

METRO

**Regional Environmental
Management Department**

Solid Waste Management Framework is Sound

July 2002

A Report by the Office of the Auditor



METRO

PEOPLE PLACES
OPEN SPACES

Alexis Dow, CPA
Metro Auditor



METRO

Office of the Auditor

July 2, 2002

To the Metro Council and Executive Officer:

Metro is responsible for planning and managing the recycling and disposal of solid waste generated within Clackamas, Multnomah and Washington counties. In accordance with our annual audit plan, we undertook a survey to develop an understanding of how Metro manages this important regional system.

Based on our survey, we conclude that Metro's framework for managing the region's solid waste contains the elements of a sound management system - including an established organization structure, a defined mission and strategic plan for carrying out the mission, and processes for evaluating the effectiveness of plans and programs.

To reach this conclusion, we first had to compile a description of the management framework, as it was not documented. Accordingly, we worked extensively with Metro staff to determine the participants, their roles and relationships and how Metro's solid waste programs and processes are planned, administered and evaluated.

Because many people will find this description useful, we are presenting it in this report and are recommending that Metro keep it updated. The Executive Officer has agreed to do this. His written response in is the last section of the report.

We appreciate the cooperation and assistance provided by the many Metro staff we worked with during this survey, particularly the staff from the Regional Environmental Department, Council Analyst John Houser and Senior Assistant Counsel Marvin Fjordbeck.

Very truly yours,

A handwritten signature in black ink, appearing to read "Alexis Dow". The signature is fluid and cursive, with a long, sweeping underline.

Alexis Dow, CPA
Metro Auditor

Auditor: James McMullin, CPA

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Executive Summary

Metro is the regional government responsible for managing the recycling and disposal of more than 2 million tons of solid waste generated annually within Clackamas, Multnomah and Washington counties and the 24 cities in the Portland metropolitan area. A steady stream of discards from the 1.3 million people in the area flows into the regional solid waste system each day. From varied points of origin – single-family homes, offices, shopping malls, parks, construction sites and grocery stores – an array of materials are generated, collected, processed for recovery or disposal, then hauled to an end-use or disposal site.

The Metro Auditor’s Office undertook a survey to develop an understanding of how Metro manages this important regional system. The results of this survey show that Metro’s framework for managing the region’s solid waste contains the elements of a sound management system. These elements are:

- An organizational structure with clearly established participants, roles and relationships
- A clearly defined mission and a strategic plan for carrying out the mission – including goals, objectives and core business services and programs
- Processes for evaluating the effectiveness of plans and programs in achieving goals and objectives

Metro’s solid waste management framework is a dynamic system where plans do not sit on a shelf gathering dust. Metro’s participants are continually reviewing and updating plans and programs to reflect progress toward goals and to respond to emerging issues.

During the survey, it became evident that this framework is not documented, including who the participants are, what roles they play, what goals and programs are in place and how performance is evaluated. Because many people will find a description of the framework useful, it is documented in this report.

As the framework likely will change over time, it is recommended that Metro keep the framework up to date.

Recommendation

Metro, through its Regional Environmental Management (REM) Department, should assume responsibility for keeping up-to-date the solid waste management framework outlined in this report.

Many people inside and outside of Metro have a need to understand Metro's solid waste management framework so they can effectively carry out their responsibilities including:

- Metro Councilors
- New Metro employees
- Local government officials
- Members of the solid waste industry
- Members of the media
- Interested citizens
- Auditors and consultants

This report documents this complex framework so that persons unfamiliar with it can more quickly understand how Metro develops and manages its programs and activities.

REM should keep this information up to date as the framework likely will change over time. For example, Metro will have a new organization structure in January 2003 that changes the structure of the Metro Council and abolishes the elected Executive Officer position. These changes may affect the solid waste management framework.

Introduction and Background

Metro is the regional government responsible for planning and managing the recycling and disposal of solid waste¹ generated within the region – Clackamas, Multnomah and Washington counties and the 24 cities in the Portland metropolitan area. These are serious responsibilities as 1.3 million people in the Portland area discard 2 million tons into the regional solid waste system each year – enough to fill the Rose Garden Arena 15 times.

Metro's solid waste activities generate revenues of about \$50 million annually. This revenue pays for disposing of waste brought to Metro-owned facilities and funds Metro's waste reduction and other solid waste related programs. Metro's excise tax on solid waste revenue collects about \$6 million annually that goes into Metro's General Fund. Beginning July 1, 2002, Metro will collect an additional \$1.2 million annually (\$1 per ton) to pay for operations at Metro's regional parks and maintenance of land acquired through the Open Spaces Program.

Solid Waste Flow To understand Metro's activities, it helps to understand how solid waste is handled and moved in the region. From many points of origin in the region – single-family homes, offices, shopping malls, parks, construction sites and grocery stores – an array of materials are generated, collected, processed for recovery or disposal, then transported to an end-use or disposal site.

This waste is generally handled as follows:

- Consumers, manufacturers, and other generators of solid waste set it out for collection
- Commercial haulers and private individuals collect the waste and transport it to one of the following:
 - Waste processors (recovery and recycling facilities, composting facilities)
 - Hazardous waste facilities
 - Transfer stations (where some waste is recovered and the remainder hauled to landfills)
 - Energy recovery facilities (where power is generated by burning waste)

¹ Solid waste includes all putrescible (decayed or rotten) and non-putrescible wastes, including garbage, rubbish, refuse, ashes, waste paper and cardboard; discarded or abandoned vehicles; sewage sludge, septic tanks and cesspool pumpings; commercial, industrial, demolition and construction waste; discarded home and industrial appliances; asphalt, broken concrete and bricks; manure, vegetable or animal wastes, dead animals, infectious waste, and petroleum-contaminated soils. Solid waste does not include explosives, materials used for agricultural fertilizer or hazardous and radioactive wastes as defined in Oregon law (Metro Code Chapter 5.01.010).

- Landfills

Many companies and facilities are involved in handling the region's solid waste:

- About 100 haulers collect waste
- 15 "non-system licensees"² haul directly to designated landfills
- 2 facilities recover and 24 centers recycle waste
- 13 facilities transfer or compost yard debris
- 2 facilities (Metro-owned) collect and process household hazardous waste
- 3 regional transfer stations (two Metro-owned and one privately owned) process waste for recovery and disposal
- 3 local transfer stations, privately owned, process waste for recovery and disposal
- 5 landfills outside the region are designated to accept waste.

The remainder of this introduction provides an overview of solid waste activities from a state and regional perspective, including an explanation of Metro's role. It also explains why we prepared this report.

**Solid Waste
Management
Framework in
Oregon**

Oregon Revised Statutes (ORS) provide the legal basis for Metro's solid waste planning and management activities. ORS Chapters 459 and 459A establish an intricate framework of disposal and recovery (reuse and recycling) requirements that Metro and other local governments follow in determining their solid waste roles and responsibilities.

