



TO: Elizabeth A. Pauli, City Manager
FROM: Michael P. Slevin III, P.E., Director, Environmental Services *for GMS*
Lewis T. Griffith, P.E., Division Manager, Solid Waste Management City
COPY: Council and City Clerk
SUBJECT: Request for Ordinance to amend Chapter 12.09 of the Municipal Code related to the Solid Waste Utility adding surcharges to offset increased costs of recycling and recycling education programming - October 22, 2019
DATE: October 4, 2019

SUMMARY:

An ordinance amending Chapter 12.09 of the Municipal Code, relating to the Solid Waste Utility, to add a surcharge to offset increased costs of disposal of recyclable materials and adding a surcharge to offset increased costs of recycling education programming.

STRATEGIC POLICY PRIORITY:

- Ensure all Tacoma residents are valued and have access to resources to meet their needs.
- 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.

Additional funding is required to offset increased costs to maintain a fiscally sustainable residential recycling system. The City's recycling program benefits the environment through reduced use of raw materials and energy, as well as decreased greenhouse gas emissions compared with landfilling. Increased recycling education programming will help all Tacoma residents better understand the recycling services that the City offers and how to access these services, and help reduce contamination.

BACKGROUND:

Information on the impacts of changes to the global recycling industry that are effecting the cost of processing, shipping, and marketing recyclable materials was provided to the Infrastructure, Planning, and Sustainability (IPS) Committee on August 22, 2018, with an update provided on December 6, 2018. Changes in international import policies have resulted in a worldwide reduction in capacity for processing recyclable materials. The remaining markets for recyclable materials have become much more competitive, resulting in increased costs. Staff identified four options and gathered feedback from customers through an extensive outreach project conducted during the first quarter of 2019 that included focus groups, community meetings and events, and a survey that generated over 7,500 responses. Staff presented the outreach results to the IPS Committee on April 10, 2019, and to the City Council at the June 11, 2019 study session. Additional information and recommendations were presented to the City Council at the August 13, 2019 study session.

ISSUE:

The direct impact to Tacoma is a significant increase in the cost of processing, sorting, marketing, and shipping recyclables due to changes in the global recycling industry. Materials collected through the commingled curbside collection system are impacted the most because of the higher potential for contamination when materials are mixed together. To manage the increased costs for the recycling programs, the options are to reduce the level of services and/or increase rates



to offset the increased costs in some combination. Customer feedback received through the public outreach efforts indicated strong customer support and willingness to pay an increased rate to maintain residential curbside commingled recycling services, and also strong support and willingness to pay for additional recycling education efforts to improve customer participation and quality of recycled materials.

ALTERNATIVES:

If the City makes no modifications to the commingled recycling program with no adjustments to the current rate plan, budgeted revenues would be insufficient to cover projected expenses beginning in the 2019-2020 biennium.

RECOMMENDATION:

Based on strong customer support, we recommend implementing a surcharge of \$2.32 per residential account per month to offset the increased recycling system program costs and maintain the residential curbside commingled recycling service. This surcharge amount is based on changing from curbside glass collection to glass drop-off stations, which helps offset some of the costs of the residential recycling system and reduces emissions from City collection trucks. This surcharge will be reviewed at the end of the 2021-2022 biennium, with the development of the Biennial Budget. In addition, we recommend implementing a surcharge of \$0.50 per residential customer account per month to support additional recycling education to customers intended to promote waste reduction, advise customers about the changes to the system, and decrease contamination in recycling. This surcharge will sunset after four years. A plan has been developed for additional education and outreach which will be implemented over the next two years.

FISCAL IMPACT:

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
4200-ES Solid Waste	Various	Various	\$1,820,000
TOTAL			\$1,820,000

* General Fund:

REVENUES:

FUNDING SOURCE	COST OBJECT (cc/wss/ORDER)	COST ELEMENT	TOTAL AMOUNT
Recycling operations surcharge	512000	4343133	\$1,500,000
Recycling education surcharge	512000	4343134	\$320,000
TOTAL			\$1,820,000

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: Net zero impact.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? No

IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN How THEY ARE To BE COVERED.

Contingent on City Council adoption, additional expenses for recycling and education are to be covered by the surcharges. Budget authority is requested through the Mid-Biennial Modification process.