

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

March 25, 2013
6:00 p.m.

Council Chambers
Bellevue, Washington

PRESENT: Mayor Lee, Deputy Mayor Robertson, and Councilmembers Balducci, Chelminiak, Stokes, and Wallace

ABSENT: Councilmember Davidson

1. Executive Session

Deputy Mayor Robertson called the meeting to order at 6:01 p.m., and declared recess to Executive Session for approximately 15 minutes to discuss one item of potential litigation.

The meeting resumed at 6:17 p.m., with Mayor Lee presiding.

2. Oral Communications

- (a) Sam Bellomio asked the Council to join the City of Mercer Island and citizens in opposing tolling on I-90 and other highways. If tolled, it will be the first time in the nation that a toll on a federal highway is used to finance a state project. He expressed his ongoing concern about red light cameras, which have not decreased accidents. He said it is not appropriate for the revenues to go to King County and the camera vendor.
- (b) Alex Zimmerman noted his recent court appearance for his 28th traffic ticket in Bellevue. He spoke against using traffic tickets as a revenue source. He reminded Councilmembers that they represent the citizens. He requested a public hearing or town hall forum to invite public comment on red light cameras and other issues.
- (c) Ralph Guditz spoke regarding his development project, which is being adversely impacted by the closure of southbound traffic on West Lake Sammamish Parkway. He initially applied for permits to develop six units in 2000, and the project has gone through eight years of appeals and litigation. He is ready to obtain financing and has pre-sold the units. He said he had no idea about plans to close the parkway, which is the only way to access his property. He said he spoke with Transportation Department staff, who indicated that a public works project takes precedence over any other permitted project. If the foundation footing forms are not in by July 5 and pass inspection, the permits will

irrevocably expire. Mr. Guditz said the excavation required on the site will remove 500 to 700 dump trucks of dirt, which will be using the parkway project detour route. He requested an extension of the building permits, which have cost him more than \$1 million and 13 years of effort.

Mayor Lee asked the City Manager to look into the matter and to get back to the Council and Mr. Guditz.

Councilmember Wallace said he spoke with Mr. Guditz recently about the project. Mr. Wallace said there is a potential conflict between the truck traffic for his project and the City's road project. Mr. Wallace asked staff to determine whether an amicable solution can be reached.

- (d) Ken Marshall, Vice President and Sanitation Business Agent for Teamsters Local 174, said he represents the sanitation drivers from Auburn to Arlington and from the Sound to the North Bend area. He spoke regarding the garbage/recycling request for proposal (RFP) and thanked the City for the displaced worker language it contains. However, he expressed concern about the lack of any prevailing wage language. He understands that several companies might submit proposals. He believes the RFP should include the concept of prevailing wage to ensure a fair process. He expressed concern that employees who have served the Bellevue community, some for 20-25 years, will lose their salaries and vacation balances.
- (e) Mike Huycke, Northwest Area President for Republic Services, said the company recently invested \$2.3 million into a recycling facility in downtown Seattle. He said some Councilmembers have taken a tour of the plant, and he invited others to do the same. The plant includes new technologies to improve efficiency, productivity, and the recoverability of certain products.

3. Study Session

- (a) Council Business and New Initiatives

There was no discussion.

- (b) Briefing on Proposed Contract Service Package and Procurement Process for the 2014 Comprehensive Garbage, Recyclables and Organic Waste Collection Contract (2014 contract)

Councilmember Chelminiak noted that his job involves working with one of the prospective bidders on the garbage/recycling/organic waste contract. He said he will continue to recuse himself from the discussions and he left the conference room.

City Manager Steve Sarkozy explained that this is the largest private service contract for the City. The current 10-year contract ending in June 2014 totals \$207 million. Consistent with the City's purchasing policies and City Code, a competitive request for proposal (RFP) process is

used to select a solid waste collection contractor. He recalled that the Council received a briefing on the proposed contract service package on March 4.

Utilities Director Nav Otal introduced Lucy Liu, Assistant Director of Utilities, and Susan Fife-Ferris, Manager for Communications and Environmental Outreach. Ms. Otal noted that the next solid waste collection contract will cover 10 to 14 years. She presented a comparison of residential and commercial rates between Bellevue and other Eastside cities. She said the vendor determines the rate allocation for the residential and commercial components. Bellevue's lower commercial rates likely relate to its large commercial base and relatively high revenue per account.

