



City and Borough of Sitka

PROVIDING FOR TODAY...PREPARING FOR TOMORROW

A Coast Guard City

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

From: John Leach, Municipal Administrator
Michael Harmon, Public Works Director
Melissa Haley, Finance Director

Date: October 20, 2021

Subject: Budget Adjustment Ordinance for the Installation of a Municipal Solid Waste Compactor at the Sitka Transfer Station

Background

On May 11, 2021, the City and Borough of Sitka (CBS) Assembly was given a presentation by representatives of Republic Services on fire risk at sea related to the transport and disposal of municipal solid waste (see attached presentation materials). Republic Services is requesting CBS transition to compacted municipal solid waste in closed top containers to minimize fire danger. Republic Services analyzed several different options for loading closed top containers in Sitka and concluded that a compactor provides the best long-term solution. Approval of this item will provide the necessary funding to install a municipal solid waste compactor at the Jarvis Street Transfer Station.

At the July 13, 2021 Assembly meeting, the Administrator was directed to negotiate with Republic Services to further define their intended offer to CBS. Attached is the June 10, 2021 CBS proposal to Republic Services and their October 11, 2021 response letter. The key takeaways of their counter proposal are as follows:

- A new annual shipping rate increase to CPI-U or 85% of GRI, whichever is less.
- "Favorable shipping rates" for associated compactor equipment and temporary storage at the AML yard
- Language stating that Sitka would not face claims for liability from Republic or AML if a fire were to occur in a closed top container properly loaded with acceptable waste.

The Public Works Department has developed a \$3,000,000 budget for engineering design, compactor procurement, and construction to modify the Transfer Station.

For additional background please reference the attached correspondence.

Analysis

Although adding a compactor to the transfer station will come with additional operational expenses, it is anticipated that increased compaction will create a net annual operating reduction of approximately \$26,700. In addition to being more fire resistant, closed top compacted waste will have the benefit of keeping garbage much less accessible to animals.

Schedule

Phase 1: Compactor procurement will include a technical memorandum, engineering design documents, compactor fabrication, delivery, and onsite testing to be completed within approximately 5 months following budget approval.

Phase 2: Transfer Station upgrades will include a technical memorandum, construction documents, operations and maintenance manual, bidding, construction management, and startup to be completed within approximately 12 months following budget approval.

Fiscal Note

Funding for this project is not available from the Solid Waste Fund's working capital, as the fund is still working to regain positive unrestricted working capital. Current rates of inflation will likely result in further negative cash position in the future, though the trend is in the right direction. As the fund cannot support an investment of this level, we propose a loan from the Southeast Economic Development Fund (SEDF) in the amount \$2,790,000 with an additional \$210,000 coming from the General Fund.

A rough estimate of potential net savings resulting from the installation of the compactor, when factoring in additional charges of operations, will save about \$27,000 per year for the fund once in operation.

In order to keep rate increases as low as possible, we recommend that the loan from the SEDF be paid back over 30 years at 0% interest rate. We further recommend that the portion funded by the General Fund be treated as a subsidy to further pass on savings to ratepayers. Even so, the principal repayment of the 30-year loan from the SEDF will cost \$93,000 per year, which will delay the point at which the fund reaches positive unrestricted working capital.

Of note, the amount of proposed borrowing from the SEDF will use all available working capital in the fund, and with no interest being generated, will result in less funding to the Building Maintenance Fund (to which interest generated by SEDF funds is transferred). It is also important to point out that by not charging interest the buying power of the funds that will eventually be paid back to the SEDF will be diminished as inflation increases. In recent year, the SEDF funds have only been used to fund governmental project that will increase the efficiency of local government.

Recommendation

Approve a supplemental capital appropriation in the amount of \$3,000,000 (including a \$210,000 subsidy from the General Fund and a \$2,790,000 loan from the SEDF) to fund the acquisition and installation of a compactor at the Sitka Transfer Station as requested by Republic Services to mitigate fire risk during off island barge transport. Approval of this ordinance will also authorize the Municipal Administrator to develop and execute an amendment to the contract with Republic Services in accordance with the October 11, 2021 response letter from Republic Services, and it will authorize the Municipal Administrator to negotiate and execute changes to the Transfer Station contract with Alaska Waste for the additional scope of work to operation and maintain a municipal compactor for the remaining term of the contract.

Encl: Alaska Marine Lines letter of 8/17/2020
Republic Services letter of 8/31/2020
CBS letter of 10/9/2020
Republic Services letter of 10/21/2020
CBS letter of 10/22/2020
Republic Services letter of 4/9/2021
Republic Services letter of 5/5/2021
Republic Services presentation slides of 5/11/2021
Alaska Marine Lines letter of 5/19/2021
Republic Services letter of 6/8/2021
CBS letter of 6/10/2021
Alaska Marine Lines letter of 9/29/2021
Republic Services letter of 10/11/21



October 11, 2021

Mr. John Leach
Municipal Administrator
City and Borough of Sitka
100 Lincoln Street, Room 305
Sitka, AK 99835

Re: Mechanically Compacted Waste Transition

Dear Mr. Leach,

Republic Services is proud of our nearly 20-year partnership with the City and Borough of Sitka (CBS). As your preferred solid waste service provider, our shared commitment to safe, reliable, and environmentally responsible service is reflected in the services provided through our long-term agreement.

This letter is a follow-up to the meeting that was conducted on September 24, 2021 regarding compacted waste between Republic Services and CBS staff.

As you are aware, Republic Services has had an ongoing engagement with Alaska Marine Lines along with our partner communities in Southeast Alaska, including CBS, to address concerns regarding the fire risk associated with waste transported in open top containers on AML Barges. We have appreciated the patience of all partners while working through this important safety issue.

Based on our most recent conversations with our partners at CBS Staff and AML, we believe that the parties are in agreement that Sitka would not face claims for liability from Republic or AML if a future fire were to occur in a closed top container properly loaded with acceptable waste, as defined in our agreements.

Republic Services further believes that along with increased safety and environmental protection provided through compacted waste in closed top containers, CBS will realize additional economic benefit through cost avoidance by maximizing payload, thus reducing number of containers transported annually. .

To further signal their desire for compacted waste, AML has provided to Republic the attached letter that confirms their willingness to shift the annual price increase mechanism to a more favorable index based on CPI-U, rather than the current Surface Transportation Tariff.

During the September 24th meeting, Republic provided the City the following comparison of the proposed CPI (Drafted by AML) compared to current increases allowed under the CBS and Republic Transportation and Disposal agreement:

	Increase allowed by existing contract	Increase by proposed BLS CPI index method
2018	3.83%	2.58%
2019	3.06%	2.85%
2020	3.19%	2.81%
2021	4.25%	2.36%

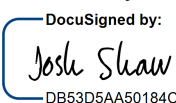
The rates in this agreement will be increased but not decreased annually on October 16, by the amount of change in the year to year CPI as reported by the US Bureau of Labor Statistics Series ID: CUUR0400SA0LE or 85% of GRI, whichever is less.”

