



King County

# KING COUNTY AUDITOR'S OFFICE

MARCH 26, 2025

## Capital Projects Drive Rate Increases: Solid Waste Rates Could Double by 2034

TO:

Metropolitan  
King County  
Councilmembers

FROM:

Kymer Waltmunson,  
County Auditor

**Rates for solid waste disposal are increasing significantly, in part due to several large capital projects.** King County's Solid Waste Division (SWD) estimates that capital projects in planning and underway will cost over \$1.36 billion between 2025 and 2040. SWD funds capital spending largely through bond sales, and the increase in capital spending means that debt service for these bonds could grow over 450 percent between 2024 and 2034.<sup>1</sup> As a result, using SWD's 2025 rate model<sup>2</sup>, we estimate that per-ton garbage disposal fees — also known as tipping fees — could more than double from \$203 per ton in 2025 to over \$413 per ton by 2034.<sup>3</sup> Additionally, while SWD has previously used its rate stabilization reserve to constrain rate growth, its planned drawdown of the reserve from \$39.6 million in 2023 to \$1.6 million in 2029, means it will have limited ability to buffer rate increases in the future.

**Most of SWD's large capital projects are in early phases such as planning and design, so decision-makers could still mitigate rate impacts by scoping back or eliminating projects.** Some of the most expensive SWD capital projects are still in early project phases and are not needed to meet regulatory requirements.

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<sup>1</sup> SWD capital projects are frequently funded by SWD issuing bonds. Entities issue bonds when they need to raise money from investors willing to lend them money for a set period of time. Investors purchase bonds and the issuer agrees to pay back the face value of the loan, plus payments with a periodic interest rate. We estimate debt service from SWD bonds growing from around \$20 million in 2024, to \$115–\$151 million in 2034, with implementation of all currently planned capital projects.

<sup>2</sup> For details about our methodology, see appendix 4.

<sup>3</sup> We estimate increases for both the self-haul tipping fee and the composite commercial rate. For 2025, the self-hauler fee is \$203.81 per ton, and the composite commercial rate is estimated to be \$203.43. The composite commercial rate includes the \$165.91 per-ton disposal fee and a \$23.3 million fixed annual charge.

While it would require regional collaboration and planning, decision-makers such as the King County Council, the County Executive, or SWD leadership, could reconsider or delay the projects to decrease rate impacts on customers.<sup>4</sup> With significant rate increases for all customers on the horizon, SWD should be transparent about capital project options and how different scenarios result in varying rate paths for customers.

In this letter, we estimate the long-term rate impacts of SWD's current capital planning approaches and the resulting rate impact of different capital project scenarios. In exhibits A and B, we illustrate estimated impacts to residential curbside customers and self-haul minimum fees. We provide estimates of SWD's debt service through 2040 in appendix 1 and the resulting tipping fees in appendix 2. While we make no new recommendations in this report, we emphasize the renewed importance for SWD to implement our 2015 audit recommendation to improve its communication of rate forecasts.<sup>5</sup> Implementing this recommendation now would help increase transparency and better inform decision-making.

**In 2015, we recommended that the Solid Waste Division should:**

- identify key assumptions affecting long-term rate forecasts
- conduct sensitivity analysis around the key assumptions
- present long-term rate forecasts to decision-makers portraying a range of potential rate outcomes reflecting different values for key assumptions.

SWD has not yet fully implemented this recommendation.

**The impact of tipping fee increases will vary by customer type but could be sizable, even for residential curbside customers.** SWD provides disposal services to 37 contract cities and unincorporated King County. SWD does not bill curbside customers but rather charges contract cities and private haulers for the waste they dispose of in King County's transfer stations. The contract cities and haulers then bill their curbside customers for disposing of garbage waste. Though jurisdictions pass disposal costs onto individual curbside customers differently,<sup>6</sup> we estimate that the increase of about \$210 to \$252 per ton<sup>7</sup> for commercial haulers by 2034<sup>8</sup> would result in an average residential curbside annual increase of around \$73 to \$396, depending on customer can size (see exhibit A).<sup>9</sup>

<sup>4</sup> While the Northeast Recycling & Transfer Station and Permanent Support Facilities Relocation projects are included in the 2019 Comprehensive Solid Waste Management Plan, this plan is being updated. The King County Council is scheduled to review and approve the updated plan by the end of the first quarter of 2027.

<sup>5</sup> [Utility Rates: Long Term Forecasts Should Reflect Uncertainty](#), King County Auditor's Office, 2015.





<sup>6</sup> Appendix 3 includes a table of estimated impacts on curbside residential customers for a range of tipping fee increases.

<sup>7</sup> Increase in per ton rate when compared to the estimated 2025 composite commercial rate of \$203.43 per ton.

<sup>8</sup> For the composite commercial rate, which takes into account the fixed annual charge and the commercial tipping fee.

<sup>9</sup> The cost of disposal makes up only a portion of a residential customer's bill. For 2024, we estimate the average portion of the bill related to the commercial composite rate is about \$65 to \$292, depending on can size. Residents with cans larger than 20 gallons can reduce can size to reduce impacts of increasing tipping fees. However, there is an inverse relationship between

**EXHIBIT A: Depending on capital costs, fees for commercial haulers could increase between \$210 and \$252 per ton<sup>1</sup> by 2034. The resulting impact on curbside customer rates will depend on can size.**

Per ton tipping fee increases of:		\$210		\$252	
Would result in estimated curbside impacts of:		MONTHLY	YEARLY	MONTHLY	YEARLY
About 78% of customers have 32- or 64-gallon cans.	 20 GALLON	\$6	\$73	\$7	\$88
	 32 GALLON	\$10	\$119	\$12	\$142
	 64 GALLON	\$19	\$224	\$22	\$269
	 96 GALLON	\$28	\$331	\$33	\$397

