

A G E N D A



METRO

MEETING: REGIONAL SOLID WASTE ADVISORY COMMITTEE (SWAC)
DATE: Thursday, July 28, 2005
TIME: 10:00 a.m. – 12:00 p.m.
PLACE: Rooms 370A/B, Metro Regional Center, 600 NE Grand Avenue, Portland

5 mins. I. Call to Order and Announcements..... Rod Park
Announcements
Approval of Minutes\*

10 mins. II. Solid Waste & Recycling Director's Update ..... Mike Hoglund

25 mins. III. Disposal System Planning: Project Elements ..... Paul Ehinger

One of the key RSWMP planning issues that have been identified to date is the Disposal System Planning (DSP) project element of the plan. One of the main purposes of the DSP project is to determine whether the needs of the region's transfer station component of the disposal system are being met in the most efficient and effective manner; and to recommend adjustments where the system can be improved. A series of Council work sessions regarding DSP have resulted in a work plan for an analysis of the transfer station system. The purpose of the analysis is to provide Council with information to be used in shaping the transfer station portion of the solid waste disposal system for the Metro region. This agenda item will discuss DSP generally, the work plan for the transfer station phase and the initial RFPs that will be issued for consulting services; as well as SWAC's role in the review of this project.

30 mins. IV. RSWMP Sustainability Goals: Work Group Report..... Group Members

The Sustainability Goals Subcommittee of SWAC began meeting in April. Its mission was to identify goals and objectives for RSWMP's Facilities and Services chapter that could guide system activities (e.g., collection, processing, disposal) to become more sustainable over the next ten years. The definitions, goals, and objectives developed by the group are being reported to SWAC for discussion.

30 mins. V. Recovery Rate Cost/Benefit Model..... Lee Barrett

Metro has developed a decision support tool to help rank a selection of proposed waste reduction programs. This agenda item is intended to provide an overview of the model, its applications, and anticipated next steps for its development.

15 mins. VI. Other Business and Adjourn\* ..... Rod Park

Last year's Rate Review Committee identified a number of policy issues that affect Metro's rate structure, and recommended that these issues be reviewed by a broader group than the RRC alone. Councilor Park proposes that a "SWAC Subcommittee on Rate Policies" be formed to perform such a review.

\*Material for this agenda item is attached.

All times listed on this agenda are approximate. Items may not be considered in the exact order listed.

Chair: Councilor Rod Park (797-1547) Staff: Janet Matthews (797-1826) Committee Clerk: Susan Moore (797-1643)



**METRO**

600 NE Grand Ave.  
Portland, OR 97232-2736

**MEETING SUMMARY**  
**Solid Waste Advisory Committee**  
Metro Regional Center, Council Annex  
April 28, 2005

**Members / Alternates Present:**

Councilor Rod Park, Chair  
Mike Hogleund  
Rick Winterhalter  
Jeff Murray  
Dave White  
Les Joel  
Bruce Walker

Mark Altenhofen  
Glenn Zimmerman  
Wade Lange  
Mike Miller  
Dean Kampfer  
Loretta Pickerell  
Dave Garten

Matt Korot  
Eric Merrill  
Mike Leichner  
Paul Edwards  
Mike Huycke  
Ralph Gilbert  
Ray Phelps

**Guests and Metro staff:**

Janet Matthews  
Councilor Susan McLain  
Jim Watkins  
Easton Cross  
Steve Apotheker  
Kevin Six

Marta McGuire  
Doug Anderson  
Tom Chaimov  
Barb Disser  
Rene Eyerly  
DLC Recycling:

Jennifer Erickson  
Lee Barrett  
Roy Brower  
Chris Bell  
Glen Martens  
Gina Cubbon

**I. Call to Order and Announcements ..... Rod Park**

- Councilor Rod Park convened the meeting, and asked attendees to introduce themselves. New member Dave Garten, representing Multnomah County citizens, told a bit of his background. He is a self-described “high-tech guy,” has been a general manager of an Intel business, and is currently a professor at PSU teaching an MBA program on acquisitions, mergers, business strategies, and technology commercialization. “I’m interested in sustainability,” Mr. Garten said, “I got a Master Recycler ‘degree’... and I put a sustainability program in my kid’s elementary school, as well. I’m an interested citizen; that’s why I’m here and hopefully I can help out.”

**II. Solid Waste & Recycling Director's Update.....Mike Hogleund**

- Disposal System Planning – Metro Council has directed staff to consider and research options to Metro’s ownership of its two transfer stations. Staff will evaluate three models:
  1. The current system of public and privately-owned facilities;

2. Franchised, privately-owned facilities; and
3. Publicly-owned facilities that may be run publicly or by a contracted operator

The next step, Mr. Hogle said, is to develop criteria with Council for a scope of work, and a work plan. “[Council] has asked us, since we are an operator and a regulator, to be as objective as possible. To do so, we have some ideas that we should be rolling-out that will include taking information through [SWAC] and having consultant assistance and developing some sort of public process.”

- Update on Columbia Environmental’s transfer station application: They submitted a revised application, which started the 180-day time period for approval. The review and Council decision must be completed by June 22.
- RSWMP Sustainability Group (a subcommittee of SWAC): This group is charged with developing goals that could guide solid waste system to become more sustainable over the next ten years. The subcommittee will define sustainability for the solid waste system, determine points in the system where changes could be made to improve sustainability, and recommend goals to move the system there. Three of the planned six meetings have taken place thus far, primarily discussing possible frameworks, defining sustainability, and brainstorming about what a sustainable solid waste system could look like in the region in the next decade or two.