Ms. Otal referred the Council to a table in the desk packet listing key contract issues for the Council's consideration. The proposed contract is based on continuous input over the course of the current contract; resident surveys; feedback from commercial building owners, the Chamber of Commerce, and the Bellevue Downtown Association (BDA); and other stakeholder input on the 2004 contract and the 2014 contract. Ms. Otal highlighted key issues identified through residential and commercial customer outreach.

The proposed contract is based on current services, which for single-family customers includes garbage, recycling, organics, and small appliance/electronics collection. Multifamily and commercial customers receive garbage and limited recycling collection. On-call bulky waste collection is available for an additional fee. Landscape debris collection is available to multifamily and commercial customers for an additional fee.

Ms. Otal recalled questions from the Council regarding the requirement for collection vehicles. The industry practice is that a new contract every 7-10 years requires new trucks. Based on the Council's concerns, staff proposes allowing the vendors to start with new vehicles or to comply with specific performance standards, including 2014 federal emission standards and average and maximum age standards.

Ms. Otal described proposed enhancements to the current contract including quarterly single-family bulky waste collection for a fee, online billing/payment and seven-day live customer service assistance, additional recyclables where feasible (e.g., fluorescent lights), and on-call curb collection of small appliances, electronics and textiles for multifamily customers. These result in a cost impact to the general ratepayer. Additional proposed services are commercial and multifamily organics recycling (food waste and food-soiled paper), unlimited commercial recycling, and in-city customer service seven days per week.

Ms. Otal highlighted key benefits of the proposed services. Commercial organics recycling provides the largest remaining recycling opportunity and a cost-effective option for small businesses, extends landfill life, and lowers overall disposal costs. Concerns from customers related to noise, space for the containers, contamination with non-organics, and rate fairness between customers. If the Council is interested in providing commercial organics recycling, key issues for consideration relate to service level (container size) options and fee structure (separate fee versus embedded/rate-inclusive fee). Staff recommends an embedded rate approach.

Ms. Otal said staff recommends that the new contract include unlimited commercial non-organics recycling. Under the current contract, commercial recycling is limited to 150 percent of garbage volume. Unlimited recycling results in an overall higher level of service, provides a cost-effective option for small businesses, and encourages increased recycling.

Ms. Liu said that local program funding supports a number of programs and services including contract management, annual performance audit and customer survey, program and grant management, recycling and waste prevention education and outreach, school programs, promotional materials, and special recycling collection events.

Ms. Liu presented the Solid Waste Fund financial forecast for 2013 through 2018, which depicts expenses exceeding revenues into the future beginning later this year and operating reserves dipping below the target level by 2017. This is the basis for increasing rates under the new contract. Ms. Liu recalled that budget reductions were made in recent years, and staff is not asking to restore those cuts. Staff recommends maintaining current programs and simplifying the fee structure.

Councilmember Stokes questioned what would be added if budget cuts were restored. Ms. Liu said the reductions scaled back certain local programs including the Natural Yard Care program, technical assistance for special events, and school programs. Responding to Mr. Stokes, Ms. Liu said those programs are targeted at achieving recycling goals and reducing waste.

Ms. Otal explained that reductions were necessary across all service lines. Certain items were identified for reductions because the Utilities Department is meeting its performance goals.

Mayor Lee said that increasing recycling reduces disposal costs. He said the issue to consider is whether restoring the program reductions is desired in the new contract.

Ms. Otal said the overall contract requires a balance between increased costs and the services that are provided.

Councilmember Stokes said he is concerned about making a decision that will have impacts for at least the next seven years.

Responding to Councilmember Wallace, Ms. Otal confirmed that Bellevue has one of the best residential waste diversion rates in the region. However, that is not true for commercial and multifamily recycling.

Responding to Councilmember Balducci, Ms. Otal said the Utilities Department made reductions in both the General Fund and the Solid Waste Utility Fund.

Ms. Balducci said it makes sense to pursue targets and achieve goals at the lowest cost possible.

Responding to Mayor Lee, Ms. Otal said there are incentives in the contract to encourage recycling, especially for multifamily and commercial customers.

Responding to Deputy Mayor Robertson, Ms. Otal explained that the multifamily and commercial recycling performance incentive involves asking the vendor to set aside \$250,000. If the vendor meets or exceeds the contract goals, the vendor will retain the full amount.

