



TO: Elizabeth Pauli, City Manager
FROM: Geoffrey M. Smyth, P.E., Interim Director, Environmental Services Department
COPY: Government Performance & Finance Committee
PRESENTER: Lewis Griffith, P.E., Solid Waste Management Division Manager
John Henderson, Solid Waste Management Business Services Analyst
SUBJECT: Amendments to Tacoma Municipal Code, Section 12.09.070 – Special Permits
DATE: November 5, 2024

PRESENTATION TYPE:

[Request for Ordinance](#)

SUMMARY:

Solid Waste Management Division (SWM) is proposing amendments to Tacoma Municipal Code (TMC) Section 12.09.070 – Special permits. These amendments will 1) allow SWM to conduct audits and inspections to enforce this section, 2) clarify reporting requirements for permit holders, 3) define a permittee’s Recycling Rate to be utilized by City of Tacoma’s Finance Tax & License Division (T&L) to approve recycling tax deductions under TMC 6A.50, 4) allow Alternative Daily Cover (ADC) to be reported as 100% recycling on annual recycling reports submitted through the year 2028, 5) establish a \$150 permit reporting fee, and 6) restructure the code for clarity. These changes will allow SWM to collect and verify quality data for the purpose of tracking waste diversion in the City, as well as provide accurate data to T&L to verify recycling tax deductions.

BACKGROUND:

TMC 12.09.070 - Special permits allows private solid waste collection businesses to operate in the City of Tacoma as exceptions to SWM’s solid waste franchise agreement. Special permits are issued under specific circumstances, such as when a private business provides waste collection services not provided by SWM. Additionally, recycling haulers and/or processors may be issued permits, which increases competition in the recycling market and encourages waste diversion from our regional landfill. Currently, permits issued for general recycling require the permit holder to submit an annual report demonstrating that they have recycled above a certain percentage threshold of total material handled.

SWM and T&L have identified an opportunity to further incentivize recycling through a recycling tax deduction for solid waste collection businesses. To approve these deductions, SWM will certify each permittee’s Recycling Rate based on data submitted in an annual recycling report. The Recycling Rate will qualify the permittee for a proportional tax deduction based on the tiered recycling tax deductions proposed for TMC 6A.50.

ISSUES:

Annual Recycling Report

Currently, TMC 12.09.070 only requires a recycling report for recyclers who manage 90% or greater (as a percentage of total material handled) recyclable materials. These reports validate recycling special permits by verifying that the permittee does not haul or process solid waste otherwise managed exclusively by SWM. However, the current reporting requirement does not explicitly require enough information to calculate a Recycling Rate needed to qualify for a recycling tax deduction. Defining the



Recycling Rate and calculation as follows will ensure that SWM and T&L receive thorough and quality recycling data:

$$\text{Recycling Rate (\%)} = (\text{Recycled Material Weight} \div \text{Total Material Weight}) \times 100$$

Businesses engaged in other permitted activities, such as hauling infectious waste, are generally not required to submit an annual report. The proposed ordinance requires an annual recycling report from these permittees if they intend to receive a recycling tax deduction as allowed in TMC 6A.50.

Alternative Daily Cover

Alternative Daily Cover (ADC) does not meet the traditional definition of recycling because it is not remanufactured into a new product and is only re-used one time after which it remains in the landfill. However, it does reduce both the use of natural resources used for landfill cover and the operating costs for the landfill, which could have a beneficial downstream impact on ratepayers. Our regional landfill uses auto fluff (non-metallic waste byproduct of vehicle recycling) as ADC. There is currently no cost-effective recycling method for this material, although this could change as the recycling industry continues to research and develop new recycling technologies. The proposed ordinance allows permittees to report ADC as 100% recycling through 2028, providing sufficient time for auto fluff recycling methods to become commercially viable before the recycling tax deduction expires.

Audits and Inspections

SWM's current right to inspect private businesses is limited to preventing prohibited materials from entering SWM's vehicles or processing areas. The proposed ordinance (12.09.070.C) allows SWM personnel to inspect and audit the facilities, activities, and reports of special permit holders for the purpose of enforcing TMC 12.09.070.

Permit Reporting Fee

Currently, applicants do not pay a permit fee. To cover administrative costs of this program, staff propose a \$150 permit reporting fee, only required when an applicant submits an annual recycling report. The fee amount is in-line with other recycling permit programs.

First-time applicants

Permit holders must have their Recycling Rate certified by SWM to be eligible for a recycling tax deduction. To accommodate first-time applicants that do not have sufficient recycling data when applying, staff propose that these applicants be allowed to submit an estimated Recycling Rate, which would apply to their tax filings until sufficient data is collected.

Increased Recycling from Process Changes

Due to the proposed reporting timeline, it could take up to two-years for a business to see a tax benefit from increasing its recycling rate. Therefore, staff proposes that amendments to annual recycling reports be accepted after implementing a process improvement and/or installing new recycling equipment.

ALTERNATIVES:

Maintain Status Quo

Without clear reporting requirements and audit and inspection rights, it will be difficult to track recycling from private solid waste collection businesses. Without defining the Recycling Rate or having a



mechanism to collect this information, the City will face challenges to administering both the Special permits program as well as solid waste collection businesses taxes.

Alternative Daily Cover

ADC is not a recyclable material according to Chapter 173-350 WAC – Solid Waste Handling Standards, because it is not remanufactured into a “usable or marketable materials for use other than landfill disposal or incineration,” and it is specifically excluded from the definition of “Reuse” within said regulation. Additionally, auto fluff is categorized as a miscellaneous, non-recyclable waste in the current Tacoma-Pierce County Solid and Hazardous Waste Management Plan. Defining this material as a lower percentage of recycling would align our Code with these other regulatory definitions. The lower recycling rate for this material would result in increased tax revenue from the hauling of this material, but it could also increase operating expenses at our regional landfill as well as costs for the processing facilities that generate this material.

FISCAL IMPACT:

The above revisions, along with the implementation of the tiered recycling tax deductions in TMC 6A.50, enable SWM to maintain its franchise and control of the solid waste collection stream in the City of Tacoma, while also incentivizing businesses to recycle. The exact fiscal impact from this is difficult to predict, since we cannot estimate how much revenue is lost to violations of 12.09.070. Proactive outreach has led to a notable increase in the number of special permits issued in 2024 as compared to previous years; however, without properly outlined reporting requirements or enforcement provisions in TMC, it will be difficult to effectively enforce SWM’s garbage franchise rights in City limits.

Establishing reporting requirements and defining a Recycling Rate will standardize the reports SWM receives from permittees and provide T&L with consistent data to administer solid waste collection business taxes and recycling tax deductions.

RECOMMENDATION:

Permit Reporting and Administration

Any regulatory program requires clearly defined responsibilities in order to compel compliance from permittees and defend itself against legal challenges. Staff recommends clearly defining the special permit reporting requirements and SWM’s right to audit and inspect. Defining the Recycling Rate will create a standard measure for both calculating City-wide waste diversion and issuing recycling tax deductions. Allowing reporting exemptions for first-time applicants and amendments to recycling reports will give permittees flexibility, encourage compliance with the special permits program, and incentivize recycling. These changes will establish a more robust permitting program that reduces confusion for private businesses.

Alternative Daily Cover

Allowing permittees to report ADC as 100% recycling for the next three years will provide additional time for businesses to find new recycling methods for ADC without taxes impacting their operating costs or customers.