

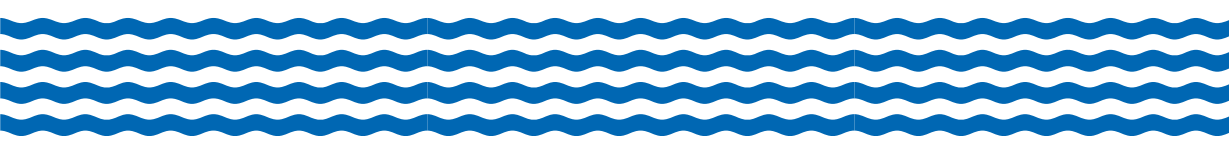
King County Solid Waste Rate Restructure - Recology Contract Amendment

Utility Board Presentation
September 12, 2023



Purpose

Receive direction from Utility Board on the proposed contract amendment with Recology to incorporate the new King County Fixed Annual Charge.



Background

- King County Solid Waste Division's revenue is mostly generated from per-ton tipping fees.
- To cover non-disposal related costs, King County is moving to a "utility model" starting 1/1/24.
- New revenue-neutral model is a Fixed Annual Charge (FAC) per city and reduced tipping fee.
- Expected to stabilize revenue and create funding source for waste reduction programs.



Collection Contracts with Hauler Billing



Customer Rates:
Service
component
(adjusted by CPI)
&
Disposal
component
*(adjusted by King
County tipping
fees)*



Current contract
does not allow the
collection of FAC
from customers, so
must be amended.



Cities worked with
their haulers to
agree on how to
distribute the FAC
across the
customer base.

All Recology cities
have the same
model.



Reconciliation was
added to mitigate
overcollection or
undercollection
due to a variable
customer base.

Calculations Overview



County assigns FAC based upon City's previous annual garbage tonnage contribution.



Recology allocates FAC across customer base and collects from customers.



Recology will track FAC payments and reconcile against what they paid to County.



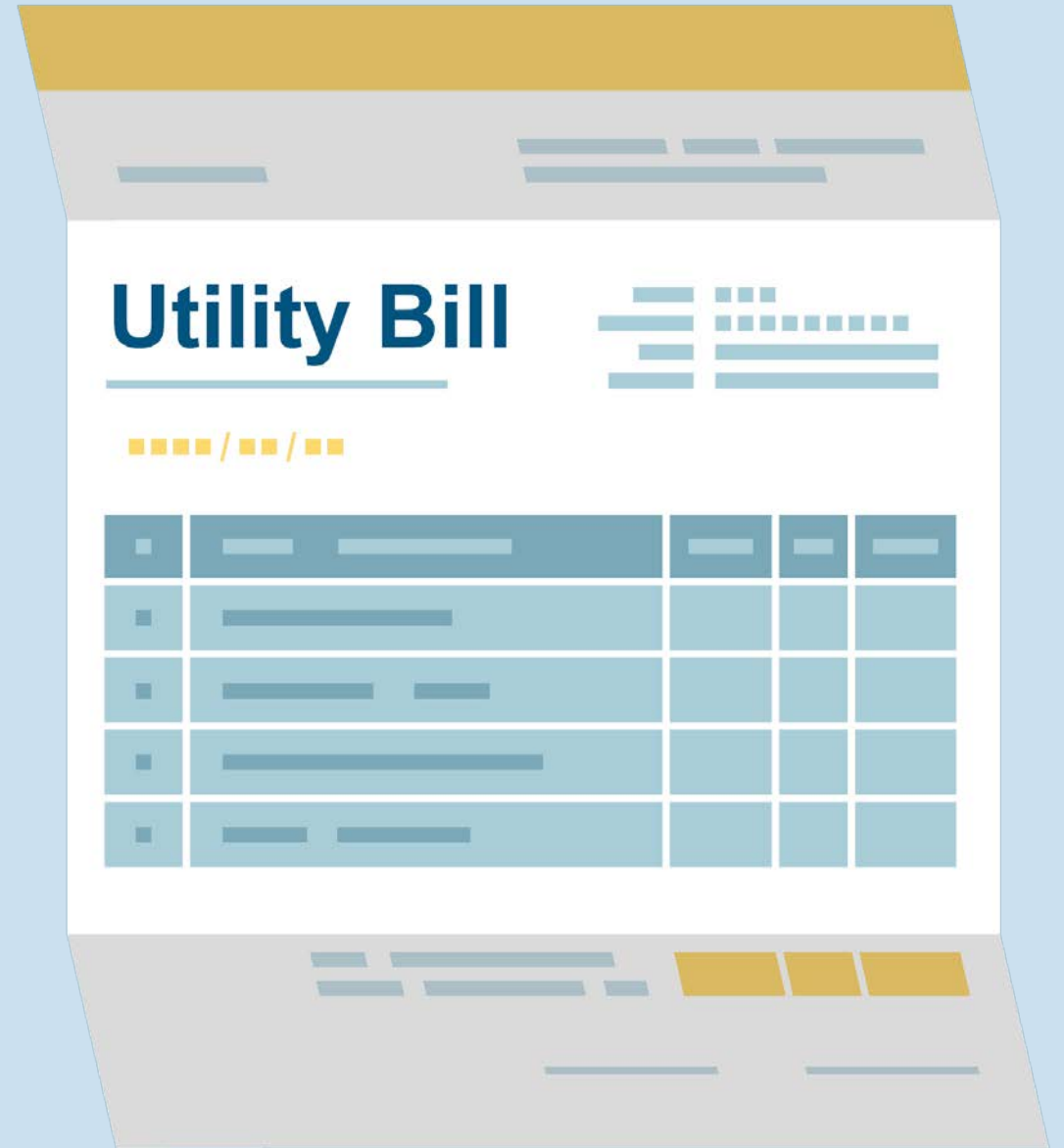
Overcollection or undercollection of FAC will be carried forward to future rates.



In last year of contract, slightly more FAC will be collected to satisfy County's FAC requirement; any overcollection will be given to City.

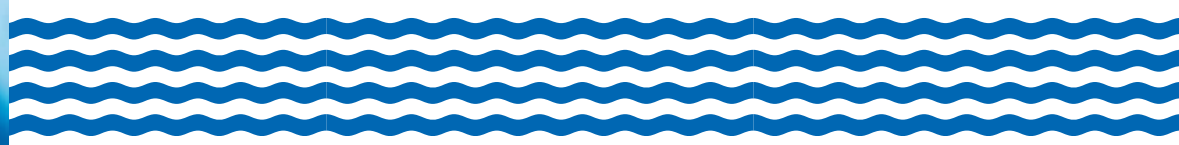
Customer Billing & Communication

- FAC will be added as a line item to customer bills.
- FAC will be based on size of garbage container.
- King County will create website and messaging about FAC.
- Recology will include messaging in annual mailer, bills and website.





Financial Impacts

- King County's rate restructure is revenue neutral (but includes an 9.6% increase for 2024).
 - Exact rates will be calculated in fall when final CPI and FAC numbers are available (anticipated October 2023).
 - Rates are determined by King County.
 - Customer rates will adjust annually by CPI, tipping fee, and FAC.
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Recommendation



Receive direction from Utility Board on the proposed contract amendment with Recology to incorporate the new King County Fixed Annual Charge.

Questions



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