



CITY OF KIRKLAND
Department of Public Works
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MEMORANDUM

To: Kurt Triplett, City Manager

From: John MacGillivray, Solid Waste Programs Lead
Pam Bissonnette, Interim Public Works Director

Date: August 22, 2013

Subject: KING COUNTY TRANSFER STATION PLAN REVIEW POSITION STATEMENTS

RECOMMENDATION

Staff recommends that the City Council receives a briefing on the status of the King County Solid Waste Division's (KCSWD) review of the Solid Waste Transfer and Waste Export System Plan ("Transfer Plan") and provide comments on the draft resolution stating the Council's position that the Houghton Transfer Station (HTS) should be completely closed to commercial and self-haul traffic upon the completed construction of the new Factoria Transfer Station or the new Northeast King County Transfer Station.

IMPORTANT NOTES

- 1) If the City Council wishes to pass a resolution taking a position on the closure on the Houghton Transfer Station, it should take action on or before its September 17 meeting so as to inform and influence the KCSWD's plan review alternatives before the final Transfer Plan Review Workshop on September 27.
- 2) All documents associated with the Transfer Plan Review can be found at King County's Transfer and Waste Management Plan Review [website](#). Hyperlinks to specific documents are provided throughout the memorandum.

BACKGROUND

The KCSWD-owned and operated HTS in Kirkland has a long history and King County has been contemplating the closure of the facility for the past two decades.

The HTS property was first an open dump site between the 1940's and 1960's. In 1965, King County closed the dump and opened the HTS. In 1992, the Comprehensive Solid Waste Management Plan ("Comp Plan"), proposed replacing the station with a new station at a different location. In 1995, the rate proposal submitted by the KCSWD was rejected and the KCSWD was directed to continue to operate the existing network of transfer stations which included the HTS remaining at its current location.

2005 Memorandum of Understanding

In 2004, the King County Council (KCC) directed the KCSWD via a budget proviso to negotiate a Memorandum of Understanding (MOU) with the City of Kirkland to mitigate the impacts of the station on the surrounding neighborhood. The proviso prohibited the KCSWD from initiating its capital improvement project to replace the roof until an MOU was duly executed between the two parties that required the KCSWD to expend at least \$150,000 on neighborhood mitigation projects.

In August 2004, the City formed a Solid Waste Subcommittee Task Force comprised of members of the Kirkland City Council, City staff, and Neighborhood Association leaders to negotiate the MOU with the KCSWD. In November 2004, the Kirkland City Council adopted the Revised Houghton Transfer Station Position Statement which stated Kirkland's goal of closing HTS. The statement also listed several mitigation measures that the City expected the KCSWD to implement while the station remained open.

In October of 2005, an MOU between the City and the KCSWD was approved by the Kirkland City Council with the passage of Resolution R-4527. The non-legally binding MOU provided that the KCSWD would proceed with several mitigation projects and measures at the station to include:

1. Replacement of the transfer building roof
2. Installation of a gravity sewer line
3. Construction of a sound wall
4. Changes to traffic controls
5. Construction of an asphalt pathway on the north side of NE 60th St
6. Landscaping improvements
7. Reducing the solid waste at the station to a maximum annual tonnage of 135,000 tons/year over a ten year period (not met)
8. Prohibiting the overnight parking of full or partially full trailers

The MOU also stated the KCSWD's commitment to close the HTS:

MOU Proviso 1

"King County Solid Waste Division agrees to abide by the [Solid Waste Transfer] Waste Export System Plan adopted by the King County Council approved by the King County Executive and codified in King County Code." **The 2006 Transfer Plan explicitly recommends Alternative 1 which calls for the closure of HTS after the KCSWD's transfer station capital improvement project is completed.**

MOU Proviso 7

"King County shall honor the Comprehensive Solid Waste Management Plan policy RTS-3, which states, 'The county should focus capital investment in part to expand, relocate, or replace, or any combination thereof, transfer stations when safety, efficiency, capacity, or customer services needs cannot be met by existing transfer facilities'". **In the level-of-service criteria examination of the HTS, the station failed to meet**

established safety goals, efficiency and capacity needs, and some key customer service standards. Accordingly, the Transfer Plan recommends the closure of the facility upon complete of the KCSWD's transfer station capital improvement project.

