

MINUTES OF THE METRO COUNCIL WORK SESSION MEETING

Tuesday, July 11, 2006
Metro Council Chamber

Councilors Present: David Bragdon (Council President), Susan McLain, Rod Park, Robert Liberty, Rex Burkholder, Brian Newman

Councilors Absent: Carl Hosticka (excused)

Council President Bragdon convened the Metro Council Work Session Meeting at 2:02 p.m.

1. **DISCUSSION OF AGENDA FOR COUNCIL REGULAR MEETING, JULY 13, 2006/ADMINISTRATIVE/CHIEF OPERATING OFFICER AND CITIZEN COMMUNICATIONS**

Council President Bragdon reviewed the July 13, 2006 Metro Council agenda.

Reed Wagner, Policy Analyst, introduced the current group of policy interns.

2. **DISPOSAL SYSTEM PLANNING**

Councilor Park said there had been some evolutionary thinking around Disposal System Planning (DSP). Paul Ehinger, Solid Waste and Recycling Department, looked forward to the discussion with Council. Important questions were: 1) Did Council have enough information to make their decisions? 2) Did Council want to add any objectives? 3) What other factors did Council want to see in the system? 4) Did Council desire any follow-up activities?

Dan Pitzler, CH2MHill, distributed a Summary of Results (a copy is included in the meeting record). The study had come up with some additional potential policy drivers for Council consideration, as well as risk and cost analyses. All three options under consideration were similar in cost. Council President Bragdon observed that the summary of cost did not include an analysis of which individuals within the systems would gain or lose, or about efficiencies. Mr. Pitzler agreed, stating that there were lots of uncertainties in analyzing risk. They had used a qualitative methodology. He described some of the risk factors in the various models. The only significant risk for the public model was the likelihood of political challenges—but that was a very serious one. With the private model, there were a lot more unknowns and more potential risks. Councilor Newman questioned the high risk signatures attached to collection of fees and Metro's credit rating. Were there actual legal obstacles to this model? Mr. Pitzler thought it was probably more of a political challenge. Typically, the farther removed an agency was from providing the service, the more difficult it was to collect fees. Mr. Ehinger said we had had good luck in collecting fees from private members of the system. We had developed good working relationships and had not experienced a lot of "cheating."

Councilor Liberty wanted to break down the political challenges risk factor—these were actually two separate things. What differences were there between condemning private transfer stations, versus allowing wet waste franchises to expire? Mr. Pitzler agreed there were differences, but the main point was that a lot of people could potentially be made unhappy with such actions. He said the labels of private and public could only be helpful up to a point. We really wanted to talk about the best possible system we could devise. The public system provided a lot of desired outcomes.

Council President Bragdon emphasized the uncertainties around the models that we did not have a lot of experience with. By its nature, the risk analysis would assign higher risk to systems that we did not know a lot about. He wanted to think about what would get us the best outcomes, starting from where we were. Mr. Pitzler discussed why the Council values scored the way they did. A lot of the difference was accounted for by compliance with the Regional Solid Waste Management Plan (RSWMP) and security for Metro funding. Councilor McLain thought that everything was subjective. She felt the summary was a fair representation of the analysis. She would like a stronger recommendation from the consultant. Mr. Pitzler agreed to provide his honest opinion but preferred to first finish the discussion.

Councilor Liberty had a question about pricing signals. Mr. Pitzler talked about the ability of players within the system to have a fair opportunity to make money. Councilor Liberty said that collection was a large part of the cost. Maybe more sharing of information could help. Councilor McLain asked about the characterization of the Central transfer station. Mr. Pitzler said it would be part of a broader land use vision for the area. Mr. Ehinger said that the time horizon for this study would probably not see any significant change in land use for Metro Central. Metro South was a different question. Councilor McLain was concerned about the flood plain.

Mr. Pitzler summarized. These were the central conclusions, the basics. Additional discussions had prompted brainstorming about various issues, such as the different types of services provided—wet waste, dry waste, and self-haul/household hazardous waste (HHW). Wet waste had elements of a utility—barriers to entry, geographic monopoly, lack of competition. Dry waste had more competitive elements. Self-haul/HHW had more elements of a public service; this was always a problem. He felt that getting bids on the three different areas, separately, could provide good information. We could also ask for prices to be broken down into tonnage ranges. We could get rid of caps on wet waste with better pricing information. One idea would be to provide a payment per ton-mile. He felt a combination of such strategies could satisfy the majority of Council objectives. He said he did not see a compelling reason to sell Metro's transfer stations. We could always sell them later, but once we sold them it would be hard to get them back. Council policy objectives complicated the picture.