This framework sets forth:

- Statewide solid waste policy emphasizing conservation and waste reduction
- A solid waste management "hierarchy" that favors, in order of preference, waste reduction, reuse, recycling, composting, energy recovery, and, finally, disposal
- Specific roles and responsibilities for the State, Metro, cities, and counties
- Waste reduction and recovery goals to be achieved in "wastesheds"³, including the Metro region
- Requirements for handling household hazardous wastes

² Metro authorizes some haulers to dispose of waste at out-of-district landfills under a "non-system" license. Under the license, they pay Metro fees and excise taxes on the amount of waste they dispose.

³ The State established solid waste planning areas or "wastesheds" across the State. Local government units in these wastesheds are responsible for developing and managing local solid waste programs.

- Requirements for siting and operating landfills, including requirements on governments that use landfills sited in exclusive farm use areas.

Although Oregon law sets some specific requirements that local governments must meet, local governments have broad authority to manage solid waste in their jurisdictions.

The Oregon Department of Environmental Quality (DEQ) is responsible for regulating solid waste facilities and writing rules to administer Oregon's solid waste statutes.⁴

Factors Shaping Metro's Solid Waste Roles

Major considerations that have shaped Metro's solid waste roles include:

- Metro is the designated local government unit responsible for solid waste planning in the region.⁵ As such, Metro is required to develop and implement a Regional Solid Waste Management Plan (RSWMP). Metro adopted the RSWMP as a functional plan⁶, thereby giving Metro authority to require local governments to comply with the plan, if necessary.
- State law⁷ requires Metro and local governments to provide the "Opportunity to Recycle" to the region's citizens. The rationale for this requirement is to reduce reliance on landfills and to conserve energy and natural resources.
- State law⁸ requires the region to achieve a 62 percent recovery rate⁹ during calendar year 2005. The latest information available shows that the region was at a 51 percent rate in 2000.
- State law¹⁰ requires Metro to establish and promote the use of household hazardous waste collection services.
- Metro has authority to construct and operate solid waste facilities, such as transfer stations and material recovery facilities.¹¹
- Metro has authority¹² to regulate privately owned solid waste processing and disposal facilities.

⁴ Relevant state administrative rules are contained in Oregon Administrative Rules - OAR 340.

⁵ ORS Chapter 459.017(b) states, "local government units have the primary responsibility for planning for solid waste management." Metro was designated the local government unit responsible for solid waste planning for the local area under State of Oregon Executive Order 78-16.

⁶ As specified in ORS Chapter 268.390, a functional plan is one that sets out detailed information, policies and standards for a specific function of government, such as transportation or solid waste.

⁷ ORS Chapter 459.015

⁸ ORS Chapter 459A.010(6)(a)

⁹ The State grants up to 6% in credits toward this goal for programs of waste prevention, reuse and home composting (2% for each program). These credits recognize the fact that if waste is prevented or reused (two things that are superior to recycling or recovery), the recovery rate suffers.

¹⁰ ORS Chapter 459.413

¹¹ ORS Chapter 268.317(1)

¹² ORS Chapter 268.317(5)

Metro's Charter gives Metro broad authority to engage in solid waste activities. The Charter authorizes Metro to:

- Acquire, develop, maintain and operate solid waste disposal facilities
- Engage in any other function required by state law or assigned to the Metropolitan Service District or Metro by the voters.¹³

The Metro Code, Chapter 2.19, Chapters 5.01 through 5.09, and Chapter 7.01, provides the legal basis for the solid waste related programs and activities Metro engages in under the Charter.

Metro Solid Waste Roles

The factors shaping Metro solid waste activities have resulted in Metro assuming four basic roles in managing the region's solid waste system:

- Promoting waste reduction
- Providing waste disposal services
- Regulating private facilities
- Providing environmental stewardship

Role 1 - Waste reduction

Metro's waste reduction activities have two orientations:

- Programs that target waste reduction in specific sectors, such as residential and commercial
- Educational and outreach programs that inform customers and encourage changes in behavior.

All of these activities are focused on achieving the State-mandated goal of achieving a 62% regional waste recovery rate during calendar year 2005. Some key points about these activities:

- The cornerstone of current State and Metro waste reduction policy is providing the opportunity to recycle.
- Metro has assumed the leadership role in waste reduction efforts in the region. For example, the State's 62% mandated recovery rate for the region is based on the self-imposed goal Metro had already set.
- Metro coordinates local government waste reduction efforts through an annual planning process. Metro and local governments are currently targeting three sectors whose recovery rates are lagging: commercial, construction and demolition, and commercial organics.

Role 2 - Waste disposal services

Metro is in the business of disposing of solid waste. Metro owns two transfer stations, two hazardous waste collection and processing facilities, and a paint recycling facility. To handle the waste coming into its own transfer stations, Metro entered into three large, multi-year contracts for

¹³ Metro Charter, Chapter 2, Section 6

processing, transporting and landfill disposal of the waste:

- Transfer station operations contract – the contractor processes waste received, conducts material recovery and loads the remaining waste into trucks; Metro paid the contractor \$5.5 million in fiscal year 2001; total amount of the seven year contract is \$37.8 million.
- Waste transport contract – the contractor provides equipment and drivers to haul compacted waste from Metro’s transfer stations to the Columbia Ridge Landfill, about 150 miles east of Portland; Metro paid the contractor \$7.1 million in fiscal year 2001; total amount of the 20-year contract not to exceed \$287 million.
- Waste disposal contract – the contractor unloads trucks and disposes of the waste in its landfill (Columbia Ridge); Metro paid the contractor \$11.8 million in fiscal year 2001; total amount of the 25-year contract not to exceed \$562 million.

Role 3 – Regulating private facilities

Metro regulates private solid waste facilities to:

- Ensure that solid waste is handled in appropriate and environmentally sound ways
- Create incentives and disincentives to further waste reduction policy goals
- Ensure that Metro fees and excise taxes are paid.

Even though Metro has authority to regulate all solid waste facilities in the region, Metro has exempted facilities that handle only source-separated recyclable materials and a variety of other “low impact” facilities. Metro issues a certificate, license or franchise to all other solid waste facilities, depending on the magnitude and potential environmental impact of their activities.

Metro’s regulatory activities include:

- Inspecting, auditing and monitoring private facilities to assure compliance with Metro-issued authorizations and Metro Code provisions and assuring that waste hauled out of the district only goes to disposal facilities that have agreed to collect Metro’s fees and excise taxes
- Taking enforcement actions, including issuing monetary penalties, against non-compliant operators and operations.

