

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	King County Solid Waste & the Interlocal Agreement with Cities
<b>DEPARTMENT:</b>	Public Works
<b>PRESENTED BY:</b>	Mark Relph, Public Works Director

**PROBLEM/ISSUE STATEMENT:**

The King County Solid Waste Division (SWD) has been pursuing an update to the Solid Waste Comprehensive plan over the past few years and is now in the process of a financial and rate analysis. As a result of this work, the SWD is anticipating a need for bonds in the near term to finance the construction of improvements such as transfer stations. Since the term of the bonds could likely extend beyond the term of the Solid Waste Interlocal Agreement (SWIA) between King County and the participating cities, King County is requesting a review of the SWIA (i.e. an extension, or renegotiated with new terms and conditions), and specifically what issues the cities may want to discuss as part of a new SWIA.

The SWD directly participates with the cities on such issues through the Metropolitan Solid Waste Management Advisory Committee (MSWMAC). The City of Shoreline's representative is Council member Chris Eggen. Council member Eggen is requesting Council discussion on the issues important to the City of Shoreline so he may take this consensus back to the January 14, 2011 MSWMAC to begin the SWIA process.

Staff anticipates updates and future council discussion and actions regarding this issue over the next several months.

**FINANCIAL IMPACT:**

There is no immediate cost to the City of Shoreline or our citizens. However, the issue of debt for capital projects and how it is structured and charged back to the customers will affect rates for solid waste service in the long term. At a preliminary level, the SWD has estimated capital projects worth approximately \$292M over the next seven (7) years and consists largely of solid waste transfer station replacements located throughout the county. Many of these facilities were constructed in the 1960s and have operational limitations due to their condition. The specific details behind the decisions to replace these facilities can be found in the King County report titled *Proposed Recommendations – Solid Waste Transfer and Waste Export System Plan, September 2006*. A link to the report can be found at:

<http://your.kingcounty.gov/solidwaste/about/Planning/documents/Transfer-Waste-Export-Plan.pdf>.

The annual cost per ton of refuse would vary depending upon the term of the bonds; 10-year bond would have a higher cost per ton than a 30-year bond since the cost is

spread out over a longer period of time. However, the longer the term, the more interest is paid by the fund.

Staff has used the preliminary financial information and approximated the cost to an average solid waste user in the City of Shoreline. Since the SWD was estimating the cost per ton, staff had to translate that cost to an average cost per month for a typical container size. If someone is paying roughly \$15 per month today, the additional cost per month could vary between \$2.50 and \$4.00 per month using 30-year and 10-year bonds, respectively. This is not a precise estimate as much as providing a relative magnitude of change for different bond alternatives. The ultimate cost could certainly change depending upon financial decisions made at the time of the bond sale.

### **RECOMMENDATION**

No Council action required at this time. Staff does recommend presenting five issues to the SWD and the SWIA process at the January MSWMAC meeting:

1. MSWMAC replace the Regional Policy Committee (RPC) as the Solid Waste Interlocal Forum (SWIF)
2. Additional Financial Policies for the Solid Waste Fund
3. A Dispute Resolution Process between King County and participating cities.
4. Host City Mitigation for SWD facilities.
5. Term for the SWIA that is reasonable for debt purposes.

Approved By:      City Manager  City Attorney \_\_\_\_

## INTRODUCTION

The King County Solid Waste Division (SWD) has been pursuing an update to the Solid Waste Comprehensive plan over the past few years and is now in the process of a financial and rate analysis. As a result of this work, the SWD is anticipating a need for bonds in the near term to finance the construction of improvements such as transfer stations. Since the term of the bonds could likely extend beyond the term of the Solid Waste Interlocal Agreement (SWIA) between King County and the participating cities, King County is requesting a review of the SWIA (i.e. an extension, or renegotiated with new terms and conditions), and specifically what issues the cities may want to discuss as part of a new SWIA.

