

July 28, 1995

Introduced By: Miller

swpolfjin/jl

Proposed No.: 95-470

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ORDINANCE NO. **11949**

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AN ORDINANCE adopting recommendations from the solid waste policy study called for by Motion 9426; providing guidance for an update of the King County Comprehensive Solid Waste Management Plan; directing that certain interim measures be taken by the executive and the Solid Waste Division prior to completion of the updated plan; repealing Ordinance 8771, Sections 1 through 6, and K.C.C. 10.22.010-060; and adding new sections to K.C.C. 10.22.

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BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

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SECTION 1. Ordinance 8771, Sections 1 through 6, and

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K.C.C. 10.22.010-060 are each repealed.

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NEW SECTION. SECTION 2. General Findings. The

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Metropolitan King County council finds:

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A. In 1994, the council denied an increase in rates

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charged for solid waste disposal that was proposed by the

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county executive for 1995 through 1998. Partly as a result

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of the denied rate increase, the council also reduced the

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executive's proposed 1995 budget for the solid waste division

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by \$5 million.

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B. The proposed rates were designed to implement

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policies in the adopted 1992 Comprehensive Solid Waste

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Management Plan (CSWMP). In taking action on the rate

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proposal, councilmembers noted their desire to reconsider

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some of these policies.

1 C. Recognizing that a departure from these policies
2 would require revision of the CSWMP, which would in turn
3 require consultation with suburban cities and other affected
4 parties, the council adopted Motion 9426, which called for a
5 study of key solid waste policies during the first half of
6 1995, prior to any new rate or budget proposal for 1996. The
7 motion specifically targeted for study policies for the
8 transfer system, possible out-of-county waste disposal,
9 recycling and financial reserves. The study was to be
10 conducted by executive staff in coordination with appropriate
11 council committees, suburban cities and other affected
12 parties.

13 D. This ordinance summarizes the key recommendations of
14 the study approved by the council. Some of the
15 recommendations provide direction for studies in the next
16 update of the CSWMP. Others concern interim measures that
17 the council requests that the executive and the solid waste
18 division take prior to completion of the updated plan.

19 E. The update of the CSWMP will also be guided by R.C.W.
20 70.95, K.C.C. 10.24, ongoing direction from the council's
21 Regional Policy Committee, recommendations from the Solid
22 Waste Advisory Committee and suburban city staff, and the
23 results of studies and actions undertaken to implement the
24 1992 CSWMP. Possible amendments to K.C.C. 10.24 and other
25 chapters of Title 10, consistent with this ordinance, may be
26 developed during the process of updating the CSWMP.

27 NEW SECTION. SECTION 3. Transfer System, Findings and
28 Recommendations. A. The council finds that the county's
29 existing transfer system was largely designed and built in
30 the 1960s and is inadequate to meet anticipated service

1 demands from collection companies and individuals and
2 businesses who self-haul through 2010. A majority of the
3 traffic handled by the current system is from individual
4 self-haulers, who are subsidized by current rates; a large
5 majority of the tonnage handled by the current system comes
6 from customers of collection companies, who largely provide
7 this subsidy. The rate subsidy for self-haulers has been
8 given partly due to fears of illegal dumping, which are real
9 and serious, and partly to long-time service relationships
10 between the county and its customers, which potentially could
11 be modified by added services from collection companies and
12 changed county policies. In order to meet overall tonnage
13 and traffic demands, the 1992 CSMWP proposed a system of
14 facility upgrades in combination with new facilities,
15 including proposed new stations in south King County and the
16 northeast Lake Washington area.

17 B. Based on these findings, the council directs that the
18 solid waste division study alternatives in the update process
19 for the CSWMP that would reduce or eliminate the need for new
20 transfer facilities. Such a study should include surveying
21 self-haulers to identify their characteristics and needs,
22 working with commercial haulers to identify services they may
23 be able to provide to address these needs cost-effectively
24 (such as expanded collection service for bulky items), and
25 participating in an educational campaign on available
26 collection services and their cost. The study should not
27 include the possibility of eliminating service to self-
28 haulers, an alternative that the council finds in conflict
29 with basic public policy goals of environmental protection
30 and customer service. The study should consider the effect

1 of different alternatives on the division's workforce. It
2 should also include a plan for possible future increases in
3 the minimum fee relative to the tonnage rate charged for
4 disposal, to reduce the subsidy to individual self-haulers
5 and to increase the incentive to subscribe to commercial
6 collection.

