



METRO

600 NE Grand Ave.
Portland, OR 97232-2736

MEETING SUMMARY
Solid Waste Advisory Committee
Rate Policy Subcommittee
Metro Regional Center, Room 370
January 5, 2006

Members Present:

Councilor Rod Park, Chair
Mike Hoglund, Director, Solid Waste & Recycling, Co-Chair
Mike Leichner, Pride Recycling
Dave White, Oregon Refuse & Recycling Association (ORRA)
Dean Kampfer, Waste Management
Dave Garten, Portland State University (PSU)
Glenn Zimmerman, Wood Waste Reclamation

Ted Kyle, Clackamas County
Mike Miller, Gresham Sanitary
Jeff Murray, Far West Fibers
Ray Phelps, Allied Waste
Matt Korot, City of Gresham
Bruce Walker, City of Portland

Members Absent:

Michelle Poyourow, Public Power Council
Mark MacGregor, Clean It Up Mark
Ralph Gilbert, East County Recycling (ECR)

Metro Staff:

Doug Anderson, SW&R, Financial Mgmt. & Analysis Div. Mgr.
Jim Watkins, Engineering & Environmental Services Div. Mgr.
Tom Chaimov, Sr. Solid Waste Planner, SW&R

Kathryn Sofich, Metro Council Office
Gina Cubbon, Administrative Secretary

Guests:

Council President David Bragdon
Mike Wetter, Sr. Advisor to Council President

I. Call to Order Councilor Park

Councilor Park welcomed the members and distinguished guests. He noted that several meeting summaries had been distributed, "as well as the mysterious November 10 minutes," (attached) which had been handed out as attendees arrived. Allied Waste's Ray Phelps promptly motioned for acceptance of the November 17 and December 15 minutes. Dean Kampfer of Waste Management asked that a small change be made on the December 15 minutes. "They were well written, and it was good to have a recap of what we discussed," he commented. The change he requested on Page 4, paragraph 3, would be to reflect Doug Anderson's agreement that "a \$3.00 rise in transaction fee for certain hours would likely cover" actual costs of extended hours.

The change was agreed to, and the minutes approved by consensus.

Moving to Agenda Item I.(c) regarding self-haul policy, Councilor Park turned the proceedings over to Mr. Anderson, who reviewed the recommendations made by the subcommittee from the summary included with the agenda packet.

“Since this is a subcommittee of SWAC (Solid Waste Advisory Committee),” Mr. Anderson pointed out, “policy recommendations developed here will go to SWAC for discussion or further approval.” If the subcommittee’s recommendations do go through SWAC and that body approves the recommendations, the Rate Review Committee will use the results in their deliberations, he continued.

The group had neither changes nor further questions on the subject and approved the self-haul policy recommendations as presented. Councilor Park noted that the recommendations will be put before SWAC, then to Council, and then if approved, to the Rate Review Committee.

Subcommittee member Dave Garten had requested at the December 15 meeting that the group’s charge be reviewed, Councilor Park said as introduction to this piece. As shown in the agenda packet attachment for Item I.d, there are four main issues that the Rate Review Committee asked to be addressed:

1. Sustainable purchasing
2. Hours of operation
3. Regulatory costs
4. System tip fee issues:
 - Fiscal impacts of tonnage shifts on Metro
 - Private facility economics
 - Local government rate-making

“What the Rate Review was discussing [last year] was primarily who should pay for what costs,” Mr. Anderson began. “These four issues, the Committee felt, could be informed more by policy than by technical rate-making issues.” He broached the issue of sustainable purchasing with the group, which arose because “Metro’s new operations contract for the transfer stations makes an explicit attempt to purchase certain goods and services that are intended to be environmentally friendly or are environmentally sustainable practices, Mr. Anderson continued. This would include low sulfur fuels, low VOC cleaners and paints, wind energy, etc. Over the course of a year, he said, the cost above the market for conventional alternatives projected to be \$100,000. In addition to the environmental benefits of sustainability, an additional motive is market development--helping emerging industries develop sustainable alternative products. Should this cost be viewed as a broad benefit and paid regionally, or borne by Metro customers only (through the tip fee)?

The subcommittee was vocally supportive of sustainable purchasing being paid through the Regional System Fee. “There’s a demonstration that it’s feasible and doable – whether it’s economical I think has to work itself out,” Mr. Phelps commented. “There is a merit to it, but it’s a high-risk deal, we should all take a gamble on it. If it’s the correct way to do things, then it will eventually work its way into the rest of the system... I think it should be in the Regional System Fee. It’s a leadership issue, and I think sometimes government has to take the lead.”