<sup>1</sup> Composite commercial rate

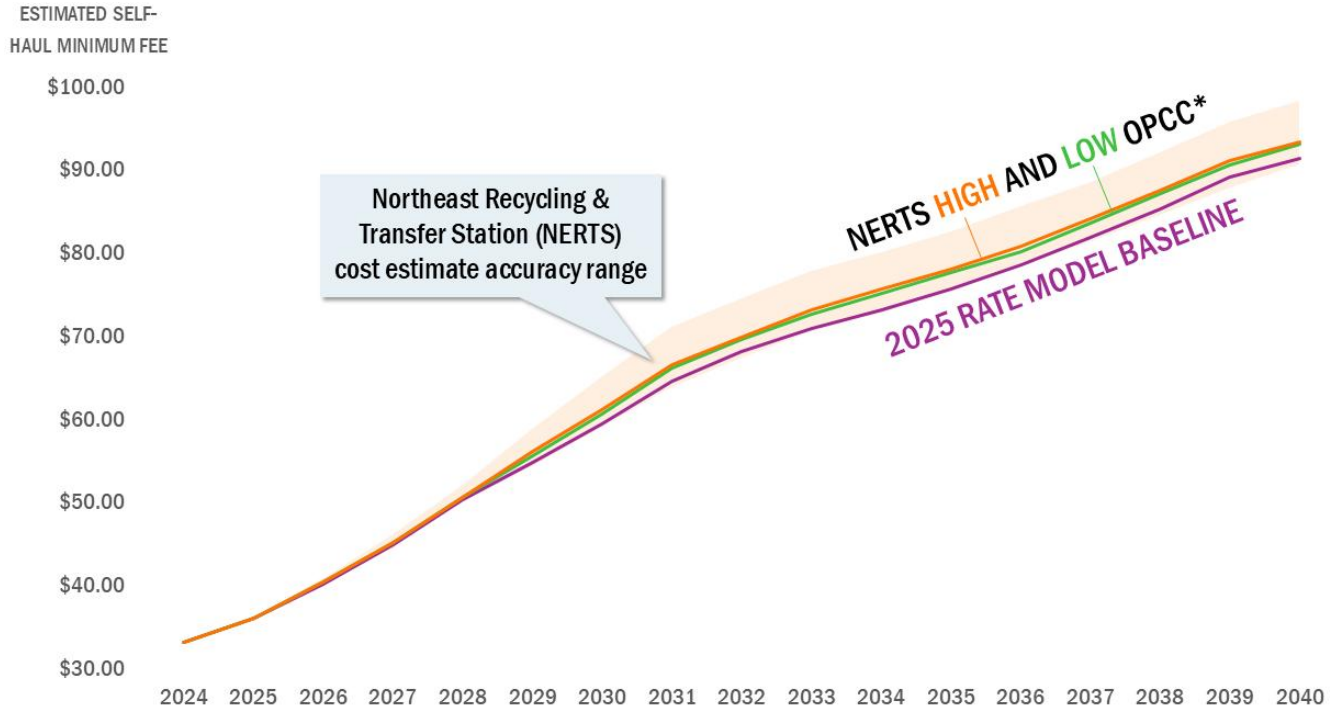
Source: King County Auditor's Office

For self-haul minimum users, who make up almost half of all self-haul trips to transfer stations, tipping fee increases mean that the fee to enter the transfer stations to dispose of garbage could increase from \$32.60 in 2025 to over \$68 per transaction in 2034,<sup>10</sup> an increase of 108%. Exhibit B shows the estimated self-haul rates through 2040 based on SWD's 2025 rate model, including SWD's current cost estimates for the Northeast Recycling & Transfer Station (NERTS), which is currently in planning.

tonnage disposed and tipping fees. Unless SWD cuts expenditures to decrease its revenue requirement, residents disposing of less garbage will push rates higher in future years.

<sup>10</sup> Self-hauler minimum fee before taxes and fees. In 2025, the self-hauler minimum fee is 0.16 of the per-ton self-haul rate plus a \$2.23 moderate risk waste fee and Washington state garbage tax of 3.6%.

**EXHIBIT B: Almost half of self-haul customers pay the self-haul minimum fee, which could reach over \$68 per transaction<sup>1</sup> by 2034 if the Northeast Recycling & Transfer Station (NERTS) is built according to current estimates.**



<sup>1</sup> Before taxes and fees.

\*Opinion of probable construction cost

Source: King County Auditor's Office

**The tipping fee could go higher than our estimate because SWD has future capital projects that are not yet included in its rate model.** With the exception of the closure of Area 9,<sup>11</sup> SWD's current rate projections only include capital projects through 2033. However, SWD also expects future capital costs associated with long-term disposal of waste and will likely be required to treat landfill leachate<sup>12</sup> to

<sup>11</sup> Area 9 is the final planned landfill cell at Cedar Hills Regional Landfill. SWD expects Area 9 to begin accepting waste in early 2029, and to reach capacity by the end of 2040. Once a cell has reached capacity and is no longer receiving waste, it must be closed in accordance with WAC 173-351-500.

<sup>12</sup> Landfill leachate is water that has seeped through the garbage at the landfill. This water can come from decomposition of waste in the landfill or from rainwater.

remove PFAS.<sup>13,14</sup> SWD has not yet included contingency for these costs in its rate model. Additionally, costs planned for mixed waste processing (MWP) could be higher than the current \$400 million estimate included in the rate model.<sup>15</sup> As a result, rates may increase even higher than what we estimate in appendix 2, exhibit 2.1. As we noted earlier, there are still opportunities to reconsider or delay capital projects to decrease rate impacts, as the costliest projects not currently under construction are not required by regulators. For example, SWD has initiated discussions to relocate its planned permanent facilities to a different location with lower costs, but these conversations are in the exploratory phase. In appendix 2, we present several capital project scenarios and the resultant rate paths.

**SWD has not yet implemented our 2015 recommendation to present long-term rate forecasts as a range to decision-makers, obscuring the full long-term rate impacts that would help inform funding and policy decisions.** In 2015, we recommended SWD improve its communication of rate forecasts so that they provide full information to decisions-makers about potential rate outcomes. Specifically, we recommended that SWD identify key assumptions affecting long-term rate forecasts, conduct sensitivity analyses around the key assumptions, and present long-term rate forecasts to decision-makers that include a range of potential rate outcomes reflecting different values for key assumptions. While SWD communicates rate forecasts in its budget proposals, its forecasts are generally limited to three budget cycles, or six years. Additionally, SWD typically communicates forecasts for only a single scenario.<sup>16</sup> For example, while SWD may have multiple options about whether and when to implement different capital projects, it currently communicates a forecast for only one option. Lastly, SWD's rate forecasts do not describe the likelihood and risks around the projected rate path. As a result of these limitations, decision-makers can't see the full long-term rate impacts of large capital projects and lack complete information, which would be helpful when making funding and policy decisions. With significant rate increases on the horizon, it is important that SWD implement our recommendation to improve its forecast communications now.

**SWD should communicate to decision-makers the long-term impacts of its large capital projects to increase transparency and better inform decision-making.** King County is planning to spend over \$1.32 billion in SWD capital projects over the next decade,<sup>17</sup> so it is especially important that project

<sup>13</sup> SWD discharges leachate from Cedar Hills Regional Landfill to King County's South Treatment Plant. These discharges are regulated by King County Industrial Waste under an Industrial Discharge Permit. SWD staff report they anticipate these permits will include PFAS limits in the future. Due to a lack of cost estimates for PFAS treatment and the large cost differences between treatment options, we did not include estimates for PFAS treatment in our scenarios. Including these costs would push customer rate estimates even higher.

<sup>14</sup> PFAS are a class of human-made toxic chemicals which can harm human health and the environment. PFAS are used in a wide variety of consumer goods including, but not limited to, cookware, carpeting, and firefighting foam.

<sup>15</sup> SWD's rate model estimate includes capital costs only and not necessarily additional operating expenditures. SWD staff acknowledge that there are inherent uncertainties with the cost of mixed waste processing (MWP), given lack of widespread use of the technology. The final cost of MWP is dependent on both the technology and capacity of the system. SWD could size the system to manage only a portion of the County's waste stream.

<sup>16</sup> During the 2021–2022 budget process, SWD did present three rate path options to its advisory group and the County Executive. However, SWD has not continued to do this, and current forecasts illustrate only one scenario.

<sup>17</sup> Planned capital expenditures between 2025 and 2034 in inflation-adjusted real dollars.

options and impacts on customer rates are transparent to decision-makers. We estimate that SWD's planned capital spending will increase annual debt service<sup>18</sup> from around \$20 million, or 11 percent of the revenue requirement in 2024, to over \$115 million, or 32 percent of the revenue requirement, by 2034, which will constrain SWD's ability to control rates due to the fixed nature of payments.<sup>19</sup> In addition, SWD will face increased operational costs if it implements MWP, as well as the increase in costs associated with whichever long-term disposal option the County selects after the landfill closes.

**Previously, SWD used its rate stabilization reserve to reduce rate growth, but it has been drawing down this reserve and projects the reserve will decline significantly from \$39.6 million in 2023 to \$1.6 million in 2029.**<sup>20</sup> SWD's depletion of its rate stabilization reserve limits its ability to buffer the impacts of increased capital spending and debt service on rate payers. This means that the only way to significantly reduce future rate increases is by reducing future spending.

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Zainab Nejati and Cindy Drake conducted analysis for this letter. If you have any questions, or would like more information, please contact the King County Auditor's Office at 206-477-1033 or [KCAO@kingcounty.gov](mailto:KCAO@kingcounty.gov).

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<sup>18</sup> As we detail in appendix 4, these debt service numbers are dependent on the renewal of the Solid Waste Interlocal Agreement (ILA) in 2027, which would allow SWD to issue debt with a longer debt term. Prior to the renewal of the ILA, SWD is limited to shorter term debt.

<sup>19</sup> Revenue requirement is the total amount of revenue needed to cover all expenses in a given year. For 2024, the revenue requirement was around \$174 million.

