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Skagit County
Solid Waste Advisory Committee (SWAC)
Microsoft Teams Meeting Minutes
Skagit County Conference Room, 1800 Continental Place, Mount Vernon, WA
Wednesday, March 13, 2024

Members Present

Andy Hanson,
Audrey Taber
Dale Patrick

Kate Smith
Leo Jacobs
Margo Gillaspay
Robin Freedman
Shelly Jensen
Todd Reynolds
Torrey Lautenbach

Representing

City of Mount Vernon, Solid Waste
Department of Ecology, *non-voting, on-line*
Environmental Public Health, Skagit County Public Works,
non-voting
Agriculture, *on-line*
City of Sedro-Woolley, *on-line*
Solid Waste Division Manager Division, *non-voting*
Haulers, *on-line*
City of Anacortes
Recyclers, *on-line*
Lautenbach Recycling, District 3, Citizens, *on-line*

Members Absent

Brian Dempsey
Carolyn Moulton
Kimberly McCann
Scott Thomas

Representing

City of Burlington
District 1, Citizens
Haulers
Town of La Conner

Not Represented
Vacant
Vacant
Vacant

District 2, Citizens
Town of Lyman
Town of Hamilton
Town of Concrete

Visitors

Britt Pfaff-Dunton
David Bader
Evan Coughlan
Julia Johnson
Matt Hobson
Michael See
Niles McCann
Troy Lautenbach

Representing

Skagit County Environmental Health, *on-line*
Lautenbach Recycling, *on-line*
FCS Group, Senior Analyst
Mayor, City of Sedro-Woolley
FCS Group Hobson
Skagit County Public Works, Assistant Director
Haulers
Lautenbach Recycling, *on-line*

DRAFT

Introductions

Margo Gillaspy, Solid Waste Division Manager, Skagit County, requested introductions of all in attendance. Names and business titles were offered by each attendee prior to addressing agenda items.

Call to Order

Ms. Gillaspy, called the meeting to order at 1:00 p.m. at the Skagit Conference Room, Mount Vernon, Washington.

Public Comments

Ms. Gillaspy, opened the floor for public comments.

There were no Public Comments.

Review and Approve Minutes

The minutes of February 28, 2024 are not available for review at this time.

Agenda Items

A Solid Waste Advisory Committee meeting, open to the public, is being held on March 13, 2024, for anyone to speak on any topic on the agenda, or items not listed on the agenda:

a. Discussion of proposed Rate Increase

For members who were not in attendance at the last meeting, we discussed the timing of the increase. There was kind of discussion consensus from the Cities that they really just wanted to focus on one increase in 2024. So, we approved a one-time increase in September 2024. So, one larger increase and then we could kind of skip that annual increase that would be in January 2025 until January 2026. There would be that one increase in September and wouldn't have the second increase until January 2026, then it was just kind of be that 3% annual increase. The next step would be to look at what those numbers actually mean in terms of being charged to different customer classes. So Matt, would you be comfortable in presenting the Table, our Options and what we chose?

DRAFT

Matt Hobson, FCS Group

Skagit County Cost of Service Rate Study Rate Study Rate Schedule with Phase-In Plan Tire & MRW.

Yes. This is the attachment that Margo sent out yesterday. There is one more column on the far right of the worksheet. It shows the percent of the overall Solid Waste Revenue in 2024 for each of the customer groups. We have different customer classes who bring in a wide variety of materials in a wide variety of quantities. The Rate Schedule we are showing is a initial rate increase in September 1, 2024. All rates in 2025 are identical to 2024. Inflationary levels between two and three percent, depending on the Class of Service in 2026, similar increases in 2027 and 2028. That's the overall timing perspective. The largest increase will occur in September 1, 2024, about a thirty percent tipping fee overall. Municipalities rate increase would be \$131, slightly lower than thirty percent. Municipal Private-Hauler tipping fees were either about the actual cost of service, so would not go up as much as some of the others. Other feed-back received from SWAC was a request to develop a Rate Schedule in which the Self-Hauler customer, their rates increase at a faster level so their rates begin to increase at a faster level so that they begin to recover their full level of service.

There was discussion about bringing both the Street Waste Customer Class and the Direct-To-Intermodal customer Class up to full cost in 2024.

The adjustments you see do just that. There is a lot of detail on the MRW and Tires. We saw that collectively, are bringing up very little revenue to the system.

