A G E N D A

METRO

MEETING: **REGIONAL SOLID WASTE ADVISORY COMMITTEE**
DATE: Thursday, September 28, 2006
TIME: 10:00 a.m. – Noon
PLACE: Room 370 A&B, 600 NE Grand Avenue, Portland

5 mins. **I. Call to Order ..... Rod Park**
Introductions/announcements
Approval of minutes

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

60 mins. **III. Pumping Up Dry Waste Recovery*..... Lee Barrett**

The recently approved Interim Waste Reduction Plan identifies the recovery of an additional 88,000 tons of dry waste from the building industry sector as necessary to achieve the 64% waste reduction goal. A related objective in the IWRP refers to the development of a region-wide system to ensure that recoverable construction and demolition debris is salvaged for reuse or is recycled. To move that region-wide dry waste recovery program forward, Metro staff recently convened a Dry Waste Recovery Work Group, which reviewed the staff- produced "White Paper on Enhancing Dry Waste Recovery" as well as a draft ordinance. Their work concluded this month, and now SWAC is being asked to weigh in on the proposed program. A recommendation from SWAC to Metro Council is requested prior to Council consideration of the ordinance in late October / early November.

20 mins. **IV. Concluding DSP, Phase 1*..... Mike Hoglund**

The Metro Council will conclude Phase 1 of Disposal System Planning on October 12th. At that time they will vote on a resolution affirming the continuation of a public/private transfer system in the region. This agenda item is intended to recap significant findings that led to this future direction, and to look ahead at the work to be done in Phase 2 of DSP and the anticipated schedule.

20 mins. **V. Concluding the RSWMP Update* ..... Janet Matthews**

With Council approval of the Interim Waste Reduction Plan, a significant part of the updated Regional Solid Waste Management Plan has been completed. What remains to be developed and reviewed by SWAC are policies, goals and objectives related to solid waste facilities and services. The purpose of this agenda item is to identify the preferred steps ahead for SWAC to review and help shape these final pieces of the plan.

5 mins. **VI. Other business and adjourn ..... Rod Park**

***Denotes material included in the meeting packet**

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)

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METRO

600 NE Grand Ave.
Portland, OR 97232-2736

MINUTES OF THE METRO SOLID WASTE AND RECYCLING COMMITTEE (SWAC) MEETING
Metro Regional Center, Room 370A/B
Thursday, July 27, 2006

Members / Alternates Present:

Councilor Rod Park, Chair	John Lucini	Ralph Gilbert
Mike Hoglund	Wade Lange	Dave White
Mike Leichner	Ray Phelps	Mike Miller
Bruce Walker	Glenn Zimmerman	Tom Badrick
Paul Edwards	Lori Stole	Matt Korot
Eric Merrill	Jeff Murray	Theresa Koppang
Rick Winterhalter	Dean Kampfer	Rob Guttridge

Guests and Metro staff:

Janet Matthews	Jan O'Dell	Audrey O'Brien
Brad Botkin	Lee Barrett	Scott Keller
Andy Kahut	Vicki Kolberg	Jim Watkins
Easton Cross	Peter Spendelow	Kathryn Sofich
Paul Garrahan	Paul Ehinger	Julie Cash
David Bragdon	Tom Chaimov	Roy Brower
Barb Disser	Jennifer Porter	Bob Sjolander

I. Call to Order and Announcements ..... Councilor Park

- Councilor Rod Park began the proceedings at approximately 10:04 a.m. and introduced newest member Theresa Koppang, Washington County Solid Waste Management Supervisor. Ms. Koppang is originally from Oregon, and worked for King County, Washington for the last 12 years, she said while briefly outlining her background. Additionally, Councilor Park asked Audrey O'Brien to stand and introduce herself in the audience. Ms. O'Brien is about to be confirmed as a SWAC member from the Oregon DEQ; at that time, Loretta Pickerell will become the alternate member from that agency.
- The Councilor asked all those present to introduce themselves. The City of Gresham's Matt Korot announced that their City Council recently approved a food waste collection pilot.
- Regarding the minutes from the May 25 meeting, Ashforth Pacific's Wade Lange noted that a typographical error on the last page rendered "rates" "rats." Metro's Janet Matthews added that clarification needs to be made regarding Clackamas County's contributions towards the outreach campaign.. With these changes, Mr. Wade moved the minutes be approved; the City of Portland's Bruce Walker seconded, and the motion passed unanimously.