2006 Solid Waste Transfer and Waste Export Plan

Concurrent with the MOU negotiations, the Metropolitan Solid Waste Advisory Committee (MSWAC) worked with the KCSWD on the development of the aforementioned [Solid Waste Transfer and Waste Export System Plan](#). MSWAC is an advisory committee composed of representatives from cities with Solid Waste Interlocal Agreements with King County. In February 2006, the KCSWD published its [Transfer and Waste Export Facility Plan 4th Milestone Report](#) as a precursor to the final Transfer Plan. In the milestone report, several Transfer System Packages for an updated transfer system were presented for consideration. Some of the alternatives called for keeping the HTS open as a self-haul-only facility. Ultimately, however, MSWAC and King County jointly selected Package 1 which is the final recommendation made in the Transfer Plan transmitted to the KCC in September 2006 and shown below in *Table 1*. The recommendation calls for new stations to be constructed on-site at Bow Lake and Factoria and new facilities to be sited and constructed in South King County (to replace a closed Algona station) and in Northeast King County (to replace a closed HTS). This option also includes the closure of the Renton Transfer Station upon the completion of the Transfer Plan.

Table 1: Status of 2006 Transfer Plan Implementation		
Facility	Plan Recommendation	Status
Shoreline Transfer Station	Build New Station On-Site	Opened 2009
Bow Lake Transfer Station	Build New Station On-Site	To Open October 2013
Factoria Transfer Station	Build New Station On-Site	Design – Begin Construction 2014
South King County	Site & Build New/Close Algona	In Siting Process
Northeast King County	Site & Build New/Close Houghton	Begin Siting Process in 2014
Vashon Transfer Station	Retain	Newer Facility – No Change
Enumclaw Transfer Station	Retain	Newer Facility – No Change
Cedar Falls	Retain	Drop Box Facility
Skykomish	Retain	Drop Box Facility
Algona Transfer Station	Close	Open Until South King County Built
Houghton Transfer Station	Close	Open Until Northeast County Built
Renton Transfer Station	Close	Open Until Plan Complete

2007 Third Party Review of the Transfer Plan

MSWAC conditionally approved the Transfer Plan pending the outcome of the [Independent, Third Party Review of the Solid Waste Transfer and Waste Export System Plan](#) which was completed by consultant Gershman, Brickner, and Bratton (GBB) in September 2007. In general, the GBB review supported the Transfer Plan and supported the modernization of the transfer station system.

2011 King County Performance Audit

In 2011, the KCSWD underwent a performance audit by the King County Auditor which focused upon the KCSWD's rate model/financial plan and its transfer system capital projects. The [King County Performance Audit of Solid Waste Transfer Station Capital Projects](#) audit concluded that the Transfer Plan was developed through a collaborative and iterative regional process and that some collective decisions, such as electing to construct new transfer stations in lieu of renovating existing stations, have resulted in increased systems costs. The audit also recommended that the KCSWD should update its 2006 Transfer Plan by including analyses of cost impacts of the number and capacities of the transfer stations; functionalities of the transfer stations; and an assessment of project financing and delivery methods.

EVOLUTION OF THE TRANSFER PLAN REVIEW

2010-2012 Solid Waste Interlocal Agreement Background

Over the course of 2010-2012, King County and MSWMAC worked together to negotiate an extension of the *Solid Waste Interlocal Agreement of 1988* (original ILA), which every City in King County, excluding Seattle and Milton, had signed. In 2010, the City of Kirkland played a significant role in initiating the ILA renegotiation process as a means to ensure that the County's capital improvement program would be fully funded and implemented and, consequently, the HTS would be replaced with a more appropriately-sized and modern transfer facility somewhere in northeast King County.