Finally, for the two smaller Self-Haul Facilities at Sauk and Clear Lake, these rates would increase at the same level as the tipping fees for Self-Hauler at the main Transfer Station. Again, slightly higher because we want to bring those rates to the full cost recovery. That's a summary level of the rates you are seeing on the Rate Schedule provided by Margo. Happy to answer any questions in terms of rates and charges.

Torrey Lautenbach, Lautenbach Recycling

Are you going to share spreadsheet that you used last time that outlines the Cost of Recovery? It seems like the Direct-To-Intermodal the Cost of Recovery, did it go up higher then what it was before? That was below the Cost to Recover before now it went up substantially higher then Cost to Recovery from last time. I'm just wondering where that number is coming from.

Matt Hobson, FCS Group

I can speak to the Direct-To-Intermodal and the Street Waste, or we can talk across all customer classes. Do you want to focus on Direct-To-Intermodal?

Torrey Lautenbach, Lautenbach Recycling

I would be curious to see them all to see how we got the numbers on all of them. How we got the final number too, the \$131, \$137, \$107.

Matt Hobson, FCS Group

So how we developed the Cost Recovery levels, we identify the ten unique customer groups in the Utility. The same Rate Classes you see on your Rate Schedule with the Municipal General Waste, Self-Haulers delivering to the weigh station, small waste

primarily Island County, Street Waste, White Goods, Direct-To-Intermodal, MRW, Tires, Sauk Station, Clear Lake Station. We then look at the overall revenue to pay for the Cities expenses in 2024. Based on the overall rate requirement, we then allocate cost, the different customer classes in proportion to the level of usage that those customer classes demand on the Utility. The columns on the Table refer to the different activities that the Skagit County system provides to customers. Not all customers use these services at the same proportion, that's the point of this Cost Recovery Analysis is to come up with a equitable way of allocating cost in a way that's in proportion to the demand of different customer groups. The cost of operating the Scale Houses at the Stations is about \$440,000. We allocate the cost of the Scale Houses in proportion to the number of tickets each of the customer groups are bringing to these Scale Houses. The Scale House is driven by the number of transactions they have to process. There are two notable exceptions, Municipal and private haulers. They have automated readers on their trucks. They don't make any payments at the Scale, they dump their waste and leave the system. It doesn't require any staffing requirement to manage the loads from Municipal and private haulers. Similarly, Direct-To-Intermodal customer class completely bypasses the scales at the Transfer Stations. The largest scales share of cost are being driven by Self-Haulers.

The other example of the largest expenses of the Utility is the cost tied to Long-Haul Transportation and eventual disposal of Solid Waste. This is the contract that the County has with Waste Management, is the largest change in the Revenue required is because of the new Long-Haul contract. So, we allocate those cost in proportion to the MSW received by the System. White Goods are not loaded up and hauled to a landfill. HHW is managed by a separate contract by Clean Harbors. Tires are not hauled to a landfill. All other waste classes are allocated their share of the MSW tons that are delivered. The reason we use tons is because the County is assessed that cost in proportion to the tons that they have to load on rail cars.

The unique cost we have is the Scale House, cost of operation, the Transfer Station, two satellite stations, Sauk and Clear Lake, both recycling and recovery processing cost. The cost to sort and market the materials that are accepted at the Transfer Station. MRW expenses cost to contract to long-haul and dispose of waste. Cost incurred to monitor and maintain closed landfills. Cost of litter pickup. Contract expenses to manage Tires and White Goods.

The Cost of Service by Class-we just add up the columns cost shares for every class of service. That is our estimate of the cost to provide service to those classes. What we use this information for is to compare the Cost-of-Service estimate with the Revenues that would come into the system if we simply increase rates next year by the same proportion to all rates. So if everybody goes up 30%, how would that compare to the cost to provide service to those customer groups. We express that as a percent of Cost Recovery. If this number is over 100%, what that means simply increasing those rates by the overall 30% would actually generate more revenue than the actual cost of service. So our Rate Revenue would be above the actual cost.

Torrey Lautenbach, Lautenbach Recycling, to address your specific question, for Direct-To-Intermodal, we look at the numbers. We see that Direct-To-Intermodal has a cost recovery of 84%. If we increase the existing rate by the overall average of 30%, we would still only be collecting about .84 cents to the dollar. One way to improve that is to

DRAFT

increase the Classes that are below cost at a higher rate so that they are recovering the full cost. Does that answer your question Torrey Lautenbach, Lautenbach Recycling?

