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SUBJECT: Solid Waste Management Commingled Recycling
DATE: December 6, 2018

PRESENTATION TYPE:

Informational Briefing

SUMMARY:

Solid Waste Management staff will be presenting details on potential alternatives to manage increased costs and impacts of the global recycling market on the City's commingled recycling program. The options range from maintaining the current system to landfilling recyclable materials, and all the options require additional revenue to cover the expenses resulting from the changes in the global recycling market.

BACKGROUND:

Information on the impacts of China's policy changes around import of recyclable materials was provided to the Infrastructure, Planning, and Sustainability Committee on August 22, 2018. China's 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.

ISSUE:

The direct impact to Tacoma is a significant increase in the cost of processing, sorting, marketing, and shipping recyclables. Materials collected through the commingled curbside collection system are impacted the most because of the higher potential for contamination in commingled materials. There are signs that the market will adjust, with increased investment in domestic processing capacity and better sorting technologies, however, in the current state, residential solid waste rates do not cover the increased costs of the commingled recycling program. Interim options to address this issue include limiting the City's recycling program to lower costs, maintaining a full curbside recycling program while increasing costs for customers, or a hybrid option which partially limits recycling and results in a reduced increase to rates.

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.

FISCAL IMPACT:

The fiscal impact of the short-term action to absorb increased expenses throughout 2018 is approximately \$1.5 million, which would be covered with surplus revenues. In the longer-term, a temporary recycling surcharge or a permanent residential solid waste rate increase will be required to cover the increased costs resulting from the changes in the recycling industry. Options for how a temporary surcharge could be structured will be presented.

RECOMMENDATION:

This is an informational briefing. Solid Waste Management staff will provide recommendations to Council for addressing this issue in early 2019, after gathering customer input.