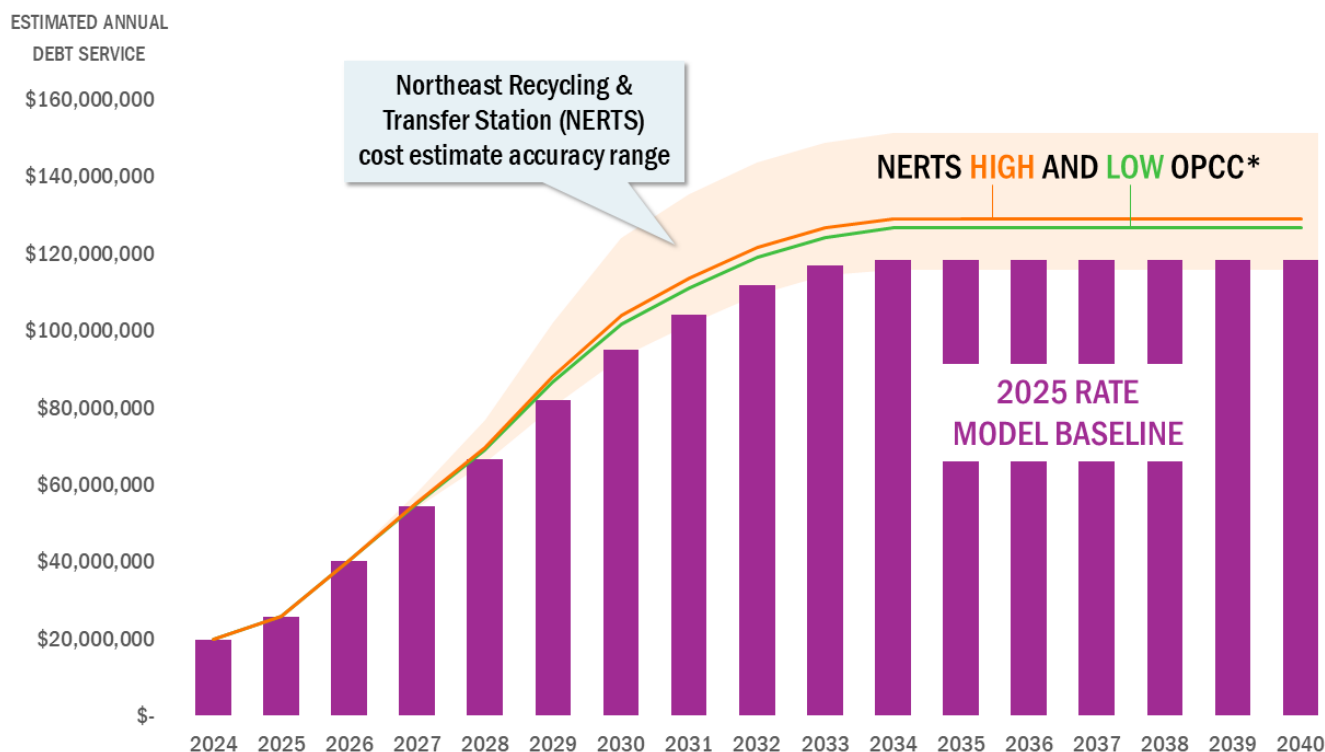
<sup>20</sup> The rate stabilization reserve is not a separate fund. Instead, it is the remaining balance in the SWD operating fund after required rainy day reserves and recession reserves are accounted for.



## Appendix 1: Estimated Debt Service Through 2040

The Solid Waste Division (SWD) funds its capital projects through a mix of cash and bond funding and has several large capital projects planned over the next decade. As a result, SWD debt service could increase over 450% between 2024 and 2034, as shown in exhibit 1.1. The expected growth in debt service means that debt service as a percent of revenue requirement could increase from 11% of revenue requirement in 2024, to 32% of revenue requirement by 2034, as shown in exhibit 1.2.<sup>21</sup>

**EXHIBIT 1.1: Solid Waste Division's estimated debt service could increase from around \$20 million in 2024, to between \$115 million to \$151 million in 2034, an increase of over 450%.**

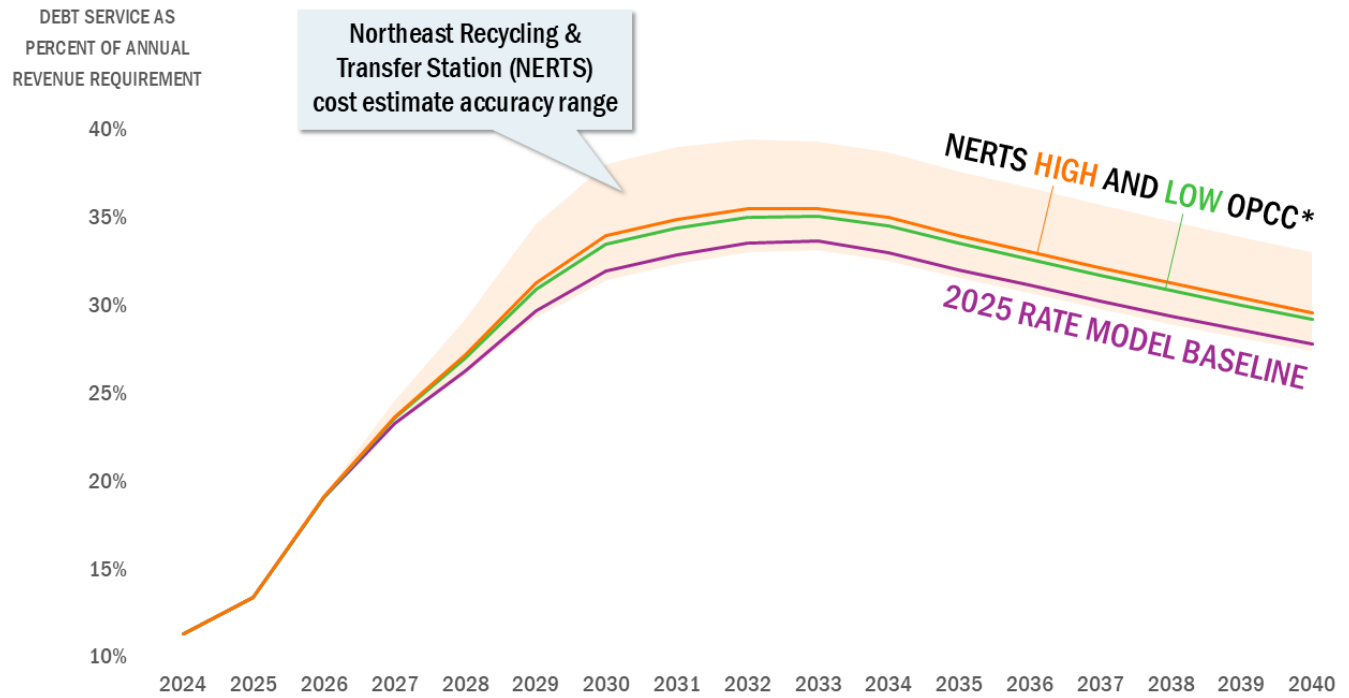


\*Opinion of probable construction cost

Source: King County Auditor's Office

<sup>21</sup> Revenue requirement is the total amount of revenue needed to cover all expenses in a given year. For 2024, the revenue requirement was around \$174 million.