ORRA’s Dave White agreed with Mr. Phelps, noting that he’d conferred with several of his association’s members on the subject. “They said it should definitely be in the Regional System Fee. I think you’ve got other things to talk about here; this seems almost like a no-brainer.” Others nodded agreement, as well. Mr. Kampfer agreed, adding a caveat, however: “If private facilities are [at some point] required to incorporate sustainable practices similar to this, then it probably needs to be readdressed.”

Moving off-agenda for a moment, Councilor Park spoke about bonus payments for extra recovery in Allied/BFI’s operations contract for Metro’s transfer stations. Should that be in the Regional System Fee, like the credits given to private MRFs? “Their recovery rate is lower than what’s done at other MRFs,” he said, “but it’s also a recognition that they get junkier stuff.”

“That’s the reality sometimes,” Mike Hogle responded. “The way the RFP was organized, we asked proposers to give us a level so it was neutral to the Regional System Fee Credit Program... Quite frankly, Allied – who won the contract – didn’t have the highest score for their recovery [proposal],” but after all

aspects of the RFP were scored, Allied was the most responsive proposer and won the contract, he explained. Still, Councilor Park pressed, there is a bonus if the contractor goes above a certain recovery amount. Mr. Hoglund said, "It's an incentive target for them, but it's not the same target that's in the Regional System Fee Credit Program for a number of reasons."

Mr. White asked, "Is this an aside? We don't necessarily have the information to answer that question... If you want an answer from all of us, we're going to need more information." Councilor Park agreed, saying that he was just making the point that the Regional System Fee Credit Program is paid through the Regional System Fee. "There is an additional bonus that's given [at Metro stations] if Allied performs above a certain level... Should that particular bonus just be tied to operation of the transfer stations, or is that a regional benefit?" Mr. White said again that more information would be needed: "It may be a discussion that's broader than this group, or if you want to add it as a fifth 'bullet' we could do that at another meeting."

Moving on, Councilor Park noted that the second item in the charge, "hours of operation" (self-haul) had already been agreed upon. Next, he recapped where the group left off on the issue of regulatory costs, concluding with "Are there certain things that we think – as a policy – do rise to that particular level that, for the public benefit, should have the cost borne by all? We've kind of answered that, but I want to be sure we're definitive."

"With all due respect," Co-Chair Hoglund, "what we're trying to do now is just frame what the questions were in the charge for the [sub]committee. We're in the middle of that regulatory discussion, and we actually have that as the next agenda item. Councilor Park apologized for getting ahead. "I'll let [Mr. Anderson] finish," he demurred.

In answer to a question from Mr. White about a motion being needed to confirm the group's stance on sustainability, the group agreed that a consensus format was acceptable. "For the record," Mr. White said afterwards, "I'm happy." ("Memorialize that, Gina," Mr. Phelps bade Ms. Cubbon.)

The next matter charged to the subcommittee, Mr. Anderson continued, was that of system tip fees. He listed the specific issues, "Fiscal impact of tonnage shifts on Metro, the effect of these same shifts on the economics of operating private facilities, and the effect of cost decisions in local government rate-making," and outlined the background facts, explaining how allocations affect the rate.

"When one begins allocating expenses and putting fixed costs back into the transfer station charge, then Metro – as would any entity – becomes more fiscally sensitive to tonnage shifts. Metro – and the region – knows we have a number of decisions facing us that will cause tonnage shifts. Recycling, organics recovery, dry waste recovery, as well as new facilities (both dry MRFs and transfer stations in the system)." An important consideration, Mr. Anderson said, will be how fiscally sensitive – or insensitive – Metro should be so that Council's decisions about transfer stations and recycling can be made on their merits as public policy, and less on the fiscal effect....

"Is there an issue, though?" Mr. Garten queried, noting that Mr. Anderson's background statements were descriptions of cause and effect. Mr. Anderson replied that the issue is whether to change the model of system finance, and what level of policy considerations should go into the decision. Metro has been operating under one model since 1998. The Rate Review Committee has recommended moving towards a cost-of-service model. We see change upon us," Mr. Anderson continued, "and at the same time we're talking about changing the system finance model, that could [affect] the expected outcome of those changes." Mr. Garten understood that premise, but was looking for the specific issues "for this [sub]committee to discuss and recommend." Mr. Anderson reiterated the specific issues: public fiscal impact, effect on private facility economics, and due diligence over disposal costs allowed in collection rates. However, these are outcomes from one particular decision: whether to change the system finance model. So, in his opinion, that's the main issue. He indicated this topic is the final agenda item for this meeting, and will be continued at the January 19 meeting. During that time, he hopes this subcommittee will flesh out the specifics.

