



King County

Metropolitan King County Council
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MEMORANDUM

DATE: September 7, 2011

TO: Metropolitan King County Councilmembers

FROM: Cheryle A. Broom, County Auditor ^{CAB}

SUBJECT: Performance Audit of Solid Waste Transfer Station Capital Projects

Attached for your review is the Performance Audit of Solid Waste Transfer Station Capital Projects. Our objectives fell into two primary areas. First, we evaluated the adequacy of the Solid Waste Division's (SWD) rate model and sub-models, and the relationship of the rate proposal to the development of a sustainable financial plan. Second, we evaluated the cost effectiveness of the Bow Lake, Factoria, northeast King County, and south King County transfer station projects.

We concluded that, on the whole, the SWD's financial plan is comprehensive, sound, and based on reasonable financial assumptions. Where we identified opportunities to improve the plan, SWD has taken or has begun to take appropriate actions. In addition, this report notes options for cost savings and revenue enhancement.

We also determined that the transfer system plan was developed through an iterative and collaborative process; regional decisions on service levels and similar decisions made through that planning process have, in some cases, increased costs. These decisions contributed to King County's transfer stations having higher capital costs per ton, in general, than those of other jurisdictions we surveyed.

We make four recommendations in this report. The most important of these is that SWD should update transfer system and individual facility plans as they have indicated their intention to do. During this process, SWD should provide county policy-makers and regional partners systematic analysis of the incremental cost impacts of the number and capacities of the transfer stations, the functionalities of the stations, and an assessment of which project financing and delivery method is most likely to result in lower capital costs.

We make three other recommendations related to using appropriate economic assumptions, life-cycle cost analysis, and long-term investment strategies. By implementing these recommendations, SWD could capture increased revenues, decrease costs, and ensure that the transfer system reflects current needs and priorities.

The County Executive has concurred with all audit recommendations. See Appendix 1 of the report for the complete text of the Executive Response.

CB:KW:lo