MSWAC Advisory Committee Meeting

January 10, 2020 - 11:15 a.m. to 1:15 p.m.
King Street Center 8th Floor Conference Room

Meeting Minutes

Call to Order and Introductions
The meeting commenced with the Call to Order and Introductions.

Meeting Minutes
Minutes of the November MSWAC meeting could not be approved due to lack of a quorum.

Public Comment
Schmidt-Pathmann commented that a recent stakeholder meeting was very productive. The most important takeaway was time is of the essence in enacting our recycling goals. Other countries have been innovative in ways the US has not yet and we can learn from them rather than reinventing the wheel.

Updates
SWD Director Pat McLaughlin provided the SWD update:

Staffing
Congratulations to John Walsh, who is now the permanent Strategy, Communications, and Performance Section Manager.
Media Highlights
NPR affiliate KNKX-FM did an end-of-year story on regional recycling changes effective Jan. 1, 2020, as King County no longer accepts plastic bags and plastic wrap in curbside recycling bins.

In December, King County launched the King County Conservation Corps pilot in partnership with the Millionair Club Charity. The pilot provides an employment opportunity to individuals experiencing homelessness and helps address the problem of litter in unincorporated communities. We’ll share more as the pilot progresses.

Cleanup LIFT
Over the past year, the program tracked nearly 5,000 transactions, saving customers almost $60,000. We’re happy to see the program continue to grow.

Responsible Recycling Task Force Symposium
Last month, SWD hosted a Responsible Recycling Task Force Symposium to seek feedback and direction on ways to improve regional recycling efforts. 80 people representing MSWAC, SWAC and the Seattle Public Utilities’ SWAC attended. SWD took the opportunity to honor longstanding MSWAC members Bill Peloza, Carol Simpson, and Barre Seibert for their years of service on the committee.

Recology
In the last week Recology began a bargaining process with an administrative team that had voted to approve a strike, but had not initiated such action as of this date. We’ll monitor the situation and let you know if something happens that could impact service levels.

Ardaugh Glass
Part of the property of the Ardaugh Glass Plant is leased by King County and it is up for renewal in February 2021. The lease negotiation has started a year in advance and nothing is resolved yet. Environmental concerns have been raised by the community, regulators, and King County regarding Ardaugh’s compliance issues. A ten-year extension with terms around environmental regulation has been proposed by King County’s Facilities and Maintenance Division (FMD) and they are awaiting a response from Ardaugh.

Knight asked what SWD’s involvement is in helping move the issue along. McLaughlin responded that he meets with the FMD Director, Tony Wright, once a month. We don’t have an active role in the negotiation, but we continue to express to FMD the value glass recycling brings to our regional system and our interest in keeping the plant open.

2020 Legislative Session
The legislative session begins on Monday. We anticipate there will be legislation on the plastic bag ban, battery stewardship, and sharps stewardship. A container deposit may be introduced as well.

ZWORP Tour(s)
As we look ahead to achieving our goal of Zero Waste of Resources, we need to gain insight from some of the most innovative waste management organizations in our region, across the country and internationally. The Zero Waste of Resources (ZWORP) Tour will give us the unique opportunity to see how other organizations are “focusing on the 70”, and how we can incorporate and improve on those practices in our region. Gaining that insight will then allow us to create a new regional vision for a future utility that manages waste by creating resources.
We’re targeting four “innovation hot spots”, which include operations here in the Pacific Northwest as well as BC, Northern California, the Northeast, and the Southeast.

During these one to four-day tours, we’ll discover new possibilities for organics and food waste processing, breakthroughs in plastics and paper recycling, progress around Extended Producer Responsibility and post-consumer markets, advances in waste to energy and so much more.

We want to make this opportunity as accessible to our regional partners as possible. The tours are likely to begin as early as March and you can sign up for the tour(s) that works for your schedule, budget, and interests.

In the next few weeks, please indicate your interest to Dorian. By gauging your interest, we can begin setting up the tour logistics and timing. There’s the possibility of scheduling tours out over several months, or grouping the tours together.

Combs asked for a budget estimate for the tours. McLaughlin responded that the official budget is still being worked out and will be communicated once it’s ready. The tour to the East Coast is likely to run between $3000-$4000 and the West coast is likely to cost less than $1000. Food, airfare, and lodging will be the main expenses.

Knight commented that the Sound Cities Association are also decision makers in our cities and the premise of these tours has importance for moving towards our goals and reducing garbage. Our issues tend to get lost in the stack when we’re not addressing Comp Plan adoption, and by keeping information flowing, MSWAC representatives are better able to communication with our respective councils and mayors. We need to ensure the highest level of government is engaged in these issues.