Mr. Anderson pushed on through explanations of the second and third bullets, as included in the agenda packet. Regarding Private Facility Economics, he noted that whether Metro recovers costs from only their customers or regionally can affect rates and profit margins throughout the system. When Metro moves costs into its station's base rate (raising its tip fee and lowering the Regional System Fee), "...we're really raising price and revenue benchmarks for the system, and reducing costs for private facilities." Therefore, allocations have an effect on private facilities' bottom line.

In explaining the background for the Local Government Rate-Making issue, Mr. Anderson added, "The concern I've heard from local governments having is that, recognizing the mechanism I just described, they are put in a position of granting cost increases in collection rates without any change in CPI or cost-of-service by private industry." Because of an inability to know the inner workings of the private companies, local governments would be allowing certain costs without their historical level of due diligence. Mr. Korot and Mr. Walker agreed with this assessment.

"If Metro makes a choice to not be in the [solid waste] system," Councilor Park commented, "how do you set a rate at local transfer stations? What would be the mechanisms, how would you determine them – those are the things that are up in the air." This is an important piece of the DSP puzzle, he said.

Mr. Miller responded that some of the economics side of the issue "is in direct conflict to the policy of public good. If you're going to have a public goods model, you don't worry about this. It falls where it falls. [However] if you manipulate disposal fees at Metro to facilitate the private facilities," he continued, "then you no longer have a public goods model." Councilor Park disagreed that fees would be "manipulated," saying that it's more an outcome of tonnage allocations.

Mr. Phelps noted that this line of discussion is scheduled for the next meeting. "With all due respect, Mr. Chair, you're getting a little bit off the background, and I'm having a difficult time keeping my mouth shut," he said. Mr. Kampfer disputed the title of the issue, saying it should read "The Effect of Metro's Tip Fee on Local Government Rates." Councilor Park noted the obvious sensitivity of this issue.

Summarizing, Mr. Anderson pointed out that the last three issues discussed are all tied to the consequences of what rate model choice is made. Mr. Garten said that the issues were much better sketched out for him now, "...and the last one will be a challenge."

II. Private Facility Regulation: Who Should Pay? Councilor Park /All

Councilor Park told the group, "I thought we were getting close to closure on this one [at the December 15 meeting], but I didn't want to rush it towards the end. I wanted to make sure [it was understood] that do rise to the level of an overall good to the public." He opened discussion with a reminder that the decision involves whether all types of facilities should pay towards regulatory issues such as inspection.

Mr. Phelps reiterated his stand from the previous meeting, that the cost of regulating private facilities should remain in the Regional System Fee because it does, indeed, benefit the entire region. "I don't think you should restrict or inhibit your regulatory process to one that has to somehow or other follow the money. If that's the case, you're not going to have a very good system... [Regulatory costs should be left in the RSF] so that Metro has the capability of monitoring the system the way it's supposed to be. All users of the system – public, private, whatever – would experience a benefit from that."

While agreeing overall with Mr. Phelps, Mr. Miller added that he would like to explore a way to recover at least partial costs from currently exempt facilities. He and Mr. Garten briefly discussed the idea of licensing. Clackamas County's Ted Kyle, who works in the Water Environment Services (building sewers, plan review, erosion control and more) suggested a hybrid system: "[At the County] we have fees for some things, not fees for other things, we have partial cost recovery fees, we have full cost recovery fees... Some of the costs dealing with certain customer classes should be borne by that customer class, and some of it is going to be in the Regional System Fee, and that makes sense." He gave some examples used in his

jurisdiction. Concluding, Mr. Kyle said wryly, “Everyone wants you to whack the other guy. The perfect ‘tax’ is the one someone else pays.”

Councilor Park asked Mr. Murray how much Far West Fibers pays in fees for materials “going out the back door,” i.e., unacceptable for recovery and therefore sent to a landfill. “I checked, and our Metro fees on what we pay on disposal is over \$4,000 a month,” Mr. Murray replied. “Being a clean facility, there are a lot of steps we have to take to maintain that. We understand the need, and the right for Metro and others to know what we’re doing, but we’ve really struggled and fought to maintain that exemption... It goes all the way up to the federal level. Through the EPA, we’re exempted as source-separated facilities.” With advance notice so that a lead supervisor is present, Mr. Murray added, Metro has always been welcome to inspect Far West. “To charge us fees,” he concluded, “that’s a different policy issue, and it would be a long, drawn-out conversation.”