**EXHIBIT 1.2: In the coming years, debt service will make up an increasing proportion of Solid Waste Division's annual revenue requirement.**



\*Opinion of probable construction cost

Source: King County Auditor's Office



## Appendix 2: Capital Investment Scenarios and Resulting Rate Paths

The following series of exhibits show the estimated per-ton tipping rate paths for self-haul and commercial customers, based on different capital investment scenarios. Commercial haulers are subject to both the per-ton tipping fee and a fixed annual charge. We generated the composite commercial rate by combining these two charges to create a per-ton fee that more closely represents the cost of disposing of a ton of commercial garbage.<sup>22</sup>

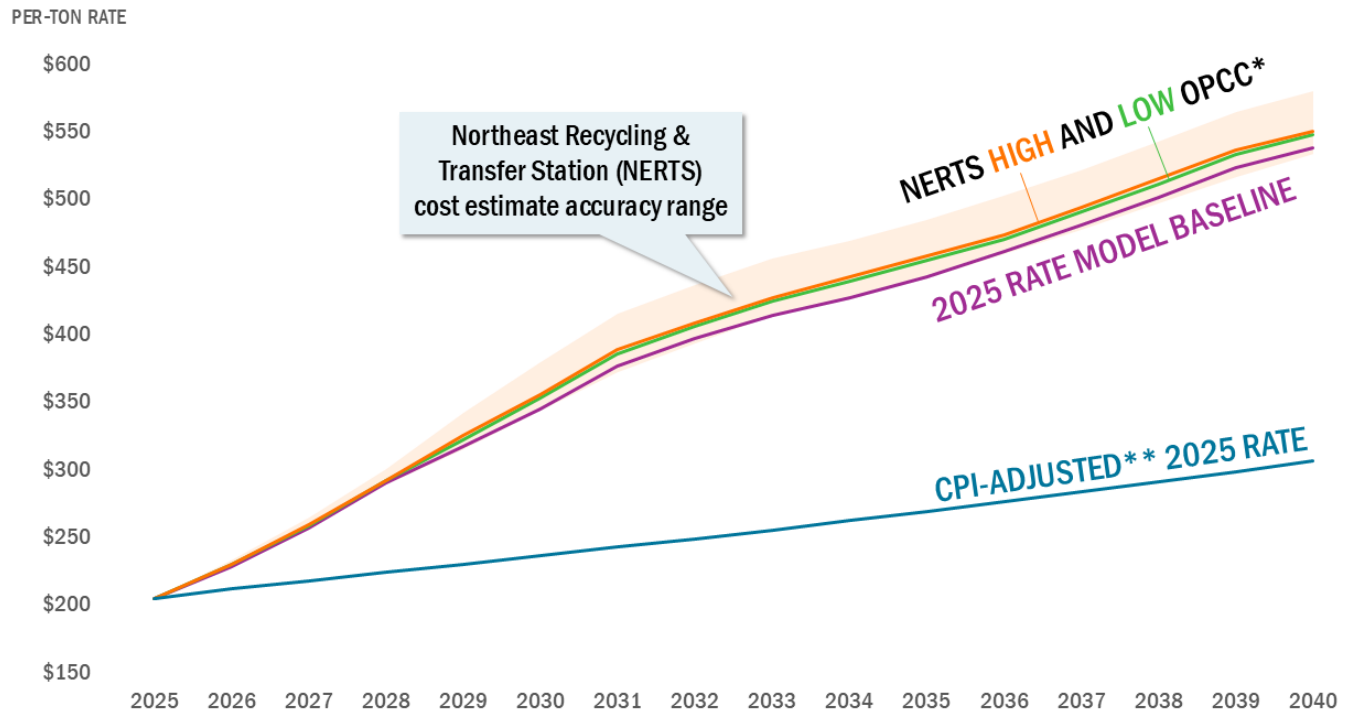
In estimating rates, we used a consistent percentage increase on the tipping fee between commercial haulers and self-haulers. Major projects and initiatives underway include the Northeast Recycling & Transfer Station (NERTS), RE+ Initiative (RE+), and the Permanent Facilities Relocation Project (PFR). There are currently three capital projects planned and underway as part of the RE+ Initiative, including Vashon Island organics processing, co-digestion, and mixed waste processing. The table below can be used to locate the exhibit showing the rate paths resulting from each specific capital investment scenario. All scenarios include \$188.5 million in post 2024 costs for the PFR because SWD staff have emphasized that a facility is required for operational purposes. The Solid Waste Division reports it is exploring sites other than the Cedar Hills Regional Landfill for the facility, which may result in lower costs, but no further cost estimates are available at this time.

**Guide to exhibits 2.1 through 2.8 showing estimated impacts of different capital investment scenarios on customer rate paths:**

EXHIBIT	RATE TYPE	CAPITAL COSTS INCLUDED		
		NERTS	RE+	PFR
2.1	Self-Haul	✓	✓	✓
2.2	Composite Commercial	✓	✓	✓
2.3	Commercial	✓	✓	✓
2.4	Self-Haul	✓	✗	✓
2.5	Composite Commercial	✓	✗	✓
2.6	Commercial	✓	✗	✓
2.7	Self-Haul	✗	✗	✓
2.8	Commercial and Composite Commercial	✗	✗	✓

<sup>22</sup> More specifically, we divided the fixed annual charge by the estimated commercial tonnage disposed of in a given year. We then added this to the per-ton disposal rate.

**EXHIBIT 2.1: Estimated self-haul rates based on current planned capital investments with updated Northeast Recycling & Transfer Station (NERTS) cost estimate.**

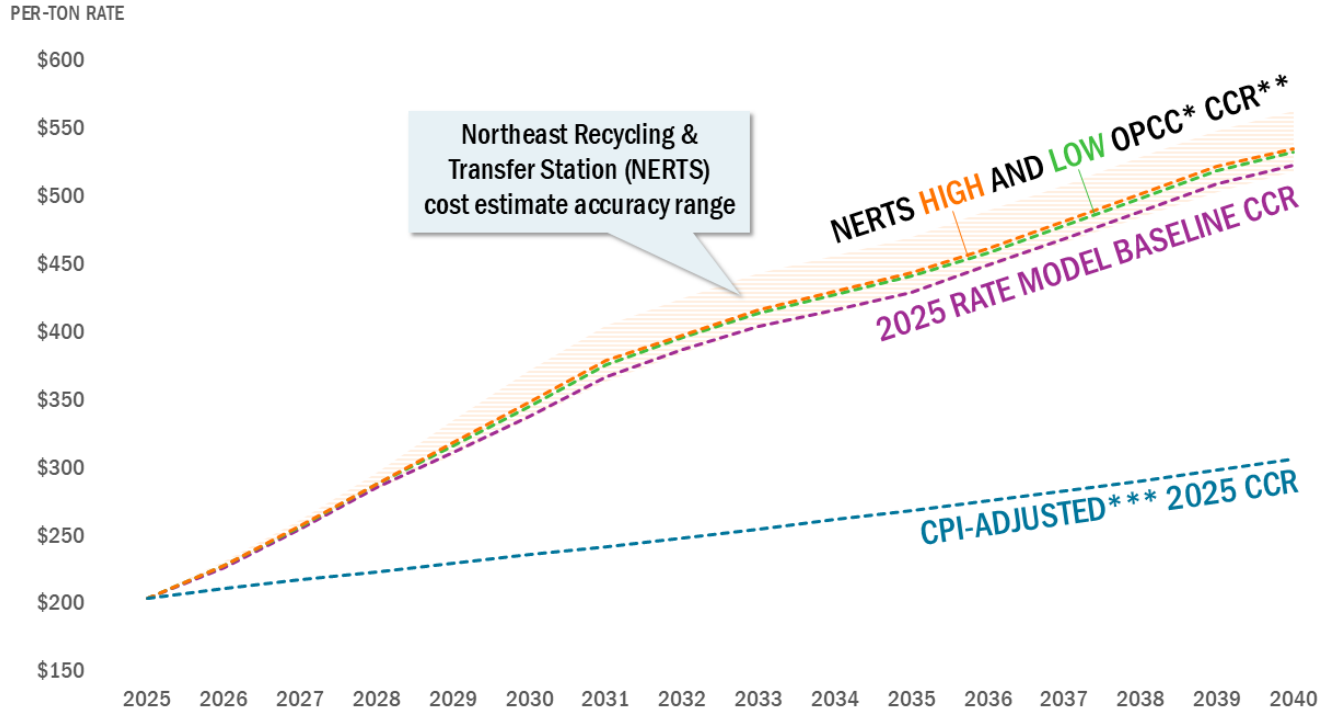


\*Opinion of probable construction cost (OPCC)