After intensive negotiations, a team of City and County representatives reached an agreement on the terms of a new ILA. This agreement extended the original ILA by 12.5 years, from June 2028 through December 2040, which will keep disposal rates lower by allowing for longer-term bonding for capital improvement projects. In March 2013, King County converted \$75m in Bond Anticipation Notes (BANs) to long-term General Obligation Bonds backed by the rate revenues from City's with ILA's through 2040 to pay for the Bow Lake Transfer Station construction. **During the ILA City adoption process, the KCSWD assured MSWAC that any city that decided not to sign the extended ILA would pay a rate differential of between \$5 to \$7/ton in order to pay off its share of the bonded debt by 2028 instead of 2040.**

In February 2013, the Kirkland City Council voted to authorize the City Manager to sign the extended ILA through 2040. The aforementioned potential for a rate differential was presented to the Council and played a significant role in most cities' decisions to sign the extended ILA. To date, 32 of the 37 King County cities have signed the new ILA. The cities of Bellevue, Medina, Clyde Hill, Hunts Point, and Yarrow Point have elected not to sign and their agreements with the KCSWD will expire in 2028.

The Factoria Transfer Station Project

The Factoria Transfer Station in Bellevue currently serves the cities of Bellevue, Issaquah, Mercer Island, and the "point cities". Under the current Transfer Plan, construction of the new station is scheduled to begin in early 2014 on a property adjacent to the existing station. The construction cost of the project is estimated to be about \$66 million. The City of Bellevue, along

with the four other cities not extending their ILA's, account for about 10% of the system-wide tonnage but about 50% of the tonnage is sent to Factoria each year. The new Factoria facility was designed with that assumption that Bellevue would extend its ILA and remain in the system through 2040. Given that Bellevue has opted to leave the system in 2028, the new Factoria facility, if constructed as currently designed, will be an under-utilized and over-built station in 2028.

When the City of Bellevue did not extend its ILA with King County, a number of cities and stakeholders began to call on the KCSWD to conduct a full review of the remaining Transfer Plan projects due to the anticipated 50% reduction in tonnage directed to Factoria after 2028 and in light of one of the key findings of the 2011 Performance Audit that concluded "...by the time the [new] stations reach the end of their expected useful lives, collectively they will be utilizing about 42 percent of their total capacity."

The KCSWD took issue with this conclusion and countered that the King County Auditor wrongly calculated system capacity by assuming that two garbage compactors would be running 362 days per year at each new station, besides Shoreline, processing 100 tons per hour. The KCSWD also contended that the report's conclusion did not factor in vehicle capacity, emergency storage, or services such as recycling or household hazardous waste collection. The KCSWD countered that it expected Factoria to be operating at 82% capacity, South King County at 91%, and the Northeast King County at 97% at the end of their useful lives. **However, this KCSWD operating capacity assessment assumes that Bellevue's tonnage would remain in the system after 2028.** Given that 50% of the tonnage processed at Factoria is from Bellevue, Factoria if built as currently designed, would be operating at a fraction (~40%-50%) of its maximum capacity at the end of its useful life, potentially costing ratepayers millions of dollars in unnecessary construction.

In March 2013, the Sound Cities Association (SCA) adopted a policy position requesting that the KCSWD and MSWAC review and recommend appropriate updates to the Transfer Plan. Subsequent to this request, the King County Council (KCC) took preventative action and adopted [Ordinance 17619](#) which compelled the KCSWD to conduct a full review of the Transfer Plan before allocating any more than \$750,000 in funding toward the Factoria construction project. Per the ordinance, the draft report must be delivered to stakeholders no later than October 9 with the final report delivered to the KCC by November 27.

At a minimum, the Transfer Plan review must include a review of:

- Garbage tonnage projections
- Revenue projections
- Overall costs of the region-wide transfer system upgrades
- Functionality and service alternatives at each transfer station (self-haul, recycling, compaction, etc.)
- Level of service criteria in the 2006 Transfer Plan
- Retention and repair of existing stations
- Systematic analysis of incremental cost impacts of the number, capacities, and functionality of the transfer stations

TRANSFER PLAN REVIEW WORKSHOPS

In response to the KCC action, the KCSWD scheduled three Transfer Plan Review Workshops. The first workshop was held on July 26 with the remaining two workshops to be held on August 22 and September 27. Kirkland was among seventeen cities in attendance at the first workshop. The KCSWD provided transfer system background similar to what is included in this memorandum and asked for input on station functionality and service alternatives to be considered when modeling the alternatives in the Transfer Plan review.

