



**TO:** Elizabeth A. Pauli, City Manager  
**FROM:** Gary Kato, Division Manager, Environmental Services Department  
Michael P. Slevin III, P.E., Director, Environmental Services Department  
**COPY:** City Council and City Clerk  
**SUBJECT:** Resolution - Amend and Extend Pierce County Recycling, Composting and Disposal, LLC (dba LRI) Landfill Disposal Contract  
August 22, 2017  
**DATE:** July 27, 2017

*MSC*

**SUMMARY:**

A resolution amending and extending a contract with Pierce County Recycling, Composting and Disposal, LLC (dba LRI), in the amount of approximately \$75,723,228, budgeted from the ES Solid Waste Fund 4200, for disposal of solid wastes collected by the Solid Waste Management Division for a ten year period - February 2020 through February 2030.

**STRATEGIC POLICY PRIORITY:**

- Strengthen and support a safe city with healthy residents.
- Assure outstanding stewardship of the natural and built environment.
- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

Disposal services for solid wastes are required to maintain the public health of City of Tacoma residents, and this contract allows for the safe and efficient disposal of solid wastes. This option has the lowest environmental impact related to the transportation of solid wastes to a disposal site when compared to the available rail alternatives. The terms and provisions of this contract are favorable and will allow Environmental Services to efficiently continue collection and disposal of solid wastes within current cost projections of the six-year rate plan

**BACKGROUND:**

In 2000 the City of Tacoma entered into the current agreement with Land Recovery, Inc. (LRI), which was subsequently bought by Waste Connections, Inc. This current agreement will expire in February of 2020. The current agreement allows for negotiated extensions for up to ten additional years. Because of the length of time it takes to procure landfill disposal capacity, it is necessary to secure disposal capacity well before disposal contracts expire.

The current contract was approved by the City Council on February 1, 2000. On May 24, 2017, staff from Environmental Services briefed the Infrastructure, Planning and Sustainability Committee on the upcoming amendment to the LRI contract.

Pricing will remain set under the current contract rates until 2020. Since the inception of this current contract in 2000, the rates for landfill disposal used a sliding scale for disposal fees. There are five different tiers of rates depending on how much waste is disposed in one year's time. The rates decreased for every 40,000 tons of wastes delivered to the site. As Tacoma disposes of more wastes in a year, the average price per ton decreased. This provides an incentive to dispose of more wastes. Starting in 2020, a new single base rate of \$39.00 per ton will be implemented. Having a set per ton rate will not penalize Tacoma for waste reduction and diversion efforts.



The amended contract also contains provisions for using solid floor trailers and a landfill tipper to reduce hauling costs and fuel used to transport the wastes to the landfill. The solid floor trailers would be leased by Tacoma and owned by LRI. Solid floor trailers are much lighter than the walking floor trailers Environmental Services currently uses, and allows for hauling of over 20 percent more material per load. There are specific additional rates for leasing of the trailers, maintenance of the trailers, and use of a truck tipper at the landfill facility. The use of the leased trailers and tippers are listed as options in the amended contract.

Solid wastes are collected by City collection vehicles and also brought to the Recovery and Transfer Center by customers. As the City of Tacoma no longer operates a landfill disposal facility, those services must be contracted to a third party. This amended contract will secure the necessary disposal services for ten years. Using a locally based facility keeps the revenues within the County and also allows for more control over the transportation process.

**ISSUE:**

Environmental Services currently uses the LRI Landfill in South Pierce County, which is owned by Pierce County Recycling, Composting and Disposal, LLC, dba LRI, for disposal of solid wastes collected by the Solid Waste Management Division. The City of Tacoma does not own or operate a landfill disposal facility and despite increased recycling and diversion, landfill disposal of solid wastes is still required.

**ALTERNATIVES:**

Not securing long term disposal services is not an alternative. Disposal services for solid wastes are required to maintain the public health of City of Tacoma residents. The LRI Landfill is the only landfill disposal site within driving distance that the City of Tacoma may use for municipal solid wastes. Other disposal services would require switching to a rail based transportation system. A rail based system is a significant change to the system currently used by Solid Waste Management. This requires different containers and a much higher potential for interruptions in disposal operations due to problems with rail service and the distance to the disposal facilities. A rail based transportation system is subject to delays based on rail service interruptions, weather related issues at the disposal sites and lack of empty containers. There is also a significant risk that overall costs would increase with a rail system, and there are increased carbon emissions associated with the much longer transportation distance.

**RECOMMENDATION:**

The recommendation is to approve this resolution amending and extending a contract with Pierce County Recycling, Composting and Disposal, LLC (dba LRI), in the amount of approximately \$75,723,228, budgeted from the ES Solid Waste Fund 4200, for disposal of solid wastes collected by the Solid Waste Management Division for a ten year period - February 2020 through February 2030.



**FISCAL IMPACT:**

The new base rate will begin in February of 2020. The total amount of expenditures during the ten year extension starting in 2020 will be dependent upon the tons of disposed solid waste. The estimates below are based on an average of 180,000 tons disposed per year.

**EXPENDITURES:**

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
ES Solid Waste Fund 4200	515010	5330100	\$75,723,228
<b>TOTAL</b>			<b>\$75,723,228</b>

\* General Fund: Include Department

**REVENUES:**

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
ES Solid Waste Fund 4200	512000	Various	\$75,723,228
<b>TOTAL</b>			<b>\$75,723,228</b>

**FISCAL IMPACT TO CURRENT BIENNIAL BUDGET:** There is no impact to the current budget. The new base rates will begin in February of 2020.

**ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED?** Yes, disposal expenditures are reflected in the current budget and also in the Environmental Services Rate Model used to project Solid Waste rates in the future.