

DRAFT

Skagit County  
Solid Waste Advisory Committee (SWAC)  
Meeting Minutes  
Thursday, June 22, 2017

**Members Present**

Brian Dempsey  
Britt Pfaff-Dunton  
John Doyle  
Leo Jacobs  
Margo Gillaspay  
Matt Koegel  
Tamara Thomas  
Todd Reynolds  
Torrey Lautenbach

**Representing**

City of Burlington  
Skagit County Health Department, ex-officio  
Town of La Conner  
City of Sedro-Woolley, SWAC Vice-Chair  
Skagit County Public Works/Solid Waste Division, ex-officio  
City of Anacortes, Chair  
District 2 Citizens  
Skagit Steel & Recycling, Recyclers  
Lautenbach Recycling, District 1 Citizen

**Members Absent**

Andy Hanson  
Not Represented  
Not Represented  
Not Represented

**Representing**

City of Mount Vernon  
District 3  
Haulers  
Agriculture Representative

**Visitors**

Diana Wadley  
Elena Pritchard  
Rick Hlavka

**Representing**

Department of Ecology, ex-officio, *absent*  
Skagit County Public Works/Solid Waste, recorder  
Green Solutions, *absent*

**Call to Order**

Matt Koegel, Chair, called the meeting to order at 5:10 p.m. at the Continental Building Crane Room at 1800 Continental Place, Mount Vernon.

**Introductions**

Chair Koegel, requested introductions of all in attendance. Names and business title introductions were offered by each attendee prior to addressing agenda items.

**Public Comments**

There were no public comments.

DRAFT

**Review and Approve Minutes**

Chair Koegel opened the floor to discuss the May 3, 2017 minutes.

Chair Koegel asked for a Motion to Approve the May 3, 2017 minutes as written.

Member John Doyle made the Motion to Approve the May 3, 2017 minutes as written. Mr. Lautenbach seconded the Motion to Approve. Chair Koegel asked for an all-in-favor vote to approve the May 3, 2017 minutes. All voted unanimously in favor of approving the May 3, 2017 minutes as written.

**Agenda Items**

Chair Koegel moved forward to begin discussion of agenda item(s):

**a. Discussion of financial trends and proposed Rate Study**

*Transfer Station Efficiency Review and Rate Study for Skagit County, Final Report, March 2005*

*Solid Waste System Rate Analysis, March 2009*

*Solid Waste Fund, 3 Year Financial Trends*

*Solid Waste Financial Trends – Executive Summary, June 2, 2017*

Ms. Gillaspay commented that the last rate study done by an outside consultant was completed in 2005. An internal update of that study was done for a rate analysis in 2009. Based on the 2009 study, the last rate increase occurred in January, 2010. Another rate study will need to be done at some point in the future.

The Public Works Finance Controller formatted the spreadsheet entitled “*Solid Waste Fund, 3 Year Financial Trends*”. The Chart covers Cash and Investments, Operating Revenue, Labor and Benefits, Disposal Costs and Environmental Liabilities. It also addresses Future Capital Costs. Discussion with the Finance Controller and the Public Works Director covered studying other issues that might affect the financial picture as a whole. That discussion is outlined in the memo, *Solid Waste Financial Trends-Executive Summary, June 2, 2017*.

Labor costs were increased largely due to union agreements that increased rates of pay for several workers. The potential of adding a Solid Waste staff position of a Recycling Coordinator was also discussed, and is also included in the Executive Summary memo. This position is not included in the Labor and Benefits section of the *3-Year Financial Trends* chart.

Decreases in grant funding from the Department of Ecology has meant that Solid Waste Funds have had to make up the financial difference in key programs such as the Coordinated Prevention Program and the Community Litter Cleanup Program. The grant funding contribution for the CLCP program is expected to be \$63,200 dollars. The anticipated funding for the CPG is estimated to be \$170,000 dollars.

Garbage intake funds have been large enough to enable Solid Waste to operate, while subsidizing the additional needed funds and continuing the programs. Future operations

DRAFT

should be done in a more sustainable manner that will allow the Facility to pay more of the funding for the programs to ensure continuing the programs in the future.

Taking in account all the complicated factors, the Financial Controller suggested it would be worth hiring an outside consultant to put together a rate study. The estimated cost is approximately \$30,000-\$50,000 for a full rate analysis.

Ms. Gillaspy spoke with Joantha Guthrie, Solid Waste Manager, Island County who just had a rate study done by a previous consultant. The cost of the update to their last study was at a cost of \$25,000.