In addition to concessions to the transportation annual PI methodology, AML is further offering to provide the City favorable shipping rates for associated compactor equipment and temporary storage at the AML yard in Sitka until installation can be completed at the Sitka transfer facility.

Republic Services values our partnership with the City and Borough of Sitka. We greatly appreciate your willingness to work through this process and to reach mutually agreeable solutions.

Please let me know if our team can provide you with any additional information to assist in your planning and deliberations on this matter.

Sincerely,

DocuSigned by:

 DB53D5AA50184C0...

Josh Shaw
 General Manager, Washington Post Collections
 Republic Services



09/29/2021

Matthew Pederson, Steve Gilmore
Republic Services

Gentlemen,

We appreciate the update on your most recent meeting with the representatives of the City and Borough of Sitka (CBS) and are very pleased to understand that they are prepared to move forward with transportation of compacted waste in closed containers.

As discussed, AML is prepared to amend our current contract with Republic Services, Inc to include language in Schedule 8C.5 addressing rate adjustments. The current language reads as follows:

The initial rates for the Sitka Subcontracted Services are set forth in Section 4 of this Schedule 8C, and such rates shall become effective on October 16, 2015 and continue until October 15, 2016. Beginning on October 16, 2016 and on each October 16th thereafter during the term of this agreement, the rates will be subject to an increase equal to 85% of the most recent general rate increase published in AML's Surface Transportation Board tariff. The rates in this attachment including annual increases are valid through October 15, 2020 at which time they may be renewed, adjusted or cancelled per the terms of Section 2 of this Schedule 8C.

When CBS is prepared to transport compacted waste in closed containers, we would propose the following amended language:

The rates in this agreement will be increased but not decreased annually on October 16, by the amount of change in the year to year CPI as reported by the US Bureau of Labor Statistics Series ID: CUUR0400SA0LE. The information can be found at the following site: <https://data.bls.gov/cgi-bin/srgate>. The increase amount will be the most recent full year annual change.

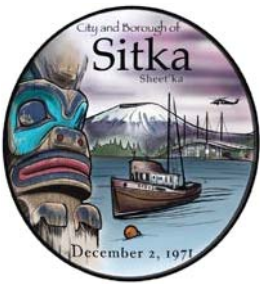
We look forward to continuing to provide services to you and Sitka. Our hope has been that Republic Services, City and Borough of Sitka and AML could work together to solve this safety concern and are pleased that an acceptable solution that also provides for the safety is being agreed to by all parties.

Thank you for your work on this issue. AML greatly appreciates the business relationship we enjoy with Republic Services.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dan Kelly', with a stylized flourish at the end.

Dan Kelly – Vice President
Alaska Marine Lines, Inc.



City and Borough of Sitka

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Coast Guard City, USA

June 10, 2021

Mr. Joe Allen-Thompson
General Manager, Washington Post Collection
Republic Services
54 S. Dawson St.
Seattle, WA 98134

Re: CBS Proposal for Reducing Fire Risk in Municipal Solid Waste (MSW)

Dear Mr. Allen-Thompson,

This letter serves as the City and Borough of Sitka's (CBS) official proposal to address the new shipping requirements presented by Republic Services (RS). We are excited to hear that RS is willing to work toward a solution to the shipping requirements being imposed on RS by Alaska Marine Lines (AML).

In AML's letter to CBS of August 17, 2020, AML states that they require "baled" waste in "hard-top closed containers." As we have previously stated, the letter is notice from AML which is a company not in contractual privity with the CBS. In your letter to the CBS on August 31, 2020, you requested a "transition to compacted waste in closed top containers," however, no cost allocation or timeline was proposed with the request.

In AML's letter of May 19, 2021 to RS, AML states that they provided written notice to RS in September, 2017 that they would "only accept compacted waste in closed containers in the future." Was this notification provided to the CBS in any official documentation from RS, and if so, when? We believe that this requirement would be significant enough to pass on the CBS immediately after notification was received.

AML also claims that the CBS "has not committed to using closed containers to improve safety." It is still our belief that it is not for the CBS to commit to using closed containers, rather RS must commit to using closed containers. CBS has previously proposed the use of removable hard top, closed containers and agrees to cooperate in that regard. However, we do not concur that further mechanical compaction is also required to address fire risk as we currently compact our MSW by alternative means.

AML states that the CBS considers mechanical compaction "a solely financial decision." This conclusion ignores CBS' position that there lacks any material data that additional compaction would significantly improve fire risk beyond the mechanical compaction already applied at the transfer station. We analyzed the decision to incorporate additional compaction on a simple cost/benefit analysis since we believe fire risk is adequately addressed by the incorporation of closed containers. Although we have demanded the information, no studies have been presented to the CBS showing the increased safety of incorporating additional compaction. CBS takes issue with the insinuation that we view this as "a solely financial decision" as we took early action and worked diligently to improve our waste sorting efforts well beyond

other communities, including communities with closed containers. Furthermore, the imposition of a 50% shipping increase by AML appears to also be “solely financial” given their prior stance that shipments would cease on a specified date if the fire risk issue were not addressed.

AML has informed RS that they will be charging higher rates, effective July 1, 2021, unless the MSW is compressed and transported in closed containers by December 31, 2021. In this respect, AML requires a mutually agreed addendum to the Contract between RS and AML. Once again, AML is not in contractual privity with the CBS. AML further requires that RS and AML be allowed to adjust rates if other transport methodologies become available which improve fire safety but cost more. This approach essentially provides AML and RS the freedom to demand new shipping requirements with little to no evidence to support the requirements and pass the costs, however high they may be, to the CBS.

Section 8.1 of our contract establishes “Base Service Fees,” which provide a rate per ton which includes a “Transport Component.” For the 48’ containers, the rate is \$134/ton with a \$76/ton Transport Component, and a 29-ton minimum payload applies (or \$2,204/container for the minimum Transport Component). Section 8.2 provides for adjustment of the Transport Component of the Base Service Fee for Waste in proportion with any increase in the minimum container charge or other transport fees. AML states the “present rate for open top containers” is \$90.18/ton (\$2,615/container). Since the execution of the current contract in 2017, the Transport Component has increased 19% with little to no justification or data to justify the increase.

There appears to be no provisions for notice and explanation of adjustments to the Transport Component. Although, under section 8.4(b), written notice and explanation, with full documentation, is required by the CBS in order to decrease service fees, and RS has 30 days to respond. In its letter of May 19, 2021, AML notifies RS that its rate will be increased to \$131.56/ton (\$3,815/container), and AML provides an insufficient explanation for the increase, i.e., “to account for the costs of special handling and risk including segregation from other cargo on the barge and at terminals.” No documentation or proof is provided to substantiate the claim. The CBS views this explanation as entirely unsatisfactory and rejects it. By not following the process outlined in section 8.3(b), or any similar process, RS has led the CBS to be suspicious of the increase in service fees demanded by AML and wonders how RS was involved with AML’s demand.