*Role 4 -
Environmental steward*

Metro's activities in this area involve:

- Managing two closed landfills – the Metro-owned St. Johns landfill and, by agreement with the City of Portland, the Killingsworth Fast Disposal landfill
- Investigating, cleaning up and prosecuting incidents of illegal dumping
- Providing grants to enhance communities impacted by solid waste facilities.

**Roles of Other
Local
Governments in
the Region**

Local government solid waste activities generally involve:

- Developing and implementing residential and business waste reduction programs in cooperation with Metro; these programs are generally spelled out in a “Partnership Plan for Waste Reduction”
- Regulating haulers that collect waste from residences and businesses.

The three counties and most cities in the region regulate private haulers through franchise agreements.

- Cities in Washington and Clackamas counties franchise garbage service for residential and commercial customers, while the counties administer franchises in unincorporated areas.
- Most cities in Multnomah County franchise residential and commercial haulers, but commercial garbage service is not regulated in Portland.

**Regional Solid
Waste
Management Plan
(RSWMP)**

The RSWMP is the key planning and policy document that establishes a framework for managing and reducing waste within Metro's jurisdiction for the ten-year period 1995 to 2005¹⁴. The plan assumes that the region's population will increase significantly during this period and that solid waste services must be available to support this growth.

The RSWMP:

- Establishes 16 regional solid waste goals and related objectives and a benchmark system to monitor progress toward the goals.
- Spells out government roles and responsibilities and assumes that local governments will work cooperatively with Metro in implementing the plan
- Provides a prioritized program of solid waste system improvements
- Recommends practices to accomplish goals and objectives.

¹⁴ Metro's Solid Waste Advisory Committee developed the Plan. The Metro Council adopted the Plan in November 1995 as a functional plan via Ordinance No. 95-624. The DEQ approved the Plan in January 1996.

The RSWMP recommended practices embody six broad, integrated strategies relating to residential, business and building industries waste reduction; solid waste facilities regulation and siting; and transfer and disposal facilities. The strategies are to:

- Invest in waste reduction before building additional transfer and disposal capacity
- Expand the opportunity to recycle
- Emphasize the waste reduction hierarchy
- Maintain flexibility and encourage innovation
- Set interim target dates, define roles and responsibilities and focus on implementation issues
- Advance cost-effective practices for managing the region's waste.

Metro administers the RSWMP to ensure that:

- Proposed new policies, programs or procedures are consistent with the RSWMP
- The RSWMP remains current and relevant by proposing amendments for Council approval that reflect new developments and directions.

The RSWMP commits to reporting on the qualitative and quantitative aspects of the regional solid waste system “on a regular basis.”

Accordingly, Metro prepared three “State-of-the-Plan” reports covering fiscal years 1996 through 1999 and evaluating whether the region's solid waste system is generally on track with respect to:

- RSWMP goals
- Waste processing and disposal capacity
- Compliance with environmental regulations

In June 2002, Metro updated key status information for fiscal years 2000 and 2001.

Objectives, Scope and Methodology

The objective of this project was to obtain a broad-based understanding of Metro's solid waste activities to provide a basis for planning future audit work. Specifically, the focus was to understand REM's goals, major programs and activities, how it is organized and how it measures its performance.

Early on in the project, we broadened the scope of the project beyond a focus on the department's activities to include Metro's overall solid waste policymaking and planning processes. It became evident that while the decisions and results of these processes are generally documented, Metro's structure for making these decisions is not. Accordingly, it was

necessary to develop a description of Metro's solid waste management framework, including the elements of oversight, policymaking, planning and performance evaluation. Because Metro management and the public would find this description useful, it is summarized in this report.

To accomplish the project, the following steps were undertaken:

1. Identified and reviewed key documents relating to Metro's solid waste role, responsibilities and activities, including:
 - Metro Charter, Metro Code, REM budgets
 - Council's Solid Waste and Recycling Committee minutes
 - State of Oregon legislation relating to solid waste
 - Regional Solid Waste Management Plan (RSWMP)
 - REM's Strategic Plan and other planning documents
2. Interviewed Metro officials and staff, including:
 - Two Metro Councilors with solid waste oversight responsibilities
 - The Metro Council Analyst responsible for assisting the Council in its solid waste related responsibilities
 - Metro's Chief Operating Officer, Office of the Executive
 - REM's department director, policy manager, five division managers and other REM staff.
 - Metro's General Counsel and two staff attorneys responsible for solid waste matters
3. Used two questionnaires to obtain basic information about REM's programs and activities, including legal and policy requirements, planning documents, basis for resource allocations, performance monitoring and reports.
4. Developed charts to illustrate the roles and relationships of the major participants involved in managing Metro's solid waste system.
5. Toured Metro owned waste facilities, including:
 - Metro Central and Metro South transfer stations
 - Hazardous waste facilities located at the two transfer stations
 - St. John's landfill
 - Latex paint recycling facility located at Metro South.
6. Reviewed prior Metro Auditor reports on Metro solid waste matters.

This survey was conducted between November 2001 and May 2002 in accordance with generally accepted government auditing standards.

METRO HAS A SOUND SOLID WASTE MANAGEMENT FRAMEWORK

Metro's framework for managing the region's solid waste contains the elements of a sound management system. These elements are:

- An organizational structure with clearly established participants, roles and relationships
- A clearly defined mission and a strategic plan for carrying out the mission – including goals, objectives and core business services and programs
- Processes for evaluating the effectiveness of plans and programs in achieving goals and objectives.

Metro's solid waste management framework is a dynamic system where plans do not sit on a shelf gathering dust. Metro's participants are continually reviewing and updating the RSWMP, the Metro Code and solid waste programs to reflect progress toward goals and to respond to emerging issues.

Organization Structure, Roles and Relationships Are Clearly Established

Many participants are involved in addressing and managing Metro's solid waste mission, goals, programs and activities. The participants are listed below in relation to their responsibilities.

Polycymaking and oversight –

- Metro Council
- Metro Council's Solid Waste and Recycling Committee
- Council Analyst

Management oversight – Office of the Executive Officer

- Executive Officer
- Chief Operating Officer

Departmental management –

- Director of the REM Department

Advisors/Reviewers –

- Solid Waste Advisory Committee (SWAC)
- Rate Review Committee (RRC)
- Metro Committee for Citizen Involvement (MCCI)

- REM Budget Advisory Committee
- Metro Office of General Counsel

The ways in which these participants generally interact and relate are illustrated in Chart 1.

The roles and activities of Metro’s policymaking and management participants are discussed immediately below. The roles and activities of the advisors/reviewers are discussed under the caption: “Performance Is Monitored, Evaluated And Reported”. Additional information on the participants, their roles and activities are contained in Appendix A.