Most of the inspections at composting facilities, Mr. Zimmerman added, “are CYA inspections” and don’t take long. It may look like a lot of the budget is spent on inspecting exempt facilities, but in my opinion it’s really not,” he said, “because they’re usually complete within one hour. Regarding regulation, “If you’re going to go after the composters, the reload facilities, [etc.] then you need to go after the clean MRFs, source-separated MRFs, whatever, and everybody pays a fair share.” He noted that composters are source-separated facilities.

“There is some level of regulation for quality assurances necessary in order to keep the system working,” Councilor Park commented. “It sounds like in order to have a credible system, we need to make sure we have enough inspections to keep it at a certain level... What I’m hearing is that [regulatory costs] stay in the [RSF], it’s for the benefit of the general public, and it’s a benefit for the total industry to have that type of quality assurance so that the general public feels that [facilities] are being adequately watched, and they are adequately being protected. Is that a fair characterization?”

Mr. Phelps agreed, adding that “Part of the reason you don’t hear anything [negative] coming from the group is that we don’t find the regulatory practices of Metro intrusive or heavy-handed or overbearing. They’re a pain in the [expletive], but I think you’ve got a nice balance... You’ve got to have the money to do it right, and so far I think Metro is doing the job correctly.” If, however, it becomes necessary to look at a revenue source from all players, the fees should be looked into again, “to see if there’s some contribution that could be made by all entities to the franchise and/or fee process, as opposed to a continuing per ton cost.”

Mr. White said that he agreed philosophically with Mr. Kyle’s idea of a hybrid fee system, it would become too complex. “By the time you go through the administrative process of deciding who pays how much, should they pay full amount or half amount or a hybrid amount,” the cost benefit would be lost. “Keep it all in the Regional System Fee, [it’s] a simpler system that works better for everybody, rather than make the system even more complicated.” Mr. Kyle suggested Metro look again at its application fees, and agreed with Mr. White’s notion of keeping it simple.

It was agreed through consensus to keep Regulatory Affairs costs in the Regional System Fee.

Mr. Phelps referred back to Mr. Kyle’s suggestion to look at application fees, and asked whose responsibility would it be to tackle that issue, adding that perhaps it would fall within the purview of the Rate Review Committee. Mr. Hogle offered that it could be recommended that Rate Review look into it, but Councilor Park said that the matter would likely require longer discussion than that committee would have time for, and may well be an administrative function for Metro. Mr. Kampfner agreed it should be an administrative issue. The off-agenda discussion continued briefly.

III. Introduction to the Regional Rate Issue Doug Anderson, Councilor Park, All

Turning to Agenda Item III, Councilor Park reiterated that “depending on how you move tonnage, it really changes how costs get apportioned, and that does affect local rate-making. Is it a good policy – what Metro

currently does – to move tonnage away from the two publicly-owned transfer stations in such a way that does cause an increase in the tip fee, without any other changes? Is that good public policy?”

“I don’t think it’s a public policy question at all,” Mr. Phelps pronounced. “I think it’s the conundrum you’re in, when you’re trying to do two things at one time... I don’t know whether Metro ‘giving away tonnage’ is really a policy at all. It’s a matter of how can you compete and do so in an effective way so that the private sector doesn’t collapse in as much as they can’t generate the kind of revenue you can through tip fees and taxes.” He and Councilor Park discussed the issue further from a historical background.

Mr. Phelps said that by allowing private facilities to take tonnage, causing Metro to raise its tipping fee, Metro customers are disadvantaged from a cost perspective. Conversely he said, customers “of other transfer stations are advantaged, in as much as there’s more tonnage to spread the costs of the other locations operations, and those rate-payers in effect – that, and the saving in travel time – in fact benefit.” Councilor Park pointed out, however, that’s not true of facilities who raise their rates to match Metro’s. Those customers don’t save, the Councilor said, but Mr. Phelps disputed that issue.

Discussion continued, with Mr. Miller adding “I think what Councilor Park is saying is that private facilities have been artificially following the rate of Metro.” Mr. Phelps maintained that his company is the last to still match Metro’s rates. “All the others are above that rate,” he said, “and we’re probably going to go above the rate next year, too, because Metro collects a lot of its direct costs through its taxes and its fees.”