Councilor Park noted that he had inadvertently forgotten to ask for changes to, or approval of, the minutes of the previous SWAC meeting. Matt Korot moved to approve; Mark Altenhofen seconded, and those members present voted unanimously to accept the minutes as written.

**III. Rate-Related Policy Discussion.....Doug Anderson**

Councilor Park introduced this item, thanking the Rate Review Committee (RRC) for their “outstanding work.” They worked very hard, and the Committee’s work is not yet finished, the Councilor said. He would like to reconstitute the group and “move forward in a broader setting. It’s bigger than Rate Review, but smaller than SWAC. I think you’ll see the issues that they came up with – as well as the ones they settled – are very interesting. They’ll continue to look at cost centers, and who pays for what; they raised some interesting points that we – SWAC – and the industries are going to have to address.” While in theory, cost-of-service is simply a matter of users paying, gets much more complicated when applying fact to theory, Councilor Park explained.

Mr. Anderson began to explain the attached background material4s. “Many of you know, in general, how our rates are structured,” he said. “We have a transaction fee, a tip fee at the transfer stations, but also a Regional System Fee and an Excise Tax on all waste.” The RRC’s preliminary recommendation this year increases the overall rate by only \$0.47, to \$71.43 (with no change to the transaction fee), Mr. Anderson informed the group. As shown in the handout, the tonnage charge went up, while the Regional System Fee and Excise Tax each decreased.

This is a preliminary recommendation, Mr. Anderson stressed. “We are still making sure numbers are correct and that we recover revenues and are incorporating all the policies,” he said. A draft will be circulated to the RRC members to make sure it correctly reflects their

decisions. “The Council has the final vote on these rates,” he continued, “so we’ll have to wait until June 2 to know what the rates are actually going to be.”

Mr. Anderson embarked upon the details of the RRC’s work, beginning with the current allocation model, which is “based on next year’s budget and next year’s tons.” The RRC has debated this model for the last two years. Page two of his handout, he said, gives a very high-level historical outline of what the 1997-2004 model entailed, including the policies on which it was based. Debate, Mr. Anderson continued, centered on the last two bullets of page two, regarding what items are considered of regional benefit, therefore paid by all. Programs such as hazardous waste, safe closure of the St. Johns Landfill, waste reduction, and regulatory affairs (including illegal dumping) were considered to be of benefit across the Metro region, so funded through the Regional System Fee. Administration of those programs and long-term fixed costs are also included; however, Metro’s disposal costs (transfer station operations, waste hauling, etc.) are paid only by customers of Metro’s transfer stations.

The next background piece (handout pages 3 and 4) outlined the RRC’s work and results from last year. “As the system became more complex,” Mr. Anderson explained, “the costs weren’t really following tonnage anymore, and that’s one of the issues.” The Committee decided to look at a true cost-of-service model; however, Metro Council decided to implement only half of the recommendation at that time because the plan would have caused large and complicated changes to the rate components.

Before moving on to page 5 of the handout, Mr. Anderson said, “I would characterize last year’s [RRC] work as really doing a lot of heavy sledding in some really good and valuable rate fundamentals.” The recommendation was a strict cost-of-service model. This year’s group decided to step back and look at some of the policies behind Metro’s decisions which drive the cost-of-service. For instance, he explained, “Metro has made the policy choice to stay open seven days a week, long hours, 161 hours a week, because back in 1997 we made a commitment to thoroughly serve the public.” That was a policy choice that drives the cost-of-service. That was one of the issues the RRC grappled with this year, Mr. Anderson indicated.

He continued explaining the handout, noting that it’s hoped the RRC will look further, into the extension of costs throughout the system. The rate at most private facilities tends to mirror Metro’s rate each year. Additionally, the issue of the “margin” from which private facilities pay their costs proved somewhat contentious.

Upon conclusion of Mr. Anderson’s presentation, the Committee asked questions to clarify the materials, and discussed some of the policy issues RRC wished to look at. Regarding cost allocation, Councilor Park said that “there’s been a push towards going to full cost-of-service. But while it sounds simple on the surface, you get into other questions.” Being open shorter hours, for instance, is more efficient, but being open longer hours is more convenient for the public. The Council’s policy decision regarding that is based partly on wanting to help reduce illegal dumping, he said, and for waste to be transferred safely and appropriately. The ongoing debate is whether that’s a regional benefit, he said.

Asked to address the issues he had as a local rate-setter (who is also a member of Metro’s RRC), the City of Gresham’s Matt Korot started “at the end, this proposed tip fee really represents a ‘time out’ in the process of setting rates.” He came to that “time out,” he said, with the help of other local governments. Together, they looked at unintended consequences

of the allocation model. For instance, “the change in the margin. If you just change cost allocations, the Metro tip fee goes up, so Metro customers pay more. At the same time, the private facility tip fees go up, unrelated to any change in services. That raised a flag for us as a cost-impact on the rate payers unrelated to a service change.” Other Metro decisions could have the same kind of impact, he continued. When the four allocation issues in the handouts began to be discussed, Mr. Korot continued, it became apparent that they’re bigger issues than what is in the purview of the RRC.

While WRI’s Ray Phelps (another member of the RRC) agreed substantially with Mr. Korot, he said that because his facility is located further out, “we’d like to minimize the subsidy that the Washington County rate-payers have to provide to the people who use Metro’s facilities.” There are also a number of costs that private facilities bear which Metro does not, he continued, such as the rise in fuel costs. Acknowledging that Metro has some costs the private facilities don’t, Mr. Phelps concluded that it all evens out and a cost-of-service model should be used. Still, he said he’s glad that Mr. Korot suggested the “time out” so that issues can be looked at more slowly and completely.