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

- Mr. Hoglund had nothing to report at this time.

III. Reducing Key Contaminants from Residential Curbside Recycling .....Vicki Kolberg

Councilor Park introduced this item and Vicki Kolberg, Recycling Information Supervisor. Ms. Kolberg reported that a SWAC subcommittee formed to discuss curbside recycling contaminants and the loss of recyclables; their recommendation was "that Metro undertake a significant education and outreach effort" to improve both the situation and material quality. Metro, local government, and industry representatives have cooperatively developed an appropriate outreach campaign, Ms. Kolberg continued. Specifically, the group decided to focus on keeping glass containers separate, and keeping plastic bags out of curbside bins completely. Research found that "people want to do things right ," Ms. Kolberg added, and many who were surveyed said that they'd like to receive a note from the hauler when they recycle incorrectly.

Ms. Kolberg showed two television ads that are currently running locally, one addressing the glass issue, the other plastic bags. Bent Images Studio created the animated spots, which began running July 17 and will run through September 9. This is the first time that Metro has been able to fund this type of campaign, thanks to the help of local governments. In the first week, Ms. Kolberg reported a rise in website hits, which is expected to grow throughout the campaign. In addition to the television spots, the City of Portland is having notices printed for haulers to inform residents of problems; they also have "Glass Only" stickers that people can put on dedicated buckets or bins.

Another part of the campaign dealing specifically with contamination is a "traveling display" of waste bales that show recyclables mixed in with regular garbage. The display, which is being driven by truck to various public places around the Metro region, represents the roughly 20 tons of similar loads that go to the landfill every day.

Ms. Kolberg then showed a third television spot that has been aired, featuring Community Affairs Supervisor Jan O'Dell. The 60-second piece, which aired on KGW, showed Jan as an "on-air interviewer" to a hauler and a rep from Blue Heron Paper.

To measure the success of the campaign, 25 garbage routes were sampled (total 1,000 samples) prior to the outreach campaign. The same routes will be sampled again after the campaign is completed, and a telephone survey of nearly 500 residents is planned. Concluding, Ms. Kolberg announced that Waste Connections in Gresham reported a noticeable increase in separately set-out glass already.

The group discussed how / where jurisdictions can get the hauler forms and "glass only" stickers.. Ms. Kolberg said that she's e-mailed local jurisdictions that arrangements can be made through the City of Portland.

SP Newsprint's John Lucini commented, "On behalf of the end-user, we appreciate the effort to do this, and I think the [television] spots came out really well... I just want to say thank you." Mr. Walker added that the Master Recyclers are "another way to get this word [because] they staff so many events in the region that governments couldn't possibly staff... It should end up with end-users seeing a cleaner [waste] stream."

Councilor Park mentioned that it would be helpful to standardize bins and stickers between jurisdictions so that citizens can avoid confusion if they move to a different part of the Metro region.

IV. Recycling Roll Carts: Regional Experience To-Date.....Scott Keller, Andy Kahut, Bob Sjolander

Prior to the presentation (and bridging this and Ms. Kolberg's agenda item) Far West Fiber's Jeff Murray commented that there's been a drastic improvement in glass separation since Beaverton instituted a roll cart system.

Councilor Park explained that this agenda item would be in three parts: The City of Beaverton's Scott Keller with the perspective of a local government that has switched to roll carts; Andy Kahut with the collection and processing story, and Bob Sjolander of Allied Waste providing experience from the facility side.

Mr. Keller began by handing out a four-page brochure outlining the background, results, and challenges the City has encountered since converting to a roll cart recycling system March 1, 2006 (attached). Volume was measured prior to start-up, he said, in January and February, and will be measured again in 2007 to measure progress. Mr. Keller recommended that jurisdictions be very careful about readiness: Education is crucial before the roll carts are distributed: Public media, newsletters, and information direct to the resident should all be used. Still, there were some problems, as noted in the "What We Learned" sidebars on the brochure.