7 C. It is the intention of the county council that
8 relative increases in the minimum fee after 1996 should be
9 linked with findings that commercial companies are committed
10 to establishing new or increased services, or have increased
11 customer use of their existing services. In no case should
12 the minimum fee be made greater than the average transaction
13 cost at county transfer stations, calculated to include an
14 appropriate capital cost for serving traffic as well as other
15 relevant costs.

16 D. In order to reduce demands on county transfer
17 stations while not increasing negative impacts on
18 neighborhoods near Cedar Hills Landfill, the solid waste
19 division should study allowing greater direct haul of mixed
20 municipal solid waste to the landfill by collection companies
21 if they can meet operational requirements of the landfill and
22 not increase traffic or traffic-related impacts on nearby
23 neighborhoods. If the results of this study are available
24 prior to completion of the CSWMP update and recommended
25 actions have already undergone all relevant community and
26 governmental review, they may be implemented as soon
27 thereafter as possible. In no case should completion of this
28 study be delayed beyond the adoption of the CSWMP update.

29 E. At the outset of the process to update the CSWMP, the
30 solid waste division should ask collection companies if they

1 are interested in expanding transfer services at their own
2 existing or new facilities. If one or more companies wishes
3 to pursue such a proposal, the division should carefully
4 consider how such expanded services might be integrated into
5 the region's larger solid waste handling system, which
6 already involves a blend of public and private services. If
7 such an expansion can reduce the overall costs of the solid
8 waste handling system for reasons other than the different
9 wages and benefits received by private employees, without a
10 significant reduction in service to county customers, without
11 imposing a significant burden on neighborhoods surrounding
12 the site for expanded service, without significantly reducing
13 competition between collection companies, with the support of
14 relevant jurisdictions and with the relevant requirements for
15 environmental review having been met, it is the intention of
16 the county council to support such expanded service. The
17 county should, however, establish waste disposal rates and
18 policies in such a manner that customers of county transfer
19 facilities are not, in effect, subsidizing customers of
20 private transfer facilities.

21 NEW SECTION. SECTION 4. Out-of-County Waste Disposal,
22 **Findings and Recommendations.** The council finds that the
23 solid waste division is conducting a study of out-of-county
24 disposal options, which is not yet complete but which has
25 reached some preliminary conclusions. The key preliminary
26 conclusion is that export of even some county waste prior to
27 closure of Cedar Hills Landfill appears not to save money
28 over the long-term. This conclusion assumes, however, that
29 the county will not pay a premium for disposal after closure
30 of Cedar Hills, an assumption that the council is not yet

1 prepared to make. The study also assumes that a new landfill
2 will not be built in or by King County. Based on these
3 findings, the council directs the following:

4 A. At this time, the county should not seek to site a
5 replacement landfill for Cedar Hills and should assume that a
6 replacement landfill will not be built in King County. The
7 updated CSWMP should discuss these policies and should
8 recommend whether they be continued or modified in any way.

9 B. The division should complete its waste export study
10 by August 31, 1995, recognizing that certain of its
11 assumptions cannot be tested without a review of actual
12 responses from bidders in an appropriate procurement process.
13 The completed study should be transmitted to the council with
14 a recommendation from the executive concerning whether and
15 how the county should proceed with such a procurement
16 process. This recommendation should include a discussion of
17 whether the increases in near-term rates that are projected
18 to be caused by export would be worth later, anticipated
19 benefits.

20 C. After receiving the executive's recommendation, it is
21 the intention of the council to decide whether or not to
22 pursue a waste export contract, or whether critical
23 information for this decision must still be sought through a
24 separate process, prior to December 31, 1995, consistent with
25 time requirements for applicable environmental review. The
26 updated CSWMP should reflect the council's decision on
27 pursuit of a waste export contract and the implications of
28 the results for the solid waste handling system.

29 NEW SECTION. SECTION 5. Waste Reduction and Recycling,
30 Findings and Recommendations. A. The council finds that

1 existing county policies for waste reduction and recycling,
2 which were set in 1988, have been valuable for guiding the
3 efforts of King County, suburban cities and the private
4 sector. These policies recognize that successful waste
5 reduction and recycling efforts depend on changing the
6 behavior of individuals and organizations rather than
7 accomodating existing behavior. The policies include waste
8 reduction and recycling goals of 50% by 1995, which should be
9 attained, and of 65% by 2000, which still appears to be
10 attainable. These numeric goals have caused confusion,
11 however, both because they combine the different concepts of
12 waste reduction and waste recycling and because they do not
13 explicitly account for goals other than waste diversion that
14 the county seeks to achieve through its waste reduction and
15 recycling programs.