The City of Portland’s Bruce Walker asked if the RRC was interested in looking into the operating costs at private facilities. Mr. Phelps replied that it’s not currently in the RRC’s purview, but yes, some members would like to. Councilor Park clarified that at least one RRC member actually said he’d like to see rate regulation of private facilities. Mr. Korot agreed that there’s “a black box in the middle of [local governments’] rate-setting process that relates to the private transfer facilities. If nothing else, for us it drives the need to have a little bit more of a dialogue on that. Where it ends up, I’m not sure. The two rate [experts on the RRC] were struck, I think, by that ‘black box’ being in the middle of the system.” Mr. Phelps said it would be helpful for industry and local government reps to meet and begin to understand one another. “The more we understand each other, the much better off we’re going to be.”

Mr. White, too, welcomed the idea of taking a break and then getting together to look at the issues soon. Councilor Park said that it became very apparent during the RRC’s meetings that, “in order to move to a full cost-of-service model, the Committee would have to make a lot of policy assumptions that the Council hadn’t even looked at yet.” Mr. Walker added that there are complex issues involved, and he appreciates that local government was represented on the Committee.

After brief further discussion, Councilor Park wrapped up the issue by thanking the RRC and staff again, emphasizing that additional work will be done.

**Added Agenda Item: Proposed Budget Amendment ..... Councilor Susan McLain**

Councilor McLain explained that because of the condensed budget process this year, the budget was received from Council President Bragdon after the March SWAC meeting. Therefore, this is the first chance to present this amendment idea to the Committee. She had difficulty reaching some of the local government reps by phone – everything from someone assuring her that Rick Winterhalter doesn’t work for Clackamas County, to needing a 10-digit extension number for Matt Korot. “It’s how we stay responsive to the public,” Mr. Winterhalter joked.

Prefacing the amendment, Councilor McLain said that in her 15 years of working on solid waste issues, she’s worked hard to hear from everyone involved, from industry, users, and

local governments. “We know the job’s not done,” she said. “...As a Councilor, I’m trying to figure out how do we make it so that we have the most opportunities for the best tools and the most tools.” She continued, saying that she completely supports the local government per capita grants, and also supports the Commercial Technical Assistance Programs (CTAP). The Council President and staff have budgeted \$600,000 for those programs; “Those are programs I want to keep strong and healthy, and make sure they’re doing what you say you want them to do.”

One waste stream that still needs work, Councilor McLain said, is the business sector. The proposed amendment, she explained, takes \$40,000 from the per capita grants, and takes the CTAP budget back to it’s previous year’s budget of \$400,000. The Councilor proposed that the resulting \$240,000 be used to strengthen the business sector outreach. She feels that moving some of the funds would make the three related “prongs” equally strong. “There’s an \$80,000 competitive program in there that – even though it was attached to multi-family – didn’t look like a resource that very many people would have utilized.” Instead, Councilor McLain suggested using \$320,000 for a larger competitive grant program that would be open to everyone, including businesses. “It seems like if you opened up that \$320,000 to businesses directly, you might be able to hit a new customer, or a new strategy that may strengthen what we’re trying to do,” she said. “We’ve heard from citizens and the industry [at the Let’s Talk Trash meetings] that we need to look for as many new and creative tools as possible.”

When the floor was opened for comments, Mr. Walker thanked Councilor McLain for handing out copies of the amendment; he understands the need to focus on commercial waste. However, he feels strongly that the CTAP program has had great results and can achieve even more with the extra funding in the proposed budget. “That was a clear message, it was unanimously adopted by the Contingency Group to expand that budget,” he said. He hadn’t understood initially that this proposal would eliminate the increase to CTAP.” It’s the best dollar-for-dollar service, he concluded.

Mr. Altenhofen expressed concern at the late arrival of the amendment. “We’re well into our budgeting process, well into our planning process already. If this were to come back in the Fall and we’re able to look at the details... I could plan, then, going into my next fiscal year.” As it is, plans have been made with the assumption of the CTAP funds in the proposed budget. Councilor McLain that the budget process has problems that need rectification, but added, “It’s frustrating as a Councilor with this budget process that if [local governments] are depending on money I haven’t decided is in the budget yet, that makes it hard for us to have a budget review. Or do we just rubber-stamp it and send it forward?”

Gresham, Mr. Korot said, is trying to align its resources towards what the contingency group had recommended, “and we’ve looked to Metro staff to help us validate the approach. Some of the staff – I think Steve [Apotheker] has done the work, has found that the onsite technical assistance is an effective way of changing behavior and increasing recycling.” If funds are shifted, he said he’d likely just put it into a grant for CTAP anyway. As far as local businesses having access to the funding, he continued, “I have a hard time imagining that we’re going to get the same amount of impact that we’re having with CTAP.”

Mr. Winterhalter added, “Well, it’s a little bit self-serving, but obviously I agree with my colleagues. One of the biggest things [about the current outreach] is that we got positive feedback on the CTAP program. There are some interesting and compelling things about

the competitive grant, and what would we get from the business community... I respect that; however, maybe we should discuss it a bit more and look ahead.” Councilor McLain suggested that perhaps a budget note could be added that mandated further review, including business representatives.

In continued discussion, Far West Fiber’s Jeff Murray commented that CTAP has been extremely helpful. His business has seen the program’s progress grow, as they receive virtually all the material from haulers within that Washington County market. “I’ve never seen a program go so well. The volume coming out of the Beaverton area has increased incredibly, and it’s good quality material... Right now, we’re seeing the numbers go up monthly, and it’s very exciting. So whatever it is that’s doing it, I’d love to keep it going.”