\*\*Consumer Price Index

Source: King County Auditor's Office

**EXHIBIT 2.2: Estimated composite commercial per-ton rates based upon current planned capital investments with updated Northeast Recycling & Transfer Station (NERTS) cost estimates. The composite commercial rate takes into consideration both the commercial per-ton rate and the fixed annual charge.**



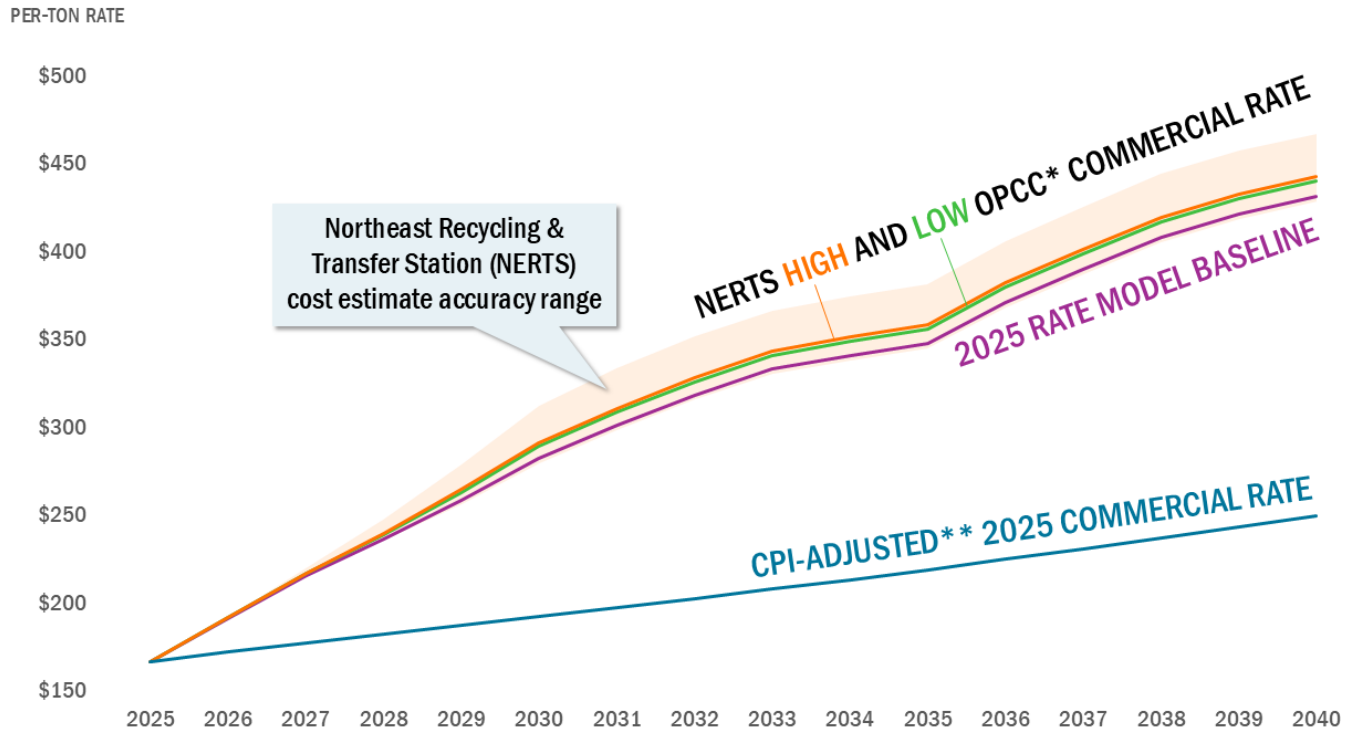
\*Opinion of probable construction cost

\*\*Composite commercial rate

\*\*\*Consumer Price Index

Source: King County Auditor's Office

**EXHIBIT 2.3: Estimated commercial per-ton rates based upon current planned capital investments with updated Northeast Recycling & Transfer Station (NERTS) cost estimates.**



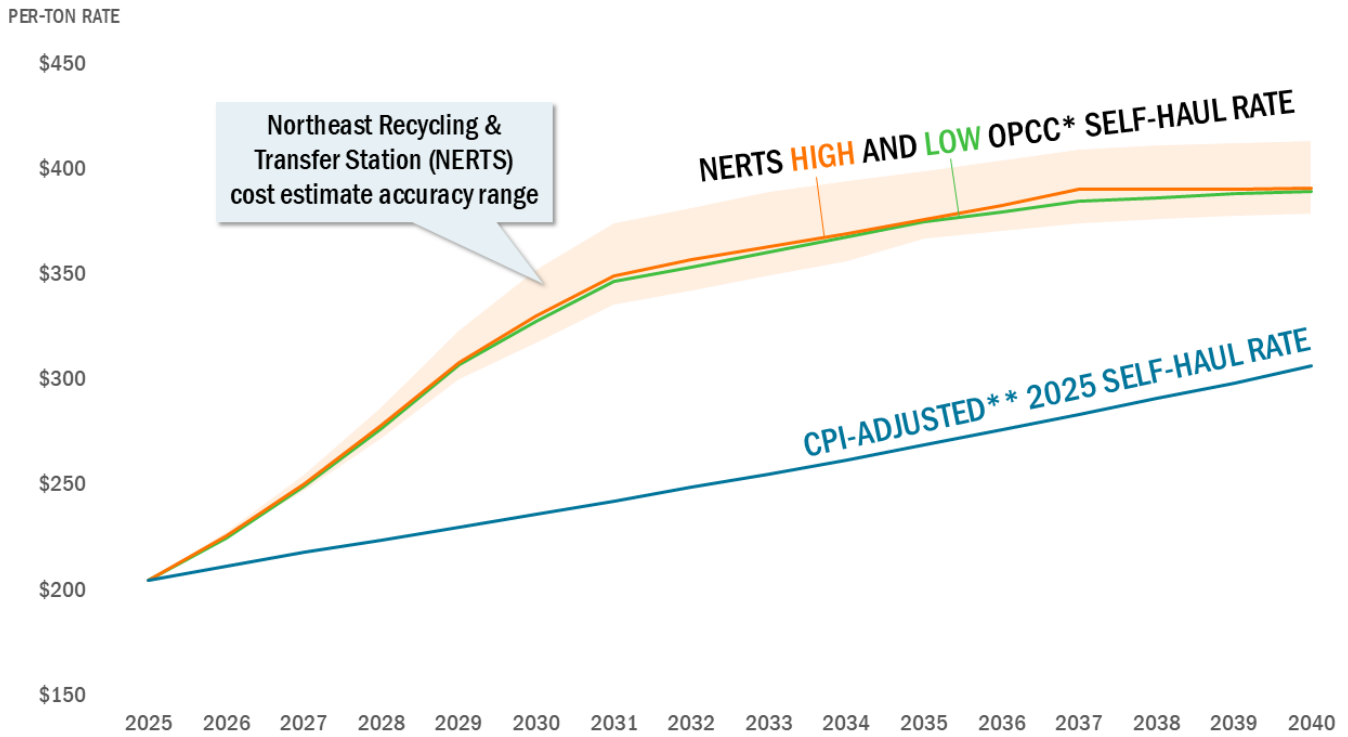
\*Opinion of probable construction cost

\*\*Consumer Price Index

Note: In addition to the commercial per-ton rate, commercial haulers are subject to a fixed annual charge; therefore, the commercial rate does not represent the full cost of disposing one ton of garbage.

