

CITY COUNCIL STUDY SESSION ITEM

SUBJECT

Motion to authorize the City Manager to sign the Amended and Restated Solid Waste Interlocal Agreement with King County by October 31, 2017

STAFF CONTACTS

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POLICY ISSUES

Bellevue's current Solid Waste Interlocal Agreement (ILA) with King County for solid waste transfer and disposal services became effective on July 1, 1988 (1988 ILA) and remains in effect until June 30, 2028. In 2013, the Bellevue City Council did not sign King County's Amended and Restated Solid Waste Interlocal Agreement (Amended and Restated ILA) which would have replaced the 1988 ILA with a new agreement and extended the termination date from 2028 to 2040. There have been several significant changes regarding the management and operation of the regional solid waste system since 2013, and King County has expressed interest in Bellevue joining the Amended and Restated ILA.

DIRECTION NEEDED FROM COUNCIL

ACTION



DIRECTION



INFORMATION ONLY



Staff is seeking Council direction to authorize the City Manager to sign the Amended and Restated ILA by October 31, 2017.

BACKGROUND/ANALYSIS

Both the 1988 ILA and the Amended and Restated ILA establish the responsibilities of King County and the City in providing solid waste transfer and disposal services (the City handles local collection services through a separate contract with a private provider). The agreements establish King County as the solid waste comprehensive planning authority, recognize that the County sets disposal fees for the system, and require that the County provide for and manage the transfer and disposal of solid waste.

Regional Solid Waste Planning

The King County Solid Waste Division (SWD) operates a system of eight transfer stations (Factoria, Houghton, Shoreline, Renton, Bow Lake, Algona, Enumclaw and Vashon), two rural drop boxes and the Cedar Hills Regional Landfill (Cedar Hills) for disposal of the region's waste. King County's 2006 Transfer and Waste Management Plan recommended development of a new northeast transfer station and closure of the aging Houghton Transfer Station in Kirkland once the new northeast capacity was available.

In 2013, 32 cities with existing interlocal agreements with King County signed the Amended and Restated ILA, extending the cities' agreements to 2040. Bellevue, Clyde Hill, Hunts Point, Medina and

Yarrow Point did not sign the Amended and Restated ILA, indicating that these cities would leave the County system and would need to have a new non-County solid waste transfer and disposal option in place by 2028. Bellevue is working with these cities on solid waste issues and each city is taking the Amended and Restated ILA to its Council for consideration.

The County initiated two “transfer plan reviews” between 2013 and 2015 to analyze the need for a new northeast transfer station and removed the northeast station project from the solid waste division’s capital improvement program while the plan for a new station was under review. The second transfer plan review concluded that the County could implement a series of actions, referred to as demand management, as an alternative to building a new northeast station to replace capacity once the Houghton Transfer Station closes.

Demand Management

Demand management would involve:

- closing the Houghton Transfer Station,
- extending the operating hours at the Factoria Transfer Station, and
- increasing fees during certain hours to influence when customers use the station (effectively shifting traffic out of the peak hour for the transfer station but into Bellevue’s peak p.m. hours in Eastgate).

Demand management would almost double the traffic and tonnage flowing to the Factoria Transfer Station, leading to unacceptable negative impacts to Bellevue and the northeast region. The County had been proposing a pilot program to implement demand management in 2018 by temporarily closing the Houghton Transfer Station (for up to a year), extending operating hours and increasing rates to see how the system would be impacted.

In 2015, Bellevue joined with other cities (Clyde Hill, Beaux Arts Village, Hunts Point, Yarrow Point, Bothell, Lake Forest Park, Medina, Newcastle and Renton) to send a letter to King County expressing opposition to demand management and requesting that the County retain a new northeast transfer station in its updated comprehensive plan, scheduled for final adoption in 2018. The cities shared the following concerns about demand management: lack of regional equity, negative impacts to both local and regional traffic, increased rates and collection costs for northeast customers and non-compliance with the Factoria Transfer Station Conditional Use Permit.

These concerns were reiterated again in April 2017 when 12 cities (Bellevue, Bothell, Burien, Clyde Hill, Enumclaw, Federal Way, Kirkland, Lake Forest Park, Maple Valley, Newcastle, Renton and Sammamish) out of 17 cities present at the Metropolitan Solid Waste Management Advisory Committee (MSWMAC) meeting voted to send an advisory memo to the King County Council that urged the County to cancel demand management and begin a siting process for a new northeast station.

Conditions have Changed Significantly Since 2013

There have been significant changes in conditions in the regional solid waste system since Bellevue’s decision in 2013 not to sign the Amended and Restated ILA. The most significant change is the potential to expand the disposal capacity at the Cedar Hills Landfill. In 2013, King County estimated that the Cedar Hills Landfill would reach capacity in 2023, well before the 2040 termination date of the Amended and Restated ILA. This was one of the primary reasons that Bellevue declined to sign the Amended and Restated ILA, reasoning that it would be legally bound to 2040 with unknown future disposal options and unknown costs. Recently, however, the County invested in additional capacity at the Cedar Hills Landfill and identified additional site development options that could extend the

landfill's capacity to 2040 and potentially beyond. This allows the system to benefit from the most cost effective and most reliable disposal option using the Cedar Hills landfill, as compared to an out-of-county landfill.

