## STAFF REPORT

|  |  |  |  |
| --- | --- | --- | --- |
| **Agenda Item:** | 11 | **Name:** | Mike Reed |
| **Proposed No**.: | 2016-0386 | **Date:** | August 24, 2016 |

**SUBJECT:**

AN ORDINANCE setting solid waste rates for 2017-2018.

**SUMMARY:**

This proposed ordinance as transmitted by the Executive would set the 2017-2018 Basic Fee for solid waste disposal at $137.75, up 14.6% from the current rate of $121.75. Increases are also proposed to the self-haul minimum fee—up from the current $19.22 per entry to 22.08 per entry, a 14.8% increase. Other increases include the Regional Direct Fee—up 13% to $117/ton; the Special Waste Fee—up 14% to $165/ton, and the Special Waste Extra Handling Fee, up 10% to $193/ton.

The previous rate increase was approved by Council in 2012, for the 2013-2014 period; a projected 2015-2016 rate increase was deferred, in light of challenging economic conditions and a number of related fiscal developments. Since the last rate increase, most of the participating cities in the regional solid waste system have executed extended agreements committing them to the system through 2040; the county has deferred plans for the construction of a Northeast station; and participants have discussed plans to manage service demand to avoid short term station queueing challenges. The 2010 Cedar Hills Site Development Plan is proceeding, with remaining disposal cells being developed for use. Tonnage appears to be returning slowly, though levels remain substantially below pre-recession levels, and a tonnage decline is anticipated for the coming biennium. The new Factoria Recycling and Transfer Station is open and operating, though the hazardous waste building has not yet been completed.

**BACKGROUND:**

**The Regional Solid Waste System**

The regional solid waste system is a cooperative, integrated system, with participation by 37 cities, solid waste haulers, and the County. King County receives solid waste at its eight transfer stations and two drop boxes from solid waste haulers, who collect it curbside from households in cities and in the unincorporated area. Cities manage solid waste disposal within their jurisdictions, and contract with solid waste haulers, to provide service within the city[[1]](#footnote-1).

Since the 1960s, the County has operated this network of transfer stations and drop boxes, now collectively receiving and processing over 800,000 tons of mixed municipal solid waste annually. These transfer stations, as well as drop boxes serving more remote locations, are distributed throughout the region, as shown on the graphic below:



A basic fee is charged to discharge waste at the transfer stations. The fee has been set at $120.17 per ton of waste since 2013. The proposed rate for 2017-2018 is $137.75. The basic fee and other rates are developed based on a rate study entitled Executive Proposed Solid Waste Disposal Fees for 2017-2018 (“rate study”) (Attachment A to Proposed Ordinance 2016-0386).

The transfer stations and drop boxes also accept waste delivery from self-haulers—residents and small businesses who accumulate small loads of garbage and deliver it to transfer stations or drop boxes for disposal. The current rate of $19.22 per carload is proposed to increase to $22.08 per carload (tax and Moderate Risk Waste fee are added).

The Transfer System network receives and consolidates these waste loads, transfers them onto trailers and transports them by truck to the Cedar Hills Regional Landfill, a 920 acre facility located in Maple Valley, about 20 miles southeast of Seattle. The landfill is owned by King County. A rental fee is paid for its use for landfill purposes by the Solid Waste Fund to the County’s General Fund. The site has been operating as a landfill since 1965. In 2010, the Council acted to modify the facility’s Site Development Plan, resulting in the expansion of landfill capacity by 56 acres thereby extending its useful life from 2018 to 2025. The opening of a new “Area 8” will begin during this rate period. The Division has undertaken an update of the Site Development Plan, which is expected to recommend strategies for further extending the life of the landfill. The results of this review can have significant fiscal impacts: disposal at the Landfill is considered significantly less expensive than available alternatives, so the Council has approved policy to maximize the life of the landfill. Additionally, the Division, as required by federal law, is accumulating funding in the Landfill Reserve Fund for monitoring and maintaining the landfill for a minimum 30-year period following its closure. The date of that closure has implications for the amount of time available to accumulate the needed monitoring/maintenance funding—a later closure date results in lesser annual amounts needed to achieve funding targets.

