

SUMMARY and FISCAL NOTE

| Department: | Dept. Contact: | CBO Contact: |
|--------------------------|-----------------------|---------------------|
| Seattle Public Utilities | Sally Hulsman | Akshay Iyengar |

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to Seattle Public Utilities; authorizing the General Manager and Chief Executive Officer of Seattle Public Utilities, or designee, to execute an interlocal agreement with King County to receive payments for the disposal of residual waste from material recovery facilities in the City of Seattle; amending Ordinance 126955, which adopted the 2024 Budget; changing appropriations to various departments and budget control levels, and from various funds in the Budget; and ratifying and confirming certain prior acts; all by a 3/4 vote of the City Council.

Summary and Background of the Legislation:

This legislation would authorize Seattle Public Utilities (SPU) to execute an agreement with King County to allow for the legal, efficient, and equitable disposition of residual materials (garbage) collected by the County but sorted and processed at Material Recovery Facilities (MRF) within the City of Seattle. Pursuant to SMC 21.36.112, all residual material processed at MRFs within Seattle is designated as City Solid Waste and is required to be sent to an SPU transfer station or Union Pacific's Intermodal Facility.

This Agreement establishes the methodology and timing for payments to be made by SPU to King County for Residuals covered under this agreement. This agreement results in an additional 17,000 tons/year of MRF residual processing through Seattle's disposal contract for 2024. The agreement does not apply to Construction and Demolition Waste or materials. This Agreement is effective no sooner than 30 days after it is approved by both parties and remain in effect until terminated.

The City in 2023 approved Ordinance 126796 to authorize an agreement substantively the same as this agreement. It was subsequently modified to provide additional clarity on how the program support payments will be calculated.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ☐ Yes ☒ No
No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation have financial impacts to the City? ☒ Yes ☐ No

| Expenditure Change (\$); General Fund | 2024 | 2025 est. | 2026 est. | 2027 est. | 2028 est. |
|---------------------------------------|-------------|-------------|-----------|-----------|-----------|
| | \$0 | \$0 | \$0 | \$0 | \$0 |
| Expenditure Change (\$); Other Funds | 2024 | 2025 est. | 2026 est. | 2027 est. | 2028 est. |
| | \$1,630,000 | \$1,270,000 | \$175,000 | \$184,000 | \$193,000 |

| Revenue Change (\$); General Fund | 2024 | 2025 est. | 2026 est. | 2027 est. | 2028 est. |
|-----------------------------------|-------------|-------------|-----------|-----------|-----------|
| | \$170,000 | \$171,000 | \$24,000 | \$25,000 | \$26,000 |
| Revenue Change (\$); Other Funds | 2024 | 2025 est. | 2026 est. | 2027 est. | 2028 est. |
| | \$1,870,000 | \$2,027,000 | \$268,000 | \$282,000 | \$296,000 |

| Number of Positions | 2024 | 2025 est. | 2026 est. | 2027 est. | 2028 est. |
|---------------------|------|-----------|-----------|-----------|-----------|
| | | | | | |
| Total FTE Change | 2024 | 2025 est. | 2026 est. | 2027 est. | 2028 est. |
| | | | | | |

3.a. Appropriations

| Fund Name and Number | Dept | Budget Control Level Name/Number* | 2024 Appropriation Change | 2025 Estimated Appropriation Change |
|--------------------------|------|-----------------------------------|---------------------------|-------------------------------------|
| SOLID WASTE FUND - 45010 | SPU | BO-SU-N000B - General Expense | \$1,630,000 | \$1,270,000 |
| TOTAL | | | \$1,630,000 | \$1,270,000 |

Appropriations Notes:

SPU will have approximately \$1.6M in increased costs for 2024, including approximately \$600k/year for increased landfill disposal payment, \$270k/year for disposal taxes, and \$765k/year for King County Program Support.

3.b. Revenues/Reimbursements

☒ This legislation adds, changes, or deletes revenues or reimbursements.

| Fund Name and Number | Dept | Revenue Source | 2024 Revenue | 2025 Estimated Revenue |
|--------------------------|------|---|--------------------|------------------------|
| SOLID WASTE FUND - 45010 | SPU | Material Recovery Facilities Located in Seattle | \$1,870,000 | \$2,027,000 |
| TOTAL | | | \$1,870,000 | \$2,027,000 |

Revenue/Reimbursement Notes:

SPU's Solid Waste Fund will receive approximately \$1.9M/year in new commercial rail disposal revenue from the two Material Recovery Facilities in Seattle, as they return more residual waste to the Seattle disposal system, from King County and other landfills, to comply with the terms of the SPU-KC ILA. This will result in a net revenue to the Solid Waste Fund of approximately \$240k/year. This will also result in City of Seattle disposal tax revenue (General Fund) of approximately \$170k/year.

3.c. Positions

☐ This legislation adds, changes, or deletes positions.

3.d. Other Impacts

Does the legislation have other financial impacts to The City of Seattle, including direct or indirect, one-time or ongoing costs, that are not included in Sections 3.a through 3.c? If so, please describe these financial impacts.

The agreement is expected to begin April 1st, 2024. Therefore 2024 financial impact will be 75% of a full year. Relevant revenues and costs will increase slightly in future years consistent with inflation adjustments in the retail rates and contract payments.

If the legislation has costs, but they can be absorbed within existing operations, please describe how those costs can be absorbed. The description should clearly describe if the absorbed costs are achievable because the department had excess resources within their existing budget or if by absorbing these costs the department is deprioritizing other work that would have used these resources.

Please describe any financial costs or other impacts of *not* implementing the legislation.

In the absence of an agreement, the County and the City may resolve the disposal of the residuals through litigation. The litigation would delay the increase in revenue and could result in the City not being entitled to the additional revenue.

4. OTHER IMPLICATIONS

a. Please describe how this legislation may affect any departments besides the originating department.

NA

b. Does this legislation affect a piece of property? If yes, please attach a map and explain any impacts on the property. Please attach any Environmental Impact Statements, Determinations of Non-Significance, or other reports generated for this property.

No

- c. **Please describe any perceived implication for the principles of the Race and Social Justice Initiative.**
- i. **How does this legislation impact vulnerable or historically disadvantaged communities? How did you arrive at this conclusion? In your response please consider impacts within City government (employees, internal programs) as well as in the broader community.**
NA
 - ii. **Please attach any Racial Equity Toolkits or other racial equity analyses in the development and/or assessment of the legislation.**
NA
 - iii. **What is the Language Access Plan for any communications to the public?**
NA
- d. **Climate Change Implications**
- i. **Emissions: How is this legislation likely to increase or decrease carbon emissions in a material way? Please attach any studies or other materials that were used to inform this response.**
NA
 - ii. **Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.**
No
- e. **If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)? What mechanisms will be used to measure progress towards meeting those goals?**
NA

5. CHECKLIST

- ☐ **Is a public hearing required?**
No
- ☐ **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required?**
No
- ☒ **If this legislation changes spending and/or revenues for a fund, have you reviewed the relevant fund policies and determined that this legislation complies?**
Yes

☐

Does this legislation create a non-utility CIP project that involves a shared financial commitment with a non-City partner agency or organization?

No

6. ATTACHMENTS

Summary Attachments: None.