On the other side of the coin, Legacy’s Tom Badrick likes the idea of competitive grants. “I would suggest definitely pursuing the idea of a competitive grant – one, because I love to apply for grants to get money for it, but not meaning any disrespect to the jurisdictions, [but] for what we do as a health care facility, we don’t have your run-of-the-mill garbage. There’s very little in the outreach programs that will help me... If I could have some funding that will help me start a new pilot project, trust me: Whatever we’re doing at Legacy we’ll be helping Providence do, we’ll be helping OHSU do. In the big picture, that’s not a huge amount of garbage, but we generate 200 tons a month in our facility, and that’s not small change, either. So whether it’s now or later, a competitive grant might help me do something.”

Mike Huycke added that while CTAP funding should be protected to some extent, he likes the idea of competitive grants “to help local governments, businesses, and haulers to collaborate and facilitate discussion between those three groups. When that happens, good things happen in terms of program implementation and material recovery.”

Other comments included Mr. White’s observation that competitive grants may not be as even-handedly beneficial as grants done on a per capita basis. Until CTAP is proven to be ineffective, he said, he would prefer to let it continue its progress. The City of Hillsboro’s Paul Edwards added that while he thinks competitive grants are a good idea, they wouldn’t benefit his area. Waste Management’s Dean Kampf said that he greatly appreciated Councilor McLain’s “looking outside the box,” but with the 62% recovery goal looming large right now, “the only way we’re going to accomplish that is by local governments, haulers, and Metro working together.” He felt the timing for competitive grants may be better at another time.

Councilor McLain concluded the discussion by thanking the group for their comments. She clarified that the proposal isn’t actually a new grant program, but an expanded one. “I was trying to respond to the fact that it was only for multi-family, and it seemed like such a small pot that I’m not sure it’ll be used as well as it could be.” She said she would work with staff to put together a competitive grant task force, on which she would be asking for SWAC members’ help.

#### **IV. RSWMP Rate and Revenue Policies ..... Janet Matthews**

Ms. Matthews introduced this item, handing out three draft regional policies that SWAC members have indicated they would like to hear more about and discuss.

**Policy 16.0 – Community Enhancement Fees**

The current RSWMP, Ms. Matthews explained, “is rather emphatic that Metro will collect this enhancement fee from all disposal facilities,” but it is only being collected at the three regional facilities (Metro and Forest Grove). The proposed policy would include franchised transfer stations, as well, therefore fulfilling something that is dictated in the current RSWMP. “Any community hosting one of these facilities is certainly entitled to a Metro-collected fee,” she said.

Mr. Kampfer asked if a community could have a host tax rather than a Metro fee, such as in Troutdale? Ms. Matthews responded that she spoke recently to the Metro Attorney about that very issue. State law mandates that only one municipality can charge an enhancement fee (Metro), and that is different than a tax. “In essence, Metro could still place an enhancement fee on that Troutdale facility despite the fact that [the City of] Troutdale has placed a tax on that, as well.”

Councilor McLain noted that the proposed change makes the over-all policy more consistent. Mr. Hoglund added that under the old policy, collection of the fee was required. The modified language, by emphasizing that any community hosting a disposal site “is entitled” to this fee, actually leaves it up to that host community to work with Metro and determine whether it will be implemented. Rather than requiring the fee, the new language makes it more an “on request” situation.

Mr. Murray asked the definition of “disposal site.” Ms. Matthews said that the State defines disposal sites as any transfer station, landfill, etc. It exempts material recovery facilities, but facilities that are MRFs and transfer stations are still defined as transfer stations. Mr. Altenhofen was unsure if the word “entitled” is best, if the intention is to soften the requirement.

Staff will have further discussion of the policy with Metro Council, Ms. Matthews noted.

**V. Other Business and Adjourn ..... Rod Park**

- Because of time limitations, Councilor Park told the group that the remaining agenda item (RSWMP vision statement and regional values) would be addressed at the next meeting. Ms. Matthews asked the Committee to please review the corresponding piece from the agenda packet and e-mail any comments to her. “Remember,” she said, “a vision is a long-term ideal, it’s an ultimate aspiration. It’s not the here and now. We’re looking ahead.”

Councilor Park thanked the group for their attendance, and adjourned the meeting at 12 noon.

**Next meeting:  
Thursday, July 28, 2005  
Room 370 A/B**



**Regional Solid Waste Advisory Committee**  
**April 28, 2005**  
**Rate-Related Policy Discussion**

**Background for the Rate Review Committee's Discussion of Issues**

On April 26, the Rate Review Committee (RRC) recommended that Metro Council adopt the following solid waste disposal charges for next year:

Solid Waste Disposal Charges, September 1, 2005 through August 31, 2006  
**Preliminary Recommendation of the Rate Review Committee**  
 April 26, 2005

	<u>This Year</u>	<u>Recommended</u>	<u>Change</u>
Transaction Fee	\$7.50	<b>\$7.50</b>	- 0 -
Tonnage charge	\$45.55	<b>\$46.85</b>	\$1.30
Regional System Fee	\$15.09	<b>\$14.51</b>	(\$0.58)
Excise tax	\$8.58	\$8.33	(\$0.25)
DEQ & host fees	\$1.74	\$1.74	- 0 -
Metro Tip Fee	\$70.96	\$71.43	\$0.47

**Notes**

- Boldface numbers indicate the rates that RRC recommends.
- These figures are preliminary, subject to verification.
- Council approval is necessary before the rates are effective (action expected June 2, 2005).
  