16 B. Based on these findings, the council describes the
17 mission of King County's waste reduction and recycling
18 programs as follows: To divert as much material as possible
19 from disposal in a manner which reduces the overall costs of
20 solid waste management to county residents and businesses,
21 conserves resources, protects the environment and strengthens
22 the county's economy. The county should evaluate its success
23 in achieving this mission through measures that are
24 consistent with the following:

25 1. The county seeks continuing decreases in the
26 total amount of waste generated and disposed per county
27 resident, acknowledging that this amount is affected by
28 business activities, average household size and other
29 external factors. Improved measures of waste reduction
30 should be developed and proposed in the CSWMP update.

1 2. The county seeks to recycle additional materials
2 out of its disposal stream at least as long as such action is
3 likely to create a long-term, net economic benefit compared
4 to the costs of disposal. An analysis of the costs and
5 benefits of recycling should include current and projected
6 values for collection, hauling and processing costs and the
7 return in commodity prices for recycled materials versus the
8 current and projected costs of collection, hauling and
9 disposal of the same materials. Improved measures of the net
10 economic costs and benefits of recycling should be developed
11 for targeted materials and proposed in the CSWMP update.

12 3. Measures of actual recycling collection, both
13 overall and for specific materials, should be improved based
14 on reliable and consistent sources of information, and should
15 be developed and proposed in the CSWMP update.

16 4. The county should consider possible revisions to
17 its 65% waste reduction and recycling goal for 2000 in the
18 CSWMP update, consistent with the measures developed under
19 subparagraphs B.1.-3. of this section and the increases in
20 waste reduction and recycling that are anticipated from
21 implementing strategies developed under paragraph C. of this
22 section.

23 C. The council accepts the current organizational
24 separation of waste reduction and recycling programs in the
25 solid waste division and the King County commission for
26 marketing recyclable materials, but seeks overall county
27 strategies for recyclable materials and their markets that
28 integrate the supply-side strategies of the division with the
29 demand-side strategies of the commission. At a minimum, the

1 council seeks waste reduction and recycling strategies under
2 the following schedule:

3 1. Recycled office paper--proposal no later than
4 the proposed 1996 budget ordinance.

5 2. Recycled yard waste--proposal for use of
6 unspent, previously appropriated funds no later than the
7 proposed 1996 budget ordinance; comprehensive proposal no
8 later than the CSWMP update.

9 3. Recycled wood waste--proposal no later than the
10 CSWMP update.

11 4. Recycled food waste--proposal in the CSWMP
12 update.

13 5. Enhanced waste reduction--proposal no later than
14 the CSWMP update.

15 D. The council finds that, by the nature of the county's
16 roles in markets for recycled materials, private companies as
17 well as other governments and private foundations may have an
18 interest in supporting activities undertaken both by the
19 recycling section of the solid waste division and the
20 commission for marketing recyclable materials. Though there
21 almost certainly will remain activities of both agencies that
22 the county will wish to continue funding itself for the
23 foreseeable future, the council supports the efforts of both
24 agencies to seek outside funding that furthers the county's
25 mission in waste reduction and recycling. To this end, the
26 council supports the following:

27 1. A motion providing criteria for council pre-
28 approval of gifts, bequests and donations to county recycling
29 programs, consistent with K.C.C. 2.80;

1 2. Adding extra appropriation authority in annual
2 budgets for the commission and the division, provided that
3 this authority can be used only if it is funded by recycling
4 grant or contract revenues of which the council receives
5 prior notification.

6 NEW SECTION. SECTION 6. Financial Policies, Findings
7 and Recommendations. The council finds that the solid waste
8 division maintains two reserve funds, the Landfill Reserve
9 Fund and the Environmental Reserve Fund, and one replacement
10 fund, the Capital Equipment Replacement Fund. Motion 9426
11 asked that reserves in the account for landfill replacement
12 (within the Landfill Reserve Fund) be considered for possible
13 use in implementing out-of-county disposal; the motion also
14 stated that the financial policy for the Capital Equipment
15 Replacement Fund "should be conservative but the current
16 policy is unnecessarily so and should be revised prior to
17 adoption of a 1996 budget for the division." The performance
18 review requested in Section 9 of this ordinance shall include
19 an evaluation of current reserve and replacement fund
20 policies for the division. Based on the study that has
21 followed Motion 9426, the council makes the following
22 recommendations.

23 A. Landfill Reserve Fund.

24 1. Using results of the performance review and as
25 part of the CSWMP update, the solid waste division should
26 study possible amendments to K.C.C. 4.08.045.E.(5),
27 concerning landfill replacement, especially in relation to
28 the costs and timing of possible out-of-county disposal. The
29 executive may recommend such an amendment, or may recommend
30 related actions under existing law, prior to completion of

1 the update. Until the council has acted on such a
2 recommendation, the county should continue to make transfers
3 into the landfill replacement account consistent with
4 Ordinance 11657, which adopted the 1995 budget.