Source: King County Auditor's Office

**EXHIBIT 2.4: Estimated per-ton self-haul rates, incorporating current Northeast Recycling & Transfer Station (NERTS) estimates and removing RE+ Initiative capital costs and associated tonnage impacts.**

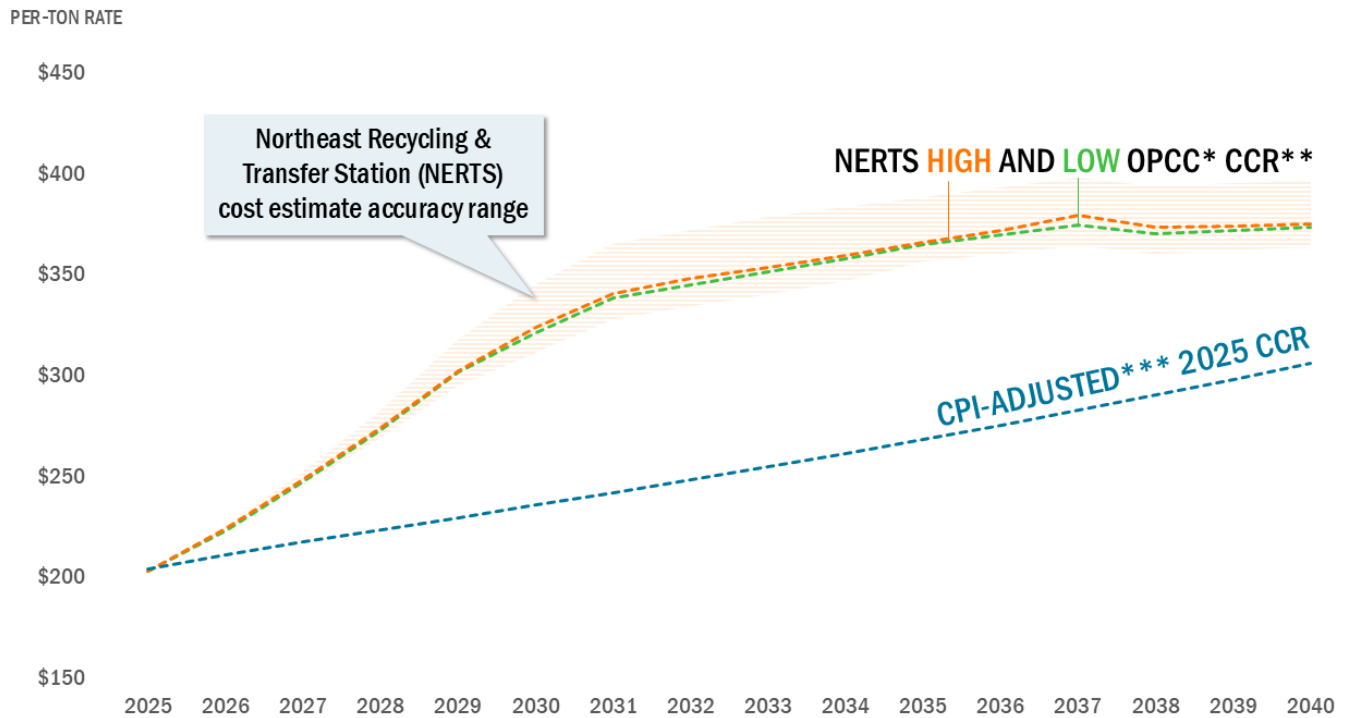


\*Opinion of probable construction cost

\*\*Consumer Price Index

Source: King County Auditor's Office

**EXHIBIT 2.5 Estimated per-ton composite commercial rate, considering most recent Northeast Recycling & Transfer Station (NERTS) estimates and removing RE+ Initiative capital costs and associated tonnage impacts.**



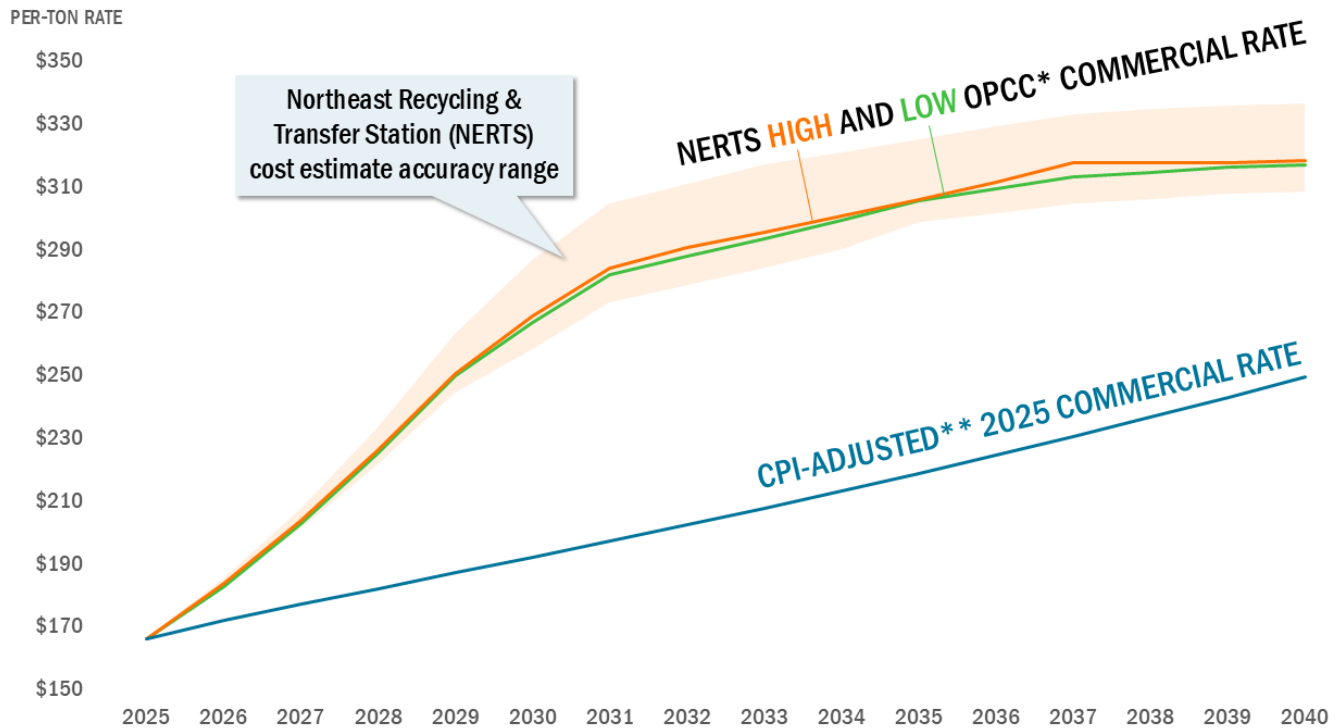
\*Opinion of probable construction cost

\*\*Composite commercial rate

\*\*\*Consumer Price Index

Source: King County Auditor's Office

**EXHIBIT 2.6: Estimated per-ton commercial rates considering most recent Northeast Recycling & Transfer Station (NERTS) estimates and removing RE+ Initiative capital costs and associated tonnage impacts.**