The CBS formally rejects the increase proposed to RS until documentation is provided and the process outlined in section 8.3(b) is followed. We require RS to itemize all costs that support the increase.

Section 6.1(a) of our contract imposes the responsibility on RS to transport and dispose of waste already loaded by CBS into containers provided by RS. There is no mention of compacting the waste or providing closed containers in the contract. Section 6.1(c) requires RS to provide containers “necessary to perform,” which reasonably implies that RS is responsible for the cost of closed containers. Section 6.4(a) requires RS to provide CBS with an “adequate supply” of containers, but there is no mention of closed containers. However, subpart (b) requires RS to keep containers “in good working order and repair.” This also reasonably implies that RS is responsible for the cost of closed containers. Section 7.1(d) requires CBS to load “acceptable waste,” but makes no mention of compacting waste or using closed containers.

Until formal studies prove otherwise, the CBS continues to believe that further mechanical compaction is unnecessary, so long as closed containers are used. If studies show (as was demanded of RS in CBS’ letter of October 22, 2020) that further mechanical compaction is reasonable to satisfy the fire risk for AML, CBS

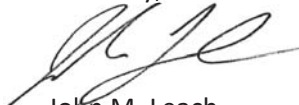
will accept the responsibility to provide additional mechanical compaction under the following terms (pending Assembly approval):

1. If AML demands further mechanical compaction in closed containers as **the only** option to address fire risk, then RS will assume all fire liability once the containers leave the CBS transfer station.
2. RS must agree to a flat rate shipping set at the current 29-ton rate. RS claims that we have historically been shipping under our minimum weight, so it is reasonable to assume that if we achieve our minimum weights with increased compaction, the CBS will have an avenue to “break even” on the investment which will minimize the increased capital cost burden on the rate payers of Sitka.
3. RS commits to removing all reference to shipping rate increases, except those increases due to “uncontrollable circumstances,” from the Contract and specify a one percent (1%) per year escalator on shipping for the remaining term of the contract.
4. RS acknowledge that shipping rate changes by their subcontractor do not qualify as an “uncontrollable circumstance” as defined by Section 1.37 on the Contract.
5. RS acknowledges their right to inspect all MSW prior to acceptance from the transfer station. Accepting the MSW without inspection implies that the shipment contains no “unacceptable waste.” After acceptance, the burden of proof as it pertains to “unacceptable waste” belongs solely to RS.
6. RS commits to a one-year adherence to current shipping rates, effective from the date of a contract addendum, to allow the CBS to construct and install the necessary infrastructure.

The CBS has always been sensitive to the inherent fire risk of MSW which is evident in the continuous improvements we have incorporated at our transfer station. We see the above proposed terms as a way to solve the issue collaboratively without negatively affecting our rate payers. The CBS is unable to afford an increasing cost of capital **and** an increasing cost of a contract. The CBS believes that if RS does not accept these terms as proposed, then the issue was never about the fire risk. We are offering a solution that can work for all parties who are committed to addressing fire risk and safety at sea rather than making this “a solely financial decision.”

We look forward to the continued partnership and, pending Assembly approval, stand poised to begin the acquisition of the necessary equipment and the modification of our existing contracts. We respectfully request your response to these terms by close of business, June 16, 2021, in order to seek Assembly approval for the commitment at our June 22, 2021 Assembly meeting.

Sincerely,



John M. Leach
Municipal Administrator

Cc: Alaska Marine Lines
Alaska Waste Management
City and Borough of Sitka Assembly
Senator Stedman
Representative Kreiss-Tomkins

Encl: Alaska Marine Lines letter of 8/17/2020
Republic Services letter of 8/31/2020
CBS letter of 10/9/2020
Republic Services letter of 10/21/2020
CBS letter of 10/22/2020
Republic Services letter of 4/9/2021
Republic Services letter of 5/5/2021
Alaska Marine Lines letter of 5/19/2021
Republic Services letter of 6/8/2021



54 S. Dawson St.
Seattle, WA 98134
www.republicservices.com

June 8, 2021

Mr. John Leach
Municipal Administrator
100 Lincoln St.
Sitka, Alaska 99835

Subject: In Person Meeting Request

Dear Mr. Leach,

I would like to follow up on our commitment from our May 19th meeting to propose some dates in the month of July to allow us to meet in person and continue to discuss our ongoing partnership.

I would like to request a meeting with yourself and Mayor Eisenbeisz to allow Northwest Director of Operations Don Tibbets, Northwest Director of Municipal James Hutchinson and I to answer any questions that you may have and continue to work together to address the City and Borough of Sitka's needs regarding Fire Mitigation efforts associated with the Transportation and Disposal of Municipal Solid Waste.

We are requesting to meet on either July 13th or July 27th to allow us further collaborate on ways that Republic Services can further partner with you in addressing the transportation concerns of our barge partners at Alaska Marine Line for the safe transportation of containerized municipal solid waste.

As part of this conversation, We would like to discuss your intent regarding Republic Services' offer to sell a previously used 1996 AMFAB Trans-Pack TP 2500 Pre-Loader Compactor, along with transportation of the unit and additional funding support up to \$25,000 towards the cost of refurbishment of the Compactor.

Additionally, we find it valuable to make a return to in person meetings to further our ongoing relationship and build a stronger bond between Republic Services and the City and Borough of Sitka leadership after the long pandemic separation. The relationship between our teams is important to us and we hope that this will be the first step to normalizing relations to bring us back closer together, after such a difficult time.

I personally look forward to scheduling this meeting to express my continued gratitude toward you and your staff for your continued partnership and contributions towards addressing the shared challenges that we face.

Sincerely,

Matthew Pederson
Municipal Manager, Washington Post Collection
54 S. Dawson St.
Seattle, WA 98134
Cell: 509.808.9909
mpederson@republicservices.com



Alaska Marine Lines, Inc.
P. O. Box 24348
Seattle, WA 98124-4348
(206) 763-4244

May 19, 2021

Matthew Pederson
Municipal Manager
Republic Services
104 S. Freya, Suite 226A
Turquoise Flag Building
Spokane, WA 99202
VIA EMAIL: mpederson@republicservices.com

Re: City and Borough of Sitka (Sitka) Municipal Solid Waste (MSW) Safety Hazard

Dear Mr. Pederson:

Alaska Marine Lines values our partnership and the work done with Republic Services to provide safe, reliable and cost-effective transportation solutions for the MSW generated by the communities we service in SE Alaska. In our 25 years of working together, no challenge has been more important than eliminating the fire risk due to the transportation of non-compacted MSW in open top containers.