- These rates are largely based on the current rate allocation model applied to the FY 2005-06 budget and tonnage numbers.
- The allocation model and its underlying policies have been the subject of extensive debate and analysis within the committee for the past two years.
- The purpose of today's discussion is to allow RRC members to explain this debate, the policy questions, and potential next steps.

## Background Allocation Policies and Practices 1997—2004

### Policies

- Programs with a broad regional benefit should be paid by all ratepayers.  
Examples: household hazardous waste, waste reduction, landfill closure.
- The cost of disposal services should be borne by direct consumers of the service.
- The cost of long-term public commitments undertaken on behalf of the region should be borne by all ratepayers.  
*Examples: debt service, fixed payments on long-term contracts.*
- Indirect costs that follow tonnage should be allocated to a regional rate base so the cost is borne in proportion to tonnage.  
*Examples: administration, secretarial, finance and budgeting.*

### Practice

#### Cost Allocation Model and Calculation of Rates 1997—2004

Budget Areas (Budget Costs)	Everybody Pays	Metro Customers Only	
		Fixed Costs	Variable
<b>Regional Programs</b>	→		
<b>Regulatory Programs</b>	→		
<b>Metro Disposal Costs</b>	→	→	→
<b>Administration &amp; Overhead</b>	→		
<b>Long-Term Fixed Costs</b>	→		
	Total	Total	Total
<i>Divided by:</i>	Regional tonnage	Metro transactions	Metro tonnage
<i>Equals rate components:</i>	Regional System Fee	Transaction Fee	Tonnage Charge

**Background**  
**The Committee's Work and Recommendation**  
**Last Year (2004)**

**The Work**

- RRC's work started as a check on the allocation policy for administration & overhead.
- Approach:
  - ⇒ Allocate indirect costs to primary programs based on cost causation.
  - ⇒ Allocate "fully loaded" program costs according to the "user/beneficiary pays" principle  
*See the matrix on the next page.*
  - ⇒ Compare costs and rates with the allocation model then in use.

**The Results**

Under a strict cost-of-service approach the committee concluded:

- \$2.1 million more administrative costs should be paid by Metro customers
- \$0.5 million is caused by inspections and audits of private facilities.
- Debt service should be allocated between Metro customers (\$1 million) and regional ratepayers (\$1.3 million) on the basis of usage vs. stranded costs.
- The numerical result was a recommendation to reallocate:
  - ⇒ \$3.1 million from the Regional System Fee to disposal charges at the transfer stations
  - ⇒ \$0.5 million from the Regional System Fee to a new "3rd Fee" borne by the regulated community.
- The rate effects from the previous year were:
  - ⇒ \$1.50 increase in the Transaction Fee
  - ⇒ \$3.78 increase in the tip fee (in part due to a \$2 increase in the excise tax)
  - ⇒ \$1.48 decrease in the Regional System Fee

*These represent the Council's decision to implement only half of the recommendation.*

**Background**  
**The Committee's 2004 Allocation Model**

Budget Areas (Fully Loaded Costs)	Everybody Pays	Metro Customers Only		Non-Metro Only
		Fixed Costs	Variable	
<b>Regional Programs*</b>	→			
<b>Regulatory Programs*</b>	→			→
<b>Metro Disposal Costs*</b>		→	→	
<b>Debt Service*</b>	→		→	
	Total	Total	Total	Total
<i>Divided by:</i>	Regional tonnage	Metro transactions	Metro tonnage	<i>to be determined</i>
<i>Equals rate components:</i>	Regional System Fee	Transaction Fee	Tonnage Charge	“3 <sup>rd</sup> Fee”

\* Program costs consist of the direct budgeted cost, plus an allocation of administration and overhead.

## This Year's Work

### Consideration of System Effects and Policy-Driven Cost-of-Service

#### System effects

- Amplification of Metro's cost-sensitivity to tonnage shifts (fiscal impact)
  - ⇒ Implication for increasing tonnage authorization at existing private facilities.
  - ⇒ Implication for approving new facilities.
  - ⇒ Extension of costs throughout the system (local government rates and private tip fees).
- Metro's rates and private facility economics:

Transaction Fee*	\$1.50*	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; text-align: center;">Disposal cost allowed in local government ratemaking</div>
+ Metro Tip Fee	\$71.43	- also -
<b>Revenue per ton</b>	<b>\$72.93</b>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; text-align: center;">Gate rate for independent transactions</div>
<i>less Metro charges:</i>		
Regional System Fee	\$14.51	<div style="border: 1px solid black; padding: 5px; text-align: center;">Fees paid to Metro on landfilled waste.</div>
Excise tax	\$8.33	
<i>equals:</i>		
<b>"Margin" per ton</b>	<b>\$50.09</b>	<div style="border: 1px solid black; padding: 5px; text-align: center;">Revenue minus Metro fees = the "margin" from which private facilities pay their costs.</div>

\* \$7.50 transaction fee per ton based on 5 tons/load.

#### Strict Cost-of-Service vs. Policy-Driven Cost-of-Service

The committee also examined several of Metro's policies that affect the level-of-service; and therefore, the cost-of-service. The primary question is, who benefits and who should pay?

- Cost of sustainability measures at Metro transfer stations.
- Cost of long hours of operation by Metro to serve the public.
- Regulatory costs: disposal facilities vs. recovery facilities (yard debris; "clean" MRFs)
- The end of debt service and smooth rate path transition.