Ms. Robertson said she is comfortable staying at the recommended funding level of maintaining current programs. She reasoned that if goals are not being met by the vendor, the money will be returned to the City to be used for education and other types of incentives.

Responding to Mayor Lee, Ms. Otal said the City would need to enhance its education efforts if single-family recycling decreases.

Ms. Robertson observed that the contractors are paid for the amount of garbage that is not diverted to recycling. She anticipates that, at some point, recycling rates will be so high that garbage collection rates will need to be increased to cover fixed costs.

Responding to Councilmember Wallace, Ms. Otal said two-thirds of the contract value is commercial and multifamily service.

Ms. Otal described the current single-family rate structure and the proposed rate structure. The current structure is based on cost to service, which is the cost of collecting and transferring waste and recycling. Staff proposes a linear structure which charges a price per gallon of garbage capacity. A linear structure encourages recycling and waste prevention, and ultimately lowers the cost to the vendor for disposal. It is consistent with the City's conservation ethic and industry practices.

Ms. Otal presented a comparison of single-family rates for Eastside cities. She described a table comparing Bellevue's current rates (based on cost to service) with linear rates at current recycling levels and with linear rates accompanied by future increased recycling. The cost for a 96-gallon container would go up significantly with the linear structure. However, the cost for a 32-gallon container would decrease.

Ms. Otal recommends requesting that prospective vendors provide proposals for both the current cost to service rate structure and a linear rate structure.

Deputy Mayor Robertson said she is concerned about going to a linear fee structure. She noted that the rates double as the size of the container doubles, but the cost for collecting and hauling the waste does not double because there is a certain fixed cost. She is concerned about rates becoming too high for larger households. Despite her concerns, she is comfortable with asking for bids under both rate structures.

Councilmember Balducci said she is comfortable with requesting a dual bid as well. She expressed concern about the risk of a long-term contract involving estimates about demand. She

believes it is more straightforward to make projections based on a cost to service per household rate structure than under a linear, volume-based rate structure. She said rates should be set at a fair level, and she believes it is reasonable to charge more for higher volumes produced by larger households.

Ms. Balducci agreed with Ms. Robertson that there are fixed costs. While Ms. Balducci said she does not want residents to be overly burdened by the variable costs, it makes sense to have some component of variable cost to encourage recycling and to charge individuals based on usage/volume.

Mayor Lee questioned the rationale for adding a 45-gallon container as the midpoint in the range of sizes. Ms. Otal said it is intended to provide an incentive for households to downsize incrementally without having to reduce their container size by half. She said Issaquah and Renton have 45-gallon containers.

Responding to Councilmember Stokes, Ms. Otal said the primary focus of the linear fee structure is to encourage recycling and downsizing to smaller garbage containers. Currently, 10 percent of Bellevue customers utilize the 96-gallon container, 20 percent use the 64-gallon, and the remaining 70 percent would benefit from the linear rate structure.

Ms. Otal said she understands the Council's concerns and agrees it would be a good idea to request bids encompassing both rate options.

Moving on with the presentation, Ms. Otal said the RFP requests proposals for a base package plus separate pricing for key enhancements and new services (e.g., quarterly single-family bulky waste collection, 7-day customer service, commercial/multifamily organics recycling).

Ms. Otal said staff recommends that proposals be evaluated 90 percent based on cost (including the cost to perform the service, performance metrics, and quality of services) and 10 percent based on qualitative factors. She clarified that qualitative does not refer to the quality of the services but to any value-added benefits offered by a vendor.

Ms. Otal recalled that a 65/35 split was initially chosen for the current contract. However, it became very difficult to evaluate and compare the bids. The City issued a second RFP and ultimately based the decision solely on cost. Issaquah and Tukwila used a 60/40 split for their current contracts. Burien and Tukwila reflect a 70/30 split for RFPs to be issued April 1. Ms. Otal described examples of how 90/10, 80/20, and 70/30 scoring scenarios might look. Staff believes that a 90/10 approach sends a strong message that cost is important.

Responding to Councilmember Stokes, Ms. Otal acknowledged that the evaluation will be subjective to some extent in terms of Bellevue's needs and preferences.

Ms. Otal said next steps are to issue the RFP in April and to evaluate proposals in July. The schedule anticipates Council's approval of the contract in August and the beginning of collection services under the new contract on June 29, 2014.