5 2. The executive is requested to include in his
6 proposed 1996 budget any proposed reorganization of other
7 landfill reserve accounts that may be advisable under state
8 and federal regulations. Transfers to these accounts should
9 be consistent with such regulations and site development
10 plans for the Cedar Hills and Vashon landfills. The
11 executive is requested to transmit for council adoption a
12 proposed site development plan for Vashon by December 1995
13 and one for Cedar Hills by June 1996.

14 B. Environmental Reserve Fund. At this time, the
15 council proposes no change in the policies guiding this fund,
16 as described in K.C.C. 4.08.160.

17 C. Capital Equipment Replacement Fund. The council
18 finds that the two primary purposes of this fund are to
19 ensure that adequate funds are available for the cost-
20 effective replacement or major overhaul of existing equipment
21 and to stabilize the effect of these activities on the
22 operating fund and disposal rates. The fund can also provide
23 some protection to the operating budget against the effects
24 of dramatic tonnage decreases if it has a flexible fund
25 balance target and the operating fund is given reserves
26 accrued for equipment that will no longer be replaced. Based
27 on these findings, the council directs that the executive
28 include in his rate proposal for 1997 a targeted range for
29 this fund balance, taking into account recommendations of the
30 performance review. This range should be proposed as an

1 amendment to K.C.C. 4.08.280, thereby defining what the
2 county shall consider "adequate replacement and major
3 maintenance reserves."

4 NEW SECTION. SECTION 7. Timeline for Draft Plan,
5 **Findings and Recommendations.** The council would prefer that
6 the updated CSWMP be adopted prior to the council's
7 consideration of any proposal for solid waste rates that
8 would go into effect in 1997, but recognizes that this is
9 unrealistic, given the complexity of issues under study, the
10 need for consultation and ultimate agreement with suburban
11 cities, and requirements for review under the State
12 Environmental Policy Act, R.C.W. 70.95, K.C.C. 10.24 and
13 other relevant laws. The council therefore requests that a
14 detailed discussion of those issues in the update of the
15 CSWMP that could significantly affect rates charged for
16 disposal be completed by June 30, 1996. The council also
17 seeks completion of a draft update of the CSWMP no later than
18 December 31, 1996. The council recognizes that these
19 requests will require an adequate 1996 appropriation to meet
20 related planning expenses.

21 SECTION 8. Minimizing Workforce Impacts. Any
22 recommendation from the executive that is based on studies
23 requested in this ordinance and that would result in a
24 reduction of employees in the solid waste division shall be
25 accompanied by a plan to minimize adverse impacts on affected
26 represented and non-represented employees. This plan should
27 include a reasonable effort on the part of the county to
28 discuss placement of affected employees in jobs offering
29 similar wages, benefits and working conditions with private
30 companies that may increase employment if these study

1 recommendations are implemented. The plan should also offer
2 privileges for transfers to other county positions that are
3 at least the equivalent of those offered when the county
4 reduces employment due to revenue constraints. If the plan
5 would require amendment of an adopted collective bargaining
6 agreement, the county shall negotiate such amendment with the
7 appropriate union in good faith and at the earliest possible
8 time.

9 SECTION 9. Interim Measures. A. The solid waste
10 division is directed to continue the deferral of all spending
11 in preparation for possible new transfer stations in south
12 King County and the Northeast Lake Washington area until
13 results are available from the studies requested in Section 3
14 of this ordinance.

15 B. The division should also defer replacement of capital
16 equipment for Cedar Hills Landfill that may be unnecessary
17 should the county pursue out-of-county disposal of some of
18 its waste, if maintenance of this equipment can meet
19 operational and safety needs prior to the initiation of a
20 waste export contract or a decision not to pursue one.

21 C. The council recognizes that some capital improvements
22 at existing transfer stations are necessary before completion
23 of the CSWMP update to address safety, efficiency or other
24 known problems that remain compelling no matter which options
25 for the transfer and disposal system are ultimately chosen in
26 the CSWMP. These improvements should be implemented
27 promptly, consistent with any required environmental review.

28 D. The executive is requested to include within the
29 proposed 1996 budget of the solid waste division a proposal
30 that ensures those funds remaining in the Waste Reduction/

1 Recycling grant program will continue to be distributed to
2 suburban cities in 1996, and maintains the current level of
3 funding for the City Optional Program to encourage recycling.