Waste delivered from transfer stations to Cedar Hills is buried in “cells”—multi-acre disposal areas that are engineered to hold the waste permanently while managing the accumulated volumes to assure that leachate runoff and methane gas are appropriately captured and addressed. A limited number of waste haulers deliver waste directly to Cedar Hills; they pay a “regional direct” rate which is currently $103.50 per ton and proposed to be raised to $117 per ton.

**Transfer Station Network Upgrade**

The County has been working to upgrade the transfer network since the 2007 approval of the Solid Waste Transfer and Waste Management Plan, which provided for:

* Upgrading the Bow Lake and Factoria transfer stations in place;
* Replacing the Algona station with a new Southwest Recycling and Transfer Station at a site to be determined;
* Replacing the Houghton station with a new Northeast Recycling and Transfer Station at a site to be determined;
* Closing the Renton Transfer Station; and
* Retaining the Shoreline, Enumclaw and Vashon Recycling and Transfer Stations, which had been recently upgraded or constructed.

**System Developments Impacting Rates**

Since the 2012 approval of 2013-2014 rates, there has been extensive discussion of the proposed system upgrade. In noting a substantial drop in the volumes of tonnage being processed through the system—as well as decreases in future tonnage projections—the Council directed review of the proposed transfer system buildout. That review process focused on the proposed new Northeast transfer station. The resulting report addressed potential options, including deferral of a new Northeast station, but noted potentially extensive queueing at the Factoria Recycling and Transfer Station if the Houghton Transfer Station, located in Kirkland, were closed and not replaced. The northeast service area is currently served by the Houghton Transfer Station, which processes about 160,000 tons annually. The Solid Waste Transfer and Waste Management Plan proposed closure of the Houghton station upon availability of replacement capacity; interim communications have focused on a closure date in the 2021-2023 period.

It is noted that the City of Bellevue, which generates about 8 to 10% of the annual system tonnage, has indicated plans to leave the system in 2028, at the end of the current interlocal agreement—removing about 60,000-70,000 tons from the Northeast King County portion of the system.

As a result of that initial review, Council recommended further review of the potential for strategies to manage the self-haul customer demand at the Factoria station, using techniques such as extended station hours, peak hour fee increases, bulky item collection, and similar strategies. The current rate proposal includes funding and staffing for testing a “demand management” pilot project.

Since the Council’s 2012 consideration of the 2013-2014 rate proposal, most participant cities have signed extended and revised interlocal agreements committing them to the system through 2040, allowing for bond repayment terms extending over a longer period, and therefore at a more modest periodic rate. All of the transfer stations rebuilt or replaced through the upgrade process are expected to have life spans of at least 30 – 40 years.

Major system direction is established by the Comprehensive Solid Waste Management Plan. The last completed plan was prepared in 2001. An ongoing joint planning effort, involving the Solid Waste Division, the Metropolitan Solid Waste Advisory Committee, and the Solid Waste Advisory Committee, has approached, but not completed, an updated plan.

**Schedule of Proposed Fees**

Below are the existing and proposed fees recommended by Proposed Ordinance 2016-0386.

Passenger cars ~~$19.22~~ $22.08 per entry (14.8% increase)

Other Vehicles ~~$120.17~~ $137.75 per ton (14.6% increase)

Charitable organizations ~~$92.55~~ $106.07 per ton (14.6% increase)

Minimum ~~$19.22~~ $22.08 per vehicle (14.8% increase)

Charitable organizations ~~$15.08~~ $16.97 per entry (12.5% increase)

Solid Waste Facilities Without Scales

Compacted wastes ~~$35.31~~ $39.95 per cubic yard (13.1% increase)

Uncompacted wastes ~~$20.70~~ $23.42 per cubic yard (13.1% increase)

Minimum charge ~~$19.67~~ $22.08 per vehicle (14.8% increase)

Cedar Hlls disposal

Regional Direct ~~$103.50~~ $117.00 per ton (13% increase)

Other vehicles ~~$121.75~~ $137.75 per ton (14.6% increase)

Special Waste

Special Waste fee ~~$145.00~~ $165.00 per ton (13.8% increase)

Special Waste fee

 Minimum charge ~~$23.20~~ $26.45 per entry (14% increase)

Special Waste fee

 Extra handling ~~$175.00~~ $193.00 per ton (10.3% increase)

Special Waste fee

 Extra handling-

 minimum charge ~~$28.00~~ $30.86 per entry (10.21% increase)

**ANALYSIS**

For 2016, the current fee structure is expected to generate $104,865,887. The proposed increase described above would generate $116,461,232 in 2017, an 11% increase in revenue over 2016. Over 90% of the fee revenue is generated by the Basic Fee charged to commercial and self-haulers for waste acceptance at transfer stations. The increase in the Basic Fee, from $120.17 currently to $137.75 in 2017 and 2018, represents a 14.6% increase over the current rate.

