Solid Waste Line of Business

May, 2013 Discussion
With the Customer Review Panel
Structure of Presentation

1. The Big Picture
   - Overview Statistics
   - System Processes
   - Historical and Projected garbage tons disposed

2. Finances
   - Sources & Uses of Funds
   - Capital Investment Cycle

3. Customer Promises

4. Customer Engagement

5. Looking To 2015-2020
   - Opportunities for strategic focus
   - Decisions already made
   - Decisions to make
The Big Picture:
Overview Statistics for Size, Employees, Regulators

**Size**

<table>
<thead>
<tr>
<th>Service Territory</th>
<th>City of Seattle</th>
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**Infrastructure**
- Two City-owned and operated Transfer Stations
- Contract with two private haulers for residential garbage, recycling, organics collection, and commercial garbage collection
- Garbage long-hauled to Arlington, Oregon landfill
- Organics hauled to Cedar Grove for composting
- Recycling processed locally; sent to various markets

**Employees**

<table>
<thead>
<tr>
<th># Employees (2013 budgeted)</th>
<th>204</th>
</tr>
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<tbody>
<tr>
<td># Unions</td>
<td>14 (excludes Local 79 Machinists)</td>
</tr>
</tbody>
</table>

**Regulators**
- WA State Dept of Ecology
- Oregon State Dept of Environmental Quality
- Public Health of Seattle-King County
The Big Picture: Overview Statistics for Rates and Bills

Rates and Bills

Length of Current Rate Path 4 years; 2013-2016
Billing Mechanism Combined Utility Bill
2012 Rate Revenue $156.9 million
Number of Customer Accounts
- 154,099 residential variable can accounts
- 5,245 residential dumpster accounts
- 8,178 commercial accounts
Rate Methodology
- Collection bills based on container size and type
- Transfer station rates based on weight
Customer Classes Two customer classes: residential and commercial
The Big Picture: Solid Waste Process Overall

- **Limited Commercial Recycling**
- **Single & Multi-Family Recycling**
- **Single & Multi-Family Garbage & Organics**
- **Commercial Garbage & Limited Organics**

**Private and City-owned Transfer Stations**

- **RECYCLING**
  - To Recycling Processing Facility
  - To Regional Composting Facility

- **YARD WASTE**
  - To Composting and Processing Facilities

- **GARBAGE**
  - To Landfill in Arlington, OR

**Commercial Organics and Recycling**

**Private Companies**

**To Composting and Processing Facilities**
Two private companies (Waste Management and CleanScapes) provide service by geographic area.

Enhanced services in 2009 include:
- Weekly residential organics collection with all food scraps accepted
- Commingling of recyclables
- Clear Alleys Program (no dumpsters)
Upgraded and modernized transfer stations will help us reduce solid waste and more effectively recycle.
All non-recycled waste is delivered to the rail yard in Seattle for long-haul to Arlington, Oregon by Union Pacific under contract to Waste Management
The Big Picture: Garbage Tons Disposed

1989-2020 Garbage Tons Disposed

- Self-Haul
- Commercial
- Residential

Disposed Tons

- 1989
- 1990
- 1991
- 1992
- 1993
- 1994
- 1995
- 1996
- 1997
- 1998
- 1999
- 2000
- 2001
- 2002
- 2003
- 2004
- 2005
- 2006
- 2007
- 2008
- 2009
- 2010
- 2011
- 2012
- 2013
- 2014
- 2015
- 2016
- 2017
- 2018
- 2019
- 2020
Sources and Uses of Solid Waste Funds

Total 2011 Operating Revenue = $166 million

Total 2011 Operating Expense = $155 million

NOTE: Clean City 2011 revenues ($3.9M) and expenditures ($3.3M) are treated as non-operating revenues and expenditures, and so are not shown in these charts.
Where We Are in Our Capital Investment Cycle

- **CIP ($M)**
- **Debt Service ($M)**

- **North transfer station construction**
- **South transfer station construction**

<table>
<thead>
<tr>
<th>Year</th>
<th>CIP</th>
<th>Debt Service</th>
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<tbody>
<tr>
<td>1999</td>
<td>$10</td>
<td>$0</td>
</tr>
<tr>
<td>2000</td>
<td>$15</td>
<td>$10</td>
</tr>
<tr>
<td>2001</td>
<td>$20</td>
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<tr>
<td>2002</td>
<td>$25</td>
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<td>2015</td>
<td>$90</td>
<td>$160</td>
</tr>
<tr>
<td>2016</td>
<td>$95</td>
<td>$170</td>
</tr>
<tr>
<td>2017</td>
<td>$100</td>
<td>$180</td>
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Our Promises to Customers: Solid Waste Services

SPU uses the following service targets as key indicators of quality and success:

• No more than 1 missed solid waste collection per 1000 stops
• No more than 1 repeat miss per 10,000 stops
• No more than 2 late container deliveries per 100 requests
• Collect at least 95% of missed solid waste pickups within one business day following notification by customers
• Achieve City’s waste reduction & recycling goal of 60% by 2015
• Provide odor and rodent control at the Recycling and Disposal Stations by cleaning out garbage at day’s end at least 90% of the time
Our Customer Promises: Clean City Program

*SPU also manages the Clean City Program:*

- Costs included in the Solid Waste business line, but are mostly funded by general City taxes or solid waste transfer tonnage (the General Fund)
- Services include graffiti, illegal dumping, and street-side litter
- Current service targets are:
  - 90% of graffiti on SPU-responsible property will be cleaned up within 10 business days of being reported
  - No more than 5% of survey respondents rate litter as a major problem
  - No more than 4% of survey respondents rate graffiti as a major problem
The short answer is MOSTLY YES

• Met all targets for missed pickups & missed pickup collection EXCEPT during garbage strike
• Met container delivery target
• On target to meet 2015 recycling goal of 60%
• Met odor & rodent control target
• Met graffiti clean-up target
• Did not meet customer satisfaction target for clean cities services (8%/6% of survey respondents rated litter/graffiti as a major problem)
Customer Engagement

Public behaviors in a number of areas have significant impacts on our ability to keep our promises and make Seattle the best place to live:

Residential:
• Recycling, grass cycling, green garden programs, pesticide reduction, food and packaging composting, waste reduction at source, hard-to-manage recyclables, engage underserved communities

City government:
• Composting food and yard waste, recycling

Commercial:
• Restaurant composting
• Developers/contractors salvaging and recycling of materials
Strategic Business Plan Opportunities For Being Efficient, Forward Looking and Solving Problems at the Source

- Increased emphasis on product stewardship, waste prevention
- Increasing urban density/income levels may raise expectations for a cleaner city and cleaning up historic landfills
- Now managing construction and demolition debris
- How to meet goals for increasing recycling and reducing waste
- Considering every other week garbage and organics disposal bans
Looking to 2015-2020: Decisions Already Made

- Capital program, including:
  - New North Transfer Station
  - Phase 2 of South Transfer Station
  - Misc. other small capital

- O&M adds sufficient to support new CIP

- Recycling goals of 60% by 2015; 70% by 2022

- Planned programs (such as bans on the disposal of certain materials) to get the City to its recycling goals
Looking to 2015-2020: Examples of Possible Action Plans

• Possible efficiencies/revenue enhancements:
  - Pursue One Less Truck garbage service (pick up garbage every other week)?
  - Count on generating one-time revenue by selling parts of historic landfills in Kent?
  - Count on state or local legislation to require product manufacturers to pay SPU for some or all of end-of-life product handling?

• Possible spending adds:
  - Bigger investment in litter, illegal dumping, anti-graffiti programs?
  - Bigger investment in Waste Prevention programs?