4 E. The executive is requested to transmit a proposal to
5 increase the minimum fee and the regional direct charge for
6 solid waste disposal for implementation January 1, 1996. The
7 minimum fee increase should be at least one (1) dollar; the
8 proposed increase in the regional direct charge should
9 reflect an equitable allocation of costs associated with
10 providing transfer services to the general public.

11 F. By September 15, 1995, the solid waste division is
12 directed to issue a Request for Proposals for a performance
13 review, to be overseen by a steering committee that includes
14 representatives from the council and suburban cities and to
15 have a scope of work substantially as shown in Attachment A.
16 Final results of the performance review, including strategies
17 proposed by the executive to implement its recommendations,
18 should be transmitted to the council no later than June 30,
19 1996.

1 G. The executive is encouraged to pursue
2 interjurisdictional agreements that benefit all ratepayers.

3 INTRODUCED AND READ for the first time this 30th
4 day of June, 1995.

5 PASSED by a vote of 7 to 6 this 5th day of
6 September, 1995.

7 KING COUNTY COUNCIL
8 KING COUNTY, WASHINGTON

9 Kent Pullen
10 Chair

11 ATTEST:

12 Arnold A. Peterson

13 Clerk of the Council

14 APPROVED this 15th day of September, 1995.

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21 Gary Loder
King County Executive

22 Attachments:

23 A. Project Scope, Performance Review of Solid Waste Division

Attachment A

**KING COUNTY SOLID WASTE MANAGEMENT DIVISION
PERFORMANCE REVIEW**

July 27, 1995

Project Management:

The following Scope of Work will be performed under the guidance of a Performance Review Steering Group, which will include representatives from the Suburban Cities Association, King County Council, King County Auditor's Office, King County Solid Waste Division, organized labor, and private haulers.

A Memorandum of Understanding will be used to identify the specific representatives and to clarify the roles and responsibilities of the Performance Review Steering Group. Responsibilities shall include but not be limited to: approve final scope of work; develop evaluation criteria for consultant selection; select consultant; meet with consultant to finalize contract; meet with consultant on a regular basis and at completion of key milestones; work with consultant on formal presentation of findings and recommendations.

Time Line:

8/95	Draft Memorandum of Understanding
9/95	Performance Review Steering Group approves Scope of Work, agrees on procurement process, and issues RFP
10/95-11/95	Complete procurement process, select consultant, and complete negotiations
12/95-3/96	Perform study
4/96-6/96	Prepare for presentations and present study findings to elected officials

Consultant Expertise:

The consultant (or consultant team) should have expertise in the following areas:

- Organizational management
- Complex analytical modeling, including rate models
- Utility financing
- Solid waste management systems, including:
 - ⇒ Solid waste policy and planning issues
 - ⇒ Solid waste transfer and disposal operations
 - ⇒ Recycling
 - ⇒ Federal and State regulations affecting solid waste, recycling, hazardous waste and materials handling

Prospective consultants will be asked to describe their approach for completing requested work and invited to identify other key questions and/or other methods for obtaining information they believe more pertinent to the objectives of this study.

Project Budget:

\$75,000 - \$100,000

PERFORMANCE REVIEW DRAFT SCOPE OF WORK

Performance Review Objective:

To examine current programs and services provided by the King County Solid Waste Division and 1) review the Division's level of performance against specific performance criteria and 2) identify potential opportunities, if any, to generate efficiencies and reduce operating costs, while continuing to meet governing regulations and mandated service standards.

Task Plan:

I. Project Start-Up

- Meet with Steering Group and key staff to review scope, schedule and responsibilities. Confirm understanding of performance criteria identified in key questions. Establish contacts for data and documents.
- Conduct interviews with division management
- Compile resource documents and data and identify additional information needs.

II. Evaluate the effectiveness of management/supervision structure to accomplish organization's mission and goals

Issues: Is the current management and supervisory structure adequate to effectively communicate to and monitor expectations of staff in order that the Division's mission, goals and objectives are properly carried out? Are there ways the management and supervisory structure could be more effective and more efficient? Are there other service delivery models which could provide King County with "equivalent service benefits"?

Key Questions:

- Are the Division's mission, goals and objectives consistent with the Division's charge under county code, state statute, Comprehensive Solid Waste Management Plan, Interlocal Agreements and other externally defined requirements?
- What tools and strategies are used to communicate about the Division's mission, goals, and objectives and to convey work expectations to staff. Are these good tools and strategies and are they used effectively?

- What tools and strategies are used to monitor staff performance against stated objectives and work expectations? Are these good tools and strategies and are they used effectively?
- What is the purpose of each level and type of management and supervision? Are these levels clearly understood and necessary for good employee performance?