Searcy asked for an update on the Harbor Island RFI. McLaughlin responded that there were no significant updates, although it’ll be discussed it with FMD in the coming week. We plan to hang onto the property for at least the next 5 years to help with our long-range planning.

Van Orsow asked for an update on South County. McLaughlin responded that SCRTS continues to go well. There are no schedule concerns and we’re approaching 30% design. The biggest challenges concern how to do the wetland mitigation and how to meet the requirements of the Living Building Challenge.

**Arcadis Waste-to-Energy study**
Jamey Barker presented on the Arcadis Waste-to-Energy study

Per a 2019-2020 budget proviso, the Office of Performance, Strategy and Budget was directed to lead a study evaluating the feasibility of using Waste-to-Energy (WTE) or Waste Export by Rail (WEBR) as the next long term disposal option. In the study they compared costs, environmental impacts, and regulatory requirements. The study was submitted on Oct. 4, 2019 and determined that over a 50-year period beginning in 2028 $4.3 to $7.3 billion would be saved using WTE over WEBR.

Sweet asked if the study used current dumping rates. Barker answered that the study used our current recycling rate and waste characterization without considering aspirational goals.

Sweet commented that we know those levels are not acceptable and asked if the numbers can be run with the 70% recycling rate included. McLaughlin responded that until a policy is created to ensure 70% recycling, we can’t
assume we’ll meet our goal. Walsh added that Arcadis’ forecast is a lot different than SWD’s, which was used by the Normandeau study.

Arcadis used different assumptions in their study than Normandeau. Their cost conclusion assumed costs for building an Intermodal Facility, hauling from the transfer station to the IMF, higher rail transport, and a 3% escalation versus 80% of the Consumer Price Index.

The WARM Model was used to compare the Green House Gas impact. The WARM analysis is sensitive to the waste composition and King County’s waste composition is different than the national average. Arcadis used the national average instead of our regional composition in their WARM Model and it flips the GHG results.

For long-term forecasting, Arcadis concluded that the most conservative route is to use disposal per capita and population growth only. What we do know regionally is that population can increase while tonnage decreases. The Arcadis forecast is relatively flat.

The proviso was prescriptive on dates and presumed the start date to be 2020. The WTE schedule of 11 years is very aggressive. SWD would assume 2 additional years for ILA and Comp Plan work.

In 2019 Governor Inslee signed the Clean Energy Transformation Act which dictates all retail sales must be carbon neutral by 2030. Under the act, a change to Washington State law would be needed to make WTE renewable. By 2045 the power produced from WTE could not be sold to a utility in Washington because it needs to be non-emitting. If we’re burning to produce energy, it is not non-emitting. The act was done during the study, but not before. It could eliminate WTE energy revenue by 2045, increasing the cost per ton by at least $30 per year.

Knight asked how the total years was estimated on the implementation schedule. Barker answered some of the steps are not concurrent. The online study includes a potential permit matrix.

Sanders asked which of the two studies is more fiscally accurate given how divergent the estimates are. Walsh responded that the two studies represent the two bounds of a spectrum with Normandeau on the more conservative end.

Sanders asked if the reduction in revenue due to the state law was included in the Arcadis report. Barker responded it wasn’t due to the timing, but it can be incorporated with the data Arcadis provided to SWD.

Searcy asked about the water sourcing and treatment a WTE would require for operation. Some WTE plants consume as much water as the entire City of Enumclaw. Barker responded that it’s in the interest of the facility to conserve as much water as possible and they’d do as much as they could. Searcy added that water rights are very important to cities and better numbers are needed on this issue.

Searcy asked if electricity could be sold to other states. Barker responded that things change over time. In the Arcadis Study and Normandeau they tried to make estimates according to what is known to be possible currently.

Searcy noted that SWD created a helpful three-page document outlining the discrepancies between the studies and requested it be recirculated to the group.
Hart noted that the Executive Summary seemed confident that we can comply with the 2045 deadline. Barker noted that the findings are a little more pessimistic in the study than the summary. They’re counting on technology that exists but has not been proven to meet the scale we’d need.

McLaughlin commented that there are two statements in the report that speak to this. “Political acceptance and future regulations are two difficult-to-quantify risks” yet the WTE permitting schedule “is based upon the assumption that there are no significant regulatory hurdles or public opposition to the project”. We have two good bookends from the studies and the best solution may be in the middle.