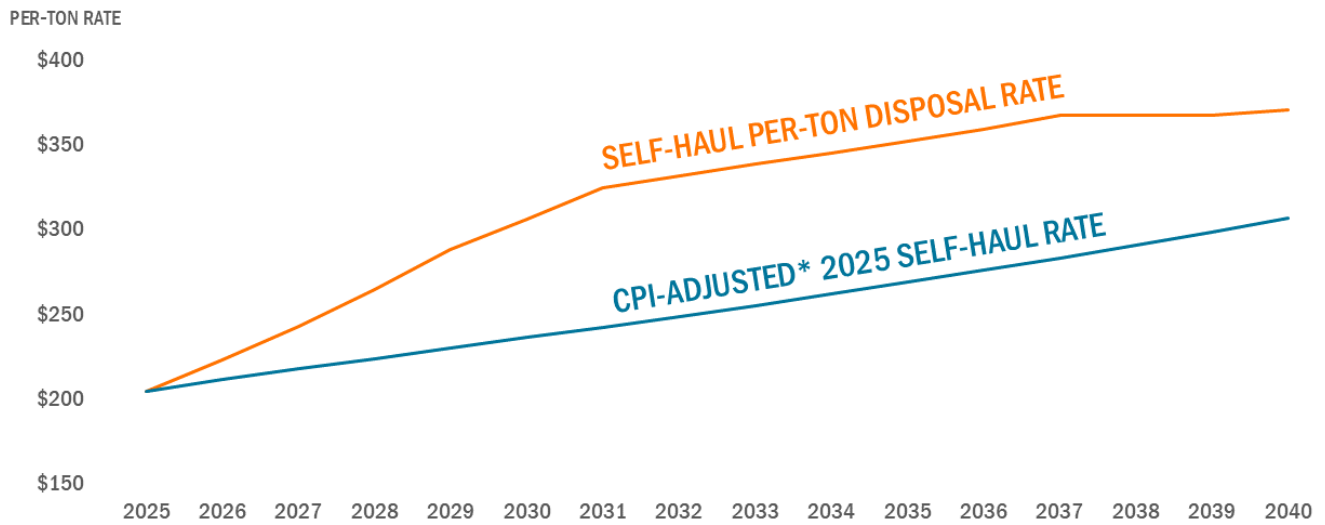
\*Opinion of probable construction cost

\*\*Consumer Price Index

Note: In addition to the commercial per-ton rate, commercial haulers are subject to a fixed annual charge; therefore, the commercial rate does not represent the full cost of disposing one ton of garbage.

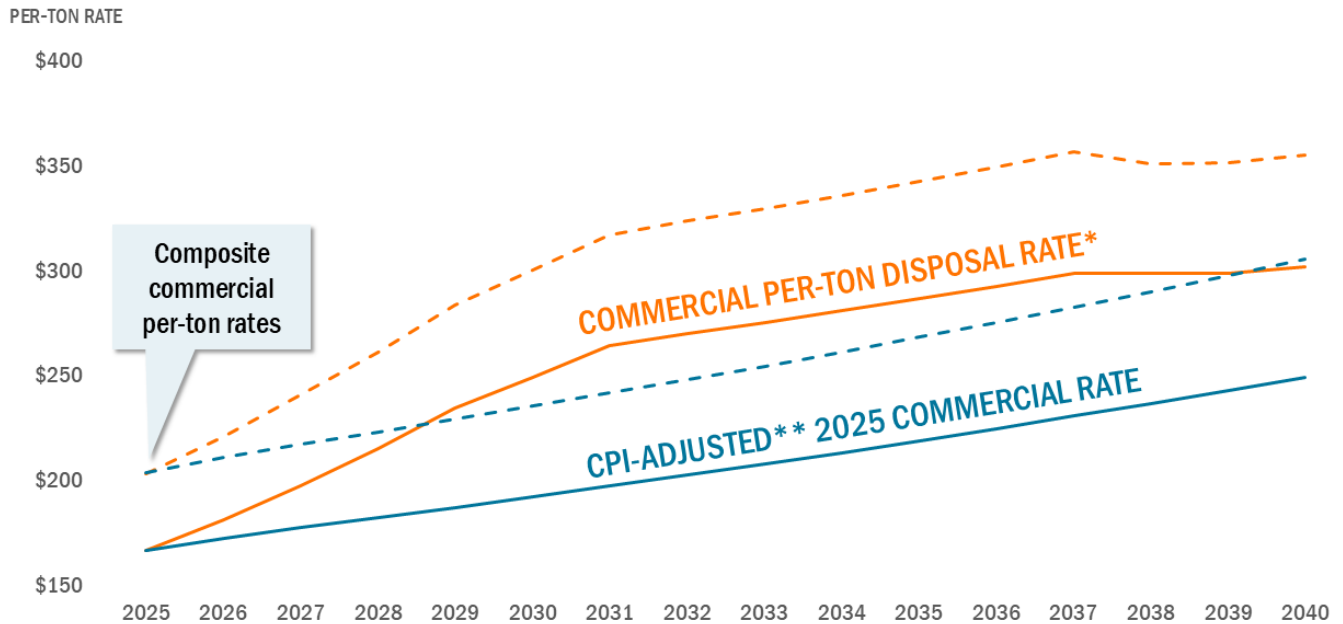
Source: King County Auditor's Office



**EXHIBIT 2.7: Estimated per-ton disposal rates for self-haul customers without Northeast Recycling & Transfer Station (NERTS) and RE+ Initiative capital costs and tonnage impacts.**

Source: King County Auditor's Office

**EXHIBIT 2.8: Estimated commercial and composite commercial per-ton disposal rates without Northeast Recycling & Transfer Station (NERTS) and RE+ Initiative capital costs and tonnage impacts.**



\*In addition to the commercial per-ton rate, commercial haulers are subject to a fixed annual charge; therefore, the commercial rate does not represent the full cost of disposing one ton of garbage.

\*\*Consumer Price Index

Source: King County Auditor's Office

## Appendix 3: Estimated Curbside Impact of Commercial Rate Increases

Exhibit 3.1 shows the estimated curbside cost impact for curbside customers based upon increases in the composite commercial rate. In addition to a per-ton tipping fee, the Solid Waste Division charges contract haulers and cities a fixed annual charge (FAC) that represents the non-disposal costs of the commercial customer classes. By combining commercial per-ton tipping fee with the FAC, we arrive at the composite commercial tipping fee, which represents the true disposal charge. In 2025, the estimated commercial composite rate is \$203.43 per ton (\$165.91 per-ton tipping fee plus \$37.52 per ton for the FAC).<sup>23</sup>

**EXHIBIT 3.1: Estimated average curbside impact for commercial customers by can size and composite commercial rate increase.**

Composite Commercial Rate Fee Increase	Estimated average curbside impact							
	20-GALLON CAN		32-GALLON CAN		64-GALLON CAN		96-GALLON CAN	
	Monthly	Yearly	Monthly	Yearly	Monthly	Yearly	Monthly	Yearly
<b>\$ 25</b>	\$0.73	\$8.75	\$1.18	\$14.12	\$2.22	\$26.66	\$3.28	\$39.39
<b>\$ 50</b>	\$1.46	\$17.51	\$2.35	\$28.25	\$4.44	\$53.32	\$6.56	\$78.78
<b>\$ 100</b>	\$2.92	\$35.01	\$4.71	\$56.50	\$8.89	\$106.63	\$13.13	\$157.56
<b>\$ 150</b>	\$4.38	\$52.52	\$7.06	\$84.75	\$13.33	\$159.95	\$19.69	\$236.34
<b>\$ 175</b>	\$5.11	\$61.27	\$8.24	\$98.87	\$15.55	\$186.60	\$22.98	\$275.73
<b>\$ 200</b>	\$5.84	\$70.03	\$9.42	\$113.00	\$17.77	\$213.26	\$26.26	\$315.12
<b>\$ 225</b>	\$6.56	\$78.78	\$10.59	\$127.12	\$19.99	\$239.92	\$29.54	\$354.51
<b>\$ 250</b>	\$7.29	\$87.53	\$11.77	\$141.25	\$22.21	\$266.58	\$32.82	\$393.90
<b>\$ 300</b>	\$8.75	\$105.04	\$14.12	\$169.50	\$26.66	\$319.89	\$39.39	\$472.68
<b>\$ 325</b>	\$9.48	\$113.79	\$15.30	\$183.62	\$28.88	\$346.55	\$42.67	\$512.07
<b>\$ 350</b>	\$10.21	\$122.55	\$16.48	\$197.75	\$31.10	\$373.21	\$45.95	\$551.46
<b>\$ 375</b>	\$10.94	\$131.30	\$17.66	\$211.87	\$33.32	\$399.87	\$49.24	\$590.85
<b>\$ 400</b>	\$11.67	\$140.05	\$18.83	\$225.99	\$35.54	\$426.53	\$52.52	\$630.24
<b>\$ 425</b>	\$12.40	\$148.81	\$20.01	\$240.12	\$37.77	\$453.18	\$55.80	\$669.63
<b>\$ 450</b>	\$13.13	\$157.56	\$21.19	\$254.24	\$39.99	\$479.84	\$59.08	\$709.02

Source: King County Auditor's Office

<sup>23</sup> We estimated the per-ton impact of the FAC by taking the 2025 FAC of \$23,337,835 and dividing it by the estimated 621,929 commercial garbage tons commercial haulers will dispose of at King County facilities in 2025.