Transfer Plan Alternatives

The KCSWD is currently modeling four alternatives to the Base Plan as shown in *Attachment 1, Transfer Plan Review Alternatives*. In all of the alternatives, HTS is proposed to be closed to all commercial traffic. Under Alternative A, HTS would remain open only to self-haul garbage and recycling customers. Kirkland staff has reviewed the alternatives and believes that the KCSWD should consider an additional, hybrid alternative which includes:

- 1) Redesigning the functionality of the Factoria Transfer Station so that it is capable of handling the garbage tonnage from the Northeast King County cities (Kirkland, Bothell, Redmond, and Woodinville) as well as from Bellevue, Issaquah, Mercer Island and the "Point Cities" through 2028 when Bellevue is expected to leave the system.
- 2) Once the new Factoria Station is built, the HTS would be permanently closed to all traffic.
- 3) In the event Bellevue elects to extend its ILA before 2028, a new Northeast King County Transfer Station would be designed and built to process the Northeast King County cities' tonnage.

General consensus was achieved among cities and the KCSWD on the following elements that should be built into each alternative model:

- 1) **Compactors should be used at new stations to increase efficiency.** Compactors are expensive (>\$1.5 million each) but they increase the payload of each trailer, reduce the number of trips to the landfill, and the efficiencies gained make a compactor pay for itself within three to five years.
- 2) **Self-haul should continue to be provided but consideration should be given to limiting the hours, days of service, and transfer stations available to self-haulers.**

The efficient management of self-haul has historically been challenging for the KCSWD. Self-haulers are residents without curbside garbage service; residents with curbside service who make occasional trips to a transfer station to dispose of their excess waste; and businesses such as landscapers, small contractors, and independent haulers for hire, schools, and government agencies. Self-haulers currently account for about 84% of the system-wide transactions but only 23% of the garbage tonnage processed.

Within the current transfer system, providing self-haul at all stations costs the KCSWD about \$1.3 million annually in staff, credit cards fees, and NSF checks. With new stations, the capital investment made to accommodate self-haul is disproportionate to the revenues received and the design concessions needed to accommodate the traffic such as having to construct separate entry points, building a larger tipping floor, and queuing space. For new facilities, the construction cost for self-haul ranges between \$6 to \$7 million per site. Self-haul customers need additional space, take more time than commercial haulers such as Waste Management to dump their loads and can cause queuing delays at the weigh station for commercial traffic.

Curbside garbage service is mandatory in 13 King County cities, including Kirkland. However, Kirkland abuts two relatively large communities (Bellevue and Redmond) that do not have mandatory service and whose residents and businesses regularly use both Factoria and Houghton to dispose of their garbage. Cities with mandatory service like Kirkland subsidize self-haul service with their rates paid to the KCSWD via their hauler. Similarly, Alternative 1 in which Houghton would remain open to self-haul only exacerbates the subsidy and imbalance as the likely primary users would be self-haulers from Bellevue and Redmond.

3) Recycling service should continue to be provided.

The 2001 and Draft 2013 Comprehensive Solid Waste Management Plans require that the KCSWD provide recycling services at transfer stations. The 2013 Comp Plan expands upon recycling by requiring the KCSWD to maximize recycling services at new stations and focus upon the diversion of priority materials such as organics, clean wood, scrap metal, and cardboard. In general self-haulers do not recycle as much as residents with curbside recycling service, so providing recycling opportunities at existing and new stations is an important service to help meet the recycling diversion goal in the 2013 Draft Comp Plan.

After the recycling services were expanded after the opening of Shoreline, 17% of the material brought to the facility was recycled. For existing facilities such as HTS with limited recycling service, the recycling rate is less than 1%. Additionally, when the KCSWD removed all recycling services from its transfer stations in 2011, public demand and outcry caused the KCSWD to reverse its decision and restore recycling service in 2012.