Responding to Councilmember Wallace, Ms. Otal said the current contract had a seven-year term with a three-year extension. Staff is requesting Council feedback on whether to coordinate the contract term with the King County Interlocal Agreement for solid waste disposal. If the Council chooses to not extend that ILA, staff recommends a seven-year term plus a seven-year extension for the garbage and recycling collection contract. This would provide the opportunity to combine these services into one contract in the future.

Councilmember Wallace said it would be interesting to see whether the City could get better pricing with a longer term contract. With regard to the list of Council decisions, he said he is comfortable with the performance measure approach for collection vehicles. He is not in favor of embedding commercial and multifamily organics recycling into the basic rate and suggests that it have a separate fee. He expressed concern that unlimited commercial recycling could encroach on private business.

Ms. Otal said the concept is not to take business away from companies providing large-scale recycling and/or commercial recycling. However, the proposed services would benefit multifamily residents and small businesses.

Mr. Wallace said that, philosophically, he has a problem with coming into an unregulated industry and mandating and embedding the cost of a service, which might result in putting private recycling companies out of business.

Moving down the list of issues, Mr. Wallace said he supports staff's recommendation to maintain current service levels and to request bids for both cost of service and linear rate structures. He noted, however, that he is leaning toward continuing the cost of service structure. He is comfortable with staff's 90/10 recommendation for evaluating bids.

Councilmember Balducci recalled that, during the previous discussion, she questioned whether it made more sense to issue an RFP or to negotiate a contract. She wants to ensure that the City is receiving the best value for ratepayers. She observed that Bellevue is currently receiving good rates and good service, and there is something to be said for stability.

Ms. Otal said the City Code requires a fair and competitive process, and the Council's current policy indicates a preference for the RFP process. She acknowledged that the Council may change that policy. However, she reported that every jurisdiction that has negotiated a contract has experienced rate increases, and every jurisdiction issuing a RFP has achieved lower rates.

Councilmember Balducci provided her input on the list of issues, noting that she essentially concurs with Councilmember Wallace, including his preference for a separate fee for commercial and multifamily organics recycling. She asked for an example of what type of value-added feature that a vendor might offer.

Ms. Fife-Ferris said it could be something like offering an innovative way for containing noise related to Downtown collections.

Ms. Balducci said she would support the 90/10 or 80/20 evaluation approach, with a slight preference for the latter.

Ms. Balducci said the Council has heard public comment on two occasions about wage fairness within the solid waste collection contract. She stated that, if a contractor other than the big three were to come in and underbid all of the others, she would have serious questions about whether that was a responsible bid and whether they could actually meet the terms of the contract. She said she has a hard time imagining that a contractor could pay substantially lower wages and still be a successful bidder.

Deputy Mayor Robertson went through the list of issues. With regard to the seven-day customer service element, she suggested it might be more convenient for customers to have longer hours on weekday evenings instead of Sunday phone-based customer service. It would also provide more opportunity for residents to call if their pickup was missed on a given day. Ms. Otal said the RFP can request dollar estimates for different customer service scenarios.

Ms. Robertson said she is ambivalent about the appropriate fee structure for commercial and multifamily organics recycling. Given the experience of some other jurisdictions, she is concerned about the volume of organics that could be generated and whether there will be a place for its disposal. She suggested perhaps an embedded fee to cover a specific container size. Businesses requiring higher disposal volumes could contract with a private company. She is concerned about moving too fast into this service for commercial and multifamily customers.

Ms. Robertson supports maintaining current service levels and bidding for both cost of service and linear rate structures. With regard to the evaluation of bids, she leans more toward the 80/20 approach than the 90/10 approach.

Councilmember Wallace said he would support the 80/20 option as well.

Responding to Councilmember Stokes, Ms. Otal said that jurisdictions following the 60/40 or 70/30 models include quality and customer service criteria in the smaller component (i.e., diversion approach, system design, and innovations). However, the City includes those factors in its core contract. If the evaluation approach is to be shifted to 80/20, it will be necessary to be more prescriptive about what criteria are included in the 20 percent.