System tonnage is anticipated to decline somewhat in 2017. Over the last two years, the North transfer station of the Seattle Public Utilities solid waste system has been closed for reconstruction; many self-haulers who ordinarily would use the Seattle North station have instead brought their loads to the County’s First Northeast Recycling and Transfer Station in Shoreline. In 2013, the First Northeast station received 43,000 tons of waste; in 2015, it received 65,000 tons, a 51% increase. When the Seattle North construction project is completed in 2016, part or all of the Seattle North service population may return to the Seattle facility. The rate study prepared by the Division projects a First Northeast 2017 tonnage level of 52,000. System-wide, the rate study projects a decline in Basic Fee tons from 856,100 (2016) to 829,467 (2017).

The Executive notes that the propose rate, if approved, would place King County Basic Fee at a level within the general range of fees charged by major solid waste utilities within the state:

**Table 1. Proposed Fee compared to Peer Jurisdictions**

|  |  |
| --- | --- |
| **Jurisdiction** | **Basic Fee[[2]](#footnote-2)** |
| Clark County | $87.56 |
| King County proposed | $137.75 |
| Pierce County | $145.84 |
| Seattle City | $145.00 |
| Snohomish County | $105.00 |
| Spokane County (includes city) | $101.00 |
| Thurston County | $119.00 |

The Executive has disaggregated the elements of the proposed increase, by dollars and by rate impact, in Table 1 below:

**Table 2. Components of the 2017-2018 Rate Increase**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2017-18 Expenditures($ in millions) | 2017-2018 Rate Impact($ per ton) | New FTEs/TLTs required |
| Current Basic Fee |  | $120.17 |  |
|  |  |  |  |
| **Sustain Current Services** |  |  |  |
| Cover Inflationary Increases | $12.5 M | $5.49 | 10.25 / 0 |
| Debt Service for New Transfer Stations | $7.1 M | $3.10 |  |
| Replace Aging Equipment | $ 6.8 M | $2.98 |  |
| Fortify Cedar Hills Landfill Reserve Fund | $3.6 M | $1.59 |  |
| Maintain Closed Landfills | $2.5 M | $1.07 |  |
| *Subtotal Sustain Current Services* | *$32.5 M* | *$14.23* | *10.25 / 0* |
|  |  |  |  |
| **Ensure Service Reliability** | $3.6 M | $1.58 | 1 / 3 |
|  |  |  |  |
| **Address County Strategic Priorities** | $1.1 M | $0.46 | 1 / 0 |
|  |  |  |  |
| **Position for the Future** | $2.0 M | $0.88 | 0 / 10 |
|  |  |  |  |
| Adjustment for Increased Recycling Rate | $0.7 M | $0.43 |  |
|  |  |  |  |
| **Total** |  | **$137.75** | **12.25 / 13** |

In sum, the recommended rate increase would support 12.25 new FTEs, primarily to “sustain current services” and 13 new TLTs, primarily to “position for the future”. These additional positions would likely be proposed to be added in the Executive’s proposed 2017/2018 biennial budget.

In describing the proposed new FTEs, the rate study defines four major categories of expenditure: Sustain Current Services; Replace Aging Equipment; Fortify Cedar Hills Landfill Reserve Fund; and Maintain Closed Landfills.

Sustain Current Services

A number of the increased expenditures in this category will be familiar to the Council. In response to a proviso, the Executive, earlier this year, provided a report on closed landfills, noting that six landfills for which the County has responsibility are beyond their minimum monitoring date—but that there are continuing needs for managing environmental systems at the landfills, and the State Department of Ecology has not indicated any near-term date for termination of monitoring responsibility. This appears to represent a mandate for continuing expenditures to manage these custodial facilities.