Tasks:

- Review King County Solid Waste Division mission, goals, objectives, County Solid Waste Management Plan policies, state statutes, interlocal agreements, and other externally defined requirements to assess consistency.
- Conduct interviews with management regarding mission and goals; organizational structure; workload and cost drivers; methods of communicating expectations and monitoring employee performance; barriers to efficiency posed by organizational and contractual constraints; and other issues regarding Division performance.
- Conduct interviews with key groups including local elected officials from the King County Council and the cities, private hauling companies, citizen advisory committee members, regulatory agencies, and selected employees representing a cross-section of the workforce regarding the effectiveness of the Division in carrying out its roles and responsibilities.
- Identify potential areas of improvements including structural revisions and process issues.
- Review findings with management and Steering Group.

III Assess opportunities for operational efficiencies.

Issues: Is the Division operating efficiently in carrying out its basic responsibilities, while recognizing regulatory mandates and other controls or constraints? Is the Division making appropriate use of contracted services?

Key Questions:

- Are internal and contracted resources being used in the most effective manner to assure that the Division's regulatory requirements and planned service levels are being met?
- Are adequate internal controls in place to assure that the Division's use of funds is proper under federal, state and county regulations and policies?

- Are there mechanisms to assure that contracts are only issued for work that exceeds current staff resources and/or expertise? Are there alternate models of procuring contract services which may prove to be more effective or efficient?
- Has the Division appropriately responded to State and County audit findings?
- Are appropriate analytical methods used for determining the most efficient staffing, equipment and O&M levels for operations and support functions? Are analytical models updated with new data when appropriate?
- Are there adequate mechanisms in place to track and monitor staff time and associated costs on a project basis?

Tasks:

- Review Division's tonnage and staffing models, project accounting and internal controls systems.
- Review previous relevant audit reports and Division responses to them.
- Review county practices which impact the Division's operations.
- Review pertinent documents related to regulatory, environmental, or other contractual constraints affecting the Division.
- Review documentation of Health Department inspections and permit review process. Interview the Health Department about the division's responsiveness and level of compliance.
- Interview management about status of improvements to respond to constraints, compliance requests, and audit findings.
- Review existing workload indicators and determine whether they are appropriate measures of performance.
- Review cost elements to determine opportunities for savings or cost containment.
- Review service contracts; interview managers about the criteria used for contracted work.
- Review preliminary findings and conclusions with division management and Steering Group.

IV. Evaluate current reserve and replacement fund policies

Issues: Are the Division's financial policies for reserve and replacement adequate but not excessive to meet regulatory requirements and minimize rate impacts of equipment and facility capital needs?

Key Questions:

- Do current financial reserves and projected future reserves meet regulatory requirements?
- Are current reserves and projected future reserves calculated to in a manner that allows the division to accomplish its work? Are reserves calculated to maximize cost-effective use of the funds? Are reserve levels risk-adjusted?
- Are the funds from reserves being used in a manner consistent with the stated purpose of each fund?
- Do current reserve and replacement fund policies contribute to long-term rate stability?

Tasks:

- Review basis for each reserve fund and account.
- Review pertinent Federal and State requirements.
- Review County fund definitions and policies affecting these funds.
- Identify minimum requirements for each mandatory reserve fund.
- Analyze rate impacts over a 20-year period of alternative reserve policies for discretionary reserve funds and accounts and determine amounts which would be required under each policy alternative to minimize rate impacts over that period of time, using 1992 Comprehensive Solid Waste Management Plan assumptions as the basis.
- Analyze balance and expenditure projections for each fund and account relative to minimum regulatory requirements and fund policy alternative which would minimize rate impacts.
- Review findings and recommendations with division management and Steering Group.

V. Review waste export model and preliminary conclusions

Issue: Does the model used by the Division to estimate the comparative cost of waste export and non-export alternatives use appropriate data variables and calculations to properly compute the net present value of alternatives?

Key Question:

- Does the model being used include all essential variables? Are the results calculated in a manner which does not skew conclusions in a particular direction?

Tasks:

- Review economic model used to analyze cost-effectiveness of out-of-county disposal options. (Note: The export model is proprietary and the consultant will be required to uphold confidentiality.)
- Identify issues related to model output or the division's preliminary conclusions which are based on the model.
- Discuss findings with Division management and Steering Group.

VI. Prepare an Executive Summary Report and Appendix

- Prepare draft document for review and comment by Division management and steering group. Report should contain: 1) findings and conclusions for each of the areas above, 2) identification of key issues requiring additional attention, and 3) recommendations for implementing needed improvements, if appropriate.
- Prepare final report and participate in presentation of report conclusions and findings.