Since 2006, MSW generated by Sitka and loaded into open top containers has resulted in four serious fires. Two of these fires ignited on our barges and resulted in significant efforts by ourselves and firefighters to extinguish. The cost associated with these responses along with the repairs and clean up were a substantial expense to AML. Even though these events were costly and impacted all the communities we serve, we believe the loss could have been significantly worse. The other two fires ignited in containers on AML chassis at the Sitka transfer facility in 2020 and upon investigation undertaken by Sitka were found to most likely have been ignited from hazardous unacceptable waste which was loaded into the containers at the Sitka transfer station.

After the fire in September 2016, the focus for Republic Services and AML has been to educate the communities and work with them to eliminate this risk. In September 2017, we provided written notice to Republic that the continued risk of carrying MSW in open containers was too great and that it was AML's intention that we would only accept compacted waste in closed containers in the future.

After the latest fire in an open-top container of non-compacted MSW last September 2020 at our Ketchikan Facility, it was clear that the combined efforts of our companies had not been enough so we sent you written notice that as of June 1, 2021 AML would no longer be able to accept MSW for shipment unless it was compacted and loaded to closed containers. Sitka, to date, has not committed to using closed containers to improve safety. Every other Southeast Alaska community transporting MSW compacts its waste for shipment in closed containers, or is actively working to that end.

For AML, this issue has always been about safety since we began discussing it with you in earnest in 2017. We have never wanted this to be about money or freight rates. Sitka on the other hand seems to consider this a solely financial decision. Sitka has had no financial impact from the barge fires started by their MSW. AML has suffered 100% of the serious cost of these fires.

Reluctantly, we will continue to transport Sitka MSW, but must begin charging a higher rate to help defray the increased costs we are and have been incurring, and additional interim steps that must be taken to improve safety. Unfortunately, these steps are likely more costly than compressing the MSW and moving it in closed containers.

The following are rate actions that AML will implement effective July 1, 2021:

The present 40' container rate will remain with no increase at \$81.88 per ton with a \$2375.00 minimum but will only apply on mechanically compacted waste in closed containers. Use of this rate would result in an immediate transportation cost savings for Republic and Sitka.


The present rate for 48' open top containers of MSW Sitka to Seattle is \$90.18 per ton with a \$2615.00 container minimum. To account for the costs of special handling and risk including segregation from other cargo on the barge and at terminals, this rate will be increased to \$131.56 per ton with a \$3815.00 per container minimum.

Further AML informs Republic services and its customers that we will seek 100% restitution from any fire or other incident created by MSW on our barges, trucks and terminals.

AML would much prefer to move safe cargo than to charge higher rates to cover the costs of moving dangerous cargo that could ignite at any time, jeopardizing the entire barge and cargo. As a gesture of good faith, we are willing to forego collecting the increased portion of our invoices so long as RDC and Sitka are actively working toward compressing Sitka MSW and shipping in closed containers. However, if that goal is not achieved by December 31, 2021 all accrued charges will be immediately due and payable. This proposal and its terms would have to be mutually agreed to and attached as a fully executed addendum to the MSW contract between Republic and AML. As this letter is being written, short and long term alternatives to provide for safety continue to be brought forth and need to be vetted. The addendum would also require that AML and Republic shall be allowed to adjust in the case that any new safer methods of carrying MSW become available which may come with other cost considerations.

We look forward to continuing to provide services to you and Sitka. AML greatly appreciates the business relationship we enjoy with Republic Services. It is our intention that this business relationship continue long term. Our long term goal will be to handle your cargo in the safest, cleanest, most efficient and cost effective ways possible. We trust that when Republic Services, City of Sitka and AML work together to solve this problem we will achieve an efficient program that also provides for the safety that is required.

Sincerely,
ALASKA MARINE LINES, Inc.



Kevin Anderson
President

cc: Mayor Steven Eisenbeisz; Assembly Members Thor Christianson, Valerie Nelson, Kevin Knox, Kevin Mosher, Crystal Duncan and Rebecca Himschoot; Sen. Bert Stedman; Rep. Jonathan Kreiss-Tomkins

Republic Services and Alaska Waste Fire Mitigation Recommendations



May 11, 2021



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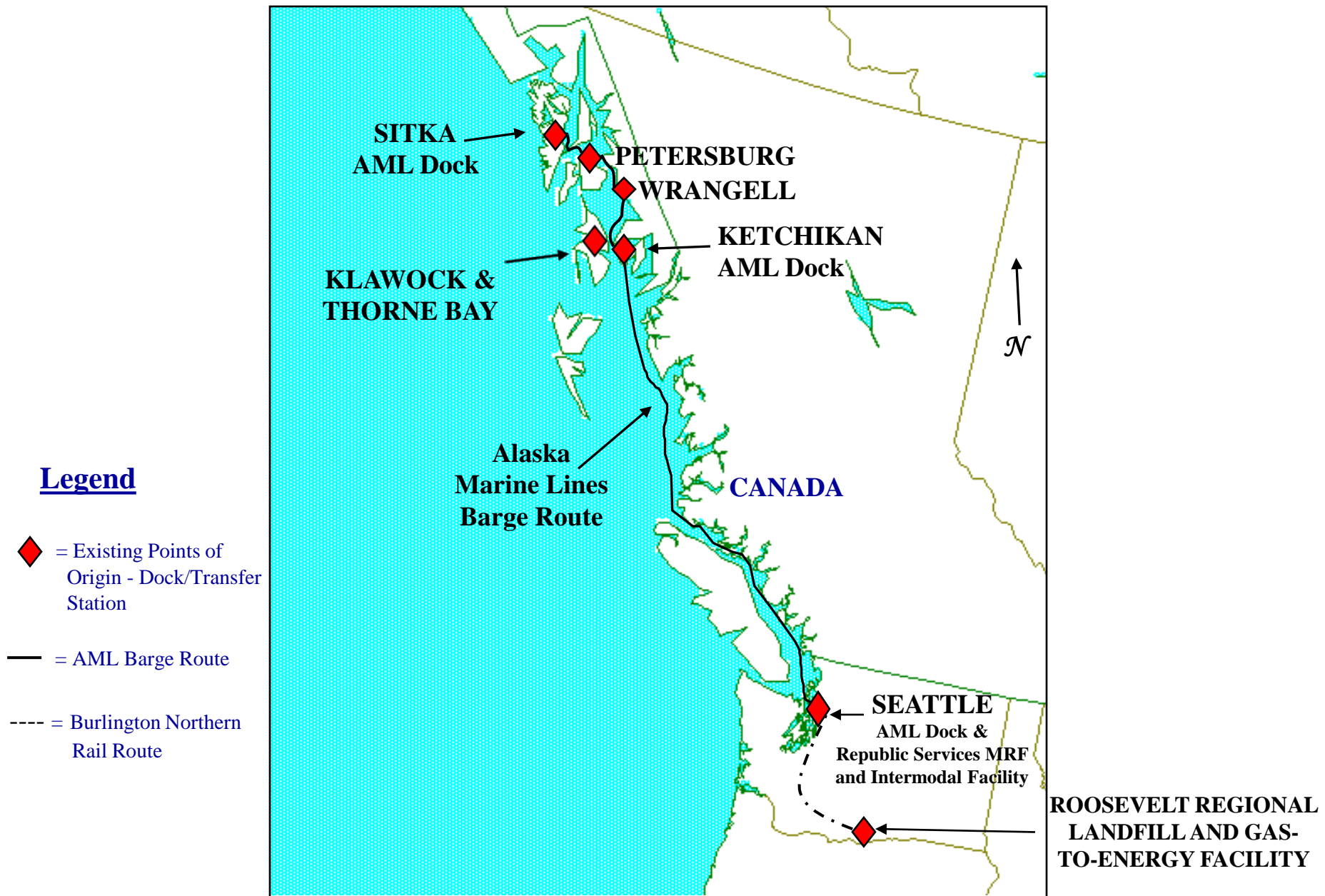