**Regional System Planning**
John Walsh presented on Regional System Planning

Regional System Planning is figuring out the paradigm shifting actions that will help us meet our goals and change how our system operates. The four pillars of Regional System Planning are Zero Waste of Resources Plan (ZWORP), rate restructure, Comp Plan/long term disposal planning, and ILA extensions.

ZWORP is how we will identify options for diverting materials from the current waste stream and business models that support that diversion. Rate restructure is needed to move away from the variable, tonnage-based disposal rate to a more fixed based disposal rate. Comp Plan and long term disposal planning is needed to meet Ecology’s requirements for updating the Plan including starting to plan for the next disposal option. Extending the ILAs to 2060 is needed to know who will be part of the future system for planning and use long term bonds to finance projects.

Decisions made in one category will inform choices within the other three categories. For example, ZWORP could either negatively or positively affect the disposal rate under the new structure. See the slides for full illustration of category overlap.

In March, we want to start talking with this group about what future involvement in the rate restructure will look like, such as forming a committee.

Knight asked how SWD plans to build excitement around the plan. Walsh responded that ZWORP will greatly inform the other pieces. The primary steps are focusing on the 70% of waste that could be diverted from landfilling, especially food waste.

Knight asked about pursuing a more aggressive path towards an Extended Producer Responsibility (EPR) and product stewardship model. Walsh noted that the first stop on the ZWORP tours will be British Columbia to better understand their EPR model. It’s one of the top areas we want to explore and runs parallel to addressing food waste.

Sweet asked if the City of Seattle is partnering on the plan. Walsh responded that they haven’t talked extensively with Seattle yet, but an EPR approach would necessitate a partnership with Seattle.

Sanders asked if EPR has come up in the state legislator in the past. McLaughlin responded that it has come up and it’s how we have our current electronics recycling program. This year there are two stewardship bills we’re monitoring. One is for battery stewardship and the other for sharps stewardship. In terms of taking a broader approach, we need to start with clear goals. EPR has a lot of merit, but we must be thoughtful in our approach in striking a balance between producers and consumers.

McInnis noted that Peterson introduced a plastic stewardship policy last year that is now transformed.
2021-2022 Rate Development

Lindy Oliver Honaker presented on the upcoming rate proposal for 2021-22

The rate is calculated by adding what we expect in expenditures to the financial reserves needed for our recession and rainy-day fund then dividing that total by our tonnage forecast. That per ton cost is submitted to Council for review and approval.

Our customers expect that we’re providing responsible disposal of waste, convenient access, and acting sustainably. On top of that, SWD operates according to our division goals and county-wide goals for climate, Equity and Social Justice, and initiatives laid out in the Comp Plan. Achieving these goals takes long term investment.

We use a tonnage forecast for developing the rate and predicting our revenue. In 2018, we underperformed our forecast in part due to the success of the C&D ban. The ban was factored into our 2019 forecast, but a few unanticipated impacts including February’s Snowmagedon and a loss of regional direct from our MRFs put us below the forecast again. We worked with our regional MRFs to bring residuals back into our system and started seeing the impact of our efforts in September.

For the year we’re 70,000 tons lower than predicted. This underscores the challenge with our business model not aligning with our ZWORP goals. We’ve found 90% of our expenditures are fixed, while 90% of our revenues are variable. For the upcoming biennium we must go forward with our current tonnage-based system.

We’ve formed a Rates Task Force to understand our current financial situation, generate ideas for cost savings, and gain input from across the division to meet our bottom line.

Knight asked if the residuals are now fully incorporated back into the system. McLaughlin responded that some of it is currently flowing back into the system, but it’s still being phased in because of the logistical changes for the haulers.

Knight asked if the Rates Task Force is solely internal at this time. The committees and other cities might generate ideas that SWD staff may not provide. Walsh answered that the plan is to come back to the committee in February to highlights issues that could affect the cities, in March present the tonnage forecast and preliminary rate, then finalize the rate proposal in April.

Knight noted that the plan is missing inclusivity on the frontend. If the committees were brought onboard earlier in the process they would benefit from the organic process of building on ideas and gaining background context. Honaker noted that they’ll use that feedback to make the most of the time scheduled with the committee in February and March.

Searcy asked if the schedule included figuring out the rate restructure. Honaker clarified that the schedule is just for the current rate. Once the 2021-2022 rate is done, the focus will turn to a rate restructure for 2022-2024.

Member Comment

Moldver commented that Renton is hosting a Styrofoam only recycling event on Saturday.

Waller noted that the February meeting is the time for new chair elections. Interest or nominations should be sent to Waller ahead of time. Also, the Recycle Right toolkit will be available online as of Monday.
Adjourn
Meeting adjourned at 1:11pm.