Ms. Gillaspy asked for a consensus on whether to proceed forward with a rate study. The proposal will need to be presented to the Governance Board for their approval to hire a consultant. If it is agreeable with everyone to have the rate study done, the next step would be to put together an RFP and solicit price proposals from consultants. If agreed, it may be necessary to form a SWAC sub-committee to review proposals. The next Governance Board meeting is scheduled for August 17, 2017.

Mr. Doyle commented that he believes that it is time for another rate study, and to fully fund all the components of it for implementation of the education and recycling coordinator. Mr. Doyle has done several rate studies for the Town of LaConner in the past, and therefore volunteered to serve on a SWAC sub-committee.

Ms. Thomas inquired as to which consultant was used for the Island County rate study.

Ms. Gillaspy commented that she would need to speak with Joantha to get that information.

Ms. Thomas inquired as to the level of responses received from the RFP.

Ms. Gillaspy responded that she will consult with Ms. Guthrie for more information, including their method of advertising and the number of responses received.

Mr. Reynolds inquired as to then the last rate study was done by Skagit County.

Ms. Gillaspy commented that the last rate study was done in 2009. The rate increase was then implemented in 2010 based on that study.

Mr. Reynolds inquired as to what is preventing the county from doing another internal rate study versus hiring an outside consultant.

Ms. Gillaspy commented that matters for the county are complex at this time due to outside issues involving grant funding, and environmental liability. The county does not have sufficient staff to undergo a rate study at this time. Using an external consultant may have a higher selling point when presented to the Governance Board.

Mr. Doyle commented that the last rate study done internally was just a basic linear approach that was very simplistic. It is more complex and requires someone with the methodology approach to calculate all the factors in.

Vice-Chair Jacobs commented that for this type of rate study, you just add in the full cost of Ecology that is being lost. There are a lot of easy formulas to make an internal rate study and not spend that amount of money.

#### March Point – Whitmarsh Landfill

The County was named as a potential liable party for clean up at that site along with DNR, Shell/Chevron, and Texaco. The dumping initially started in the 1950's and continued through the 1960's when the County said it was an unregulated dump. The County took over operations on DNR property. The landfill closed in 1970. DNR then leased it to a cedar mill that has since gone out of business. Since 2008, the County has been involved in a clean-up project through a clean-up order by the Department of

DRAFT

Ecology. The Remedial Investigation Feasibility Study(RIFS) was finalized this year by the Department of Ecology, and we are currently working on a Clean-Up Action Plan. There will be \$9 million dollars in initial construction costs. There will be a new GCL cap on the site with long-term monitoring. The cedar mill is gone. There was several feet of cedar left on the site that was contributing methane. DNR paid for the whole site clean-up at a cost of \$1 million dollars. The counties percentage of the clean-up cost is currently at 25%. The end of mediation will determine the counties final percentage cost. The county will be eligible to receive 50% grand funding from the Department of Ecology to pay for the counties share of the clean-up.

Ms. Thomas inquired whether there are more landfills that require action in the next 5 years.

Ms. Dunton commented that there are none in the large scale, but there could be some expenses incurred in making upgrades and changes to the gas system at Inman Landfill that would be outside of routine monitoring and maintenance. As negotiations start with the Department of Ecology regarding Sauk and Gibraltar going into post closure work, there will be some upfront expenses in getting those prepped for that.

Ms. Gillaspay commented that the Inman Landfill has been closed or 20 years. The systems in place are a little big, so we will need to look at down grading the gas system there. We will continue to look at any additional upgrades necessary to support the next 10-15 years of monitoring to ensure that the right information is being collected to formally close the landfill at some point.

Mr. Reynolds referred to the HDR Efficiency Review and Rate Study/budget analysis. Under their budget analysis, they recommended budgeting for the closure of the landfills. Was there a fund set aside? At that time, their county was maintaining 3 of 33 landfills, and so recommended budgeting for that. The recommendations came, and the rate increases followed. Was there actual funds put aside.

Ms. Dunton commented that HDR was done in 2000. At that time, close-out was done in 1998 for some of those landfills. The rate increases were focused on operational cost. They were ear-marking for transfer station upgrades. Budgeting for the landfills had been discussed but had not been put into the rate that was ultimately decided. But no, there isn't money off in a fund.

Ms. Gillaspay commented that the county does routine work and monitoring at the three closed sites, which the county has included in their budget.

Mr. Reynolds commented that he raised the issue is for SWAC to recommend this stuff through many surveys.

Mr. Lautenbach inquired as to whether the rate studies outline revenues, what entails operating expenses and inter-fund transfers. Are these items outlined?

Ms. Gillaspay commented that she believes that those items were outlined in the rate studies in the 2005 Final Report.