*Council Policy Making
And Oversight*

Participants

Metro Council, Council’s Solid Waste and Recycling Committee and Council Analyst

Responsibilities

Metro’s seven-member elected Council establishes policies for the operation of Metro’s solid waste programs and provides oversight to ensure that these policies and programs are properly carried out. The Council’s role includes:

- Approving the Regional Solid Waste Management Plan
- Authorizing solid waste programs and activities and approving plans for carrying them out
- Assuring that resources are available to pay for the programs and activities
- Assuring that programs are achieving intended results
- Reviewing and approving major solid waste contracts.¹⁵

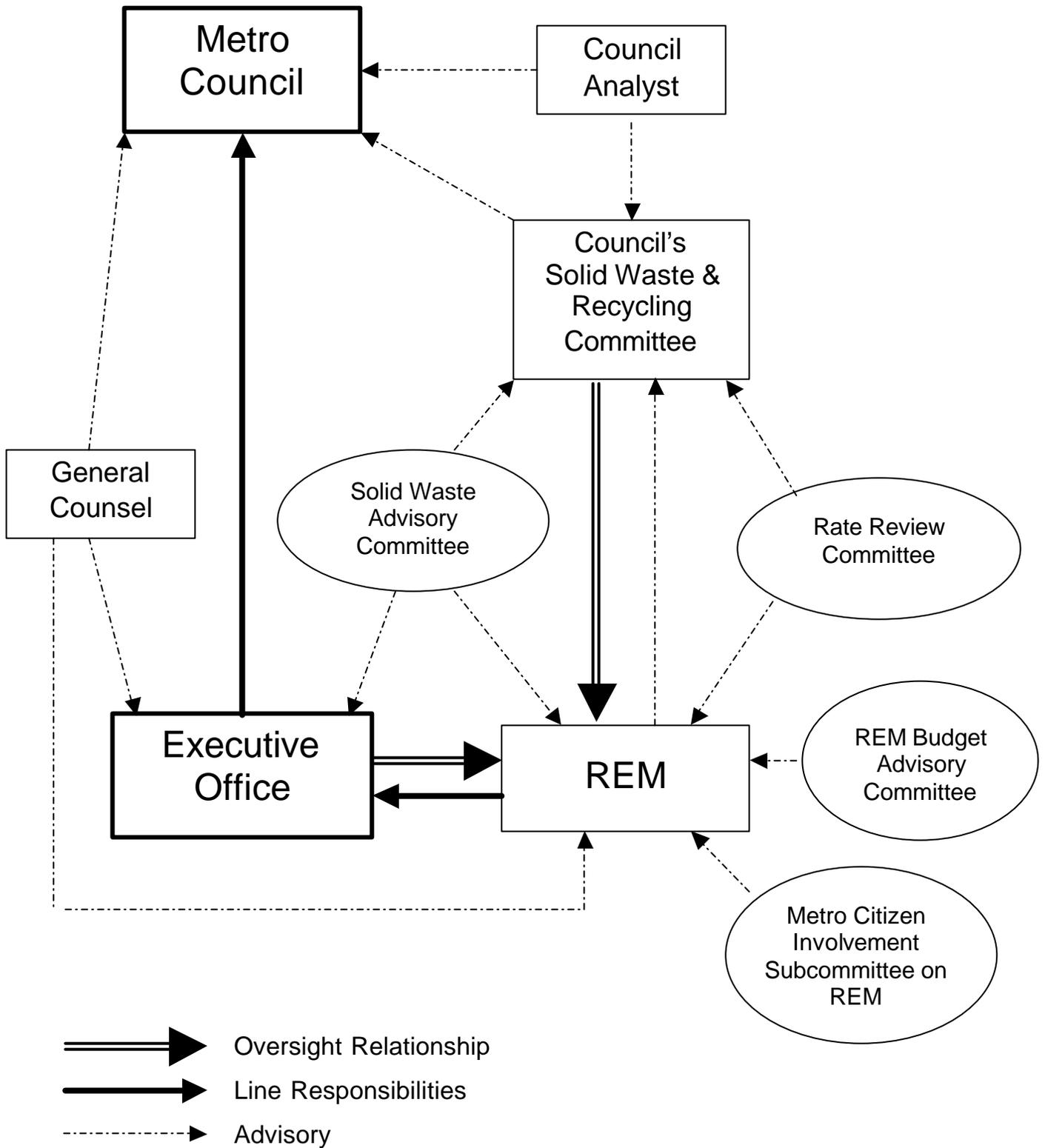
Solid waste policies set by the Council are contained in the Metro Code, as follows:

- Metro Code, Chapters 5.01 through 5.07 and 5.09 deal with matters such as facility regulation, disposal charges, user fees and illegal dumping
- Metro Code, Chapter 7.01 provides for an excise tax on solid waste
- Metro Code, Chapter 2.19 establishes functions and responsibilities for advisory committees created by the Council

The Council’s Solid Waste and Recycling Committee is primarily

¹⁵ The Council does this acting in its role as the Metro Contract Review Board.

Metro Solid Waste Participant Relationships



responsible for on-going policymaking and oversight activities. The Committee makes recommendations to the full Council on a wide range of matters for final approval.

A Council Analyst assists the Council and the Council's Solid Waste and Recycling Committee by researching a wide range of solid waste issues; developing policy alternatives; assisting in the development of Council initiatives; and drafting resolutions, ordinances and internal work programs.

Activities

Policymaking and oversight activities of the Council's Solid Waste and Recycling Committee include:

- Developing an annual Work Plan – the plan identifies and schedules a wide range of policy and program matters for the Committee's consideration
 - The calendar year 2002 work plan lists 28 matters for consideration and review; it also schedules REM staff and Solid Waste Advisory Committee reports, progress reports, and Committee actions
 - The annual Work Plan includes reviewing the:
 - o Status of REM's implementation of its Strategic Plan
 - o REM's financial position quarterly report
 - Examples of Work Plan topics/subjects include:
 - o Regulation of private facility rates
 - o Transfer station operations contract
 - o Recycling Business Assistance Program
 - o RSWMP updates
 - o REM budget issues
- Conducting bi-monthly Committee meetings - Minutes of these meetings are excellent sources of information on solid waste issues being considered by the Metro Council and REM staff. The meetings include:
 - REM Director updates discussing the status of REM operations, emerging issues and proposed legislation
 - Staff reports on proposed legislation
 - Progress reports on programs and activities

- Committee guidance to REM
- Considering reports and recommendations of the Solid Waste Advisory and the Rate Review Committees
 - These committees provide input to policy and program issues
 - These committees have members representing other local governments, the solid waste industry and citizens
- Reviewing and making recommendations to the full Council on REM's annual budget

*Executive Office
Management
Oversight*

Participants

Executive Officer, Chief Operating Officer

Responsibilities

The elected Executive Officer oversees the staff and programs at Metro and is responsible for implementing Council solid waste policy, maintaining oversight of solid waste programs managed by the REM, and identifying and resolving major solid waste issues.

