the cash reserve drops below 45 days it triggers a rate request. Though past proposals have allowed the cash reserve to drop below 45 days, the division never operates at a deficit. (lines 44-46)
- Expenses supporting operations and programs identified in the comp plan are forecasted. (lines 24-40)
- Transfers out include debt, reserve funds and rent. (lines 15-23)
  - Rent is based on an appraisal and escalates at 3%
  - Reserve funds
    - The Landfill Reserve Fund accumulates cash to pay for new area development, mandatory landfill closure, and post closure reserves. It will be recalculated to include Area 8.
    - The Capital Equipment Replacement Program accumulates cash reserves to level out the impact of major equipment replacement.
    - The Construction Fund is a cash payment to reduce debt for the transfer program. The amount is discretionary.
- Revenue is primarily based on the tonnage forecast multiplied by the rate.
  - Landfill gas revenue will increase and will include revenues from the sale of emissions credits.
  - Revenues from recycling are small because the division handles a very small amount at the stations and the value of the commodities is not high. About half of the amount listed as recycling revenue comes from a fee for recycling education collected from residents of the unincorporated areas.

In response to questions Kiernan said that the current tonnage forecast is about 20% less than was forecasted in the previous rate and that the division received approximately 87,000 tons in 2010.

Kiernan provided background on the rent paid by the Solid Waste Division to the King County General Expense Fund. In the mid-1960's the State of Washington transferred the Cedar Hills Landfill to King County; not to the utility operating the landfill. This allowed the full faith and credit of the county to be responsible for the risk; not just the utility.

In 2004 the county began to charge the division rent for the use of the property. The rent is based on the appraised business value of the operation of the landfill. Mike Huddleston, King County Council Staff, noted that the State Auditor was asked to review how the appraisal was done and found it to be appropriate. The State Auditor also said it was inappropriate to charge back rent or to charge rent when the landfill is no longer in operation. In response to a request, the division will provide additional information about the rent.

In response to a question Gaisford noted that research and development is not called out separately in the budget. Instead it is part of the work throughout the division; particularly in Recycling and Environmental Services and Engineering Services sections.

A member asked that the smaller group meeting about the ILAs be allowed to discuss the rate proposal at a more detailed level.

### **ILA Discussion**

A small group called the Solid Waste Interlocal Review Committee was formed to discuss the ILAs. The purpose statement of the group is: "The Cities and County will work in partnership to review and implement the current ILAs and to plan future agreements, including governance, facilities, and financing."

Other MSWMAC members are invited to participate. It is important that the group contain cities that are diverse in size, interests, and geographic location. The group meets at the King Street Center from 1:00 – 2:30 p.m. on the first and third Thursday of the month. Contact Chair Greenway if you are interested in participating.

Kiernan provided background for the ILA discussion, [SWD ILA FAQ](#). The transfer stations built in the 1960's are nearing the end of their useful lives. They need to be replaced in order to accommodate population growth and additional recycling services, enhance safety and structural integrity, improve operational efficiency, and meet the policy and service priorities of participating jurisdictions. Together, the cities and the county evaluated the current system and agreed upon a plan to update it; the Solid Waste Transfer and Waste Management Plan. Implementing that plan will provide capacity and system efficiency for the next forty to fifty years.

Revenue to pay for those updates comes through tonnage which is guaranteed to the solid waste system through the Interlocal Agreements. However, those agreements expire in about eighteen years which is less than the term of typical bonds and the projected life of the facilities. The county believes that an extension of twenty years reflects the useful life of the facilities and shares the costs with future ratepayers who will benefit from their services.

Approximately two thirds of the system's tonnage, and corresponding revenue, comes through the ILAs. If a significant number of cities decline to extend those ILAs the projected revenue base would change. In response, system planning to work within those revenues would occur and may result in significant changes to the system itself as well as planned improvements.

Transfer station facilities are driven by the types of services provided. Those services are based on the policy and service goals of participating jurisdictions. For example, providing services for self-haul as well as commercial customers increases the size, complexity and cost of facilities. A facility that served only commercial customers would be less expensive to construct but would limit service options for residents.

Referring to the graph, [SWD Rate Scenarios](#), Kiernan said the rate increases shown in 2015, 2018, and 2021 reflect bond financing. The increase in 2026 reflects increased cost of disposal when Cedar Hills is closed. For reference, the current disposal cost at Cedar Hills is approximately \$30 per ton while the cost at the railhead for Seattle is currently \$39 per ton.

The blue line shows the rates if ILAs are not extended. The red line shows rates if the ILAs are extended and 20-year bonds are chosen. The green line shows rate if the ILAs are extended and 30-year bonds are chosen.

Responses to comments included:

- There are two issues; financing and the appropriate term of the bonds and the term of the ILAs. Though bonds cannot exceed the length of the ILAs, the ILAs can exceed the length of the bonds.
- The ILAs will address more issues than transfer system improvements. It is to the benefit of the cities to continue to use the new facilities once they have been built.
- The new ILA could include more of the cities' needs. The agreement is not just the cities' commitment to King County, but the county's commitment to the cities.
- City councils do not agree on the relative value of paying debt off quickly (and increasing current rates but limiting interest costs) or paying it off over a longer period (with lesser current rates but increased interest costs.) The discussion is related to policy decisions balancing the value of ensuring those using the infrastructure are paying for it (long term debt) and the value of paying it off quickly so future users can pay for new needs (shorter term debt).
- Flexibility for the future is a key issue.
- The division is working to find a good way to present this information so it can be easily shared with city councils. Input is welcome.
  - Find a way for the materials to show the costs and benefits of extending debt. Show a capital savings line.
  - Presentation materials should incorporate the idea that the ILAs are a benefit to the cities as well as to the county. The agreement ensures the cities have are able to provide services of this type to their citizens long term.

### **Public Comment**

There was no public comment.