

Impacts and Options for No Solid Waste Rate Increase in 2023

Introduction

During the April advisory committee meeting discussions on the 2023-2024 SWD rate proposal, some committee members indicated that in order to inform a position on the proposal, additional information about the impacts of no increase would be helpful. The purpose of this briefing is to provide an overview of the impacts to King County Solid Waste Division’s (SWD) Rate Proposal for 2023 and 2024 if no rate increase were to occur in 2023. The current rate proposal is an increase of 9.60 percent in 2023 and 9.60 percent in 2024. The impact of this increase for a typical residential customer, after commercial haulers pass on these costs, is forecasted to be \$0.79 per month in 2023 and \$0.90 in 2024.

Scenarios

If the rate remains the same in 2023, we are projecting an average of greater than 50 percent higher increases for 2024 through 2026 as depicted on the table below:

		2023	2024	2025	2026	2027	2028
A: Status Quo	% Increase	9.60%	9.60%	9.60%	9.60%	9.60%	9.60%
	Curbside Impact	\$0.79	\$0.90	\$0.98	\$1.08	\$1.19	\$1.32
	Rate Stabilization Reserve (in millions)	\$37.90	\$35.22	\$27.16	\$16.25	\$8.26	\$2.49
B: No 2023 Increase	% Increase	0%	13.44%	14.94%	17.28%	7.21%	9.56%
	Curbside Impact	\$0.00	\$1.14	\$1.44	\$1.93	\$0.95	\$1.37
	Rate Stabilization Reserve (in millions)	\$24.80	\$12.85	\$2.57	\$2.27	\$1.89	\$3.30

Advisory committees have expressed a preference for more frequent, smooth rate paths in the past. The status quo rate increase, which is a smooth rate path, will provide adequate funding levels to maintain progress toward fulfilling commitments made in the 2019 Comprehensive Solid Waste Management Plan (Comp Plan). Proposing no rate increase for 2023 would impact funding levels that would require SWD to adjust rates by double digits for the following years to meet spending obligations.

A major driver of these rate increases is implementing major capital projects approved of in the Comp Plan, including modernizing transfer stations in the south and northeast parts of the County and maximizing the life of the landfill. Much of the spending on these projects will occur in 2024 and 2025 so

avoiding an increase in 2023 creates upward pressure on the rate in 2024 and beyond due to significant increases in debt service associated with implementing these projects.

Service Reductions Could Reduce Costs to Mitigate the Need for a Rate Increase

In past years, committee members have inquired how a potential reduction of costs could mitigate the need for a rate increase. Reducing labor hours and the expenses associated with recycling at our stations are the most significant levers to reduce costs. Additionally, the elimination of city grants and Re+ investments may be required. The table below summarizes possible reductions SWD could enact to minimize the future rate increases associated with keeping the rate flat in 2023.

Action	Est Annual Savings	Est 2024 % Impact	Consequences of Eliminating this Action
4 Day Operations at Transfer Stations (M-TH)	(\$3.3M)	(2.48%)	Increases traffic and wait times. Increases hauler rates. Reduces curbside service. Reduction in staff.
Eliminate Recycling at Transfer Stations	(\$4.45M)	(3.34%)	Increases greenhouse gas impacts. Lessens life of the Landfill. Potential staff reductions.
Eliminate City Recycling Grants	(\$1M)	(0.75%)	Fewer recycling events. Potential harm to relationships with partner cities.
Slow Investment in Re+	(\$3M)	(2.25%)	Jeopardizes reaching regional environmental goals. Delays waste diversion priorities. Delays investment in green jobs and community outreach. Increases greenhouse gas impacts.

SWD does not recommend such courses of action but is presenting them at the request of the advisory committees. Similar actions were discussed during rate proposal efforts in 2020 and 2021 and were not ultimately recommended by advisory committees.