**PERFORMANCE REVIEW
KEY SCOPING ASSUMPTIONS**

1. The study will rely on existing data sources and readily available historical information including the following:

- Division Org Charts (FTEs and budgets)--past and current
- Financial Plans, Budgets, State, County and Internal Audits
- Annual Reports, Quarterly Reports
- 1989 and 1992 Comp Plans and Appendices
- Rate Studies
- Policies and Procedures for Procurement
- Operations Manuals
- Labor Contracts and Personnel Guidelines

2. Performance statistics from existing reports will be made available. Staff will support collection of additional information based on the reasonableness of the request and the availability of data.

3. Monthly progress meetings will be held with the Steering Group. Additional meetings will be necessary at the completion of key tasks and to provide direction for finalization of the report and preparation for formal presentations.

4. Consultant draft materials may be distributed to the Solid Waste Advisory Committee, union leaders, and private hauling companies. Consultants should be directly accessible to address questions or concerns that may be expressed by representatives from these organizations.

5. Three formal presentations are expected:

- Suburban Cities Association
- King County Council Utilities and Natural Resources Committee
- King County Council Regional Policy Committee.

DISPOSAL FEE COMPONENTS AND ALLOCATION
 Allocations from Executive Proposed Solid Waste Disposal Fees 1995-1998

	1996 Budget (\$000)	Disposal Allocation	Non- Disposal Allocation	Regional Direct (\$/ton)	Basic Fee (\$/ton)																
O&M Expenditures																					
Administration	2,246	67%	33%	1.81	2.89																
Overhead Allocation	3,086	67%	33%	2.49	3.97																
Non-Programmatic Admin	2,124	64%	38%	1.84	2.75																
Engineering Services	2,614	100%	0%	3.14	3.14																
Waste Reduction/Recycling	1,307	100%	0%	1.57	1.57																
Program Planning	936	54%	46%	0.60	1.24																
Fiscal Services	5,791	43%	57%	2.99	7.83																
Shop/Maintenance	3,175	50%	50%	1.91	4.23																
Transfer Operations	3,700	26%	74%	1.14	5.17																
Transportation	3,253	100%	0%	3.91	3.91																
Cedar Hills Operations	156	100%	0%	0.19	0.19																
Cedar Hills Litigation	447	100%	0%	0.54	0.54																
Rural Landfills	1,666	58%	41%	1.18	2.18																
Operations Administration	1,447	75%	25%	1.30	1.83																
Landfill Gas & Wastewater	1,656	100%	0%	1.99	1.99																
Customer Transactions																					
Sub-Total	33,604			26.38	43.43																
Transfers																					
Debt Service	9,020	95%	5%	10.13	10.79																
CERP	2,089	38%	62%	0.93	2.79																
LRP	9,992	100%	0%	11.82	11.82																
Total Expenditures	54,684			49.26	68.83																
Adjustments																					
Misc. Revenue *	(3,575)	67%	33%	(2.84)	(4.54)																
B&O Tax	1,122			1.03	1.42																
Fund Balance, Rounding, etc.																					
Regional Direct Recycling Residual				0.00	0.00																
Other Agency Charges																					
Public Health	582	100%	0%	0.66	0.66																
Marketing Commission	1,152	100%	0%	1.36	1.36																
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>revenue</th> <th>regional</th> <th>basic</th> </tr> </thead> <tbody> <tr> <td>Proposed Disposal Fees</td> <td>63,664,480</td> <td>49.48</td> <td>67.73</td> </tr> <tr> <td>Proposed 'Fixed Revenue' Fees**</td> <td>63,015,000</td> <td>48.88</td> <td>66.91</td> </tr> <tr> <td>Proposed 'Fixed Basic Fee' Fees***</td> <td>52,292,844</td> <td>46.22</td> <td>66.00</td> </tr> </tbody> </table>							revenue	regional	basic	Proposed Disposal Fees	63,664,480	49.48	67.73	Proposed 'Fixed Revenue' Fees**	63,015,000	48.88	66.91	Proposed 'Fixed Basic Fee' Fees***	52,292,844	46.22	66.00
	revenue	regional	basic																		
Proposed Disposal Fees	63,664,480	49.48	67.73																		
Proposed 'Fixed Revenue' Fees**	63,015,000	48.88	66.91																		
Proposed 'Fixed Basic Fee' Fees***	52,292,844	46.22	66.00																		

* includes interest earnings, grants, and yard waste and special waste revenues
 ** These fees hold the regional direct fee as a constant proportion of the basic fee, while reducing the basic fee to achieve a revenue of \$53,015,000
 *** These fees hold the regional direct fee as a constant proportion of the basic fee, while reducing the basic fee to \$66.00