Mr. Kahut's report was about a 3-cart system being used in West Linn. See attached PowerPoint presentation for details of the program, its success and its problems. Highlights include high customer satisfaction (after initial roll-out) and productivity under the program; challenges include education of both the customer and employees, as well as significant capital investment at the front end.

Third up, Mr. Sjolander told the group that Allied Waste has been using roll carts in Lake Oswego for about 18 months. 98% of customers love the system, which uses three carts, plus a separate container for glass. Some customers, Mr. Sjolander said, were initially skeptical of the large carts and were given small ones. However, within weeks most of those households requested the larger carts instead. Using automated trucks has been very efficient, he added.

In answer to a question from Clackamas County's Rick Winterhalter, Mr. Sjolander said that one thing that's helped customer education is the fact that cameras have been installed in the truck hoppers. The driver can, therefore, watch for contamination problems as the material is loading. They leave a note for the customer if contamination is an issue; if three notes are left, a personal visit is made to the household.

The group briefly discussed the idea of reducing frequency of glass pick-up. While many area customers only set-out glass once a month, Mr. Kahut said that his customers consistently set-out wine bottles, which have no return / deposit infrastructure. The cost of implementing a roll-cart system was touched upon, as well: "There is a cost, and it is substantial," Mr. Keller said, but explained that their current rate structure covered it initially. A rate increase will likely be implemented next year, but not solely because of the roll cart system, he said.

V. Disposal System Planning:
Analysis, Decisions, Next Steps ..... Paul Ehinger

Paul Ehinger of SW&R's Engineering Section reported on the state of the Disposal System Planning (DSP) project, using PowerPoint to highlight points of the transfer station ownership study done by CH2M Hill. (The Executive Summary portion of the final report was included in the agenda packet). The study compared three individual systems (all-private, all-publicly owned, and a hybrid of the two) and matched them to goals and values for the region set out by Metro Council. While an all-public model rated significantly higher than the other models, it dropped in ranking once risk was factored in. Council asked staff at their July 11 work session to look further into the hybrid model. This system would be similar to the status-quo, but with changes to enhance its efficiency.

A recent Council Work Session included presentations from some interested parties with ideas of what the system needs, Mr. Ehinger added. The information given was direct and expressive, he said, and it was a productive session. It was at the following work session that Council asked for more research into possible changes to the hybrid model.

Next steps include a Council Work Session to look at what research is necessary "to address a number of issues that have come up," Mr. Ehinger continued. A study of transportation options will be done (transfer stations to landfill), rate equity is being studied as well. Other issues include facility caps / allocations, moratoriums, establishing standards for dry waste facilities, and "how to introduce - particularly in the dry waste system – some elements of competition that would achieve some of the goals the region has," Mr. Ehinger said. Staff and Council want to look at new and creative ways to help private industry and Metro achieve recovery goals.

At the end of the presentation, Councilor Park opened the floor for questions / comments, first asking Council President Bragdon for his thoughts. Addressing the attendees, President Bragdon said that Council looked at the three models examined in the study and noted that none of the three was a perfect fit. "While the extremes of the public and private have some significant political, financial, and maybe even legal transition issues, I think what we're moving towards are reforms to the existing system under the general umbrella of [the] hybrid... That's probably where we'll end up," he continued. He noted that the transfer station system is merely one link of the system chain; another is transportation (particularly to Arlington, which contractually receives 90% of the region's waste). Gillam County has just obtained a grant to construct a barge facility on the Columbia near Arlington, which is an option that will be looked into, President Bragdon concluded.

Councilor Park added that he has asked staff to look not just at the near-term possibilities for DSP, but to look forward several decades. It's unlikely, for instance, that a new landfill will be sited "on the west side of the Cascades... That means most likely, the next 50 years of waste is going to continue to go east, and there are a variety of landfills potentially available besides Waste Management's." He agreed that Council would like to look into all transportation options, as well as market behaviors of different waste streams.