The Executive Officer meets with the Council and deals directly with the Council's Presiding Officer on solid waste policy matters. The Executive Officer also presents Metro's annual budget to the Council for approval.

Activities

- As a practical matter, the Executive Officer relies on the Chief Operating Officer (COO) and the Director of REM to keep him informed of significant solid waste issues.
- The COO meets regularly with REM's Director to keep informed of budget, legal, technical, and personnel management issues involving the Department.
- The Executive Officer designated REM's Director to represent him before the Council's Solid Waste and Recycling Committee and the Solid Waste Advisory Committee (SWAC).
- The Executive Officer and COO review and approve legislative proposals and policy recommendations that REM's Director plans to discuss with these committees.
- Metro's General Counsel is consulted on such matters as needed.

Under a voter approved Metro Charter revision, the elected Executive Officer position will be abolished January 6, 2003. The Metro Council has created the Office of Chief Operating Officer that will be responsible to the Council for administering all Metro affairs. However, its specific role

in administering solid waste matters is yet to be defined.

REM Management of **Participants**

*Metro's Solid Waste
System*

REM Department

Responsibilities

REM is responsible for managing the region's solid waste system – including administering the RSWMP and managing Metro's solid waste programs and activities.

REM Organization

The REM Department consists of the Office of the Director and five divisions. Chart 2 provides an overview of the Department's organizational structure, programs and budget.

REM Planning Framework

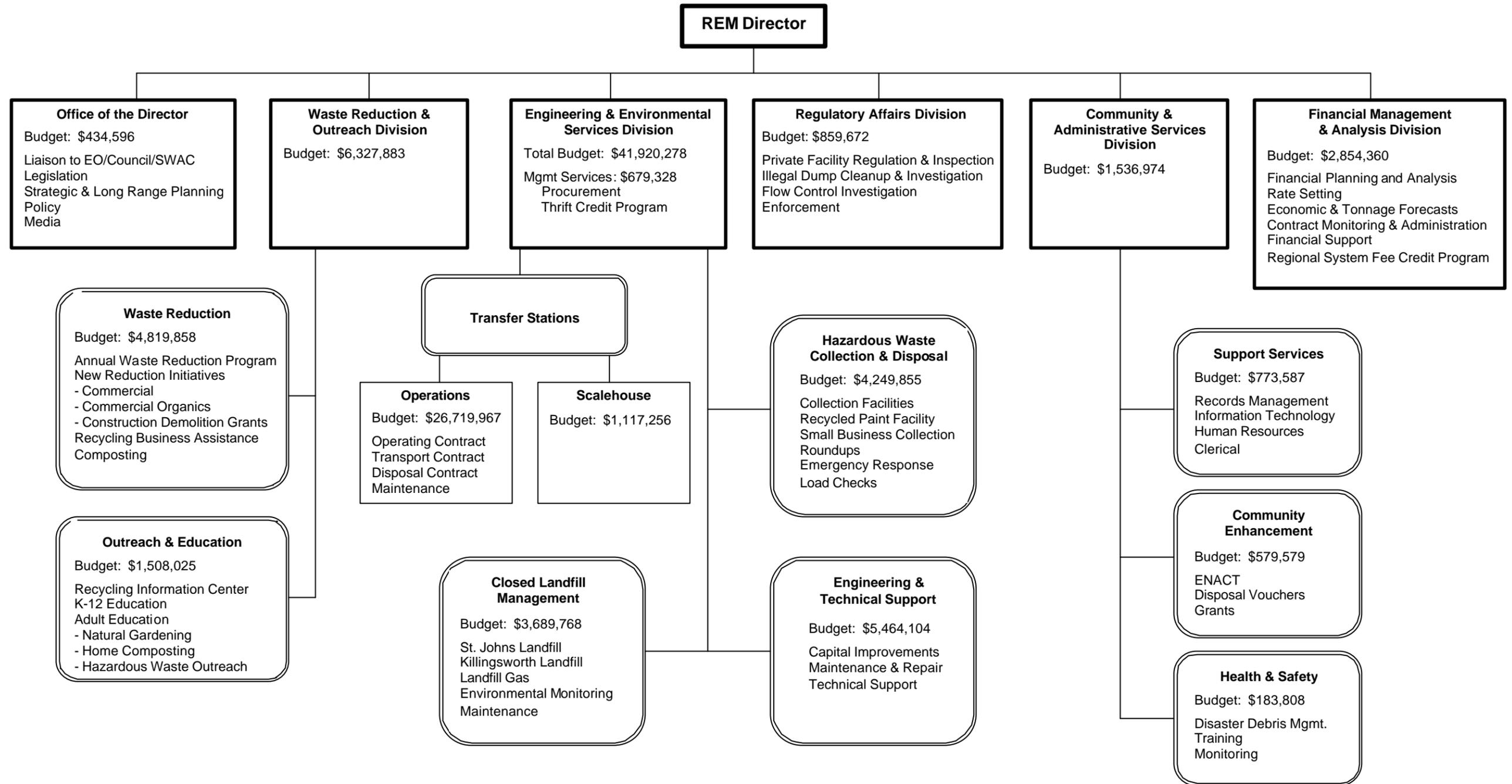
REM's planning framework is spelled out in the Department's "Unified Work Plan for the REM Department Management Team". The Unified Work Plan is a compilation of the major plans that affect REM's management of solid waste. Incorporating these plans in one document provides REM's Director a management tool for assuring that all important planning elements are considered. The Unified Work Plan contains:

- Council and Executive Officer priorities for the year, if any
- REM's priorities, consisting of:
 - The Council's Solid Waste and Recycling Committee annual Work Plan
 - REM's Strategic Plan
 - REM's Strategic Plan implementation plans – plans for accomplishing objectives in the Strategic Plan
 - The Director's priority list for each REM division
 - Each Division manager's 6-month work plan
 - Performance indicators for the Department, the Office of the Director and each of the five Divisions.