Mr. Stokes said he supports the 80/20 approach because he believes it makes items within the 20 percent more meaningful. With regard to commercial and multifamily organics recycling, he observed that the embedded rate approach would result in a lower rate and encourage diversion. He is not concerned that too much organics recycling will be generated or that the City's program will adversely affect private recycling providers. He supports the general consensus of the Council on the remainder of the items.

Ms. Otal said the City's service is targeted toward smaller businesses and would not support the volumes generated by a grocery store or restaurant.

Mayor Lee noted the challenge of setting parameters for the qualitative (value-added) component of the evaluation criteria, as well as knowing whether the vendors will be able to deliver what they promise. He said it is important for garbage collection to be reliable with minimal or no risk.

Referring to the key issues, Mayor Lee concurred with the Council regarding the collection vehicle requirement and key enhancements. He supports using 96-gallon carts for commercial and multifamily organics recycling, and he agreed with Councilmember Wallace that he does not want this service to threaten the viability of private recyclers. He supports unlimited commercial non-organics recycling and in-City customer service. He agrees with maintaining current service levels and bidding for both the cost of service and linear fee structures. He supports the 80/20 evaluation approach.

Deputy Mayor Robertson summarized the Council's direction. She said there is a Council consensus regarding the collection vehicle requirement and key enhancements, with the latter as separate line items in the bids. With regard to commercial and multifamily organics recycling, she and Councilmember Stokes are in favor of embedded rates. Mayor Lee and Councilmembers Balducci and Wallace prefer a separate fee for service. Ms. Robertson directed staff to request separate bids on that issue.

Ms. Robertson noted a consensus regarding unlimited commercial non-organics recycling, in-City customer service (as a separate line item), maintaining current service levels, simplifying the local program funding fee structure, bidding for both cost of service and linear rate models, and using the 80/20 evaluation approach. She noted the need to be specific about what falls into the qualitative (value-added) component.

Ms. Otal said the RFP will be revised to reflect the Council's direction.

Councilmember Stokes expressed support for Councilmember Balducci's comments on prevailing wage. He said this must be a fair process. Mayor Lee agreed that this is an important element.

Councilmember Balducci thanked staff for their hard work and extensive time commitment to brief the Council and work through all of the issues.

Mayor Lee thanked staff for their work.

At 8:22 p.m., Mayor Lee declared a short break. The meeting resumed at 8:31 p.m.

(c) Regional Issues

- (1) Update on Proposed and Restated Solid Waste Interlocal Agreement with King County

City Manager Sarkozy introduced staff's briefing on the Solid Waste Interlocal Agreement (ILA) with King County for disposal services, which is set to expire in 2028. King County proposes extending the ILA to 2040. Mr. Sarkozy said it might be beneficial to coordinate this disposal contract and the local collection contract just discussed to expire at the same time, which would provide the opportunity for considering alternative approaches and/or providers for the future.

Joyce Nichols, Interim Director of Intergovernmental Relations, said the Interlocal Agreement with King County provides solid waste transfer and disposal services to the City, which is funded by user-paid rates. She recalled that staff provided a fairly detailed presentation to the Council on January 28, 2013 regarding the Amended and Restated ILA, which requests an extension of the agreement to 2040. King County is asking cities to sign the new agreement by April 30. At this time, 25 of 36 cities have executed the proposed agreement.

Sheida Sahandy, Assistant to the City Manager, explained that the County's basis for requesting an extension of the contract is to procure long-term financing for capital infrastructure improvements to the solid waste transfer system. She referred the Council to page 3-17 of the meeting packet for the City's Regional Solid Waste Management Interest Statement dated July 2011.

Ms. Sahandy described the extent to which the existing 1988 ILA and the proposed Amended and Restated ILA support the key factors in the City's interest statement. With regard to value for ratepayers, Ms. Sahandy said if the City stays with the 1988 ILA, rates will increase. However, there is a value in the flexibility allowed to seek more favorable terms upon expiration of the contract. The proposed revised ILA provides lower rates and the stability of a long-term contract. However, the uncertainty of disposal beyond the life of the Cedar Hills Landfill detracts from that stability.

Neither contract fully meets the Council's objectives with regard to cost control measures, and the County has the sole authority to adjust rates. However, the proposed agreement specifically acknowledges the role of the Municipal Solid Waste Advisory Committee (MSWAC) as the forum for input from the cities.