This category also describes the need to pay for inflationary increases, and to replace aging equipment. It further refers to the need to pay for FTEs required to process increased tonnage at transfer stations. Specifically, the study refers to 10.25 new positions to “provide additional support at transfer stations and for transportation services to respond to increased solid waste tonnage, new station design, and expanded recycling services.” However, as the table below demonstrates, system tonnage is anticipated to decline over the coming biennium:

**Table 3. Growth of Transportation and Transfer Staff v. System Tonnage**

(2017-2018 staffing based on proposed rate)

Transfer staff are those located at system transfer stations, responsible for cashiering, operating waste-moving equipment, assisting customers, and similar functions. Transportation staff drive loaded tractor/trailers from transfer stations to Cedar Hills. This table notes that, while tonnage is expected to decline in the coming biennium, the proposed fee would support an increase in staff intended to manage that declining waste flow.

Resource Recovery

The Rate Study does not provide specifics regarding the functions of the 10.25 new FTEs associated with the “Sustain Current Services” category. Staff will inquire further regarding the function of these positions, and specifically whether some may be additional “resource recovery” positions. In the 2015-2016 budget, the Executive requested, and the Council approved, 9 new positions designated to sort through waste piles at transfer stations, pulling out recyclable wood, metal and cardboard. These positions were to be located at First Northeast, Enumclaw and Bow Lake transfer stations. Questions were raised at the time regarding the cost-benefit of these positions, and Council proviso’d the budget with a requirement for consideration of a “self-haul surcharge” as an alternative approach to attaining progress in self-haul recycling and resource recovery. Such a surcharge would be placed on self-haulers who choose not to sort their loads. Commercial haulers deliver loads from residences and businesses that have largely been pre-sorted at the curbside; this suggests that residents and businesses, who utilize and pay for separate curbside collection of recyclables, would be asked to further pay for sorting waste piles at the transfer stations. About 80% of the transfer station volumes are the pre-sorted household/business volumes; the remainder are self-haul volumes that are often not pre-sorted.

Staff is seeking further information as to the specific functions of the proposed additional transfer station staff.

Transportation Services

The rate study also refers to additional support for “transportation services”, as noted. In early discussions regarding the transfer station upgrade project, one of the key reasons offered for constructing new transfer stations was the placement of “compactors” that would compress waste loads for placement in trailers bound for Cedar Hills, with the expectation of substantial reduction in the numbers of tractor/trailer trips required from transfer stations. The Factoria Recycling and Transfer Station, largely completed, is making operational use of the new compactor at the station; June 2016 numbers show a 10% increase in tonnage over June 2015, but a 17% decline in numbers of loads leaving for Cedar Hills from that transfer station, from 533 to 443 trips. A similar decline was seen upon the completion of the Bow Lake Recycling and Transfer Station several years ago.

In light of these considerations, staff analysis is continuing on the need for additional transfer station/transportation staff, as well as rate levels for self-haul.

Self-Haul/Recycling

Self-haulers include clients who generate waste in different ways, including residents with large loads who are doing a major clean-up project, or who may not subscribe to curbside service; landscapers; home rehabilitation contractors; and others. According to the most recent waste monitoring survey,[[3]](#footnote-3) 11% of visitors to transfer station indicate that it is cheaper, or it saves them money. Thirty-two percent of self-haul customers report that they do not subscribe to curbside garbage service at home.[[4]](#footnote-4) Concurrently, self-haulers are among the lowest recycling waste generators; in 2011, they generated 208,815 tons of garbage, of which 9,630 tons were recycled (4.6%). Meanwhile, single family residents generated 376,537 tons of garbage in 2011, of which 248,727 were recycled (66%)[[5]](#footnote-5).

The Executive is proposing increasing self-haul fees from $19.22 to $22.08 per entry (plus tax/MHW fee)—an increase of 14.8%. This increased rate will continue to leave the self-haul fee below that of local jurisdictions, except Snohomish County. Seattle’s minimum self-haul fee is $30; Pierce County’s minimum fee is $26.73 (plus tax). Snohomish County’s self-haul fee is $20, which includes tax. Concurrently, many self-haul users of King County transfer facilities do not live in jurisdictions that are system participants. According to the Transfer Plan Review Final Report[[6]](#footnote-6), 10% of Bow Lake weekend users are Seattle residents (Seattle is not a participant in the regional system); 61% of First Northeast (Shoreline) weekday users are Seattle residents (some proportion may return to the Seattle system upon completion of the Seattle North station, though Seattle minimum fees there are substantially higher, and cues may be longer); and 9% of First Northeast weekday users are from Snohomish County.