REM Director's Oversight Activities

REM's Director reviews, evaluates and reports on the department's operations in many ways, including having frequent meetings with division managers, reviewing work plans, reviewing the financial and operational

CHART 2
Metro Regional Environmental Management Department
(Adopted Budget Fiscal Year 2003)



Summary of Fiscal Year 2003 Adopted Budget

Total Revenues	\$50,865,849
Total Expenditures	\$61,157,750
 Total FTE	 109.15

status of the department and communicating the results of these oversight activities to the Executive Office, the Council's Solid Waste and Recycling Committee and the SWAC. The Director stated that he routinely engages in the following activities:

Every week:

- Meets with all managers to review progress on priority projects

Every 2 weeks:

- Reviews each manager's 6-month performance plan focusing on strategic objectives and priority projects

Monthly:

- Reviews REM Department expenses/revenues/reserve accounts

Quarterly:

- Submits a financial report from Executive Officer to the Council's Presiding Officer
- Makes an oral report to the Council Solid Waste and Recycling Committee on financial and program status
- Conducts an REM Managers/Supervisors Meeting including review of key projects

Every 6-months:

- Develops Division work plans including deliverables and dates

Annual:

- Establishes Department priorities (coordinated with Council work plan)
- Evaluates REM performance in relation to performance measures (annual analysis and report)

Multi-year:

- Reviews REM Strategic Plan objectives, RSWMP objectives and the Unified REM Work Plan

**Strategic Plan
Defines Mission,
Goals And
Objectives**

REM, in conjunction with the Council’s Solid Waste and Recycling Committee, developed a Strategic Plan that defines Metro’s mission, goals, objectives, strategies and actions in relation to the region’s solid waste system. The Plan is, in part, Metro’s plan for fulfilling the roles laid out for it in the RSWMP¹⁶. The Metro Council approved the Plan in August 2001.

The Plan lays out a clear strategic direction for Metro’s future efforts and relates existing “core business” services and programs to specific goals. The Plan includes a vision of success, a mission statement, two primary goals, 9 strategic goals and 35 objectives.

The mission statement:

“Metro’s Regional Environmental Management Department contributes to the livability of the region by taking actions that reduce and manage the region’s solid waste in an effective, economical and environmentally sound manner.”

The Plan defines two primary goals to carry out the mission:

- Reduce the toxicity and amount of solid waste generated and disposed.
- Develop an efficient, economical and environmentally sound solid waste disposal system.

Importantly, all of the department’s core business services relate to these two goals. Chart 3 illustrates the “fit” of core business services with the primary goals.

As shown, four of the core business services address both goals. The following examples illustrate how both goals are served by a particular service:

- Through its regulation of private solid waste transfer facilities, Metro encourages the facilities to reduce waste disposed by requiring them to recover at least 25% of the dry waste they receive and by levying a regional system fee only on waste actually sent to a landfill.
- Through its hazardous waste collection programs, Metro reduces the amount of costly hazardous waste disposed by recycling latex paint and making some other products available for reuse. In addition, Metro educates citizens at the collection sites on how to reduce their

¹⁶ The Strategic Plan and the RSWMP are mutually supportive, but different. The Strategic Plan is a plan for Metro. It deals with matters directly under Metro’s control and that primarily affect Metro. The RSWMP, on the other hand, is a plan for the region, managed by Metro. It relies on the cooperation and coordinated action among residents, businesses and the public sector to achieve objectives, strategies and actions.

CHART 3
TWO PRIMARY GOALS AND ‘FIT’ WITH CORE BUSINESS SERVICES

1. Reduce toxicity and amount of solid waste

2. Efficient, economical, environmentally sound disposal

Administer Regional Solid Waste Management Plan

Own and regulate solid waste facilities

Manage fiscal resources

Collect hazardous waste

Lead, coordinate and support waste reduction programs

Administer transport and landfill contracts

Maintain closed landfill

Clean up illegal dumps

use of hazardous products in the first place.

The Strategic Plan also addresses the following matters that provide context and direction for Metro's solid waste activities:

- “Where We Are Now”
 - Statements of Metro's four roles in regional solid waste management – discussed in the Introduction to this report
 - REM's primary goals and core business services
 - An assessment of REM's operating environment
 - Issues confronting Metro
- “Where We Want To Be”
 - An action agenda and recommendations for each of the issues identified
- “How We Plan To Get There”
 - Nine strategic goals and 35 objectives related to accomplishing the two primary goals
- “How We Will Measure Our Results”
 - Provides for developing implementation plans for each strategic goal and related objective, including specific action steps, completion dates, roles and responsibilities, resource requirements, and, in many instances, monitoring systems such as performance measures.
 - Provides for REM to review and revise the Strategic Plan and implementation plans as necessary to respond to changes in the operating environment
 - Provides for REM to report to Metro's elected officials, the Solid Waste Advisory Committee and its own staff on progress in achieving strategic goals and objectives.

REM developed implementation plans for 16 of the 35 strategic objectives. The remaining objectives did not require implementation plans because they either affirmed the continuation of existing operations, programs, procedures and policies or the objective had already been met.

Performance Is Monitored, Evaluated and Reported

Metro has provided for monitoring, evaluating and reporting the performance of its solid waste programs and activities:

- The RSWMP contains a chapter on performance monitoring and three “State of the Plan” reports have been prepared assessing the region's status in achieving RSWMP goals.

- REM's Strategic Plan contains a section on how REM will measure results and provides for annual progress reviews
- REM's Strategic Plan implementation plans contain specific targets and milestones that are monitored by the Department Director and division managers.
- The REM Budget contains performance indicators for the department, the Office of the Director and each division. REM tracks actual performance against these indicators and prepares interim and annual status reports that are reported to REM managers and the Council's Solid Waste and Recycling Committee.
- One of REM's major objectives for fiscal year 2003 is to reevaluate its performance measures to assure they align with the department's strategic plan.
- The indicators tracked for the REM department as a whole are:
 - Regional recovery rate (DEQ) – goal is to achieve 62% during 2005
 - Per Capita Recovery (tons)
 - Per Capita Disposal (tons)
 - Metro Recycling Information phone inquiries
 - Households served by hazardous waste program
 - Student/adult participants in waste reduction classes
 - Solid Waste Revenue Tons
 - Variance between tonnage forecast and actual tonnage
- The Council's Solid Waste and Recycling Committee and REM provide for measuring and evaluating the performance of specific programs and projects. For example:
 - REM's Waste Reduction and Outreach Division, guided by the Council's Solid Waste and Recycling Committee, developed new performance indicators to evaluate results of Metro assisted local government efforts to reduce waste (Year 13 Plan)
 - REM's fiscal year 2003 budget provides \$91,000 to design evaluation instruments and assess the progress of Metro's waste reduction programs and projects.
 - REM's fiscal year 2003 budget provides for hiring a contractor to assess one of Metro's major waste reduction initiatives – commercial organics. The contractor will evaluate results of the first three years of the program and provide recommendations for

developing the next three-year plan.

- REM's Targeted Competitive Grant Program requires applicants to establish clear goals, measurement tools and intended results and report on the project's results in meeting goals.

Metro has provided for many organizational participants to monitor and review solid waste plans, programs and activities.