## System Effects

### Effect on Private Facilities of a Hypothetical \$1.2 Million Reallocation to the Tonnage Charge (tip fee) from the Regional System Fee

<b>Rate Components</b>	<b>Before</b>		<b>After</b>
Transaction Fee*	\$1.50*		\$1.50*
Tonnage charge	\$46.85	— +\$2 →	\$48.85
Regional System Fee	\$14.51	— -\$1 →	\$13.51
Excise tax	\$8.33		\$8.33
DEQ & host fees	\$1.74		\$1.74
<b>Revenue per ton</b>	<b>\$72.93</b>		<b>\$73.93</b>
<i>less Metro charges:</i>			
Regional System Fee	\$14.51		\$13.51
Excise tax	\$8.33		\$8.33
<i>equals:</i>			
<b>“Margin” per ton</b>	<b>\$50.09</b>		<b>52.09</b>

## **Conclusion**

**Comments, questions and challenges from the Rate Review Committee**

**General discussion by SWAC**

Solid Waste	#1

## AMENDMENT TO FY 2005-06 BUDGET

**PRESENTER:** Susan McLain

**DRAFTER:** Susan McLain/Meg Lynch/Karen Feher

**DATE:** April 14, 2004

**PROPOSED AMENDMENT:** (provide a brief summary of the requested action along with the specific line items affected)

This amendment shifts emphasis of the Waste Reduction Division's local government grant program away from per-capita grants toward competitive grants targeting commercial generators. This amendment creates a new grant activity within the department, Commercial Waste Competitive Grants, and budgets it at \$320,000. The source of funds comes from a \$200,000 reduction in the Local Government Commercial Technical Assistance Program (a non-competitive commercial program listed at \$600,000 in Council President Bragdon's proposed budget); a \$40,000 reduction in Local Government Waste Reduction Program Implementation (a non-competitive non-targeted program listed at \$636,803 in Council President Bragdon's proposed budget); and the entire \$80,000 of the Competitive Waste Reduction Assistance Program (a competitive program not necessarily targeted toward commercial generators).

The program changes within the line item are listed below.

DEPARTMENT(S)	Fund(s)	LINE ITEMS		
		Acct #	Account Title	Amount
Solid Waste	530	5315	Grants to Other Governments	
			Competitive Waste Reduction Assistance Program	-80,000
			Local Gov Commercial Tech Assistance Program	-200,000
			Local Government Waste Reduction Program Implementation	-40,000
			Commercial Waste Competitive Grants	+320,000

### **PROGRAM/STAFFING IMPACTS**

As competitive grants require more staff time to prepare, evaluate and award, the department estimates that staff administration time would rise from .05 FTE to .20 of an FTE to develop, administer and implement the new program. This increase could be covered by shifting work assignments from existing staff.



## **ARGUMENTS IN FAVOR OF THE PROPOSED AMENDMENT –**

The Solid Waste Functional Plan has identified commercial waste as an important issue to be addressed. This amendment makes all these programs more attractive and useful. Local jurisdictions would still get almost \$600,000 to support local efforts for waste reduction that is flexible for local needs. \$400,000 is still offered for Business and Technical assistance that can be helpful for business projects, programs and audits. The amendment also offers \$320,000 in competitive moneys for more creative development for support of new and better ways to get commercial recycling jump-started with competitive grants.

## **OPTIONS FOR FUNDING THIS AMENDMENT – What reductions, credits, changes, or adjustments in other budget/program areas will be necessary to accommodate this amendment?**

None. The amendment would shift monies within the program.

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## REGIONAL SOLID WASTE MANAGEMENT PLAN UPDATE

### Waste Reduction Program Comparison

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June 2005

**PROJECT:** Waste Reduction Program Comparison (formerly called the Recovery Rate Cost-Benefit Model)

**TIMELINE:** Preliminary planning and internal review June 2005  
Stakeholder meetings & review June/July 2005  
Program ranking Fall 2005

#### OVERALL GOAL:

Prioritize potential new programs—or expansions of existing programs—for achieving the region's waste reduction goals.

#### GENERAL APPROACH:

- 1.) Develop a systematic approach to evaluate proposed new or expanded solid waste programs.
- 2.) Alternatives Analysis: Use the approach to evaluate a shortlist of business and construction and demolition recycling alternatives (identified by the Contingency Plan Work Group & other public involvement efforts).
- 3.) Identify the most viable program(s) based on the results of the alternatives analysis.
- 4.) Evaluate other programs as appropriate.

#### PROJECT OVERVIEW:

Metro is the wasteshed representative to the state and is responsible for ensuring that the region meets its designated recovery goal of 62 percent by the end of 2005 and 64 percent by 2009. The Regional Solid Waste Management Plan gives the Portland metropolitan region direction for meeting solid waste needs into the future and identifies strategies for achieving the designated recovery goals.