Council President Bragdon emphasized that the hybrid model would not necessarily be the same as the one we had today; we had an opportunity to address some of the shortcomings of the existing system. He asked Council what they thought about selling transfer stations.

Councilor Liberty asked about geography and the advantages of scale. Would cooperation with other government agencies be at all advantageous, in transportation and disposal? Mr. Pitzler thought, on disposal, possibly, but the contract with Waste Management went through 2019. Beyond that, it was possible. On transportation, on the rail side of things, there were some efficiencies to be gained; we would need quite a bit of waste for a train to be as cost-effective as possible. The problem was staging—getting the waste together, putting it on the train, scheduling, etc. He had not analyzed how such a system could work, together with other government agencies.

Councilor Burkholder went back to maintaining ownership of the transfer stations. He wanted to have clear bookends—full private, full public, and whatever was in between. The question for him came down to the difficulty of regionalizing private property. His main question was, did it make sense for Metro to stay in the game, given it was kind of an historical accident? He felt, after the report, the answer was yes.

Councilor Liberty wondered what sorts of new technologies were being developed that could be of help. Mr. Pitzler said the costs of the system were driven by collection. As long as the land use pattern remained similar, there would continue to be a lot of trucks driving around. He described a worldwide trend, an interest in getting away from landfills. If, in 30 years, we could stop sending to landfills, we would have to have strategic facility siting, we would still need transfer stations. To answer the question, in the near term, there were probably not any technologies to help us. In the long run, very possibly. Mike Hogle, Solid Waste Director, said our transfer stations had been built in a much lower-cost construction era. To build new ones today would be very much higher. Dan Cooper, Senior Attorney, said the cost of electricity was also a factor. Historically, there had been low energy prices in the Northwest. Mr. Ehinger emphasized that there was no one single "European" model. There was a lot of variety on the ground there, in different localities.

Councilor Park asked Mr. Pitzler to say more about the various characteristics of the waste/utility, competition/dry waste, and self-haul/public service model. Mr. Pitzler complied. Mandatory MRFinancing was in the future. He discussed the ways in which private and public could be the most successful in dealing with the various elements. Councilor Park asked about the idea of eliminating caps. Mr. Pitzler emphasized the value of giving the price information to local governments. This would help in setting rates. Mr. Hogle added that this was assuming it would be after the bonds were paid off. We might need a floor instead of a cap.

Council President Bragdon asked if any Councilors wanted to sell the transfer stations and move to a totally private system? Silence permeated the chamber. The option then was to have a public system or reforms to the existing hybrid system. Councilor Newman did not want to take the public system off the table just yet. He'd like more information on not forcing a sale, but what to do with caps over time, how did we project over time (10-20 years), what would that do to tonnage in the system? What would happen if we made policy choices not to continue the franchises, or if there was some kind of overlap in providing services? He liked the modified hybrid but wanted more information on bidding out the 10%.

Councilor Burkholder said the problem with the hybrid model was the location of the stations and the fact of trucks driving all over the place. Sustainability was very important. Regarding paying for public services, he was concerned about subsidies and the fairest way to do that. Hazardous waste was more difficult. The worst thing that would happen with self-haul was we would have to pull the garbage out of the creek. HHW was much more serious. We would have to swallow some costs. He was concerned that the greatest savings were to be found in collection, but that wasn't even something we dealt with. How could we contribute to savings in collection, given that we had no control over it? Was there something Metro could do?

Council President Bragdon had two values that today's hybrid system didn't achieve: 1) Transparency in the local rates; if we didn't regulate curbside, we needed to help those who did. 2) In terms of franchises for private stations, having barriers to entry but not price regulation sheltered some people from competition. It was providing them with a public good that they were converting to private gain. In the absence of the price regulation they could set their prices to match ours, even though our prices were set on our costs, which were higher. Others were able to use our price as a floor, rather than being disciplined by the marketplace. That led to inequities that he wanted to see addressed in the new system.