4) The Transfer Plan's drive time standard of 90% of the residents being within 30 minutes of a transfer station is not important.

An analysis by KCSWD revealed that the drive time standard would be substantially met even if some stations were removed from the system. In the event that HTS was closed and construction of the Northeast Transfer Station was delayed or stopped, then Kirkland's contracted hauler Waste Management would be directed to haul our waste to Factoria. The solid waste rate increase implication for this change is minimal and contemplated in our contract where "...Contractor is required to haul Garbage to an alternative County disposal location in excess of ten (10) miles from the intersection of

NE 112th St and 108th Avenue NE, the Contractor shall be allowed additional compensation at the WUTC rate per mile per truck trip above the ten (10) mile limit.”
The distance from the geographical center of the City to the Factoria is 10.76 miles.

STAFF POSITION STATEMENT RECOMMENDATIONS

Based upon the previous discussion, staff recommends that the City Council considers the following position statements and the attached resolution.

1. **Houghton Transfer Station Position Statement:** Upon completed construction and opening of the new Factoria Transfer Station or new Northeast King County Transfer Station, the Houghton Transfer Station should be closed permanently to self-haul and commercial traffic.
2. **Self-Haul Position Statement:** The KCSWD’s Transfer Plan review should consider alternatives for limiting self-haul at existing transfer stations and in the design of new transfer stations.
3. **Rate Differential Position Statement:** Different customer classes should be established by King County to ensure system users do not pay a disproportionate share of the cost of improvements to system assets as a result of a decision not to sign an Amended and Restated Interlocal Agreement through 2040. The rate differential should be established to account for the full pay-off costs incurred for development of KCSWD system assets prior to the end of the mid-2028 Solid Waste Interlocal Agreement (SWIA) term. These rate differentials should reflect actual costs necessary for paying off construction bonds issued on behalf of the KCSWD, with costs apportioned to the solid waste tonnage originating in those cities that elected to end their SWIA in mid-2028. The KCSWD should put verification measures in place that ensure any rate differential applies only to solid waste originating in cities that elected to end their ILA’s in mid-2028, regardless if solid waste is self-hauled or delivered by a commercial carrier. The costs of any verification measures should be included in the overall rate differential applied to those cities that elect to end their SWIA in mid-2028 [*policy draft as written by the cities of Kirkland and Federal Way and submitted to the MSWAC Financial Policies Subcommittee for further consideration*].

NEXT STEPS

August 22: The KCSWD held its second Transfer Plan Review Workshop. The major elements of the Transfer Plan review discussed at the workshop included:

- The transfer system’s relationship to waste-to-energy
- Capacity issues (commercial versus self-haul speed, compactors, need for stalls, trailer storage, etc.)
- Construction cost drivers
- Review of the transfer system alternatives with preliminary cost information

Other upcoming milestones include:

September 27: Final Transfer Plan Review Workshop

October 9: King County to deliver draft Transfer Plan review to stakeholders. Start comment period.

TBD: End of Stakeholder Comment Period

November 27: Final Transfer Plan review to be delivered to King County Council

Council Action Needed

After review and discussion by the Council, staff recommends that the resolution be brought back to the Council for approval at the September 17 Council meeting. Kirkland's resolution would then be provided as input at the September 27 Workshop as well as subsequent King County Council deliberations.

	Base (Current Plan)	Alternative A (no Northeast)	Alternative B (no Factoria)	Alternative C (no South County and no Factoria)	Alternative D (no South County and no Northeast)
Open Facilities	Shoreline Bow Lake Factoria Northeast South County	Shoreline Bow Lake Factoria South County	Shoreline Bow Lake Northeast South County	Shoreline Bow Lake Northeast	Shoreline Bow Lake Factoria
Closed (or never opened) Facilities	Algona Renton Houghton	Algona Renton Houghton* Northeast	Algona Renton Houghton Factoria	Algona Renton Houghton Factoria South County	Algona Renton Houghton Northeast South County

* Under Alternative A, Houghton would be analyzed as being closed completely, as well as being closed except to self-haul recycle and/or solid waste customers. Houghton would be closed to commercial traffic in all cases.