These circumstances raise questions as to whether the proposed self-haul rate is comparatively low, resulting in system inflow of an expensive user type, at a time when the Division is facing potential queueing challenges at selected facilities. It also raises questions as to whether there are ways to encourage greater recycling, by incenting those in low-recycling user categories to make use of high-recycling service types.

Construction/Demolition

The Council has recently approved legislation to increase recycling at construction/demolition designated facilities (2015 Ordinance 18166). The Solid Waste Division website currently lists an increased number of designated facilities where construction/demolition debris may be delivered. While fees vary according to load, minimum fees listed range from $20 to $25 per visit. Recycling at construction/demolition designated facilities is considered substantially higher than self-haul recycling rates: as an example, the Cascade Recycling Center, one of the Division’s designated facilities, indicates that less than 5% of the material that comes into the center is disposed as garbage.[[7]](#footnote-7) According to the 2011 Waste Characterization Report[[8]](#footnote-8), as of the date of that report, construction and demolition materials represented 19% of transfer station loads surveyed. With the implementation of the new Construction/Demolition ordinance, dump trucks and dumping trailers may not bring construction/demolition materials to county transfer stations; however, pickup truck loads are still accepted. These circumstances raise the question of whether there will be a continuing pattern of using county transfer facilities by those bringing construction/demolition debris, whether this represents a significant diversion from designated construction/demolition processing facilities, and whether there are means to encourage use of those designated facilities by small generators of construction and demolition debris.

Staff analysis is continuing regarding the relationship of self haul fees to station utilization and recycling rates.

Demand Management Pilot

As noted earlier, this proposed rate adjustment supports a demand management project intended to assess strategies to limit the extent of queueing, primarily at the Factoria Recycling and Transfer Station. This project is a follow-on to system discussions regarding potential wait-time impacts at the Factoria station, in the instance that the Houghton Transfer Station were closed and not replaced. The rate study indicates that the demonstration project is anticipated for 2018.

However, there are uncertainties regarding the project. As noted by the rate study, there is a question as to whether the review will involve a closure of the Houghton station during implementation. Station closure would clearly be disruptive to current facility users, both commercial and self-haulers. Certainly, discussions and outreach to the affected users would be required. Without a facility closure, however, it is unclear how the agency could assess the effectiveness of various alternatives, in terms of the choices of Houghton users to access alternative service options—as well as potential queueing impacts on next-closest transfer stations.

The rate study indicates that ten TLTs will be assigned to the demand management pilot program. Discussion of the actual function of these staff is limited; it is indicated that temporary staff would be added to assist customers at the Shoreline station. Presumably, these additional staff would be intended to mitigate impacts of additional queueing times at Shoreline, by helping to move customers more quickly through the unloading process. It is noted that the Executive is projecting reduced self-haul usage at Shoreline with the opening of the Seattle North station. The Rate Study notes that the self-haul fee at Factoria would be increased, and operating hours would be extended. The fee increase should not require additional staffing, though the extended operating hours may. Staff is seeking more information on the utilization of these staff.

The demand management pilot will either A) demonstrate the viability of demand management strategies, or B) fail to demonstrate their viability. If the strategies are not proven viable, the region would need to assess its options, including whether to proceed with a North Recycling and Transfer Station, or how long to continue serving the disposal needs of the Houghton service area with the existing station.

By way of context, it is important to note the concerns of the County Auditor in the 2011 Performance Audit of Solid Waste Transfer Station Capital Projects. The Auditor expressed concern about the potential for “overbuilding” the transfer network upgrade:

“An additional risk is that current rate payers could be financing more infrastructure than would be needed in the future, especially if cities drop out of the system after 2028 when the current interlocal agreement with the 37 city partners to the County’s solid waste system expires.” [[9]](#footnote-9)

Since the 2011 Performance Audit, all but five of the city participants in the system have signed extended agreements, through 2040, as noted earlier.

