

Solid Waste Line of Business

Presentation to the Customer Review Panel

October 12, 2016



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. Service Targets

4. Customer Engagement

The Big Picture:

Overview Statistics for Size, Employees, Regulators

Size

- | | |
|-------------------|--|
| Service Territory | <ul style="list-style-type: none">▪ City of Seattle |
| Infrastructure | <ul style="list-style-type: none">▪ 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 contracted landfill in Oregon▪ Organics hauled to regional contracted composting facilities▪ Recycling processed at local contracted recovery facility |

Employees

- | | |
|--------------------|-----------------------------------|
| # Employees (2016) | 202 |
| # Unions | 14 (excludes Local 79 Machinists) |

Regulators

- WA State Dpt. Of Ecology
- Oregon State Dept. of Environmental Quality
- Public Health of Seattle-King County

The Big Picture:

Overview Statistics for Rates and Bills

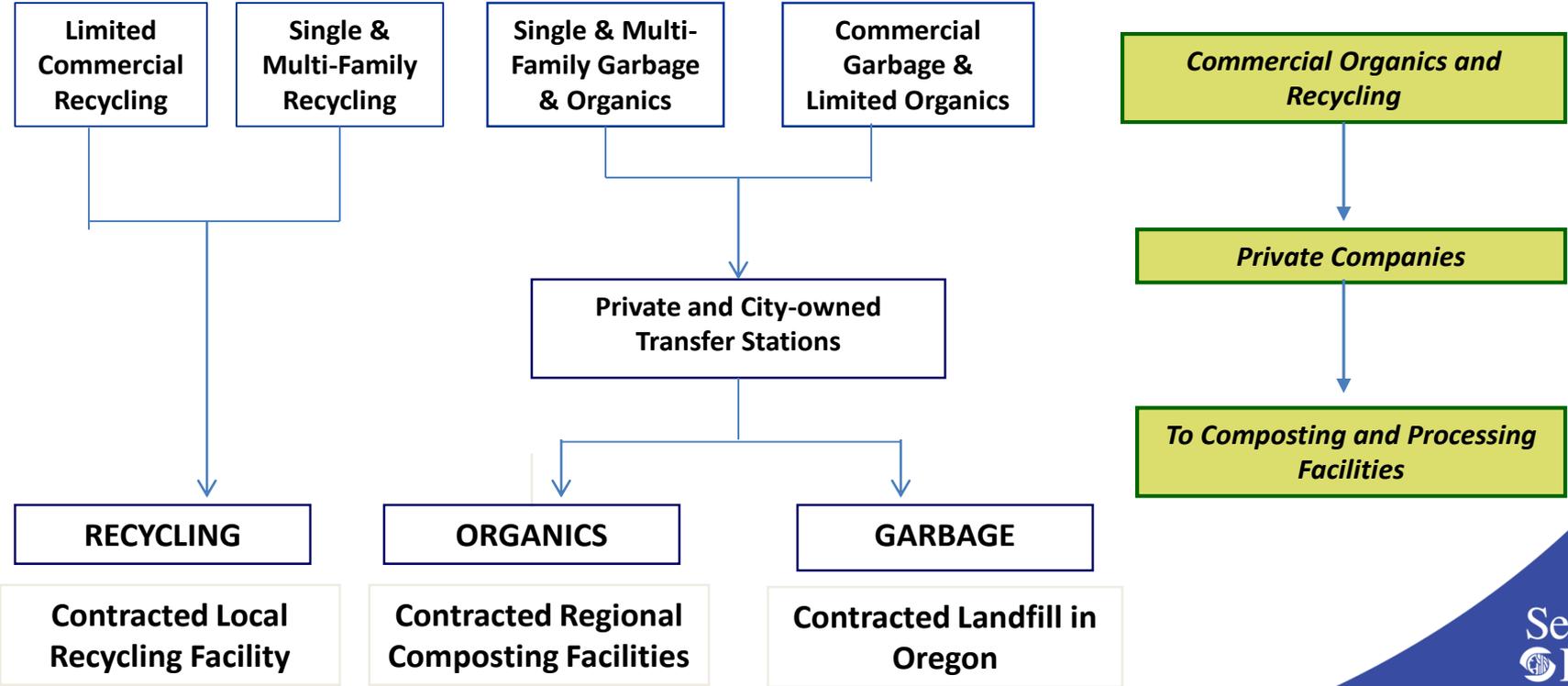
Rates and Bills

Length of Current Rate Path	3 years; 2017-2019
Billing Mechanism	Combined Utility Bill for residents
2015 Rate Revenue	\$177.2M
Number of Customer Accounts	<ul style="list-style-type: none">▪ 164,713 residential can accounts▪ 5,231 residential dumpster accounts▪ 8,145 commercial accounts
Rate Methodology	<ul style="list-style-type: none">▪ Collection bills based on container size and type▪ Transfer station rates based on weight
Customer Classes	Three customer classes: residential, commercial, transfer station

Solid Waste Goals

- Provide reliable and effective services for garbage, recycling, composting, construction debris and moderate risk wastes.
- Manage our facilities and closed landfills in a safe and responsible manner.
- Prevent waste through on-site organics, responsible consumption, reuse and sharing of products, elimination of toxicity, and product stewardship.
- Recycle 70% of municipal solid waste by 2022 and 70% of construction waste by 2020.
- Keep Seattle's neighborhoods clean and safe through litter, graffiti and clear alley programs.
- Respond promptly to customer issues.
- Strive for service equity and engage our customers with effective outreach and quality educational materials.

The Big Picture: Solid Waste Process Overall



The Big Picture: Solid Waste Collection Process



Two private companies: Waste Management and Recology provide service by geographic area

- Weekly residential garbage and organics collection with all food scraps accepted
- Every other week comingled residential recycling
- Frequent garbage, recycle and organics service for commercial, multifamily and mixed use
- Clear Alley and frequent prepaid bag pickup in downtown and other targeted areas (no dumpsters)

The Big Picture: City Transfer Stations



South Transfer Station
South Park
Opened in 2014



North Transfer Station
Wallingford
Opening November 2016

Upgraded and modernized transfer stations will help us reduce solid waste and more effectively recycle