Mr. Dempsey commented that a positive aspect of hiring a consultant is that the study is comparable to an audit. The end result is an independent, professional and ethical look at the system in whole.

Mr. Doyle explained that a modeling theme is done. Overtime, different components come and go out of the model, which affect the rate dynamic. If you are looking for rate over time; as opposed to what the rate needs are for the immediate future right now, you will see that in 5 years the model will start to shift and change. The rate modeling for

DRAFT

people who are experienced with models for utilities are looking at long-term capital infrastructure cost and how these change over time. Once it's been done, you've created something that gives the mechanism or model that was used, and then train staff on how to apply it. The model can be used over time as a tool to evaluate and project rates over time. The consultant can provide a tool that can be used ongoing, as opposed to hiring a consultant every 5 years.

Mr. Dempsey commented regarding the RFP, which is requesting proposals and selecting someone solely on their qualifications, and are therefore unbiased on their cost. Once a selection is made, you then enter into negotiations on their fees. The Governance Board most likely understands that you first hire a consultant, and then enter into negotiations. The consultant is hired to fine tune and audit the information that is provided to them by the county.

Vice-Chair Jacobs suggested that you could easily add an additional category to the rate study.

Ms. Thomas suggested that if we incur a significant cost to hire a consultant for recommendations, such as budgeting, then we should be fairly sure that we intend to follow the recommendations.

Ms. Thomas/Mr. Lautenbach inquired as to whether any comparisons have been done looking at the actuals compared to the projections.

Ms. Gillaspay commented that the next county budget review will take place in July of 2016. There will be a review of the budget figures for 2016, and the expenditures thus far. Budget figures will also be projected for 2018.

Ms. Thomas inquired as to whether Island County has completed their rate study.

Ms. Gillaspay commented that their study is in the process of being finalized. She was informed by Ms. Guthrie that they recommended not increasing their Solid Waste rates. Revenues from their Solid Waste rates have been used to help fund their septage plant facility. Instead, they plan to increase their septage rates.

Ms. Gillaspay recently attended a conference with other Solid Waste Managers from the state, and discussed various rates in other parts of the state. Skagit County rates were lower compared to others in the surrounding area. One rate in Adams County was significantly lower, but did not incur disposal fees due to close proximity to the landfill. Vice-Chair Jacobs circulated a 2017 county rate comparison map from the Department of Ecology's website.

Mr. Lautenbach expressed interest in reviewing the inter-fund transfers of the other counties. Specifically, the revenue other than what it cost to operate the Solid Waste system.

Vice-Chair Jacobs shared that Snohomish County could possibly have multiple attorneys on the Solid Waste staff alone.

Mr. Lautenbach shared that the tariff rates can be found on the UTC website.

Vice-Chair Jacobs commented regarding his concern that the rates of self-haulers are low compared to other counties. Would the Skagit County rate possibly increase depending on the rate study from the consultant?

Ms. Gillaspay responded that it could possibly be something that the consultant would recommend.

DRAFT

Vice-Chair Jacobs expressed his concern that the rate study might be a political issue. This is the trend, we have \$12 million dollars worth of environmental cost coming up, we want a recycling coordinator, this is what we need and is what we require.

Ms. Gillaspy commented that those concerns can be presented in the rate which will be presented to the Governance Board for their final decision to raise the minimum rate or not. The last rate increase generated a lot of negative feedback from customers.

Ms. Gillaspy asked for a consensus from the group in recommending that Skagit County hire a consultant to conduct a rate study.

Ms. Thomas made a Motion that we hire a consultant to do the rate study.

Mr. Doyle Seconded the Motion to hire a consultant to do the rate study.

All were in favor and the vote passed unanimously.

The next step is to put together another Resolution to be approved by the Board of Commissioners requesting a rate study.

Mr. Reynolds suggested adding language to the affect that SWAC recommends hiring a consultant provided that they consider the recommendations. If the recommendations are ignored, then it is not worthwhile to incur the cost of the rate study.

#### b. Update on the SWMP approval process

Ms. Gillaspy commented that she will address the Governance Board in August, 2017 to present the Skagit County Solid Waste Management Plan for their approval. A Resolution was signed this week by the Commissioners approving how they want to vote at the Governance Board.

#### **Announcements/New Business**

Chair Koegel, opened the floor to address any announcements or new business. There were no Announcements or New Business to discuss.

#### **Public Comments**

Chair Koegel, opened the floor to address any public comments. There were no public comments.

#### **Unfinished Business**

Chair Koegel, opened the floor to address any unfinished business. There was no unfinished business.

#### **Adjourn**

Chair Koegel thanked everyone for attending the meeting. The meeting was adjourned at approximately 5:50 p.m.