As noted above, the South County project will have taken over a decade to site, design, permit, construct and open. A siting process in northeast King County may encounter obstacles as well. Opponents of various site options are likely to challenge the wisdom and expense of the project, in light of the pending departure from the system of five cities from the northeast region in 2028, reducing Factoria tonnage by perhaps half. The Rate Study indicates that the demonstration project will run for 12 months, beginning in 2018.

Landfill Reserve Fund

Staff has previously noted an opportunity for additional rate savings that was identified in the County Auditor’s 2011 Performance Audit, having to do with the investment strategy of the Landfill Reserve Fund. The Audit noted,

“Finally, as previously noted, part of the Landfill Reserve Fund (LRF) balance has an investment horizon extending to the year 2058. Nevertheless, the fund is invested in the same investment pool as other funds, whose overall liquidity objectives and needs are shorter term, for example, less than one year. It may be to the benefit of the Landfill Reserve Fund to have an alternative investment strategy. As an example, increasing the real (before inflation) rate of return on the LRF balance by a full one-percent could result in lowering the tipping fee by $.87 per ton in 2012. At the estimated 826,000 tons of waste for 2012, this would translate into a savings to rate payers of $717,000.”

This LRF investment strategy revision has not yet been completed, though the Division has pursued a strategy review. Implementation of this recommendation during the 2017-2018 biennium has the potential to generate additional revenue for the Division. The Executive’s proposed rate does not assume implementation of this recommendation in 2017/2018 – implementation of the recommendation would have the potential to generate additional revenue for the Division. Council may want to consider inquiring of the Executive as to the status of this policy review, and encourage expeditious completion. Staff inquiry on this matter is continuing.

Debt Service for New Transfer Stations

The 2012 Rate Study, in support of the approved 2013-2015 rate proposal, discussed the projected repayment of bonded indebtedness that the Division then anticipated. At the time, there were a number of conditions that have since changed. The Council has directed a deferral in expenditures for the North Recycling and Transfer Station, pending demonstration of need; the Executive has included funding for a demand management pilot in this proposed rate. Additionally, in 2012, there was an expectation of further progress in the replacement of the Algona Transfer Station with a new South Recycling and Transfer Station.

**Table 4. 2012 Rate Study: Anticipated Station Upgrade Project Schedule**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Bow Lake | open |  |  |  |  |  |  |
| Factoria | Design and permit | construction | open |  |  |  |
| South County | Siting | Design and permit | Construction |  |  |
| Northeast | siting | Design and permit | construction | open |
| Algona |  |  |  |  |  | close |  |
| Houghton |  |  |  |  |  |  | close |
| Renton |  |  |  |  |  | Close or modify operations |  |

However, progress in siting the South County facility has been delayed. After an extended effort to move forward in siting the facility, in February of this year, the Division issued a new “Notice of Availability of Draft EIS”. A final EIS is anticipated for October of 2016. It is not clear that siting decisions will be completed this year, or precisely when design and permitting efforts, and subsequent construction activity--will begin. Initial project expenditures for the South County project began in about 2008, according to the 2006 rate study. By the time of completion, it is likely that the project would have taken over a decade from start to finish.

**Table 5. 2012 Rate Study: Anticipated Transfer Station Upgrade Project Schedule**

|  |
| --- |
| **Comparison of Projected Northeast and South County Transfer Station Expenditures, 2012 v. 2016** |
|  | 2016 | 2017 | 2018 | 2019 | 2020 |
| Northeast 2012 | 3,991,918 | 7,441,963 | 22,436,238 | 24,124,598 | 7,622,063 |
| Northeast 2016 | 0 | 0 | 0 | 0 | 0 |
| South County 2012 | 22,068,323 | 23,737,848 | 7,636,261 |  |  |
| South County 2016 | 798,000 | 2,509,510 | 6,275,223 | 6,441,625 | 34,153,561 |

The outcome of the process described above has been a delay in project expenditures, and in the case of Northeast, a deferral pending demonstration of need. As a result, anticipated bond sales have been delayed, and bond repayment has been rescheduled.

In addition to the rescheduling described above, most participating cities in the system have executed an extended and amended Interlocal Agreement committing to the regional solid waste system, continuing through 2040. This has had the effect of allowing bond sales that may be repaid over several decades, rather than having to be repaid by 2028, reducing the required level of annual payments.