## Appendix 4: Statement of Compliance, Scope, Objective & Methodology

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### Statement of Compliance

This letter is not an audit as defined in Generally Accepted Government Auditing Standards, but conforms to office standards for independence, objectivity, and quality. Those standards require that we obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

### Scope and Objectives

This non-audit examined the impacts of capital projects on the King County Solid Waste Division's (SWD) customer disposal rates. We included in our analysis SWD capital projects initiated or planned at the time of our review.

### Methodology

To understand SWD's current and planned capital projects and ongoing and potential regulatory requirements that affect the agency, we met with staff from SWD, the King County Wastewater Treatment Division, and the Washington State Department of Ecology, in addition to reviewing available feasibility studies and other project and program initiatives.

To estimate the rate impacts of different assumptions and capital project scenarios, we analyzed and made adjustments to SWD's 2025 rate model budget adjustment (Rate Model). Throughout our analysis, we generally followed six guidelines aimed at maintaining sufficient, but not excessive rate stabilization reserve funds, and avoiding large rate increases from one year to the next. We first adjusted SWD's Rate Model both to better reflect the current capital investment pathway and to estimate the impacts of two different capital investment scenarios. We then used these results to estimate rate paths for SWD customers, including the impact on curbside customers. Finally, we developed an estimated rate path if the existing 2025 SWD rates for commercial and self-haul customers increased only by inflation. There are several key assumptions which, when changed, can impact rate estimates. We provide a list of these assumptions, which we held constant. In addition, we provide further details about each aspect of our methodology below.

### **Key assumptions**

- The Solid Waste Interlocal Agreement (ILA) is renewed by contract cities early enough in 2027 for SWD to issue longer, 30-year debt for non-landfill development-related capital expenditures in 2027 and later.
- The baseline tonnage forecast, before RE+ Initiative (RE+) adjustments, expects tonnage to increase, on average, every year between 2025 and 2040.
- The Consumer Price Index (CPI) varies between 3.5% and 2.61%, between 2025 and 2040, with an average yearly CPI of 2.74%.
- SWD receives the per-ton tipping fee for all waste received by the planned mixed waste processing (MWP) facility.

### **Updates to SWD's 2025 Rate Model — creating a Revised Base Model**

We made a series of modifications to SWD's 2025 Rate Model to ensure full project costs are accounted for in the Rate Model before using the revised model to estimate the impacts of different assumptions and scenarios. These modifications included correcting formula errors, updating the 2024 underspend from \$384,000 to \$3.4 million, setting the fixed annual charge equal to the estimated non-disposal-related cost of service (i.e., costs for RE+, regional planning, moderate risk waste, and regional compliance) for the commercial customer class, beginning in the year 2026, and updating the accomplishment rate for capital project spending from 75% to 100%. To update the accomplishment rate to 100%, we iteratively carried forward unspent budgeted expenditure, estimated at 25% per year, from 2025 onward, adjusting by 3% for capital project inflation and applying the 75% accomplishment rate to the new total, with the full remaining unspent budgeted funds being spent in the year after current planned spending ends. We refer to the updated SWD Rate Model as the Revised Base Model below.

### **Auditor's Office guidelines for estimating rate paths**

To estimate the impact on rates going forward, we modeled how rates would change if self-hauler and commercial per-ton rates were increased by the same percentage annually. In our analysis, we set the rates for special waste, regional direct, self-haul minimum, yard waste, and Cleanup Lift discounts based upon ratios that relate them back to the self-hauler per-ton cost. We kept appliance and mattress fees static, since they represent only a small portion of annual revenue and because SWD has not regularly increased these fees.

We increased the rates in intervals of 0.25%, while meeting the following six objectives:

- (1) Maintain a positive rate stabilization reserve balance at the beginning of each year
- (2) Maintain a rate stabilization reserve balance of at least \$1 million at the end of each year.

- (3) Avoid large rate stabilization reserve balances, unless holding those balances higher is needed to create a smoother rate path due to large year-to-year increases in revenue requirement.
- (4) Avoid large year-to-year increases in the percentage a rate increased.
- (5) Enter year 2040, with a small rate stabilization reserve.
- (6) End year 2040, with a rate stabilization reserve balance between \$1 and \$2 million so that, in general, the rate revenue received in 2040 is about equal to the rate revenue required in 2040.

### Adjustments to capital project costs and timing

To model the rate impacts of different capital project investment scenarios, we made additional adjustments to the Revised Base Model.

To estimate rates that reflect the ***most recent construction cost estimates for the Northeast Recycling & Transfer Station (NERTS)***, we updated the Revised Base Model with the opinion of probable construction cost (OPCC) for alternative 1B: Houghton; alternative 2: Woodinville; and the associated accuracy bands.

To estimate rates that reflect the ***most recent construction cost estimates for NERTS and not pursuing RE+ capital projects***, we updated the Revised Base Model with the OPCC for alternative 1B, Houghton; and alternative 2, Woodinville; the associated accuracy bands; removed tonnage impacts from RE+, starting in 2025; and removed post-2025 expected capital costs for MWP, co-digestion, and Vashon Island organics processing facilities projects. We adjusted debt rates and debt duration based on a new landfill estimated closure date of 2037, and we increased the rate of landfill reserve fund transfers so that the needed post-closure maintenance balance was achieved by 2037. In addition, beginning in 2037, we increased the revenue requirement to include the estimated cost of waste export for tonnage that can no longer be received from the landfill. And beginning in 2032, capital improvement project (CIP) transfers were modified to reflect the lack of capital projects in future years. The only remaining programmed capital project, closure of Area 9, is expected to be funded through landfill reserve fund transfers.

To estimate rates under a scenario in which King County ***does not build NERTS and does not pursue RE+ capital projects***, we updated the Revised Base Model to remove post-2025 capital costs, \$30 million in NERTS project costs for 2025, tonnage impacts from RE+, starting in 2025, and post-2025 expected capital project costs for MWP, co-digestion, and Vashon Island organics processing facilities projects. Debt rates and debt duration were adjusted based on a new landfill estimated closure date of 2037. We increased the rate of landfill reserve fund transfers so that the needed post-closure maintenance balance was achieved by 2037. In addition, beginning in 2037, we increased the revenue requirement to include the estimated cost of waste export for tonnage that can no longer be received from the landfill, and, beginning in 2032, we modified CIP transfers to reflect the lack of capital projects in future years. The

only remaining programmed capital project, closure of Area 9, is expected to be funded through landfill reserve fund transfers.

### **Calculating inflation-adjusted 2025 rates for future years**

To calculate the per-ton self-haul, commercial, and commercial composite rates in future years, if the 2025 per-ton rate was adjusted only by inflation, we used the existing CPI forecasts within the SWD Rate Model.

### **Estimating curbside customer bill impacts related to disposal charges**

To estimate the existing proportion of curbside customer bills related to disposal charges and impacts on curbside customers from rate increases, we used data presented by SWD at the May 2024 Municipal Solid Waste Advisory Committee meeting. This data relates the proposed 2025 per-ton increase of \$15.08 to estimated increases for curbside customers, based on can size.



**NON-  
AUDIT**

This report is not an audit as defined in Generally Accepted Government Auditing Standards, but conforms to similar requirements for independence, objectivity, and quality.