



Req. #7801

RESOLUTION NO. 34662

1 WHEREAS, since 1989, the City has contracted with Land Recovery,
2 Inc. ("LRI") to provide for the long-haul transport services and the disposal of
3 its municipal solid waste ("MSW"), and

4 WHEREAS, on September 16, 1997, in Substitute Resolution
5 No. 33826, as modified by Resolution No. 34463 on July 27, 1999, the City
6 Council authorized the execution of an amendment to the Agreement with LRI
7 for transportation and disposal of MSW and directed City staff to competitively
8 bid for the transportation and disposal of all waste not processed by the City or
9 disposed of in any future Pierce County landfill, and
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11 WHEREAS in Ordinance No. 26337 passed on December 8, 1998, the
12 City Council declared an emergency to exist when Tacoma Power discontinued
13 operations at Steam Plant No. 2, leaving the Solid Waste Utility ("SWU") with
14 an immediate need to increase the amount of MSW to be transferred by
15 long-haul with LRI, and
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17 WHEREAS, at the time the City Council gave this direction, there was
18 no operating landfill in Pierce County other than the City landfill, and
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20 WHEREAS, since that time, LRI has obtained all required permits and
21 constructed and begun operations of its new 304th Street landfill under the
22 regulatory authority of the Pierce County Health Department, and
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24 WHEREAS, with the opening of this new landfill, the City can transport
25 its waste by City vehicles directly to the site without the need for extensive
26 facilities and equipment for rail haul of waste to distant landfills, and

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WHEREAS the only other regional landfills available to the City for disposal of its MSW are more than one hundred miles away and would require long-haul transport services by rail, and

WHEREAS the current contract with LRI has expired, and

WHEREAS the City has adopted a Solid Waste Management Plan which includes recycling and waste to energy as essential components, and

WHEREAS capital improvements to the Power Plant and Resources Recovery Facilities will be completed in 2001 to accommodate these programs, and

WHEREAS, to further implement the City's Solid Waste Management Plan, the City Council has authorized a 20-year management agreement for operation of the City waste to energy facilities, and

WHEREAS operation of these components of the City's Solid Waste Management Plan will significantly reduce the future volume of solid waste requiring contract disposal, and

WHEREAS operations of these programs will create short-term fluctuations in disposal volumes for routine maintenance and emergencies, and

WHEREAS municipal disposal contracts typically must be indexed to volume, and

WHEREAS the longer the term and the greater the volume of waste disposed, the lower the unit prices that can be obtained in the market, and

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WHEREAS the negotiated terms of the disposal contract will give the City the flexibility to manufacture as much refuse-derived fuel ("RDF") as possible for waste to energy, increase recycling, and look to other lower-cost options for the City to process its own waste in the future, in furtherance of the City's Solid Waste Management Plan, and

WHEREAS a local facility can more readily provide the flexibility necessary for the variable amount of waste to be delivered without the need to maintain the additional facilities and equipment that would be necessary to rail haul waste in the event of short-term needs for greater capacity, and

WHEREAS first-class cities are not required to call for bids in connection with solid waste disposal contracts, and

WHEREAS neither the City Charter nor the Tacoma Municipal Code require a call for bids on the subject agreement for solid waste disposal, and

WHEREAS it is in the best interest of the citizens of Tacoma and the public health to execute an agreement with LRI to assure that the citizens have an available, cost-effective, and safe disposal site for their solid waste; Now, Therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA:

That the proper officers of the City are hereby authorized to execute an agreement with Land Recovery, Inc., in the amount of \$3,500,000, for the

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purposes hereinabove enumerated, which document shall be substantially in the form of the proposed agreement on file in the office of the City Clerk.

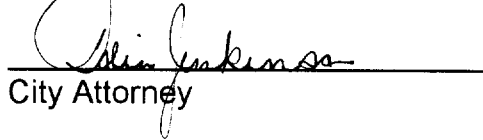
Adopted FEB 1 2000


Mayor

Doris Sorum

Attest: City Clerk (*acting*)

Approved as to form and legality:


City Attorney

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REQUEST FOR ORDINANCE OR RESOLUTION

CITY CLERK USE

Request #:	7801
Ordinance #:	
Resolution #:	34662

1. DATE: January 3, 2000

2. REQUESTING DEPARTMENT/DIVISION Public Works/Solid Waste Utility	3. CONTACT PERSON: Karen J. Larkin, P.E., Asst. P.W. Director/Utility Services	PHONE 591-5525
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4. PREPARATION OF A RESOLUTION IS REQUESTED FOR THE CITY COUNCIL MEETING OF TUESDAY, FEBRUARY 1, 2000.