The SWD directly participates with the cities on such issues through the Metropolitan Solid Waste Management Advisory Committee (MSWMAC). The City of Shoreline's representative is Council member Chris Eggen. Council member Eggen is requesting Council discussion on the issues important to the City of Shoreline so he may take this consensus back to the January 14, 2011 MSWMAC to begin the SWIA discussion and process.

In March of 2007, a report titled *Governance Report: Proposed Recommendations and Future Work Plan Program* was prepared at the request of the King County Council to largely address outstanding governance issues between the County and the cities. A copy of the Executive Summary is included as **Attachment A**. The complete report can be found on the SWD web page at:

<http://your.kingcounty.gov/solidwaste/about/planning/documents/GovernanceReport.pdf>

Staff believes the recommendations identified in the report do represent issues still important to the City of Shoreline. Therefore, staff recommends presenting to the SWD and the SWIA process the 2007 report's recommendations along with a reasonable term for the SWIA. In summary, this includes:

1. MSWMAC replace the Regional Policy Committee (RPC) as the Solid Waste Interlocal Forum (SWIF)
2. Additional Financial Policies for the Solid Waste Fund
3. A Dispute Resolution Process between King County and participating cities.
4. Host City Mitigation for any SWD facility.
5. Term for the SWIA that is reasonable for debt purposes.

## BACKGROUND

In August 1995, Council passed Resolution 26, authorizing the execution of an Interlocal Agreement between the City of Shoreline and King County for solid waste management services; the Solid Waste Interlocal Agreement - SWIA. The SWIA designates King County as the entity to prepare a comprehensive plan to manage regional solid waste transfer and disposal. The term of the SWIA is set to expire in 2028.

In 2001, the King County Solid Waste Division (SWD) implemented a regional planning effort to develop a Comprehensive Solid Waste Management Plan (the Plan) that would provide the strategy for managing the solid waste system's garbage and recycling service over the next 20 years. Thirty-seven cities and 250 people at public meetings contributed to the project. On November 28, 2001, the county transmitted the completed Plan to cities for review, and on March 25, 2002, the City Council adopted the King County 2001 Comprehensive Solid Waste Management Plan.

As required by law, the Plan is to be updated every five years. In December 2005, the county notified the cities that the update process had been initiated. Since then, the county has involved stakeholders, such as the Solid Waste Advisory Committee (SWAC), the King County Regional Policy Committee (RPC), the Suburban Cities Association (SCA), and the Metropolitan Solid Waste Management Advisory Committee (MSWMAC). Council member Chris Eggen is the City of Shoreline representative on MSWMAC with Public Works Director Mark Relph as the alternate.

On July 20, 2009, staff from the King County SWD presented an update to the City Council on the progress of updating the Plan. Once the final draft Plan is complete, cities and the King County Council will have 120 days to adopt. This formal adoption process is anticipated to begin in the first quarter of 2011. More details about the Plan, including the full document, can be found on the SWD web page at: <http://your.kingcounty.gov/solidwaste/about/planning/comp-plan.asp>.

Currently running parallel to the Plan adoption process is a formal review of the long-term financial plans and shorter-term rates. This financial process is necessary to understand the cost of implementing the Plan. This work should be complete in the first quarter of 2011. Since the SWIA is set to expire in 2028 and most of the bonding options (e.g. 15, 20 and 30 year terms) for future capital projects will likely go beyond this date, the SWD has asked cities to discuss options for extending the date of the SWIA to cover the debt term. Extending the term of the SWIA also presents an opportunity to modify other provisions of the SWIA.

The other possible modifications or additions to a new SWIA have been a point of discussion for several years. It had been a long and sometimes difficult political process for the cities and the county to reach agreement on the original SWIA. As a result of that process, the county and cities were interested in learning from the experience. This was one of the main purposes of the 2007 *Governance Report*.

Eventually, any new SWIA for solid waste services would have to receive approval from the cities representing three-quarters of the population within the cities, along with King County Council approval. The process begins with a discussion of the SWIA issues important to the City of Shoreline and the other cities. The Chair of MSWMAC will be proposing at the next MSWMAC meeting a preliminary schedule of mid-2011 for the participating cities to reach consensus on a list of issues to carry forward to the SWD as part of the SWIA process. The SWD's schedule anticipates formal adoption of any SWIA to be no later than early 2013. Staff anticipates additional briefings to Council throughout this process.