- The Metro Council maintains policy and program oversight through its Solid Waste and Recycling Committee
- The Executive Office maintains management oversight of major issues
- The REM Director maintains a planning and review system for monitoring and reviewing REM programs and operations
- The Solid Waste Advisory Committee¹⁷:
 - Evaluates existing policies and practices and makes recommendations for improvement
 - Advises on the implementation of existing solid waste plans and policies
 - Makes recommendations on planning processes and compliance with the RSWMP and state requirements
- The Rate Review Committee reviews the assumptions and processes for setting solid waste disposal rates and fees to ensure that rates comply with 11 criteria¹⁸ established by the Metro Council, such as whether the rates and fees are equitable and provide incentives to reduce waste
- The Metro Committee on Citizen Involvement, Subcommittee on REM:
 - Evaluates whether REM's projects provide for adequate citizen involvement, focusing on education and public involvement projects
 - Advises REM on improving public involvement of its projects
- The REM Budget Advisory Committee:
 - Reviews the assumptions behind REM's planned programs and expenditures
 - Advises REM staff during the formulation stage of the budget, and
 - Makes recommendations to the Executive Officer on budget

¹⁷ SWAC's purpose and composition are described in more detail in Appendix A.

¹⁸ Council Resolution No.93-1824A, adopted July 22, 1993

policies, programs, and practices.

- Metro's Office of the General Counsel:
 - Reviews and provides legal advice on a wide range of solid waste related matters to the Metro Council, the Executive Officer, REM, and the Solid Waste Advisory Committee, as requested.
 - Reviews proposed solid waste policies and programs to assure they comply with state law and that Metro has authority to adopt them.
 - Reviews ordinances and resolutions presented to the Metro Council.
 - Reviews and advises on Metro's three large disposal contracts, including change orders.
 - Reviews requests by private firms to operate solid waste facilities.

REM staff support all of the above participants by preparing reports and providing information to them on a wide range of policy, program and financial matters.

Emerging Issues Are Proactively Addressed

Metro takes a proactive approach to managing the region's solid waste by identifying emerging issues that can influence and impact plans and operations. For example:

- REM's Strategic Plan defines six issues emanating from trends and situations REM tracks. The Strategic Plan defined an action agenda and recommendations for each issue.
- Minutes of the Council's Solid Waste and Recycling Committee meetings contain discussions of emerging issues and plans for dealing with them.

Metro was recently considering the following issues, among others, which illustrate Metro's proactive approach to planning:

1. Will mandatory recycling be necessary to achieve the 62% regional recovery goal for 2005?
2. Can alternatives to disposal be found for old electronics in the region's waste stream?
3. What level of Metro fees and taxes should be assessed on disposed dredge spoils if the Columbia River and other areas are approved for dredging?
4. Should Metro be prepared to regulate rates at private sector disposal facilities if these facilities become large enough players to influence

regional rates?

5. Should Metro increase tonnage allocations to local transfer stations to provide haulers greater disposal access?
6. Will Metro supported financial incentives for the private sector boost regional waste recovery rates?

APPENDIX A – DUTIES AND RESPONSIBILITIES OF PARTICIPANTS

Metro Council Metro’s seven-member elected council establishes policies for the operation of Metro’s solid waste programs and provides oversight to ensure that these policies and programs are properly carried out. The Council’s role includes:

- Approving the Regional Solid Waste Management Plan
- Authorizing solid waste programs and activities
- Approving plans for carrying these out
- Assuring that resources are available to pay for the programs and activities
- Assuring that programs are achieving intended results

In its role as the Metro Contract Review Board, the Council reviews and approves major solid waste contracts, including Metro’s contracts for operating its two transfer stations, hauling waste and disposing of it in the Columbia Ridge Landfill.

Council Solid Waste and Recycling Committee The Council fulfills most of its solid waste related roles through its Solid Waste and Recycling Committee – a standing committee composed of three to five councilors. The Committee develops and reviews solid waste related resolutions and ordinances before they are brought to the full Council for consideration. The Committee meets bi-monthly to:

- Review and make recommendations to the Council on policies and programs relating to the RSWMP, the operation of solid waste disposal facilities, and Metro’s waste reduction efforts.
- Review and make recommendations to the Council on the duties, functions and work of the REM Department to ensure that adopted policies and program goals and objectives are carried out or met.
- Review and make recommendations to the Council on other matters, such as appointments to committees dealing with solid waste.

As part of its planning process, the Committee annually adopts a work plan for the calendar year that lays out the significant issues the Committee plans to consider during the year.

Council Analyst The Council and the Council’s Solid Waste and Recycling Committee are assisted by a Council Analyst who researches a wide range of solid waste issues; develops policy alternatives; assists in developing Council initiatives and drafts resolutions, ordinances and internal work programs.

Executive Office The elected Executive Officer oversees the staff and programs at Metro and is responsible for implementing Council solid waste policy, maintaining oversight of solid waste programs managed by REM, and identifying and resolving major solid waste issues. The Executive Officer meets with the Council and deals directly with the Council's Presiding Officer on solid waste policy matters. The Executive Officer also presents Metro's annual budget to the Council for approval.

As a practical matter, the Executive Officer relies on the Chief Operating Officer (COO) and the Director of REM to keep him informed of significant solid waste issues. The COO meets regularly with REM's Director to keep informed of budget, legal, technical, and personnel management issues involving the Department.

The Executive Officer designated REM's Director to represent him before the Council Committee on Solid Waste and Recycling and the SWAC. The Executive Officer and COO review and approve legislative proposals and policy recommendations that REM's Director plans to discuss with these committees. Metro's General Counsel is consulted on such matters as needed.

Under a November 2000 voter-approved amendment to the Metro Charter, the elected Executive Officer position will be abolished January 6, 2003. The Metro Council has adopted Ordinance No. 02-942A creating the Office of Chief Operating Officer that will be responsible to the Council for administering all Metro affairs after that date. The Chief Operating Officer's specific role in relation to administering solid waste matters is yet to be defined.

Regional Environmental Management (REM) Department The REM department's mission is to contribute to the livability of the region by taking actions that reduce and manage the region's solid waste in an effective, economical and environmentally sound manner.

The Department is organized into the Office of the Director and five divisions. The Director:

- Coordinates and directs work of the Department's five divisions
- Acts as liaison to Metro Council, SWAC, and other departments
- Serves as REM contact for news media, local governments, the solid waste industry and other stakeholders
- Develops and manages strategic planning and communications strategies
- Coordinates REM's legislative and regulatory agenda

Three REM divisions are primarily responsible for managing the department’s waste reduction, disposal and regulatory services. The other two divisions primarily provide financial and administrative support, but have some programmatic responsibilities as well.

**Office of the
General Counsel
(OGC)**

The OGC provides legal advice and counsel to:

- The Metro Council, the Executive Officer, REM, and other Metro officers and departments regarding Metro’s solid waste activities.
- The Solid Waste Advisory Committee (SWAC) upon request, although that advice is usually provided either to the Council member that serves as the chair of SWAC, or to REM, which provides staff support to the SWAC.