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Solid Waste containers shipped by AML from Southeast Alaska to Republic Services for disposal at the Roosevelt Landfill

Existing Solid Waste and Recycling Regional System



Serving SE Alaska Since 1995: Utilizing Barge and Rail Service to Republic Services Roosevelt Regional Landfill



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Material & Transportation Safety



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Brief History of Fires in Sitka Solid Waste

- Two Significant Fires on Alaska Marine Lines Barges
 - 2010
 - 2016
- 2016 AML notified Republic Services of their intention to discontinue service of MSW Loads in open top containers
- 2017 Republic Services & AML began to work with local communities to educate on Unacceptable Waste and Fire Mitigation measures with a goal of achieving compacted waste in closed top containers
- Two Fire Responses at Sitka Transfer Facility in Summer of 2020
- Additional Unrelated Fire from Neighboring Community (Wrangell) in Fall of 2020 burning 2 loads of MSW at AML's Ketchikan Facility
- October 15, 2020 AML Notified Republic Services of their intent to refuse service of open top equipment effective June 1st, 2021 unless significant measures are adopted to mitigate fire risk



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Risks & Liabilities

Container Fires are an avoidable risk to public health and safety

Resulting damage to solid waste equipment and collateral property damage increases costs of services, loss of service, higher liability risks to partners and communities of Southeast Alaska.

Community of origin is liable for damages from improper handling of waste

Alaska Marine Lines is unable to continue to accept the risk of uncompacted waste shipments from Southeast Alaska.





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Sitka Stakeholders Group Approach

- Sitka MSW Stakeholders Group was formed with representation from:
 - City and Borough of Sitka Staff
 - Republic Services
 - Alaska Waste
 - Alaska Marine Lines

The goal of the Stakeholders group was to work collaboratively to evaluate all reasonable options and identify recommendations to mitigate future fire risk associated with current practices of processing Municipal Solid Waste



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Methodology of Compactions

- Current Top Loading Methods
 - Additions of Lids on Containers
 - Retrofitted Lids
 - New Purpose-Built Lidded Shoebox Style Containers
- Baled Material
 - Use of Existing Closed Top Units Supplied by Republic Services
 - Could be used with Retrofitted Lidded Container or Purpose-Built Shoebox Style Containers
- Pre-Loaded Compactor
 - Use of Existing Closed Top Units Supplied by Republic Services
 - No Impact to Current Transportation and Disposal Contract



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Retrofitted Lid System

- Two Piece 24' Lid system retrofitted to fit Current 48' Open Top Containers
- Does not seal Air-tight
- Need for additional handling costs to Remove and Replace Lids
- Additional maintenance costs
- Cost per unit approximately \$40K
- Initial Purchase of 50 Units \$2,000,000
- Lids can stay on while off loading at Landfill
- Not Currently widely used in Waste Industry





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Shoebox Lidded Container System

- Purpose-Built to provide for Lidded System
- Provides for an Air-tight seal
- Need for additional handling costs to Remove and Replace Lids at Transfer Facility
- \$12-15K
- Initial Purchase of 20-30 Units between \$250-350K





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Fully Enclosed Container System

- Fully Enclosed and Sealed container designed specifically to handle heavy MSW Material and protect the environment
- Built to be durable and withstand the riggers of Transfer and Transportation of MSW Material
- Currently in use as Part of Republic Services Waste By Rail System
- Available for immediate implementation with no additional costs





Potential Baler Expenses

Used Harris Gorilla or Centurion req. 480 volts	\$150,000 – \$200,000
Caterpillar P6000 Forklifts	\$55,000 - \$60,000
Portable Loading Ramps	\$20,000



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Potential Compactor Expenses

Used SSI 2500 Compactor	~ \$492,000
New SSI 2500 Compactor	~ \$900,000
Prototype Republic/SSI Compactor (under development)	~ \$525,000



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Republic Contribution to Pre-Load Compactor

- Republic Services has offered the City and Borough of Sitka the transfer of a 1996 AMFAB Trans-Pack TP 2500 Pre-Load Compactor
- Cost of Sale \$1.00 (USD)
- Unit is in current daily use at Republic's Ferndale, WA Transfer Facility
- Republic will commit \$25,000 towards the cost of refurbishment of Compactor
- Republic Services & Alaska Marine Lines will partner to transport the Compactor to Sitka at their own expense
- Sitka will be responsible for the installation of the unit at Transfer facility



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Transportation & Disposal Impacts

- The City and Borough of Sitka and Republic Services will have no additional impacts to the Transportation and Disposal Agreement with the implementation of either Bailed or Compacted Waste in Closed Top Containers
- With the prospect of a Retrofitted Lid System or Shoebox Style Containers, Additional expenses would need to be negotiated into the T&D Agreement to account for equipment costs and operational handling of the lids either at the Transfer Facility, AML Yard or Landfill.
- The CBS Solid Waste System would benefit from higher average container weights that provide economic benefit through the elimination of Under Weight Container Penalties



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Impact to the Transfer Station Operations

Changes in Transfer Methodology has significant impacts to the operations of the Facility

Baler Operations

- Transfer Station Traffic Routing
- Additional Equipment Needs
 - Baler
 - Fork Lift
 - Ramp
 - Construction and Demolition Material Processing
- Additional Staffing
- Additional Maintenance



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Impact to the Transfer Station Operations

Pre-Load Compactor Operations

- Need for some Transfer Station upgrades
- Compactor better fit for Current Transfer Station configuration
- Construction and Demolition Material can be processed using compactor
- Additional Staffing
- Additional Maintenance



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What if we do nothing?

As part of the Stakeholders evaluation, It was important to CBS Staff to explore the impacts of what would happen if the community elected to make no changes to the Solid Waste System and maintain service in Open Top Containers.

- Effective June 1, 2021 Alaska Marine Lines will discontinue service in open top containers without an adopted plan to transition to compacted waste in sealed containers
- Republic Services would be responsible under current Transportation and Disposal agreement to provide alternate shipping of CBS Solid Waste.
- Under current Transportation and Disposal Agreement, The City and Borough of Sitka would be responsible to pay all additional transportation fees for alternative service.