“If you’re going to be losing tons over the next years,” Mr. White commented, “you’ll be losing tons as we recover more recycling, losing tons if we have a successful organics program, you’re losing tons. Those, we might all agree, are ‘good’ tons because that’s good, positive policy and we’re meeting our recovery goals.” With additional tonnage loss when Columbia Environmental joins the system, or from other facilities, he said, “the philosophical discussion becomes, are those good tons to lose?” Mr. White expressed concern that “you have to get into this slippery kind of argument and analysis – and I don’t know where it ever ends – about the cost-benefit analysis of letting a ton go to [for instance] Troutdale... What you’re really asking is – does the system benefit from allowing tons to leave the Metro facilities? It’s a really difficult question, like does a ton of recycling really help the environment? By the time you take the water cost used of washing out the glass jar, the cost of picking it up, and the fuel, and the pollution – who could ever really know what the cost is of a ton of recycling? People try to do that. You’re in a difficult situation.”

For the record, Mr. Kampfer wanted it noted that Waste Management doesn’t typically follow the Metro rate. “I think if Metro sets a rate anything other than cost-of-service, it’s unfair to the system.” He suggested that some private facilities’ costs may be higher than what matching Metro’s rate would cover. Mr. Miller expressed some skepticism that a facility would allow itself to lose money for long in order to parallel Metro’s rate.

Mr. Hogle addressed the notion that Metro is a regulator and a competitor, saying “We certainly do regulate, and for a while, we were a monopoly. So we’ve actually reduced our market share, and allowed tons to flow to private operations, for all the reasons that [Mr. White] just articulated. It’s a very difficult analysis to get into. But we don’t really ‘compete.’ We don’t sit around here at Metro in meetings and wonder ‘how can we adjust our prices so we can get more tonnage?’” One question, he continued, is “*should* Metro compete, or should we just define the customers and waste we need to serve. That gets back to [Mr. Kampfer’s] question earlier about how does this relate to Disposal System Planning?” He suggested that questions be framed and research be done for the DSP consultants to consider, and then bring that information back to this group at a later date and discuss. “This needs to be put into the context of Disposal System Planning and what the alternatives are, or what the system’s going to look like,” he offered.

Mr. Phelps responded, “With respect to rate manipulation, or however you want to choose to describe it, Metro’s solid waste budget for [Fiscal Year] 05-06 is 7% greater than it was for 04-05, and yet you only increased the tonnage charge – that is the amount of money we keep – 2.7%. So, to me, that’s a little

indefensible.” He voiced fears that Metro can “artificially reduce your rate, and offset that through your fees and taxes power,” to undercut private facilities.

Councilor Park reminded Mr. Phelps that the excise tax is the same across the board.

“You cannot draw Mr. Phelps’ conclusion from the budget numbers he cited,” Mr. Anderson informed the subcommittee. “Our budget is up,” he said, “primarily because tonnage is up. We have to budget the dollar amount we expect to pay for transport and disposal. If the tonnage goes up by 10%, the budget would have to go up by 10% (even if our contract prices didn’t change)—otherwise we couldn’t pay the bills under Oregon budget law. Our rates wouldn’t have to change at all in that same circumstance.”

Still, Mr. Phelps disagreed. “Your department’s costs increased 7%. Your tonnage charge did not increase consistent with that increase, which leads me to believe that you’re subsidizing part of your direct cost-of-service through your fees.”

“Let me try again using a specific example,” Mr. Anderson said. “Suppose for the sake of illustration that transport is our only cost, say \$12 per ton. If we expected to get one ton this year, our budget would be \$12. And our tip fee would be \$12. If we expect to get two tons next year, we’d have to budget \$24. But our tip fee would remain at \$12 because that reflects our per-ton cost. In this example, our budget is up 100%, and the tip fee is unchanged. But there’s no subsidy in this example. It’s a volume thing.” He allowed that the real world of budgets and rates is more complex than his example, but you cannot automatically conclude that the rates are subsidized if the budget goes up and rates don’t follow suit.

Going back to the issue of Metro as a competitor, Mr. Zimmerman said that Metro competes by being the decision-maker regarding new facilities joining the system and the tonnage caps. “You’re in a tough position, because you’re the regulator and you have to take of your own turf, yet we want to promote recycling [etc.]...” Mr. White suggested that Metro is a “market participant,” and of course has a vested-interest to protect and is, therefore, a competitor.