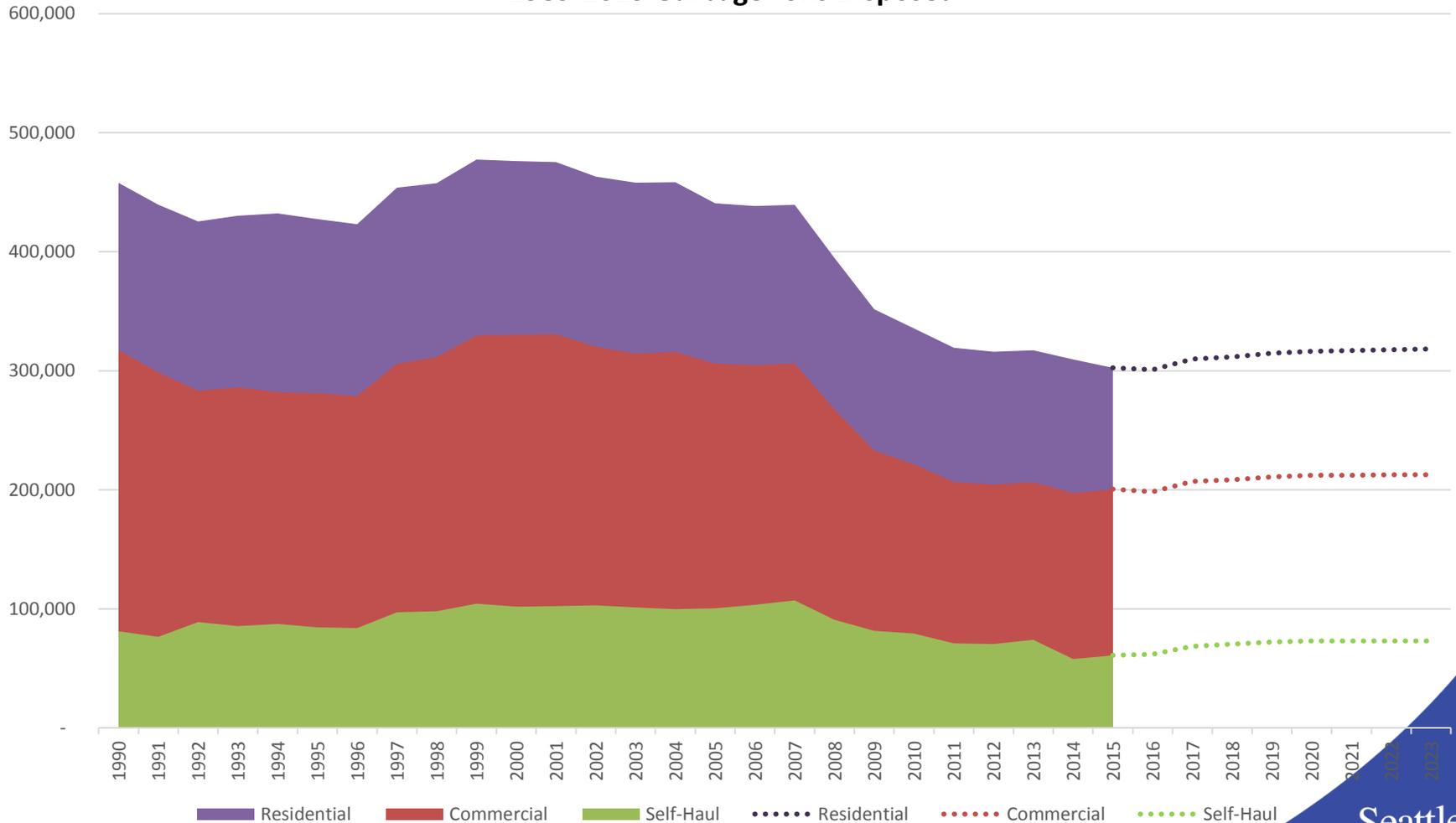
The Big Picture: Solid Waste Disposal Process



All non-recycled waste is delivered to the rail yard in Seattle for long-haul by rail to landfill in Arlington, Oregon owned by Waste Management.