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Recommendations

As part of the Stakeholders evaluation, all reasonable options were evaluated for cost, operational impacts, systems durability and effectiveness in mitigating risk.

Based on all items considered, members of the Sitka Solid Waste Stakeholders Group representing Republic Services and Alaska Waste concur that the most effective methodology to provide security, certainty and the greatest economic benefit over the duration of the current T&D and Transfer Station Operations agreements for the Sitka Solid Waste System is to make the transition to Compacted Solid Waste in Closed Top Containers through the implementation of a Pre-Load Compactor at the Sitka Transfer Facility.

Thank You





54 S. Dawson St.
Seattle, WA 98134
www.republicservices.com

May 5, 2021

VIA E-MAIL AND U.S. MAIL

Mr. John Leach
Municipal Administrator
100 Lincoln St.
Sitka, Alaska 99835

Subject: Equipment Offer for Used Pre-Loader Compactor

Dear Mr. Leach,

As a follow up our earlier correspondence regarding the upcoming June 1, 2021 deadline to submit an adopted plan and timeline to Alaska Marine Lines to execute a transition to compacted Municipal Solid Waste in Closed Top Containers, I would like to again communicate our support to the City and Borough of Sitka (CBS) in meeting this mandate.

I would like to reiterate an offer previously made to the Staff of the City and Borough of Sitka for Republic Services to sell a previously used 1996 AMFAB Trans-Pack TP 2500 Pre-Loader Compactor that is scheduled for replacement at our Transfer Facility in Ferndale, WA later next month.

This unit has been maintained under Republic Services strict preventive maintenance protocols and is currently in working condition and is used daily at the facility. This is the same unit that Sitka Public Works Supervisor Harold Greene was shown as while touring the Ferndale Facility in October of 2019.

Republic Services will make this Compactor available to CBS for the price of \$1.00 (USD). In the spirit of providing further support to CBS for the transition to Closed Top Containers being required by Alaska Marine Lines, Republic Services will transport the Compactor to Sitka at our expense. In addition, Republic will commit \$25,000 towards the cost of any necessary refurbishment of the Compactor. Installation of the Compactor at the Sitka Transfer Station will be the responsibility of CBS.

At this juncture and with the approach of AML's June 1, 2021 deadline, Republic Services is seeking the Sitka Assembly's commitment to proceed with this proposed transition plan. Upon receipt of the commitment, we will immediately begin the planning process to transfer the Compactor to the Sitka Transfer Station.

Sincerely,

Joe Allen-Thompson
General Manager, Washington Post Collection
54 S. Dawson St.
Seattle, WA 98134
Office: 206.332.7701|Cell: 425.305.6142
jallen-thompson@republicservices.com

cc: Brian Hanson, Municipal Attorney (via e-mail only)



54 S. Dawson St.
Seattle, WA 98134
www.republicservices.com

April 9, 2021

Mr. John Leach
Municipal Administrator
100 Lincoln St.
Sitka, Alaska 99835

Subject: Update on Alaska Marine Lines Mandate for MSW Shipment

Dear Mr. Leach,

Republic Services has recently received a letter dated March 10th, 2021 from Alaska Marine Lines (AML) to serve as a reminder of the upcoming June 1st, 2021 deadline for the City and Borough of Sitka (CBS) and other Southeast Alaska Partners to adopt plans that will provide for a transition of their Solid Waste systems to accommodate Compacted Waste in Closed Top Containers for shipment on AML Barges.

AML has re-iterated that they will continue working with communities to extend this deadline to allow for the planning, acquisition and installation of compaction equipment, with reasonable and mutually agreeable timelines to be adopted by the local assembly, prior to the June 1st deadline.

If agreeable plans are not adopted, AML is prepared to refuse shipment of Municipal Solid Waste in Open Top Containers beginning on June 1st, 2021.

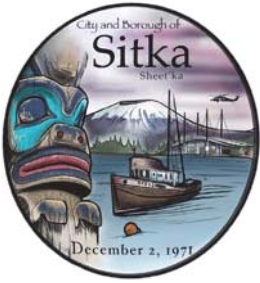
Our team has continued to work with AML, CBS Staff, and other Stakeholders to explore all feasible alternatives to assist in making a transition to compacted waste in closed top containers to comply with the AML Mandate.

This may include Republic Services having to seek alternative transportation for trucking and barge services. In the event CBS were to elect to not make the transition to compacted waste as part of the Solid Waste Transfer System and AML delivers notification of refusal to accommodate MSW in Open Top Containers on their Barges, Republic Services will seek the approval of an Alternative Service Arrangement and provide all associated costs as a pass through to the City and Borough of Sitka, as prescribed in Article 8.3 and Article 9.1 the Transportation and Disposal agreement.

We continue to encourage the City and Borough of Sitka to pursue plans to make the transition to compacted MSW as the safest, most environmentally secure, and efficient means of handling Solid Waste generated in the region. We are committed to continuing our work with the Sitka Stakeholders group and are confident that reasonable solutions can be achieved in meeting all your Solid Waste needs.

Sincerely,

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Seattle, WA 98134
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jallen-thompson@republicservices.com



City and Borough of Sitka

PROVIDING FOR TODAY...PREPARING FOR TOMORROW

Coast Guard City, USA

October 22, 2020

Mr. Joe Allen-Thompson
General Manager, Washington Post Collection
Republic Services
54 S. Dawson St.
Seattle, WA 98134

Subject: Reducing Fire Risk in Municipal Solid Waste (MSW)

Dear Mr. Allen-Thompson,

This responds to the correspondence we received from Republic Services on October 21, 2020. We are excited to hear that Republic is willing to work toward a solution to the shipping requirements being imposed by Alaska Marine Lines (AML), however, you mentioned that Republic would continue efforts to *assist* the City and Borough of Sitka (CBS) in completing that task. Please be reminded that CBS has no contractual agreements with AML. Any shipping requirements imposed by AML are imposed upon Republic.

I agree with your assessment of Section 6.1(a) of the Solid Waste Transportation and Disposal Service Contract Between City and Borough of Sitka and Regional Disposal Company ("Contract"), however, Section 6.4(a) of the Contract states that "Contractor at all times shall supply the CBS at the Transfer Station with an adequate supply of Containers to handle fluctuating volume of waste coming into the Transfer Station. Any and all Containers, Transfer Trailers or Vehicles **supplied by Contractor** and used at any time by CBS **shall at all times remain the property of the Contractor**". Hard top containers are an effective measure to remove one of the sides of the fire triangle and can almost certainly reduce the fire risk of our ever-improving waste stream. We have proposed to Republic a removeable hard top container solution that could substantially reduce the fire risk in MSW and would not require costly and substantial changes to our Transfer Station. We believe this solution could also be proposed to your subcontractor as an effective measure to reduce the risk of a fire at sea during transport or while in a port facility. Although Republic desires waste to be baled, we believe that our current efforts are satisfactory as we are able to achieve 80% compaction under our current process. A costly baling or compacting system would only gain us approximately 15% more compaction and may not further reduce the fire risk given that it is the same waste stream. As containers are required to be adequately supplied by the Contractor and remain the property of the Contractor, we firmly believe that the cost of a suitable container is the responsibility of Republic.