As of 2003, the last year for which recovery information is available, the region has reached a 57 percent recovery rate. This is 5 percent short of the 62 percent goal for 2005. There are five new solid waste programs under consideration to increase progress towards the region's waste reduction goal, including:

#### Solid Waste Program Options

- **Business Option #1:** Expanded business recycling assistance and education
- **Business Option #2:** Mandatory business recycling with expanded recycling assistance and education
- **Business Option #3:** Disposal ban for business recyclables with expanded recycling assistance and education
- **Dry Waste Option #4:** Mandatory dry waste processing requirements
- **Dry Waste Option #5:** Disposal ban for selected dry waste materials

To help Metro and other stakeholders choose which solid waste programs should be implemented, an alternatives analysis is proposed, as follows: the projected performance of each program option will be compared to the projected performance of the others, using a uniform set of evaluation criteria. To simplify the comparison, a total score for each option will be computed and the options will be ranked according to those scores. Five key, high-level criteria are proposed for evaluation in comparing program options, as follows:

## Criteria for Evaluating Potential New Waste Reduction Programs

1. **System Cost** – The costs involved with implementing a proposed program. This could include changes in generator, operator, and/or program cost.
2. **Tons Recovered** – Total tons of new recovery. This can be estimated by projecting capture rates for various material types based on published waste composition data.
3. **Environmental Score** – This criterion is intended to account for the environmental benefits of the proposed program beyond tons recovered and could include considerations, such as resource conservation, toxicity, greenhouse gas emissions reductions, water and air quality improvement and energy savings.
4. **Acceptability** – A whole host of barriers can confront the implementation of a new program, e.g., multi-jurisdictional considerations, private-public partnerships, public support, etc. This criterion provides a qualitative assessment of the difficulty, or ease, in implementation.
5. **Hierarchy**- Based on the waste reduction hierarchy, it is more efficient not to produce waste in the first place than it is to deal with it once consumed. This criterion is a nod toward an upstream stewardship value and captures a program's potential for changing behavior at the point of production and consumption rather than just before a waste hits the landfill.

Program scores from the alternatives analysis will permit a ranking of the proposed waste reduction programs, which will, in turn, inform the waste reduction approaches recommended in the Regional Solid Waste Management Plan. Different groups may place more importance on some criteria than others, and such views will be documented as an important part of the overall analysis.

### SCOPE OF WORK

The project will be divided into three different phases for completion that are summarized below.

#### **Phase I: Preliminary Planning and Development June 2005**

Metro staff will convene an internal work team and hire a technical consultant to advise on potential cost impacts. Staff will develop conceptual profiles for implementing each of the programs under consideration and identify evaluation criteria based on public input.

#### **Phase II: Stakeholder Review June/July 2005**

Metro staff will present the draft implementation profiles and criteria to local governments, industry representatives and other interested parties for review. The model may be revised based on stakeholder feedback. See attachment A for stakeholder input summary.

#### **Phase III: Report and Recommendations Fall 2005**

Metro staff will prepare a report that summarizes the results of the ranking exercise, including any significant differences in ranking among stakeholders. The report will be presented to the Solid Waste Advisory Committee and to Metro Council for consideration.

**Attachment A**  
**Waste Reduction Program Comparison**  
**Phase II: Stakeholder Input Summary**

**Meeting #1:** Local Government Review

**Date:** 06/28/05

**Attendees:** Matt Korot, City of Gresham; Scott Keller, City of Beaverton; Bruce Walker, City of Portland; Justin Stratton, Washington County; Lee Barrett, Metro; Tom Chaimov, Metro; and Marta McGuire, Metro.

**Summary:**

The group was agreeable to the approach for evaluating the proposed policies and the evaluation criteria used in the model. Their main recommendations included:

- Environmental benefit criteria is critical and should be included. Support using the Environmental Benefits Calculator.
- Public support criteria should be separate and used as supporting information because it is not as defensible as the other criteria.
- Cost calculation is critical to the policy evaluation. The cost figures currently in the model are not adequate. They only account for program costs.

**Meeting #2:** Industry Review

**Date:** 06/30/05

**Attendees:** David White, ORRA; Dean Large, WRI; Dean Kampfer, Waste Management; Steve Schwab, Sunset; Mike Leichner, Pride Disposal; Vince Gilbert, East County Recycling; Larry, Gresham Sanitary, Jeff Murray, Far West Fibers; John Lucini, SP Recycling ; Lee Barrett, Metro; Tom Chaimov, Metro; and Marta McGuire, Metro.

**Summary:**

Overall, the group was agreeable to the approach for evaluating the proposed policies and the evaluation criteria used in the model. Their main recommendations included:

- Title of model, "Recovery Rate Cost-Benefit Model," does not accurately characterize its function.
- Cost calculation is critical to the policy evaluation. The cost figures currently in the model are not adequate.
- The model should evaluate two separate costs: 1) system impact/investment and 2) ratepayer cost/impact.
- Public support criteria should be changed to "feasibility" or "implementability."

**SWAC Subcommittee - Sustainability Goals**  
**Report to SWAC**  
**July 28, 2005**

**Sustainability Definition**

The group adopted the State of Oregon definition: "*Sustainability*" means using, developing and protecting resources in a manner that enables people to meet current needs and provides that future generations can also meet future needs, from the joint perspective of environmental, economic and community objectives. [ORS 184.421 (4)]

**Sustainability Framework**

The decision-making framework for implementing sustainable practices was defined as follows: "The sustainable operation of the solid waste system considers economic, environmental and societal resources and is consistent with the Natural Step system conditions so that nature is not subject to systematically increasing:

1. Concentrations of substances from the Earth's crust,
2. Concentrations of substances produced by society, or
3. Degradation by physical means;  
and in that system
4. Human needs are met worldwide."

