



City of Tacoma

City Council Action Memorandum

TO: Elizabeth A. Pauli, City Manager
FROM: Lewis Griffith, Division Manager, Solid Waste Management
Geoffrey M. Smyth, P.E., Interim Director, Environmental Services
COPY: City Council and City Clerk
SUBJECT: Resolution - Amending Resolution No. 39787 authorizing an increase to the existing contract amount with Pierce County Recycling, Composting and Disposal, LLC for disposal of solid wastes - August 27, 2024
DATE: August 5, 2024

SUMMARY AND PURPOSE:

A resolution authorizing an increase to the contract with Pierce County Recycling, Composting and Disposal, LLC (dba LRI), in the amount of \$90,000,000.00, for a cumulative total of \$237,290,930.15, budgeted from the ES Solid Waste Fund 4200, for disposal of solid wastes collected by Solid Waste Management through February 2030.

BACKGROUND:

This Department's Recommendation is Based On: the continued need to efficiently collect and dispose of solid wastes. Solid wastes are collected by City collection vehicles or brought to the Recovery and Transfer Center by customers. As the City no longer operates a landfill disposal facility this service must be contracted to a third party. The City of Tacoma has contracted this service with LRI since 1989. The current contract was entered into with LRI in 2000 for a 20-year term, under a tiered fee structure based on disposal tonnage in the amount of \$71,567,702.15. In August 2017, Resolution 39787 authorized Amendment No. 1 to extend the contract through February 2030 and revise the fee structure. Resolution 39787 also authorized an increase to the total contract amount by \$75,723,228, for a cumulative total of \$147,290,930.15. This authorized total contract amount is not reflected in an explicit contract provision. Due to increased costs associated with solid waste disposal and the increase in the average tonnage disposed, the department is requesting approval to add additional funds to continue to provide efficient disposal of wastes collected from our customers.

Pursuant to Amendment No. 1 and starting in 2020, the fee structure updated from a tiered fee structure based on disposal tonnage to a base rate adjusted annually to track the consumer price index (CPI). Subsequently, the annual CPI adjustments have increased the rate for municipal solid waste (MSW) disposal by 20 percent from \$39.00/ton in 2020 to \$46.69/ton in 2024. Additionally, the 2017 increase to the total contract value assumed 180,000 tons of disposed waste annually, but the actual amount of MSW disposed by the Solid Waste Division (SWM) between 2020 and 2023 has averaged over 205,000 tons. While SWM is the predominant user of this contract, other departments such as Public Works, Water, and Rail may use the contract for demolition waste, contaminated soil, and non-biologic sewer debris, etc. These departments may charge against the contract budgeted from their respective departmental funds and their use of the contract is contemplated within the projected additional \$90,000,000.00 expenditure.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

On May 24, 2017, Environmental Services staff briefed the Infrastructure, Planning and Sustainability Committee on Amendment No. 1 of the agreement to extend the contract term through 2030. Additionally, Solid Waste Management staff presented to the Environmental Services Commission (ESC) on June 1, 2017, on a long-haul analysis which recommended the extension of the contract with LRI. The ESC represents a cross section of Tacoma's residential, business, and regulatory communities.



2025 STRATEGIC PRIORITIES:

Equity and Accessibility:

The positive impact of approving this legislation will allow the City to continue to address required public health and safety concerns through the most cost-effective option for disposal of solid waste. Environmental Services provides solid waste service for the entire city impacting all communities.

Economy/Workforce: *Equity Index Score:* Moderate Opportunity

Increase the number of infrastructure projects and improvements that support existing and new business developments.

Livability: *Equity Index Score:* High Opportunity

Improve health outcomes and reduce disparities, in alignment with the community health needs assessment and Community Health Improvement Plan (CHIP), for all Tacoma residents.

Explain how your legislation will affect the selected indicator(s).

The increased funds allocated to the contract will enable a safe and healthy disposal of solid wastes for all of those who work, play, or live within the City of Tacoma without service interruptions.

ALTERNATIVES:

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Stop using the contract when expenditure authority is exhausted	None	Public Health, entering new contract may take time and result in less cost-effective service

EVALUATION AND FOLLOW UP:

Staff anticipates the LRI facility to be either at or nearing solid waste capacity by 2030. Throughout the next five years, Environmental Services will continue to evaluate alternative disposal locations and transports such as intermodal rail. Towards the end of this contract term, Environmental Services will issue an RFP for a competitive bidding process.

STAFF/SPONSOR RECOMMENDATION:

Staff recommend approval of the increase of expenditures under the contract with Pierce County Recycling, Composting and Disposal, LLC (dba LRI), in the amount of \$90,000,000.00, to allow for the continued disposal of solid wastes at LRI through the remainder of the contract term of 2030.



FISCAL IMPACT:

The total amount of expenditures during 2025-2030 will be dependent upon the tons of disposed solid wastes. Estimates are based on an average of 205,000 tons disposed annually.

Fund Number & Name	COST (CC/WBS/ORDER)	OBJECT	Cost Element	Total Amount
1.ES Solid Waste Fund 4200*	515010		5330100	\$90,000,000.00
TOTAL				\$90,000,000.00

*Other departments may charge against this contract and will be paid out of their respective funds.

What Funding is being used to support the expense?

Are the expenditures and revenues planned and budgeted in this biennium’s current budget?

YES,
Funded by rate revenues. There is no impact to the current 2023-2024 biennial budget. Expenses are included in the expense projections for the upcoming 2025-2026 biennial budget.

Are there financial costs or other impacts of not implementing the legislation?

YES,
If we do not expand the expenditure authority, the City could not use the disposal services.

Will the legislation have an ongoing/recurring fiscal impact?

No

Will the legislation change the City’s FTE/personnel counts?

No

ATTACHMENTS:

- Original Agreement with LRI
- Amendment No 1 with LRI