Councilor McLain said any hybrid would have to pay attention to our goals, criteria, and values. We needed to make sure we knew what our values were and how the system would help to

achieve them. She felt we had been invited into this because of the public service. The counties could not even site facilities. Pay attention to what the public has said they want, and the floor of services they require. Constituents felt there was a lot of difference in localities, a lot of inconsistency. There was low coordination between jurisdictions regarding collections. How could we provide better service? Finally, she was glad that this report had been done.

Councilor Liberty said he thought the central question of ownership had been answered. Now we were talking about RSWMP. We needed to provide more help to local governments, more transparency. Because of the limited scope of this project, he wondered about attaching pricing structure to sustainability objectives. He was interesting in defining a broader region, to see if anything could be gained from cooperation. Councilor Park challenged staff to look out 50 years, not just 10 or 20. There were not going to be a lot of new landfills sited west of the Cascades. Also, what about the Oregon City transfer station? If we were going to look eastward, that would be a big factor. Competition still needed to be fleshed out. How would price changes affect Metro's dual role as regulator and competitor? Transparency was very important. The scope had moved way beyond the ownership of transfer stations.

Councilor Newman asked if anyone else felt the public model should still be on the table. Councilor McLain was more interested in moving towards an improved hybrid system. Councilor Liberty felt there could be movement toward more elements of the public model but not a pure public system. Councilor Park thought nothing was ever off the table. Councilor Newman said he was fine with moving forward with the hybrid analysis. Council agreed there were some benefits to the public model, but no one was interested in a pure public model.

Councilor Burkholder asked what the strategy would be, after 2010. Caps, or no caps? What did that mean to our operations without the bond covenants? He wanted to see increased performance in all the various objectives, regardless of the model that was chosen. Councilor McLain observed that they had not talked much about access and equity. Councilor Liberty said, looking out to 2019, we might not even have the option for using barge and train, and we had regional transportation studies underway currently, multi-model facilities; there wouldn't be a real choice if there wasn't any place to put such a facility. Councilor Park noted the relationship between Metro and Multnomah County. It was not realistic to expect that waste would move from Arlington. Also, there was potential for harm to other governments. At the same time, there should be greater transparency and benefits?

Council President Bragdon felt this was a valuable addition to the previous discussion. They had removed the private and public models from the table and now wanted suggested refinements to start evaluating reforms to the hybrid system.

3. BREAK

**4. EXECUTIVE SESSION HELD PURSUANT TO ORS 192.660(1)(e),
DELIBERATIONS WITH PERSONS DESIGNATED TO NEGOTIATE REAL
PROPERTY TRANSACTIONS.**

Time Began: 3:33 p.m.

Members Present: Council President Bragdon, Councilor Burkholder, Councilor Park, Councilor McLain, Councilor Liberty, Dan Cooper, William Eadie, Hillary Wilton, Teri Dresler

Time Ended: 4:22 p.m.

After executive session, the folks from the Trust for Public Lands were invited in. They expressed their appreciation of the opportunity to work with Metro staff to support the acquisition of natural areas and to present the projects. They had other projects in the works also, between now and November. They were looking all over the region. They would be happy to work with Councilor McLain to follow up with any particular properties on the western side. Councilor Liberty wanted to make sure we were looking at urban parks areas.

5. COUNCIL BRIEFINGS/COMMUNICATIONS

Councilor Burkholder briefed Council on the eastside streetcar locally preferred alternative. Council was comfortable with the proposal. They discussed elements of the proposal. Including some of the local players. They talked about the financing and the politics, emphasizing the importance of regional, strategic cooperation.

Councilor McLain talked about an article in the Portland Tribune about the metro region's influx of one million people.

There being no further business to come before the Metro Council, Council President Bragdon adjourned the meeting at 4:38 p.m.

Prepared by,



Dove Hotz
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**ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF
JULY 11, 2006**

Item	Topic	Doc Date	Document Description	Doc. Number
1	Agenda	7/13/06	Agenda: Metro Council regular meeting, July 13, 2006	071106c-01
2	Disposal System Planning	Undated	To: Metro Council From: Dan Pitzler Re: Summary of Results	071106c-02