The table below demonstrates the projected bond repayment schedule systemwide, anticipated in 2012, compared to the bond repayment schedule as currently projected. In 2018, for example, the difference between the amount that had been projected for repayment, and the amount currently anticipated, is $14,414,424.

**Table 6. Payments on Bonded Indebtedness: 2012 Projections v 2016 Projections**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2016 | 2017 | 2018 | 2019 | 2020 |
| **2012 Rate Study** | 21,704,322 | 24,753,779 | 28,014,087 | 30,710,638 | 31,481,491 |
| **2016 Rate Study** | 11,478,095 | 13,732,413 | 13,599,663 | 13,602,163 | 16,478,047 |

Staff is seeking further information on this issue.

Cedar Hills

The Rate Study recommends $3.6 million to “Fortify the Cedar Hills Landfill Reserve Fund”. One function of the Landfill Reserve Fund is to accumulate funding necessary to support monitoring and maintenance activities at the landfill for a 30-year period after its closure date. Over the last few years, the anticipated closure date has been moved progressively further into the future, as waste volume projections have declined compared to earlier projections, and as landfill settlement patterns have become more defined. The agency has referred to closure dates of 2028 until recently.

For the first time, the current rate study reverses the trend of recent years, and identifies a closure date of 2027. This is noteworthy, in that it allows fewer years to accumulate needed post-closure maintenance/monitoring funding.

In the 2015-2016 budget, the Council approved an update to the 2010 Cedar Hills Site Development Plan. That Plan had established county policy to acknowledge an in-county landfill as the least expensive disposal option, and to extend the life of the landfill to the extent possible. The Revised Site Development Plan was anticipated at the end of December 2015, later projected at July, 2016. The intent of the Revised Plan was to recommend strategies to further extend the life of the landfill; the rate study refers to “cost-effective capacity through 2040.”

Staff is inquiring as to the status of the Revised Site Development Plan, and the impact of a more limited, rather than extended, period during which to accumulate necessary post-closure monitoring/maintenance funding. The Council may want to consider whether to support a Landfill Reserve Fund increase that assumes a 2027 closure date, in the context of an anticipated recommendation to extend the closure date, pursuant to a report anticipated soon.

**Timing**

The proposed rate would become effective in January 2017. Cities incorporate the rate adjustment into their rates; the Executive seeks to allow them a 3-month period to accomplish the adjustment before the start of 2017. Additionally Solid waste haulers, who pay the basic rate for deposit of waste at transfer stations, adjust their monthly rates paid by homeowners for residential collection based on this basic rate. For the unincorporated area, such residential collection rates require approval by the Washington Utilities and Transportation Commission, therefore requiring action by the Council at least 90 days in advance to allow necessary WUTC review time before the January effective date. If the Council’s action were delayed beyond September, the new rate would not be able to go into effect at the start of the year.

**ATTACHMENTS**

1. Proposed Ordinance/Motion 2016-0386
	1. Attachment A: Executive Proposed Solid Waste Disposal Fees for 2017-2018 (and its attachments)
2. Fiscal Note
3. Transmittal Letter

**INVITED**

Meg Moorehead, Strategy, Communications & Performance Manager, Solid Waste Division, Department of Natural Resources and Parks

1. RCW 35.21.120 [↑](#footnote-ref-1)
2. As of 2016 [↑](#footnote-ref-2)
3. http://your.kingcounty.gov/solidwaste/about/documents/waste-characterization-study-2011.pdf [↑](#footnote-ref-3)
4. <http://your.kingcounty.gov/solidwaste/about/documents/waste-characterization-study-2011.pdf> p38 [↑](#footnote-ref-4)
5. <http://your.kingcounty.gov/solidwaste/about/Planning/documents/2013-swd-comp-plan.pdf> p3-19 [↑](#footnote-ref-5)
6. https://your.kingcounty.gov/solidwaste/about/Planning/documents/transfer-plan-review-part-2-report-final.pdf [↑](#footnote-ref-6)
7. http://wmnorthwest.com/cascaderecycling/index.html [↑](#footnote-ref-7)
8. <http://your.kingcounty.gov/solidwaste/about/documents/waste-characterization-study-2011.pdf> p4 [↑](#footnote-ref-8)
9. ttp://www.kingcounty.gov/~/media/operations/auditor/documents/2011Documents/SWD\_Report\_Final.ashx?la=en [↑](#footnote-ref-9)