**Potential Goals and Objectives for the Solid Waste System**

<b>Goal 1: Reduce greenhouse gas and diesel particulate air emissions.</b>
Objective 1.1: Implement plans for greater energy efficiency.
Objective 1.2: Utilize renewable energy sources.
Objective 1.3: Reduce direct emissions of greenhouse gases from landfills and other facilities.
Objective 1.4: Reduce diesel particulate emissions in existing trucks, barges and rolling stock through best available control technology.
Objective 1.5: Implement long-haul transportation and collection alternatives where feasible.
<b>Goal 2: Reduce storm water run-off.</b>
Objective 2.1: Implement storm water run-off mitigation plans.
<b>Goal 3: Reduce natural resource use.</b>
Objective 3.1: Implement resource efficiency audit recommendations.
Objective 3.2: Implement sustainable purchasing policies.
Objective 3.3: Reduce disposed waste.
<b>Goal 4: Reduce use and discharge of toxic materials.</b>
Objective 4.1: Implement toxics reduction and management plans.
<b>Goal 5: Implement sustainability standards for facility construction and operation.</b>
Objective 5.1: Implement sustainability standards for site selection.
Objective 5.2: Require new construction to meet the Leadership in Energy and Environmental Design (LEED) standards of the U.S. Green Building Council.
Objective 5.3: Provide incentives for existing facilities to meet LEED standards.

**Goal 6: Adopt best practices for customer and employee health and safety.**

Objective 6.1: Reduce injuries by automating operations where effective.

Objective 6.2: Implement health and safety plans that meet or exceed current minimum legal standards.

**Goal 7: Provide training and education on implementing sustainable practices.**

Objective 7.1: Train key regional waste industry employees, government waste reduction staff and political officials in The Natural Step.

Objective 7.2: Inform suppliers, contractors and customers of solid waste operations of the adoption of sustainability goals and practices.

**Goal 8: Support a Quality Work Life**

Objective 8.1: Pay living wage and benefits to all workers.

Objective 8.2: Promote community service.

Objective 8.3: Strive to employ a diverse work force.

**Goal 9: Employ sustainability values in seeking vendors and contractors.**

Objective 9.1: Request sustainability plans from potential vendors and contractors.

Objective 9.2: Assist vendors and contractors in achieving sustainable practices.

Objective 9.3: Support local vendors when feasible.

**July 28, 2005**  
**Regional Solid Waste Advisory Committee**  

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**A Proposal to Form a SWAC Subcommittee on Rate Policies**

The Rate Review Committee has identified a number of issues that affect Metro's rate structure, and recommended that these issues be reviewed by a broader group than the RRC alone.

Councilor Park proposes that a SWAC subcommittee on rate effects and some policy options for them be formed to perform such a review, and will ask for SWAC concurrence at the July 28<sup>th</sup> meeting.

The issues identified by RRC are:

Should users of Metro transfer stations, or a broader group of ratepayers, pay for Metro costs associated with:

- Sustainable purchasing
- Hours of operation
- Regulatory costs

System issues:

- Metro fiscal impacts
- Private facility economics
- Local government rate-making

*More information on these issues may be found in the appendix, attached.*

The subcommittee need not be limited by the issues above, and may identify additional issues.

**For Discussion and Comment by SWAC Today**

- Membership.
  - 10 to 12 people
  - Comprised of RRC and SWAC members (*see appendix for RRC roster*)
- Charge: make recommendations on policies that affect Metro rates
- Reports to: SWAC as a whole
- Calendar
  - Begin: September 2005
  - Meet: every 3 weeks or as needed.
  - End: December/January  
*(in time for Council to consider recommendations ahead of next year's RRC)*
- Questions
  - Who should chair the subcommittee?
  - Should membership be limited to current RRC & SWAC membership?
  - Should members be representative of groups directly affected by Metro rates?
  - What about citizen members? Representation of recycling facilities? Markets?

## **Formation of a SWAC Subcommittee on Rate Policies**

### **Appendix**

#### **Rate Review Committee Roster**

Member	RRC Interest/Representing	SWAC
Rod Park (Chair)	Metro Council	Chair
Matt Korot	Local Governments	member
Mike Leichner	Collection/Facilities	member
Paul Matthews	Rate Expert	no
Mike Miller	Collection	member
Ray Phelps	Collection/Facilities/Disposal	alternate
Michelle Poyourow	Citizen/Rate Expert	no

*Note, five of the seven RRC members are also members of SWAC.*

#### **Policy Issues Identified by the Rate Review Committee**

*Sustainable Purchasing/Sustainability Leadership.* Should Metro's customers alone bear the additional costs of policies with a positive benefit such as sustainable purchasing, or should these costs be borne by the broader set of regional beneficiaries?

*Public Customer Access to Disposal Services.* Metro has made a policy choice to stay open long hours at the transfer stations to ensure convenient access for the public. Should Metro's customers alone bear the additional cost of operations, or should this cost be shared?

*Regulatory Costs.* Metro regulates some classes of facilities specifically to meet a widely-shared public interest (e.g., yard debris facilities). Should such private facilities alone bear these regulatory and enforcement costs, or should this cost be shared among the broader regional beneficiaries?

*Fiscal Impact of Tonnage Shifts.* The sensitivity of the tip fee to tonnage shifts is directly related to the allocation of costs among the disposal charges at the transfer stations. The resulting fiscal impact may weigh directly into decisions on increasing tonnage authorizations at existing private facilities, and approving new transfer and/or material recovery facilities.

*Private Facility Economics.* The allocation of costs among Metro fees directly affects the economics of private facilities. These economics improve with rise in the tip fee and/or a drop in the Regional System Fee, without any other change in cost or service to the private facility. (The reverse is also true: if the tip fee falls and the system fee rises, private facility economics erode, all else equal.) The RRC believes it may be a matter of public concern that private facilities can be so affected in a manner that is unrelated to changes in cost, competition, or level of service.

*Local Government Rate-Making.* In current practice, local governments allow solid waste haulers to recover disposal costs up to the Metro tip fee regardless of which disposal facility is used. With this practice, local governments are concerned about granting revenue to private facilities that may not be directly related to costs or service.