Although the Contract does state in section 7.1(d) that it is CBS' responsibility for "[l]oading of all Acceptable Waste received at the Transfer Station into the appropriate intermodal shipping Containers for delivery to Contractor," it most significantly does not state anything about not loading or prohibiting

Unacceptable Waste. It is reasonable to imply that both CBS and Republic anticipated that some Unacceptable Waste would be unintentionally loaded in the Containers, otherwise, there would be no reason for the inspection provisions in the Contract

Section 10.2 does require Sitka to maintain a program of operating and monitoring procedures to prevent the loading of Unacceptable Waste into containers, and I believe the CBS has complied with this requirement and is improving every day to improve the waste stream. In fact, our waste stream has significantly improved since the days when Republic was responsible for the loading of MSW at the CBS Transfer Station prior to 2017, and no Unacceptable Waste has been discovered leaving the CBS Transfer Station since 2017. Section 10.3 gives Republic the discretion to inspect for Unacceptable Waste at the Transfer Station after the waste is loaded into Republic's Containers, which clearly supports that Republic is subject to a fire hazard risk when they take possession of the loaded Containers and, accordingly, their Containers need to be suitable for that fire hazard risk.

Although title to and liability for Unacceptable Waste, per section 10.1, does remain with CBS, if a fire starts in a Container, the burden of proof would be on Republic to prove the fire was started from Unacceptable Waste in order for CBS to be liable. Therefore, we firmly believe that Republic is incorrect in stating that AML's demands are a "direct result of Unacceptable Waste being loaded in containers."

The Contract does not obligate Republic to incur the expense to change CBS' infrastructure used up to loading the waste into the Containers, however, the Contract does obligate Republic to incur the expense to provide suitable and adequate Containers to haul the waste such that it does not impose an unreasonable fire hazard.

Although Republic has not formally provided the CBS with a deadline, leadership from AML contacted our offices to inform us that they would no longer accept MSW for shipment from CBS beginning November 1, 2020. Given the urgency of this situation, CBS is formally demanding the following:

1. Republic commits to providing removeable hard top containers that are suitable to AML's needs and the CBS Transfer Station infrastructure, and submits an acceptable incorporation plan.
2. Republic cooperates with CBS in determining, through a qualified expert, what other effective measures could be taken to mitigate fire hazard, and share the cost of securing the qualified expert.
3. Republic submit a proposal to AML, cooperatively developed with CBS, which will assure continuation of AML's transporting services until a final resolution is reached.
4. **Republic take immediate action such that AML continues to provide service while Republic and CBS are developing their proposal for a final resolution.**

We look forward to hearing from you on options Republic Services can develop to provide a safe and continued service to the CBS without placing an increased financial burden on our rate payers.

Respectfully yours,



John Leach
Municipal Administrator

Cc: Alaska Marine Lines
Alaska Waste Management
City and Borough of Sitka Assembly

Encl: Alaska Marine Lines letter of 8/17/2020
Republic Services letter of 8/31/2020
CBS letter of 10/9/2020
Republic Services letter of 10/21/2020



54 S. Dawson St.
Seattle, WA 98134
www.republicservices.com

October 21, 2020

Mr. John Leach
Municipal Administrator
100 Lincoln St.
Sitka, Alaska 99835

Re: Fire Risk

Dear Mr. Leach,

I am writing in response to your October 9, 2020 letter. Republic will continue efforts to help assist Sitka in finding a solution to the shipping requirements being imposed by AML. However, Republic disagrees with certain statements in your letter related to Republic's contractual obligations in light of AML's demands.

Republic disagrees that it is Republic's responsibility to incur the costs to "reduce this preexisting fire risk." Republic's contractual obligation is to transport and dispose of Sitka's Acceptable Waste as defined in the Solid Waste Transportation and Disposal Service Contract Between City and Borough of Sitka and Regional Disposal Company ("Contract"). Section 6.1(a) of the Contract explicitly states that loading of waste into containers is not Republic's responsibility. Instead, pursuant to Section 7.1(c), it is the City's responsibility to load all Acceptable Waste received at the transfer station into the appropriate intermodal shipping containers. Section 10.2 requires Sitka to maintain a program of operating and monitoring procedures to prevent loading of Unacceptable Waste into containers. Furthermore, per Section 10.1, title and liability for Unacceptable Waste delivered to Republic does not pass to Republic but instead remains with the City.

The issue necessitating AML's pending requirement that waste be baled and transported in hard top containers is the direct result of Unacceptable Waste being loaded into containers. The Contract does not contain language obligating Republic to incur the expense to change the City's infrastructure to mitigate the potential for fire that accompanies the City's loading of Unacceptable Waste into containers that AML is contending are not appropriate for the shipment of the waste.

Republic is sympathetic to the challenges that face our municipal partners and is committed to assisting Sitka and AML to facilitate a mutually agreeable resolution to this issue. We believe that a meeting of the stakeholders must take place as quickly as possible in order for the parties to find a workable solution responsive to AML's demands.

Please contact me upon receipt of this letter so that we can schedule a meeting with AML.

Sincerely,

Joe Allen-Thompson
General Manager, Washington Post Collection
54 S. Dawson St.
Seattle, WA 98134
Office: 206.332.7701|Cell: 425.305.6142
jallen-thompson@republicservices.com



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

October 9, 2020

Mr. Matthew Pederson
Republic Services, Municipal Relationship Manager
421 W. Riverside, Suite 1040
Spokane, WA 99001

Subject: Reducing Fire Risk in Solid Waste

Dear Mr. Pederson,

I would like to follow up with you regarding the correspondence we received from Republic Services and Alaska Marine Lines (AML) in reference to the fire hazards in our municipal solid waste (MSW) processing and shipping.

As you have outlined, we are taking action to address fire hazards and will be working with our MSW partners to press forward with an educational campaign. As is often the case, education can be the best approach to changing unsatisfactory habits. In fact, since our first transfer station fire we have effectively removed several thousand pounds of emergency flares from entering the waste stream by educating the public and providing alternative disposal options. We will continue to do our part to advance this education effort.

In conjunction with our education campaign we have led the way to bring Republic Services and Alaska Waste Management to the table to work towards changes to the shipping containers and processing. This exercise has failed to yield any meaningful commitment from either party over the last 30-days but has been fruitful in revisiting ideas of the past regarding mechanical changes such as adding a compactor.

Our approach to improving the solid waste processing and shipping has been to look to the experts in the field by requesting both Alaska Waste Management and Republic Services provide solutions per their contractual obligations. As we outlined in these discussions, Sitka is not in a financial position to afford costly solutions. The Solid Waste Fund is in a deficit and has been in that position since the shipping costs were significantly modified in the most recent Republic Services contract.