Neither contract fully meets the Council's objectives with regard to performance measures, the use of ratepayer funds, and the governance structure because neither agreement includes specific details on these issues. The County's policy of charging rent for the use of the Cedar Hills Landfill is counter to the Council's objective to terminate the rent payments. However, the new agreement prohibits charging rent for other assets currently in the system or acquired in the future.

Ms. Sahandy said that, with regard to the Council's objectives on future capital investments, the existing 1988 ILA's use of shorter term bonds is more cost effective. However, lower rates are available for the long-term bonds proposed in the Amended and Restated ILA. Neither agreement fully meets the Council's objectives with regard to termination and dispute resolution. Neither agreement provides a way for the City to opt out at key decision points, including the

closing of the Cedar Hills Landfill. The existing ILA dictates dispute resolution through the Department of Ecology, and the proposed agreement specifies non-binding mediation.

With regard to future solid waste export and disposal options, the existing ILA is more consistent with the Council's objectives because it expires sooner, providing the opportunity to explore other options. The Amended and Restated ILA obligates the City to a longer contract period through 2040, with the likelihood that King County will request an additional extension in the future.

Ms. Sahandy said the current contract states that host city mitigation would be governed by state law, and the proposed agreement is slightly more supportive of host city mitigation needs. Neither agreement fully meets the Council's objectives with regard to collaboration with City partners.

Deputy Mayor Robertson said there was an audit recently on the King County Solid Waste Division, which included a recommendation to revisit the capital improvement schedule.

Ms. Nichols said the County audit was predicated on the transfer station plan adopted in early 2000. The auditor found that solid waste tonnage decreased from approximately 1 million annually to 800,000 since that time and recommended that the County revisit the plan in its entirety. King County agreed to revisit the plan. However, Ms. Nichols said she has not heard how that is to occur. She believes the results would be shared with MSWAC for feedback.

Councilmember Wallace questioned the legality of the County's charging rent for the Solid Waste Division to use the Cedar Hills Landfill.

Deputy City Attorney Kate Berens said the County's position is that the real property of the landfill is a General Fund asset. Under the Accountancy Act provisions, the County is obligated to ensure that each fund receives value for the use of its assets. When the practice of charging rent began in 2003, the City of Bellevue did not support the measure. However, there was no action by the cities to file a lawsuit.

Councilmember Wallace said he believes that the annual rent is \$11 million, which was essentially invented without foundation. The Cedar Hills property is a contaminated site with a negative value, and the County is charging reserves in the garbage rates to cover restoration of the property. Mr. Wallace questioned how the Council could be serving its constituents and ratepayers by not challenging this arrangement. He sees no merit whatsoever in continuing in this regard. Overall, he sees no advantage for the City to extend the ILA. He is opposed to extending a bad contract for an additional 12 years.

Councilmember Stokes observed that the City appears to be stuck with the current contract, and the question is whether to extend it through 2040. If the City chooses to not extend its contract, rates will increase.

Responding to Mr. Stokes, Ms. Nichols estimated that the increase is 50 cents per month for the average residential household.

Mr. Stokes concluded that there is more to gain for ratepayers by not extending the contract.

Ms. Sahandy said the estimated increase is \$7 to \$9 annually for the average household, which is 28 cents to 36 cents monthly.

Councilmember Stokes observed that the solid waste disposal business is changing and will continue to change into the future. The current and proposed agreements with King County are not meeting the Council's interest statement priorities and objectives. He is in favor of staying with the current contract ending in 2028.

Councilmember Chelminiak questioned whether there has been a market analysis of what it would take to handle and dispose of Bellevue's garbage stream. Will the County continue to have a transfer station in Bellevue? What would it cost the City to build its own station? He said that perhaps a market analysis would indicate rate impacts for alternative approaches.

Ms. Nichols said staff has not been able to identify companies that are willing to estimate costs in 2028 and beyond. As a result, staff met with the four major providers (three in King County and one in Pierce County) to ask additional questions. The providers indicated that, if Bellevue were to manage its own solid waste disposal, it would have a hauling contract similar to the current approach. The City could build its own transfer station or potentially negotiate with King County for the use of its transfer station. A third option would be taking materials to the hauling company's site, where it would transfer the waste to rail or another shipping method.

Councilmember Chelminiak observed that it would be preferable to have a transfer station in Bellevue or nearby.