RESOLUTION R-_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND ADOPTING A POSITION STATEMENT ON THE CLOSURE OF THE HOUGHTON TRANSFER STATION, THE CONSIDERATION OF LIMITING SELF HAULING AT TRANSFER STATIONS AND THE ESTABLISHMENT OF DIFFERENT CUSTOMER CLASSES TO AVOID DISPROPORTIONATE FINANCIAL IMPACTS ON THOSE WHO SIGNED THE AMENDED AND RESTATED INTERLOCAL AGREEMENT THROUGH 2040.

WHEREAS, King County Solid Waste Division (KCSWD) has owned and operated the Houghton Transfer Station in the City of Kirkland for many years; and

WHEREAS, it has been the goal of the City to close this facility for many years; and

WHEREAS, with the assistance of the Metropolitan Solid Waste Advisory Committee (MSWAC), KCWSD has been formulating a Solid Waste Transfer and Waste Export Plan for getting to that point as well as considering alternative plans for handling solid waste in King County; and

WHEREAS, concurrently with this effort, the County was negotiating with a number of cities the Amended and Restated Interlocal Agreement (Amended ILA) that would extend the time during which the Cities using KCSWD facilities would continue to do so; and

WHEREAS, failure of some of the cities to agree to the Amended ILA will have disproportionate financial impacts on the cities that did sign; and

WHEREAS, the Council wishes to present a Position Statement to KCSWD as to its preferences in these matters,

NOW, THEREFORE, be it resolved by the City Council of the City of Kirkland as follows:

Section 1. The City Council adopts the attached Position Statement, which is incorporated by reference, recommending 1) the Houghton Transfer Station be closed; 2) that King County Solid Waste Division's Transfer Plan review should consider alternatives for limiting self-haul at existing and new transfer stations; and 3) different customer classes should be established by King County to ensure system users do not pay a disproportionate share of the cost of improvements to system assets as a result of other Cities decisions not to sign an Amended and Restated Interlocal Agreement through 2040.

Section 2. The City Council authorizes the City Manager or designee to present the attached Position Statement to KCSWD at its

DRAFT

Final Transfer Plan Review Workshop on September 27, 2013, as well as for subsequent King County Council deliberations.

Passed by majority vote of the Kirkland City Council in open meeting this ___ day of _____, 2013.

Signed in authentication thereof this ____ day of _____, 2013.

MAYOR

Attest:

City Clerk

CITY OF KIRKLAND

KING COUNTY SOLID WASTE TRANSFER AND WASTE EXPORT PLAN POSITION STATEMENT

Regarding Houghton Transfer Station, Self-Hauling and Financial Impacts

September 3, 2013

1. Houghton Transfer Station Position Statement: Upon completed construction and opening of the new Factoria Transfer Station or new Northeast King County Transfer Station, the Houghton Transfer Station should be closed permanently to self-haul and commercial traffic.
2. Self-Haul Position Statement: The KCSWD's Transfer Plan review should consider alternatives for limiting self-haul at existing transfer stations and in the design of new transfer stations.
3. Rate Differential Position Statement: Different customer classes should be established by King County to ensure system users do not pay a disproportionate share of the cost of improvements to system assets as a result of a decision not to sign an Amended and Restated Interlocal Agreement through 2040. The rate differential should be established to account for the full pay-off costs incurred for development of KCSWD system assets prior to the end of the mid-2028 Solid Waste Interlocal Agreement (SWIA) term. These rate differentials should reflect actual costs necessary for paying off construction bonds issued on behalf of the KCSWD, with costs apportioned to the solid waste tonnage originating in those cities that elected to end their SWIA in mid-2028. The KCSWD should put verification measures in place that ensure any rate differential applies only to solid waste originating in cities that elected to end their ILA's in mid-2028, regardless if solid waste is self-hauled or delivered by a commercial carrier. The costs of any verification measures should be included in the overall rate differential applied to those cities that elect to end their SWIA in mid-2028 [policy draft as written by the cities of Kirkland and Federal Way and submitted to the MSWAC Financial Policies Subcommittee for further consideration].