Our waste tonnage and customer count has not changed significantly over several decades. Clearly this has not changed from the time we entered a long-term contract with Republic Services, which includes the makeup of our waste stream and ultimately the fire risk. Our customer base has been stable, the waste stream has been stable,

however, Sitka residents are being required to pay significantly more than the rate of inflation for the same service.

Although we have stepped in to help, we ultimately feel it is the responsibility of Republic Services to reduce this preexisting fire risk further and to do it at no additional cost to Sitka. We have suggested a cost-effective countermeasure in using removable hard top containers to move away from soft top containers as a simple, off-the-self shipping container solution.

Additionally, receiving letters from AML regarding the subject matter of this letter is unacceptable. As you know our contractual relationship is with Republic Services and we expect our prime contractors to take the lead on these matters. We hope that receiving such a letter from your subcontractor is not a sign of mismanagement or whistleblowing. Regardless, we expect Republic Services to be more aggressive in finding a solution at the lowest level possible. We strongly encourage Republic Services to take the action necessary to address the requirements of your subcontractor while upholding your contractual obligations to the City and Borough of Sitka.

We look forward to hearing from you on options Republic Services can develop to provide a safe and continued service to the CBS without placing an increased financial burden on our rate payers.

Respectfully yours,



John Leach
Municipal Administrator

cc: Alaska Marine Lines
Alaska Waste Management
City and Borough of Sitka Assembly

Encl: Alaska Marine Lines letter of 8/17/2020
Republic Services letter of 8/31/2020



54 S. Dawson St.
Seattle, WA 98134
www.republicservices.com

August 31, 2020

Mr. Harold Greene
Public Works Supervisor
City & Borough of Sitka
106 Jarvis
Sitka, Alaska 99835

Subject: Transition to Compacted Waste in Closed Top Containers

Dear Harold,

I would like to take the opportunity to follow up on our recent discussions regarding container safety and screening of Municipal Solid Waste at the Sitka Transfer Station.

In the month of June, it was reported that The City of Sitka experienced two separate emergency response incidents due to non-acceptable waste (Signal Flares) being disposed of at the City Transfer Station.

These recent occurrences highlight the importance of public education and screening for potentially dangerous materials in our waste streams.

In 2010 & 2016, Republic Services and our transportation partner Alaska Marine Lines (AML) experienced significant fires on AML barges destined for Seattle that were traced back to City of Sitka Municipal Solid Waste originating from the City Transfer Station.

Since that time, Republic Services has worked to educate our customers across Southeast Alaska on the importance of container safety, best screening practices for non-acceptable waste and the value of transitioning to compacted waste in closed top containers. This education has been in the interest of public health and safety for our communities, personnel and the environment.

We appreciate all the work that you and the City of Sitka have done to educate yourself and your staff on the need to transition to compacted waste. As observed during your tour to the Republic facilities in Washington State, the compacting equipment and operations are similar to what we hope to see implemented in Sitka.

We are requesting to further discuss planning that will allow us to move forward with the transition to compacted waste in closed top containers at the City of Sitka to provide for greater safety and environmental protections in the handling of Sitka Solid Waste.

Please let me know if you have questions and your availability to schedule a time to follow up on this important matter.

Thank you,

Matthew Pederson
Republic Services, Municipal Relationship Manager
421 W. Riverside, Suite 1040
Spokane, WA 99001
(509) 808-9909 Cell
mpederson@republicservices.com



City & Borough of Sitka

John Leach - Municipal Administrator

100 Lincoln Street

Sitka, AK 99835

Dear Mr. Leach,

Alaska Marine Lines (AML) is a transportation subcontractor to Republic Waste (Republic) for the City & Borough of Sitka's (Sitka) municipal solid waste (MSW). AML's first commitment in all operations is to safety, regardless of the cargo. Shipping compacted, baled MSW in closed containers is the safest, cleanest, most environmentally correct method.

There have been two major fires aboard AML barges that began in MSW containers loaded at the Sitka transfer station. Those fires imperiled millions of dollars of equipment and cargo, and risked the lives of responding firefighters. There have been at least two additional recent fires in Sitka MSW containers that were extinguished prior to loading onto the barges.

It is clear that the potential for fire is much greater with loose waste in open-top, tarped containers than it is with baled waste in hard-top closed containers. The majority of MSW that AML carries for other shippers is now baled and moving in closed containers. There have been no fires from other Republic Services customers in Southeast Alaska associated with baled MSW. Sitka's loose MSW has caused the only two barge fires AML has experienced, and of course the two fires at the transfer station.

After the Sitka MSW barge fire in Chatham Strait in 2010, AML held discussions with Republic urging them to address safety concerns to prevent further incidents. After the second Sitka MSW fire aboard an AML barge at our Seattle pier in 2016, further discussions took place followed by a decision and a letter from AML informing Republic that AML would require MSW to be baled and enclosed in dry containers to be accepted by AML.

In early 2017, AML and Republic Services partnered to provide education to all Republic served communities in Southeast regarding acceptable and unacceptable materials, proper screening and loading procedures and the value of compacting waste in Hard Top Closed containers for the health and safety of the community, as well as further environmental protections. These presentations by Republic Services took place in March of 2017 at the Southeast Conference in Juneau, a general meeting of the Southeast Solid Waste Association and in person with the Solid Waste Staff of Sitka and other Republic served communities.

During the three years since that decision and letter it has been AML's understanding through Republic that Sitka has been working on a baled MSW solution to decrease risk and achieve operational efficiencies to address economic impacts of underweight shipping containers.

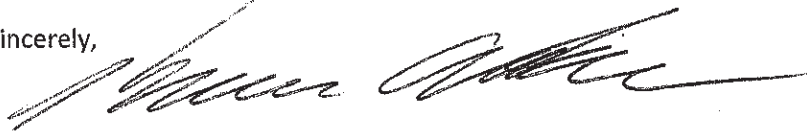
Although our business relationship regarding Sitka's MSW is with Republic, the lack of a solution in previous three years has us now needing to communicate our concerns directly with Sitka.

Our long term goal continues to be the handling of your cargo in the safest, cleanest, most efficient and cost effective ways possible. We believe that in order to achieve the levels of safety, environmental protection and efficiency that are necessary for this cargo, significant changes must be made to the operations. In the future we will require that all MSW be baled and enclosed in AML approved hard-top, dry containers in order to be accepted for movement on AML vessels.

We understand that this will require significant infrastructure additions at the municipality level. We would like to work with you to develop a reasonable timeline to institute this requirement, and help identify possible cost savings. With the understanding that funding will have to be sought and facility improvements constructed, we intend to be reasonable with our timeline but cannot wait indefinitely for these necessary changes.

We would like to meet with you in the coming weeks to discuss how together we can begin making these safety, environmental and efficiency improvements as soon as possible.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kevin Anderson', with a stylized, flowing script.

Kevin Anderson - President