Torrey Lautenbach, Lautenbach Recycling

Yes. I am curious s to what that number looks like now that you've proposed the rates that you have.

Matt Hobson, FCS Group

The cost for services estimates for Direct-To-Intermodal for 2024 is about \$765,000. If the County moves forward with adopting the Rate Schedule, if we access a rate of \$107/ton based on the number of tons coming through the system from Direct-To-Intermodal, which is about 7,000 tons, multiplied by the number of tons coming into the System in 2024. We generate about \$770,000 which is right on to provide service to Direct-To-Intermodal. By raising the tip fee to \$107/ton for this class, it would be at full recovery.

Torrey Lautenbach, Lautenbach Recycling

So basically, the \$107/ton minus the \$89. Long-haul leaves about \$18 or \$20/ton. So, our cost to recover is \$18/ton for Direct-To-Intermodal above the Long-Haul?

Matt Hobson, FCS Group

Yes, that's a good way of thinking about it. The other components would be waste, the cost of litter control and maintaining closed landfills which is legacy garbage which needs to be paid by all customers who are delivering waste now. Its just those two costs we are increasing. There is 30% if we need additional revenue next year. That's why all the tipping fees need to go up. When we met two weeks ago, the initial adjustment was a 15% revenue adjustment across the board. There was discussion about let's not do that, lets do a one-time big adjustment in September of 30%, so that raised the overall revenue need from all customer classes. That was the biggest driver for the change, Torrey, that you are referencing. There is an overall higher revenue this year because we're increasing the rates all at once in September. If I can characterize the main numbers that was shown two weeks ago, rates were only going up 15% this year. What that meant is that the Skagit County Solid Waste Fund would be paying from its resources to make up the difference. So, the revenue to find the system would be coming from two sources, a rate increase to all classes and drawing from the reserves of the county to make up that difference. The discussion we had two weeks ago, was let's raise the rates all at once in September in such a way that there is no draw from those reserves. So, the numbers you were shown two weeks were essentially were subsidized rates being subsidized by the financial reserves by the county, and these are mor funding using rate increases and using very little financial reserves.

Torrey Lautenbach, Lautenbach Recycling

Will there be opportunity, liked we asked last time, to be able to look at your spreadsheets to follow it along and understand it better?

DRAFT

Margo Gillaspy, Public Works, Solid Waste Division Manager

Like I said last time, I don't have the worksheets, it's a FCS Group work product. After this is over, I will get that spreadsheet as part of the inter-contract for us to get the spreadsheet and of course, I can ask for it at that time. So, yes.

I was just looking at it and the other specific group that we talked about getting to full cost recovery was Street Waste. I calculated it. It was like a 98% increase on those customers. When we had originally set those rates, we didn't really consider all of the costs in accepting those materials, and those circumstances have changed. That will be a bit of a hit, but we'll see how hit goes with those customers.

Torrey Lautenbach, Lautenbach Recycling

I think that's good. Direct-To-Intermodal, speaking from the Lautenbach's, we want to contribute-do our part for the System, but the numbers have changed quite a bit so I'm asking a lot of questions because I just want to understand and. That's why I asked about the spreadsheet, because it's a lot easier to understand. It's a lot easier to look at the spreadsheet and formulate some questions and study it, versus quickly going over it, and trying to figure out what's what. That's why I ask a lot of questions. It would be a good study.

Margo Gillaspy, Public Works Solid Waste Division Manager

Does anyone else have any questions?

Good.

I want to mention that with the MRW and the tires, we based it off our current disposal contracts that we have with Clean Harbors and Liberty Tire. We also put in some increases on those materials. We are keeping the minimum fee the same for Ovenell and Sauk Transfer Stations, the same rate, same minimum fee for both sites.

Matt Hobson, FCS Group

Yes, there will be a uniform minimum fee, but it will be increasing under this proposal from \$20.00 to \$27.00 as of September 1, 2024.

Margo Gillaspy, Public Works Solid Waste Division Manager

The minimum fee will be increasing at that \$26.06, with that excise tax, it will go up to a nice even number. So, it will be \$27 with tax.