Councilor Park recapped the situation, noting that the most difficult issue involves the consequence of moving tonnage to private industry. “That has the effect of increasing the tip fee without anything I can define as a public benefit [if private facilities raise their rates in-kind.] That’s the piece I’m running into.”

In further discussion, Mr. Miller noted that when Metro’s bonds are paid off, the tip fee will likely go down. “So if Metro’s tip fee drops \$3,” Mr. Kampfer declared, “we [private facilities’ tip fees] should drop \$3?” Those are the kinds of cause-and-effect questions that Metro and local governments have expressed interest in, Mr. Anderson said. He further noted that when the debt service was all in the Regional System Fee, everybody’s cost would have gone down equally, and it would not have been an issue. Now that some of it is back in the tonnage charge at Metro’s transfer stations, it re-emerges as the issue Mr. Kampfer has identified.

Mr. Hogle noted that much of the tonnage problem stems from the system being “over-built. There’s too much capacity.” While some of that capacity is there for accessibility reasons, he said, “but everybody’s looking at their facilities and thinking ‘If I could compete better I could get more tons, and I’d be better off.’”

The group continued to debate. Mr. Phelps said that if Metro is losing tonnage, the best thing to do would be to reduce cost. “It doesn’t take as many people to move 200,000 tons as to move 300,000 tons.” That doesn’t take into consideration fixed costs, Mr. Kyle cautioned. “When we lose tons, we cut costs,” Mr. Phelps stated. Mr. Lechner asserted, however, that while one of the consequences of losing tonnage is disposal costs going up, “As far as the contract with Waste Management goes, if it still goes to the Waste Management landfill – which it does for all of our private facilities – then 90% is maintained there. So that number isn’t going to change, whether it goes through your facility or ours.” Other costs change, however, and he concluded that Metro should reduce costs as it loses tonnage.

“That depends upon our contract with [Mr. Phelps’] company,” Councilor Park said wryly. “We’re always amenable to reduced costs,” Mr. Phelps smiled.

At length, Mr. Anderson reined things back onto the agenda. He asked the group to consider if the questions raised in the discussion are appropriate to this subcommittee, or for the Disposal System Planning project. "I would like to propose," he ventured, "that maybe there are a lot of things here that you guys could put specifically on the table: Criteria for system finance, data issues [etc.] that we could ask the Disposal System Planning project to do in a more systematic way."

Mr. Phelps recommended studying whether Metro can justifiably charge a tonnage fee that is below cost-of-service "now that you have so many private facilities operating who must operate at a full cost-of-service., which includes profit. Otherwise, government is undercutting the competitive value of our services by artificially keeping the price down, using the fee or the tax or however you want to state it to offset the true costs."

That's a very valid policy issue, Mr. Anderson granted. However, Councilor Park commented that "the reverse of what [Mr. Phelps] said is also true. Is it legitimate for government, in order to provide a cheaper service to the general public, to move costs around?" While Mr. Phelps said that in his world, "it's called predatory pricing," the Councilor responded that "In our world, it's called providing public services."

Mr. Kampfer said that some of these questions can't really be answered until Disposal System Planning is complete. Mr. Hoglund commented, however, that "This group is the most up-to-speed to help define some questions and issues that can then be looked at in Disposal System Planning. There's a lot of crossover."

Councilor Park revisited the issue of how local governments will be able to set rates if Metro transfer stations leave the system. Mr. White said he has strong concerns about local governments possibly gaining access to private companies' accounting in order to set rates. "I think this is a huge issue down the line, for when a disposal cost is allowed or disallowed... It isn't Metro's business to get artificially in the middle of that." The Councilor responded that he doesn't think Metro is or would be in the middle of the situation. However, local governments have voiced concerns. "I do not think that we're trying to get into how local governments set rates," Councilor Park said. "I think what we're responding to is questions by local governments about what occurs if [Metro is] not in the market... How do you even structure that kind of system?" Industry representatives became more vocal on the issue; the City of Portland's Bruce Walker said that it is a big challenge and he looks forward to the full discussion.

IV. Other Business & Adjourn Councilor Park

Councilor Park thanked the attendees and adjourned the meeting at 1:57 pm

Next meeting:
Thursday, January 19, 2005
Room 501

gbc
Attachment
T:\Remfma\committees\Rate Policy Subcommittee\Agendas & Minutes\010506 Rate Policy min.doc
Queue