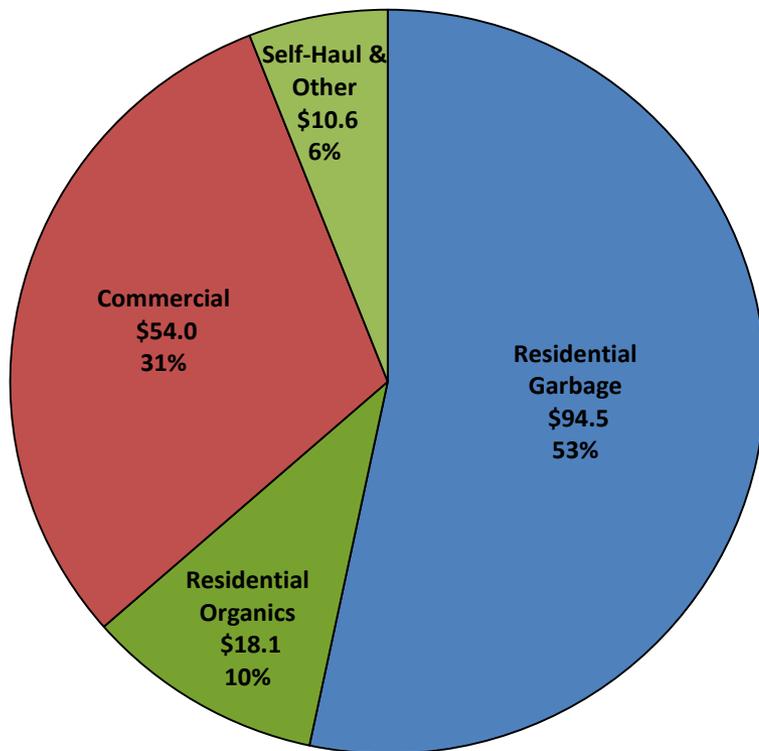
The Big Picture: Garbage Tons Disposed

1989-2023 Garbage Tons Disposed

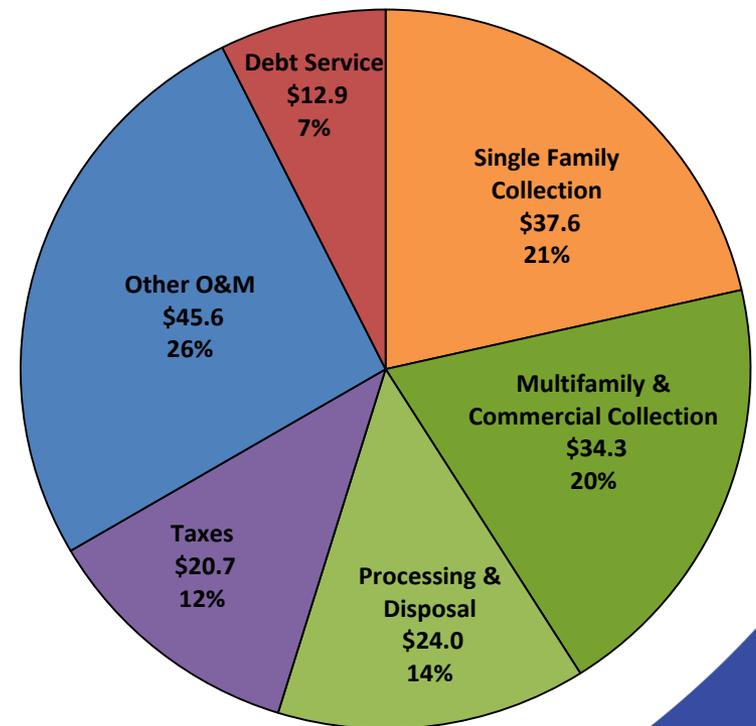


Sources and Uses of Solid Waste Funds

Solid Waste Fund Revenues and Expenses (2015, \$ in millions)