OGC’s responsibilities include:

- Advising the Council, the Executive Officer, and REM on state law and the authority Metro has to adopt and enact various policies and programs related to solid waste management in the region
- Reviewing ordinances and resolutions presented to the Metro Council
- Providing legal advice on Metro’s three large disposal contracts, including preparing and reviewing contracts, negotiating with legal counsel representing the contractors on contract terms; and enforcing contract terms
- Reviewing requests by private firms to operate solid waste facilities
- Drafting certificates, licenses, and franchises
- Assisting in the prosecution of enforcement actions brought under the Metro Code.

The OGC does not advise local governments or private parties, but works with their legal counsel on both cooperative and adversarial matters.

**Solid Waste
Advisory
Committee (SWAC)**

SWAC’S purpose is to advise the Metro Council, Executive Officer and the REM Department on ways to improve solid waste management and planning and on compliance with the RSWMP and state requirements. Specifically, Metro Code Chapter 2.19.130 states that the purpose of SWAC is to:

1. Evaluate policy options and present policy recommendations to the Metro Council and Executive Officer regarding regional solid waste management and planning.
2. Advise Metro on the implementation of existing solid waste plans and policies.
3. Provide recommendations concerning the solid waste planning process

to ensure adequate consideration of regional values such as land use, economic development, and other social, economic and environmental factors.

4. Provide recommendations on compliance with the Regional Solid Waste Management Plan and applicable state requirements.
5. Provide recommendations on alternative solid waste policies and practices developed by subcommittees of the SWAC.
6. Recommend needs and opportunities to involve citizens in solid waste issues.
7. Recommend measures to build regional consensus for the management of solid waste.

The Committee has 23 voting members composed of representatives from the recycling, hauling, and disposal business communities, local governments and citizen ratepayers. In addition, there are three non-voting members consisting of the REM Department Director, a DEQ representative and a representative from Clark County, Washington. The SWAC Chairperson can establish subcommittees to study specific issues. The Committee meets monthly.

**Rate Review
Committee**

The Rate Review Committee (RRC) is an independent committee created by Metro Code Chapter 2.19.170 to provide an independent review of Metro's rate setting processes. The Committee is composed of seven members including industry representatives, citizens, and a member of the Metro Council who serves as committee chair.

The Committee is responsible for assuring that disposal fees and rates comply with criteria established by Council Resolution No.93-1824A, adopted July 22, 1993. The criteria consist of 11 elements, including:

- Consistency with the RSWMP provisions dealing with rate setting
- Adequacy of revenue generated to cover the costs of the solid waste system
- Equity of charges to users of the solid waste system
- Incentives to encourage waste reduction, reuse and recycling
- Relative cost and effort of implementing and enforcing the rates
- Stability of anticipated revenues
- Ability of affected parties to predict the impacts of rate adjustments to their business plans

Members of the Committee also form the core membership of the REM Budget Advisory Committee. This dual membership enables RRC

members to better understand the expenditure component of the rate setting process, which under the Metro Code the RRC does not have explicit authority to do.

The Council’s Solid Waste and Recycling Committee reviews RRC recommendations before they are sent to the full Council for final decisions.

**Metro Committee
For Citizen
Involvement (MCCI)**

The MCCI is a permanent committee created by the 1992 Metro Charter. The Metro Code Chapter 2.19.100 states that the purpose of the MCCI, among other things, is to advise the Metro Council and Executive Officer on programs and procedures to aid communication between citizens, the Metro Council and the Executive Officer.

The MCCI has 27 members composed of three citizen representatives from each of Metro’s Council districts, one representative from each of the areas outside of the Metro boundaries of Clackamas, Multnomah, and Washington Counties, and one representative from each of these county’s Citizen Involvement committees.

The MCCI has a three-member subcommittee that evaluates whether REM projects provide for adequate citizen involvement, focusing on education and public involvement projects. The subcommittee may request REM to prepare a Public Involvement Plan reflecting a project’s goals, audiences, methods of communicating and key public involvement dates. The subcommittee meets with an REM liaison for an hour each month and orally advises an REM department liaison person on matters of public involvement.

**REM Budget
Advisory
Committee**

The Executive Officer directed Metro departments to employ Budget Advisory Committees to assist in the development of their budgets beginning with fiscal year 1999. These Committees are charged with reviewing budget issues and providing written input on program direction, issues, and broad financial structure.

REM’s Committee has been specifically instructed to identify and comment on major policy issues. To assist the Committee, REM staff prepares a series of issue papers on budget policies, programs or practices. The end product is a letter from the Committee to the Executive Officer containing comments and recommendations.

The Committee has eight members composed of the six Rate Review Committee members, one member of the Metro Committee for Citizen Involvement, and one at-large solid waste expert on recycling. The committee meets from two to four times each year before the budget is developed.

Response to the Report



METRO

June 25, 2002

The Honorable Alexis Dow
Metro Auditor
600 NE Grand Avenue
Portland, OR 97232

Re: Metro's Solid Waste Management Activities

Dear Ms Dow:

Thank you for the opportunity to review your June 14, 2002 draft report on Metro's Solid Waste Management Activities.

The report is an informative and useful overview of Metro's solid waste management framework. It will be the best single source of information for persons inside or outside of Metro who want to learn about Metro's role in solid waste.

I agree with your observation that Metro's framework for managing the region's solid waste contains the elements of a sound management system.

I also agree with your one recommendation that REM should document Metro's solid waste management framework and keep it up to date. REM will adopt your report after it becomes final and will update it as changes occur.

Sincerely,

A handwritten signature in cursive script that reads "Mike Burton". The signature is written in dark ink and is positioned above the printed name and title.

Mike Burton
Executive Officer



Metro Auditor Report Evaluation Form

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Help Us Serve Metro Better**

Our mission at the Office of the Metro Auditor is to assist and advise Metro in achieving honest, efficient management and full accountability to the public. We strive to provide Metro with accurate information, unbiased analysis and objective recommendations on how best to use public resources in support of the region's well being.

Your feedback helps us do a better job. If you would please take a few minutes to fill out the following information for us, it will help us assess and improve our work.



Metro Regional Environmental Management Department Solid Waste Management Framework Is Sound

Please rate the following elements of this report by checking the appropriate box.

	Too Little	Just Right	Too Much
Background Information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Details	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Length of Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clarity of Writing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Potential Impact	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Suggestions for our report format: _____

Suggestions for future studies: _____

Other comments, ideas, thoughts: _____

Name (optional): _____

Thanks for taking the time to help us.

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Mail: Metro Auditor, 600 NE Grand Avenue, Portland, OR 97232-2736
Call: Alexis Dow, CPA, Metro Auditor, 503.797.1891
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Suggestion Hotline: 503.230.0600, MetroAuditor@metro.dst.or.us