DRAFT

OLDRATE2.XLW 7/24/95

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To: John Lombard	From: NATA
Co: KC SWD	Co: KC SWD
Dept: KC Council	Phone: 296-1104
Fax: 205-5156	Fax: 296-0197

5/5% (see enclosed sheet)

11949

1996 LOW ORG EXPENDITURES & ADJUSTMENTS				
From Executive's Proposed Rate Increase				
Department	1996 Budget	Adjusted Amount	Change (000's)	Reason for Adjustment
Administration				
Overhead Allocation	2,278	2,248	32	CDL, Curbside and PCM
Non-Programmatic Admin	3,160	3,086	64	CDL, Curbside and PCM
Engineering Services	2,561	2,124	437	B&O, CDL, PCM
Waste Reduction/Recycling	2,810	2,814	296	B&O, curbside
Program Planning	1,307	1,307	0	
Fiscal Services	981	936	25	CDL, PCM
Shop/Maintenance	5,805	5,791	14	PCM
Transfer Operations	4,100	3,175	925	B&O
Transportation	3,740	3,700	40	PCM
Cedar Hills Operations	3,495	3,253	242	PCM, B&O
Cedar Hills Litigation	156	156	0	
Rural Landfills	458	447	11	B&O
Operations Administration	1,737	1,666	71	Yard Waste (tons*25.00)
Landfill Gas & Wastewater	1,559	1,447	112	PCM
Customer Transactions	1,656	1,656	0	

1996 MISCELLANEOUS REVENUES	
From Executive's Proposed Rate Increase	
Interest earnings	250,000
grants	1,042,596
Yard waste	174,000
special waste	600,000 →
CDL revenues	595,000
WRR Revenues	331,200
Transfer from other SWD Funds	582,015
	<u>3,574,810</u>

1996 DISPOSAL ALLOCATIONS				
From Executive's Proposed Rate Increase				
	Percent Disposal	1996 Budget		Weighted Average
3320 1976 Bond	100%	408,490	disposal	95%
3230 1981 Bond	100%	1,749,044	non-disp.	5%
Kingdome refinance	100%	425,146		
3030 1987 Bond	99.75%	1,905,905		
3140 1991 Bond	84%	1,790,222		
3030 1993 Bond - refinance of 1987	100%	1,561,677		
3901 1993 Bond - new bond debt	85%	1,179,096		

11949

Current Fees

	Fee	Total After Tax & Surcharge
Basic	\$ 66.00	\$ 71.08
MinFee	\$ 9.25	\$ 10.75
RegDir	\$ 43.00	\$ 43.00

Executive Proposed 1996 Budget

	Fee	Total After Tax & Surcharge
Basic	\$ 66.00	\$ 71.08
MinFee	\$ 10.34	\$ 11.75
RegDir	\$ 48.25	\$ 48.25

Percentage Increase in Rates

	Fee	Total After Tax & Surcharge
Basic	0%	0%
MinFee	12%	9%
RegDir	12%	12%

Estimated Change in Average Household Monthly Bill

Basic	\$ -
RegDir	\$ 0.34

- Note:
- Totals reflect a state tax of 3.6% and surcharges of \$2.61 for the Basic Fee and \$1.00 for the Minimum Fee
 - Based on data from the Solid Waste Division, the average household in King County disposes of 1,560 pounds of garbage each year. This equals .065 tons per month. [tons/month * Δ\$/ton = Δ\$/month]

Solid Waste Division Budget Comparison

	<u>BUDGET</u>	<u>REVENUE</u>	<u>FTE'S</u>
1995 Adopted	\$59,948,971	\$56,830,922	409.05 FTE
1996 Requested	\$60,215,840	\$58,781,389	390.28 FTE
Key 1996 Budget Issues	<u>\$ Change</u>	<u>FTE Change</u>	
Reinstatement of CERP transfer	2,100,000		
Reserve for unresolved labor union contracts	600,000		
Tonnage and activity related increases	300,000		
Contracting for recyclables at transfer stations	250,000	(2.25)	
Reinstatement of service levels at Factoria, Vashon, and Cedar Falls	200,000	5.05	
Metro waste disposal rate increase	100,000		
Administrative staff reductions in WR/R, Engineering Services, Administration, Program Planning and Fiscal Services	(750,000)	(12.16)	
Debt retirement schedule revision	(500,000)		
Yard waste drop box program	(500,000)		
Transfer station staffing adjustments	(350,000)	(6.04)	
Capital Asset Maintenance Program reduction	(200,000)		
Transportation staffing adjustments	(120,000)	(1.79)	
Operations Management restructuring	(80,000)	(1.00)	
	<u>1,050,000</u>	<u>(18.19)</u>	