5. SUMMARY TITLE/RECOMMENDATION:

Authorize agreement with Land Recovery, Inc. (LRI) for hauling and disposal of a portion of the City's solid waste at LRI's 304th Street Landfill. Further, authorize payments under terms of this agreement for 2000 in the amount of \$3.5 million.

6. BACKGROUND INFORMATION/GENERAL DISCUSSION:

Since 1989 the City has contracted with LRI for the disposal of its solid waste. The current contract has expired. The City Council, per Resolution #33826, as modified by Resolution #34463, directed staff to competitively bid for disposal services for all waste not processed by Tacoma or disposed of in Pierce County. At the time the Council gave this direction there was no operating landfill in Pierce County other than Tacoma's. Subsequently, LRI has obtained all required permits, constructed and begun operations of its new Landfill. The only other regional landfills available are more than 100 miles away and require transportation services in addition to contract disposal. All of Tacoma's waste can be disposed of within Pierce County and there's no need to bid for transportation services. The City is not required to bid for solid waste disposal contracts.

This contract provides for a 20-year term. The price for disposal is indexed to volume. The longer the term and the greater the volume of waste disposed the lower the unit prices that can be obtained in the market. This is typical for municipal waste disposal contracts. This negotiated contract gives Tacoma total flexibility to manufacture as much Refuse Derived Fuel (RDF) as possible, increase recycling and look to other lower cost options to process its own waste in the future. LRI has been a good partner in the management of Tacoma's waste. Their local presence allows flexibility in the amount of waste delivered when Tacoma's facilities are unable to accept waste.

Tacoma reserved capacity in the LRI 304th Street landfill through the establishment of a trust fund in 1989. Upon execution of this agreement the proceeds of this trust fund in the amount of \$938,381.07 will be disbursed to LRI.

The City currently disposes of solid waste that is not recycled or composted through a combination of the production of RDF that is utilized at Steam Plant No. 2, for conversion into electricity, and landfilling. A small percentage of waste is disposed of in Tacoma's landfill. In 1999 the City contract landfilled approximately 136,200 tons of waste. It is anticipated that in 2000 contract landfilling volumes will remain the same or increase slightly while improvements to the Power Plant and to Resource Recovery Facility are completed to accommodate increased RDF production and usage in 2001. In 2001 the SWU anticipates increasing the production of RDF and reducing contract landfilling to approximately 50,000 tons/year. Based on disposal of 140,000 tons in 2000 the new unit price would be \$23.50/ton compared to the current price of \$36.34/ton an estimated savings of \$1,797,600.00 in this year.

7. FINANCIAL IMPACT: The new rate will result in approximately \$1.8 million savings this year. These reduced disposal costs will offset unanticipated increases in the cost of operation of Steam Plant No. 2 during this budget cycle.

8. LIST ALL MATERIAL AVAILABLE AS BACKUP INFORMATION FOR THE REQUEST AND INDICATE WHERE FILED:

Source Documents/Backup Material

- Existing Agreement – Resolution No. 32719
- Amended Agreement – Resolution No. 33826
- Resolution 33826
- Resolution 34463
- Draft Agreement

Location of Document

- City Clerk's Office
- City Clerk's Office
- City Clerk's Office
- City Clerk's Office
- City Clerk's Office

2000 JAN 24 PM 1:26
 RECEIVED
 CITY CLERK'S OFFICE

9. FUNDING SOURCE:

Fund# & Name: 4200 SWU Operating State \$ City \$3,500,000 Other \$ Total Amount \$3,500,000

If an expenditure, is it budgeted? Yes No Where? Org # 5141 Acct # 34270-CND-AB6216

10. ATTORNEY CONTACT: Leah Whitman – 591-5888

 11. William L. Pugh, Public Works Director	Approved as to Availability of Funds Peter C. Luttropp, Finance Director	 Nancy Foster City Manager Approval
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34662

Resolution No. _____

Adopted: **FEB 1 2000**

Maker of Motion: Crowley

Seconded: McGavick

Roll Call Vote:

MEMBERS	AYES	NAYS	ABSTAIN	ABSENT
Mr. Crowley	✓			
Mr. De Forrest		✓		
Mr. Evans	✓			
Mr. Kirby	✓			
Dr. McGavick	✓			
Mr. Miller	✓			
Ms. Moss	✓			
Mr. Phelps	✓			
Mayor Ebersole	✓			

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Mr. Evans				
Mr. Kirby				
Dr. McGavick				
Mr. Miller				
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Mayor Ebersole				