Other significant changes since 2013 are that the new 2016 County projections for system tonnage and customer transactions are substantially higher than originally forecasted, and there is recognition that the County's ambitious recycling targets may be harder to achieve than originally anticipated. Given the higher estimates for tonnage and transactions, Bellevue remaining in the system past 2028 will require two transfer stations to handle capacity needs in the Northeast area of the County, as outlined in the original 2006 Transfer and Waste Management Plan.

King County Actions

Bellevue and King County staff engaged in discussions regarding the Amended and Restated ILA based on the changed conditions since 2013 described above. These discussions resulted in a letter of agreement outlining a process for Bellevue to reconsider the Amended and Restated ILA and the County to reconsider demand management and a new northeast station (see **Attachment A**).

Based on the approach in the letter of agreement, the King County Council adopted two pieces of legislation on October 9: (1) a motion that contains policy direction regarding demand management and transfer station planning, and (2) a budget ordinance required to reallocate the funding originally intended for demand management and to "surplus" the "upper Eastgate" property. Both pieces of legislation are only effective if Bellevue signs the Amended and Restated ILA by October 31, 2017.

(1) King County Motion 2017-0405 (**Attachment B**):

- a. Cancels the demand management pilot project,
- b. Requires that the County plan for needed transfer station capacity in the Northeast area of King County "in addition to the existing Factoria station and that would allocate transfer capacity equitably among the jurisdictions in the region", and
- c. Requires that the County plan for needed transfer station capacity in the Northeast area of King County within the context of the Solid Waste Comprehensive Plan and the regional solid waste system as a whole.

(2) King County Budget Ordinance 2017-0323 (**Attachment C**):

- a. Cancels the demand management pilot project and reallocates that funding to conduct planning work to assess transfer capacity needs in the Northeast area of King County,
- b. Requires that the Solid Waste Comprehensive Plan address transfer capacity needs in the Northeast area of the County and how those needs are to be met, and
- c. Requires that the County Executive "surplus" the "upper Eastgate" property once the Factoria Transfer Station rebuild project has reached final completion.

Note that the Factoria Transfer Station rebuild project is expected to be complete by the end of 2017, which coincides with the end of the current lease on the "upper Eastgate" property now being used by the Humane Society for construction staging.

Once the property has been declared surplus by the King County Executive, the property must be disposed according to a specific County process. The process requires that notification be sent to all King County departments and King County Councilmembers. Interested parties have 30-45 days to respond. If there is no interest by any County departments, the property is required to be evaluated for suitability for affordable housing. If it is unsuitable for affordable housing, the property is then available

for sale. The property is currently zoned Office Limited Business 2 (OLB2), which allows a variety of uses, including housing, office, retail, restaurants, and mixed-use developments. As Council will recall, the “upper Eastgate” property had previously been discussed as a potential site for a homeless shelter, which would be an allowed use pursuant to a Conditional Use Permit.

Solid Waste Comprehensive Plan

Bellevue staff are currently reviewing the draft Solid Waste Comprehensive Plan and working closely with other cities and the MSWMAC to ensure that the draft contains language consistent with Ordinance 2017-0323 and Motion 2017-0405 (described above) and supports Bellevue’s interest that future capacity is not added to the Factoria Transfer Station to address Northeast area transfer needs. The three options for future Northeast capacity in the Solid Waste Comprehensive Plan are: (1) Keep open the existing Houghton Transfer Station in Kirkland, (2) Site and build a new Northeast Transfer Station, and (3) Use a combination of facilities to meet future northeast capacity needs; specifically use Houghton Transfer Station for self-haul and build a new facility to serve commercial customers.

Analysis of the Amended and Restated ILA

Aside from the issue of the disposal capacity of Cedar Hills, there were several other issues discussed by the Bellevue City Council in 2013 when it deliberated on the Amended and Restated ILA. The following summarizes some of the primary factors to be considered in signing the Amended and Restated ILA (see **Attachment D** for the Amended and Restated ILA).

Amended and Restated ILA – Advantages

- Cedar Hills Landfill expansion to 2040 means lower rates and reliable disposal service
- Demand management pilot project is cancelled and County begins process of identifying future capacity to serve Northeast King County
- County will not expand Factoria, and the “upper Eastgate” property will be declared a surplus property
- Bellevue residents retain access to new Factoria Transfer Station past 2028
- No need to site and build a new Bellevue-only transfer station by 2028
- Shared solid waste planning with the region provided by King County
- Region will have discussions about post-2040 disposal options in 2033 or earlier – Council will have the option to end its participation in regional system in 2040 if desired

Amended and Restated ILA – Disadvantages

- Bellevue role in governance is limited to participation on the Metropolitan Solid Waste Management Advisory Committee (MSWMAC) and the King County Regional Policy Committee (RPC)
- King County Council sets rates and fees
- City is subject to and must rely on state and federal law in a case regarding landfill liability – no certainty that King County rates, reserves or insurance will cover the entire amount of any penalties, costs and fees assessed against the City
- Landfill rent is memorialized in the agreement

ALTERNATIVES

1. Move to authorize the Bellevue City Manager to sign the Amended and Restated Solid Waste Interlocal Agreement with King County by October 31, 2017
2. Do not authorize the Bellevue City Manager to Sign the Amended and Restated Solid Waste Interlocal Agreement with King County by October 31, 2017

RECOMMENDATION

Option 1

ATTACHMENTS

- A. Bellevue/King County Letter of Agreement
- B. King County Motion 2017-0405
- C. King County Ordinance 2017-0323
- D. Amended and Restated Interlocal Agreement