Todd Reynolds, Skagit River Steel and Recycling

Just a question out of curiosity. The initial column where it was showing the burden of each Class and the Municipalities had no cost when it came to the Scale House services. I'm not sure where that column was. Column D – Scale House?

Matt Hobson, FCS Group

Column D – Scale House

Yes, that column. The Municipalities had no cost because they don't require the Scale House to handle their tickets. Has there ever been consideration into some of the Self-Haulers, in particular the Commercial accounts, possibly utilizing that as well and reducing the cost to the system overall?

DRAFT

Margo Gillaspy, Public Works Solid Waste Division Manager

There has been some customers who have asked for it. We opened it up to a lot more customers, and a lot more kind of varied material with a commercial customer. This could be someone who has an account, it could be a roofing company, it could be a junk hauler. So, there is a lot more different variety of materials and often they do have things like appliances and tires. Some things that need separate handling. We will have to question them, its just part of it. Some commercial customers have asked if they can check themselves in and out. Sometimes we allow it. Its not something we can just open the flood gates for everyone. Plus, we want to keep that scale open to Municipal customers too.

Torrey Lautenbach, Lautenbach Recycling

So, if you're a Commercial customer and you have one of these cards, do you get that rate?

Margo Gillaspy, Public Works Solid Waste Division Manager

No, they don't get the Municipality rate. It's a few customers that we allow to do it.

Todd Reynolds, Skagit River Steel and Recycling

I wonder how much it taxes the system. I know we're there maybe 2-3 times a month, so its not bag, dumping a roll-off bin. I didn't know if some of the other Self-Haulers were there on a daily basis that might be able to reduce some of that cost for the Scale House. It's a curiosity thing but thank you for addressing it.

b. Vote on proposed rate structure

Margo Gillaspy, Public Works Solid Waste Division Manager

Any other questions? It not, I would like to ask for a vote on this Rate Structure, as its presented here.

Torrey Lautenbach, Lautenbach Recycling

Do you have a schedule yet for the Governance Board when they are going to vote on this?

Margo Gillaspy, Public Works Solid Waste Division Manager

Yeah. I just talked about a meeting day and time of Friday, April 19, I think in the morning. It's a lot of moving pieces to put that together. But that's when I'm hoping to schedule the Governance Board for that time. I'll let the group know when we have it scheduled.

Unknown

Are you looking for someone to make a Motion?

DRAFT

Margo Gillaspy, Public Works Solid Works Division Manager

Yes, I was about to ask. Does anyone feel brave enough to make a Motion?

Leo Jacobs, City of Sedro-Woolley

I'll make a Motion to Approve the Rate Scale.

Motion Seconded by: Andy Hanson, City of Mount Vernon.

Margo Gillaspy, Public Works Solid Waste Division Manager

All in favor, can you raise your hands virtually? I just want to get a count of names. Ok, I have Leo Jacobs, City of Sedro-Woolley, Todd Reynolds, Skagit River Steel and Recycling and Kate on-line. And then I have Shelly and Andy in the room. So that is the majority, so it passes.

Are there any dissents that would like to state their decision? Those who are not in favor.

Ok, Torrey Lautenbach, Lautenbach Recycling, I have you down.

Ok. So, well, it has passed. So, thank you all very much. It's been a long process, but I appreciate everyone participating. Thank you Matt for all the spreadsheets and answering questions. I think that's been very helpful. Yeah, thank you everyone for your input. Its necessary to move forward and keep the Solid Waste System moving forward.

So, the next step, like Torrey mentioned, is for the Board which I do have. I think I worked out the room on Friday, morning, April 19th. We'll have the presentation for the Governance Board. Those with the Cities, you could go back and kind of talk to your Mayor and representatives and give them some understanding of what we talked about. That would just be helpful, I think. I'll ask for approval so we can move forward. After that, it will be a Public Hearing. Then it will be up to the Commissioners to give final approval by Resolution.

Mike See, Public Works Assistant Director

Something to think about, it might be a Public Works focus, maybe the SWAC can put out public out reach and education and notification comments.

Public Comment

There were no Public comments.

Announcements/New Business

There were none.

Adjourn

Margo Gillaspy, Public Works Solid Waste Division Manager

DRAFT

Are there any other comments? If not, I will adjourn this meeting. Thank you all for coming.

Ms. Gillaspay thanked everyone and called the meeting to an end.

The meeting adjourned at approximately 1:40 p.m.