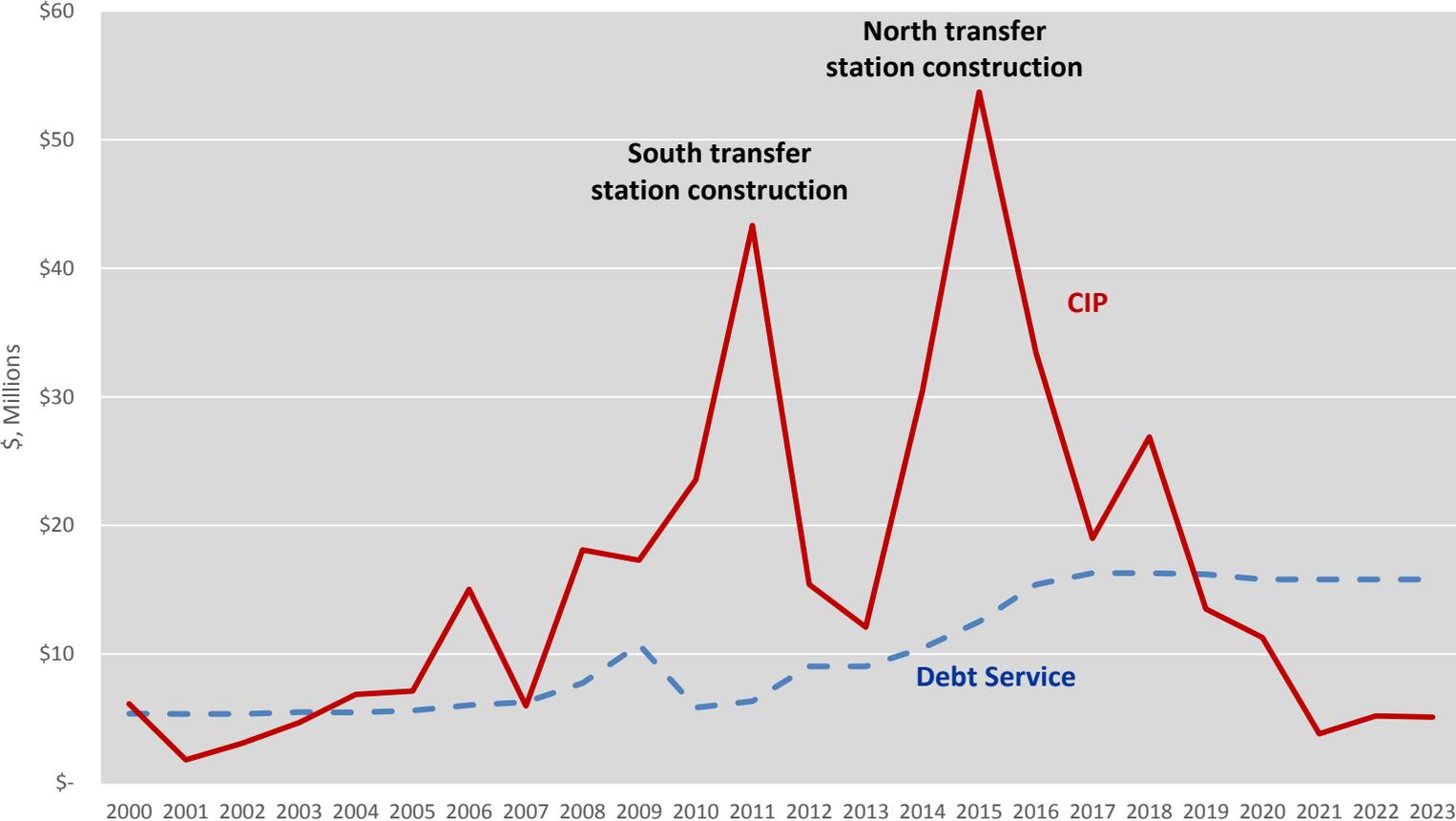


Revenue



Expenses

Where We Are in Our Capital Investment Cycle



Service Targets: 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 70% by 2022
- Provide odor and rodent control at the Recycling and Disposal Stations by cleaning out garbage at day's end at least 95% of the time

Service Targets: 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
 - 90% of illegal dumping cleaned up in 10 days.
 - No more than 8% of survey respondents rate litter as a major problem
 - No more than 6% of survey respondents rate graffiti as a major problem

Are We Meeting Our Service Targets?

Performing Well in Most Areas

- Met all targets for missed pickups & missed pickup collection
- Met container delivery target
- On target to meet 2022 recycling goal of 70%
- Met odor & rodent control target
- Met graffiti and illegal dumping clean-up target

Area for Improvement

- In the 2015 Residential Survey, we did not meet customer satisfaction targets for clean cities services including litter and graffiti

Customer Engagement

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

Residential:

- Recycling, composting, grass cycling, green garden programs, pesticide reduction, food and packaging composting, waste reduction at source, hard-to-manage recyclables, engagement of underserved communities

City government:

- Composting food & yard waste and recycling services

Commercial:

- Business recycling and composting
- Restaurant composting and food packaging
- Developers/contractors salvaging and recycling C & D materials

New Challenges

- Significant residential and commercial growth; with many new multi family and mixed use buildings to effectively serve, and new residents to reach with programs.
- Changes in consumer packaging and products to manage and some shifts to less recyclable or compostable or identifiable packaging.
- New regulatory requirements for private composting facilities.
- Rise in homeless populations in the city and new potential waste and debris service needs.
- We continue to haul organics we did not anticipate due to the Organics Contract.