## **RECOMMENDATION**

No Council action required at this time. Staff does recommend presenting five issues to the SWD and the SWIA process at the January MSWMAC meeting:

1. MSWMAC replace the Regional Policy Committee (RPC) as the Solid Waste Interlocal Forum (SWIF)
2. Additional Financial Policies for the Solid Waste Fund
3. A Dispute Resolution Process between King County and participating cities.
4. Host City Mitigation for SWD facilities.
5. Term for the SWIA that is reasonable for debt purposes.

## **ATTACHMENTS**

**Attachment A** – Executive Summary, *Governance Report: Proposed Recommendations and Future Work Program* – March, 2007

## EXECUTIVE SUMMARY

The purpose of this document, required by King County Ordinance 14971, is to report on the progress to date of the Interjurisdictional Technical Staff Group (ITSG) and Metropolitan Solid Waste Management Advisory Committee (MSWMAC) on what is generally referred to as "governance issues." This report is the last work product required to fulfill the directives outlined in Ordinance 14971. Based on policy direction provided by the King County Council, additional work will be needed to fully develop the recommendations outlined in the report.

ITSG and MSWMAC, working in collaboration with the Solid Waste Division, have produced four iterative planning reports that were approved by the Regional Policy Committee (RPC) and adopted by the County Council. These reports culminated in the recent submittal of the *Solid Waste Transfer and Waste Export System Plan*, now pending review by the RPC and the County Council.

This report presents the following four primary issues and recommendations to the County Council that will help guide the future of regional solid waste planning, policy, and management:

### 1. Solid Waste Interlocal Forum

**Issue:** Several options were examined to determine how best to maintain an interlocal forum for providing policy input and ensuring city participation and input in the regional solid waste system early in the planning stages. In addition to engaging the cities, which have signed Interlocal Agreements with the county, the forum was originally intended to represent the interests of customers in the unincorporated areas.

**Recommendation:** This report recommends formally replacing the existing Solid Waste Interlocal Forum, which is currently represented by the RPC of the County Council, with MSWMAC. The RPC would continue to maintain its role as the policy review body for solid waste issues. It is recommended that the interests of the unincorporated areas be represented on the Solid Waste Advisory Committee (SWAC), which currently works closely with MSWMAC.

### 2. Dispute Resolution Process

**Issue:** No formal method for resolving disputes between one or more cities and the county is currently provided for in the Interlocal Agreements or the Solid Waste Interlocal Forum.

**Recommendation:** This report outlines several potential dispute resolution options tailored to the various types of disputes that might arise between multiple cities or host cities and the county.

### 3. Framework for Developing Financial Policies

**Issue:** The 2001 *Comprehensive Solid Waste Management Plan* contains eight adopted financial policies, which are very broad in nature. The cities are interested in working with the division to develop more detailed policies.

**Recommendation:** This report recommends four major categories in which more specific financial policies would be developed: 1) financial forecasting and budgets, 2) debt financing and borrowing, 3) rates, and 4) grant programs.

### 4. Host City Mitigation

**Issue:** There are positive and negative impacts to cities that host transfer stations. The impacts can be service related, such as convenience or value to surrounding residents and businesses; physical, such as increased litter, traffic, or noise; and financial, such as potential lost tax revenues to the cities. ITSG developed several mitigation options for consideration.

**Recommendation:** This report recommends continuing mitigation at host city transfer stations, developing mitigation policies, and further considering the establishment of a host city fee.

The report also identifies other issues for further study and discussion, including the term of the Interlocal Agreement and re-opener of the Interlocal Agreement.

Each of the recommendations presented in this report will require guidance or approval from the County Council. In many cases, the recommendations may require some combination of measures to implement, such as the revision or creation of solid waste policies, revisions to county code, updates to the comprehensive solid waste management plan, amendments to contractual documents (such as the ILAs), or a revision to state law.

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