Deputy Mayor Robertson said she is troubled by the contract and she understands that previous Councils have struggled with it as well. She said the contract is too restrictive and too one-sided in the County's favor. Similar contracts typically include termination options and maximum annual cost increases.

Ms. Robertson observed that this is not a very responsible contract in term of the Council's fiduciary duty, and that it is unwise to bind the City to such a long-term contract. She stated that both agreements are largely inconsistent with the Council's interest statement and objectives. The current contract ends at approximately the same time that the Cedar Hills Landfill is due to be taken out of service. She does not see the advantage of entering into an extended contract when future costs and options are unknown.

Ms. Robertson said the current and proposed agreements with King County give the City essentially no power on any issue. She is in favor of allowing the contract to expire, even if that means the County will be punitive in charging higher rates to Bellevue customers. She believes

this is a better choice for the long term, and there will be more opportunities and options in 15 years to justify this direction.

→ Deputy Mayor Robertson moved to not take action to extend the King County Solid Waste Interlocal Agreement beyond 2028. Councilmember Wallace seconded the motion.

Councilmember Balducci observed that she sees no way for the City to achieve a more favorable agreement with King County. She believes that allowing the current contract to expire in 2028 provides the opportunity to explore other options. However, she acknowledged that the path will not be without challenges. She said there is plenty of time to consider and plan for an alternative approach.

Referring to Councilmember Wallace's earlier comments, Ms. Balducci concurred that the Council has consistently been opposed to the County's practice of charging rent to ratepayers for the Cedar Hills Landfill. She has heard concerns from residents as well on this issue.

Councilmember Chelminiak said he will support the motion. It is troubling that none of Council's interest statement objectives are addressed in the current or proposed agreements. He said there are promising technologies that are changing solid waste management, and it is necessary to move away from burying garbage in a pit. He said there is time to explore options before 2028 and to establish a system consistent with the Council's ethic. He believes this provides an opportunity for the City to be a leader in solid waste handling.

Councilmember Stokes concurred with his colleagues' statements. He supports exploring alternative technologies and regional coalitions to achieve the Council's objectives. He commended staff for their analysis and presentation of the issues. He will support the motion.

Mayor Lee complimented the Council for taking on this long-term and challenging vision. He believes the Council has a responsibility to current and future generations to identify a better approach to solid waste management. The contract with King County has not been in the best interest of the City. He is optimistic about the future benefits of new technologies. He will support the motion.

Mr. Lee suggested establishing a public committee in the near future to determine how to address garbage disposal objectives, challenges and opportunities.

City Manager Sarkozy recalled the Council's outrage in 2003 when the County began charging rent for the Cedar Hills Landfill. The City was not prepared at that time to begin its own solid waste management program. However, the current proposal by King County provides the impetus to plan for a better system ensuring the City's control over its future.

Mr. Sarkozy suggested that staff draft an interest statement to guide planning for a transition. He said that garbage haulers have indicated the potential for significant cost savings in combining local collection and regional disposal functions into one contract in the future.

→ The motion carried by a vote of 6-0.

Councilmember Stokes said the Environmental Services Commission can play an important role is addressing these issues as well.

Councilmember Wallace noted his understanding that the current contract has a six-month window between now and July 2013 which allows for the renegotiation of contract terms. Responding to Mr. Wallace, Ms. Nichols said staff will research that provision.

Noting the Executive Session, Mayor Lee suggested deferring discussion of the remaining items.

Councilmember Stokes, noting his role on the Regional Policy Committee, commented on the pending Emergency Medical Services (EMS) levy. He has met with staff and elected officials from Bellevue and other jurisdictions about the City of Kirkland's plans to leave the system. Mr. Stokes said he will continue to work with Fire Chief Mike Eisner and others to identify a reasonable solution.

Responding to Mayor Lee, Mr. Stokes said there appears to be a mechanism for allowing the City of Kirkland to be more involved and opt to stay within the regional EMS system.

Mayor Lee thanked Mr. Stokes for the update and suggested that he let the Council know if it can help resolve the matter.

Councilmember Wallace requested an update from Ms. Nichols in the near future regarding transportation issues under discussion by the state legislature.

4. Executive Session

At 9:31 p.m., Mayor Lee declared recess to Executive Session for approximately one hour to discuss one personnel matter.

The Executive Session concluded at 10:45 p.m., and the meeting was adjourned.

Myrna L. Basich, MMC
City Clerk

/kaw