ORRA's Dave White voiced concerns about information presented to Council by Eco Data's Barbara Stephens earlier in the DSP project. He characterized Ms. Stephens assertions that "hauling is a cost-plus business" as false, and would like a forum to discuss this, as well as how local governments set collection rates. Councilor Park and Mr. White exchanged ideas on the issue; the Councilor stated that Metro would like to look at ways to both reduce overall costs and help local governments, which currently base a portion of their rates on Metro's tip fee, which may or may not reflect private facilities' costs.

Late this summer, Mr. Hoglund announced, "...we'll be coming back with a Resolution of Intent for Metro's role in the system that can be moved over into the RSWMP." A work plan will be developed including some of the elements Mr. Ehinger mentioned need further discussion. During review of the Resolution and work plan, Mr. Hoglund continued, public comments will be taken on the DSP report and other issues, likely in the autumn.

Council President Bragdon assured that more than one hearing will likely be held in September regarding the Resolution. He assured the group that no one is considering having Metro do local rate-setting. "All the discussions pertain to helping local governments do informed rate-setting of their own.." Many jurisdictions have very small solid waste departments and "rate-setting is a complicated business," he pointed out, "especially when you're talking about large, multi-national, vertically-integrated companies. When transactions – particularly related to transfer stations – are no longer third-party transactions that can be independently verified, but are in effect inter-company transfers, that fundamentally changes the information that local governments have access to. If we can help provide more information in the form of benchmarks or something else, we're going to do that, because that's our obligation to the public."

VI. Final Steps on the Waste Reduction Plan.....Janet Matthews

Janet Matthews very briefly reviewed changes and additions made to the Interim Waste Reduction Plan (IWRP) as a result of comments received regarding the earlier draft. The Executive Summary was included in the SWAC agenda packet. DEQ has reviewed the draft since the last SWAC meeting, as well, Ms. Matthews reported.

The last round of public comment was fruitful, bearing comments from over 400 individuals, Ms. Matthews noted. Major themes included suggestions to focus on waste prevention, improve recycling services in the region (more materials and more convenience), increase education, and product stewardship.

Ms. Matthews went on to point out the changes made to the Plan:

- "Reduce toxic substances" added to the public health and safety portion of the regional values section.

- In the public education section, added emphasis to adult public education.
- Inserted language about front-end fees in the product stewardship section.
- Regarding the "Moving Forward" section of the Executive Summary, a narrative on to achieve the 64% goal was added. Furthermore, emphasis was added to a future review of goals that will take the Plan beyond that near-term goal, such as consideration of non-weight-based goals.

Ms. Matthews also mentioned "unseen goals" that, while absent in the IWRP, will be in the full RSWMP document, such as sustainability goals for the solid waste system. "That represents a lot of work ahead, in addition to the tonnage that we're trying to recover," she said.

To address DEQ concerns about the draft, clarifications were made to the "Alternative Program Process." The process has been in existence for several years, and allows some degree of flexibility for local governments' programs. Metro wants to ensure coordination with the State, "and that there's an efficient process for local applicants who are seeking review of these program proposals." The trigger-point for alternative programs is explained more clearly in the Plan, and the Regional Service Standard is defined. Ms. Matthews told the group. This is the most recent addition to the Plan, she said, and Metro and DEQ agreed that Metro will be the final arbiter of alternative programs. Some local governments were contacted regarding the addition prior to its inclusion. "The process itself remains unchanged," Ms. Matthews pointed out.

Next steps: A new RSWMP Progress Report will go out this week, and Council will consider the Plan on Thursday, August 17. Another public comment process will begin in early 2007 for the full RSWMP; Council will consider approval of the RSWMP by Spring 2007.

VII. Other Business and Adjourn ..... Councilor Park

With no questions or further business from the members or audience, Councilor Park adjourned the meeting at 12:08 p.m.

Next meeting:
Thursday, August 24, 2006
Room 370 A/B

Prepared by:

Gina Cubbon
Administrative Secretary
Metro Solid Waste & Recycling Department

gbc
Attachments:
Roll-Cart Recycling in Beaverton
Power Point Presentation: Hauling and Processing Roll Cart Materials in West Linn

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WHITE PAPER
ON ENHANCING REGIONAL DRY WASTE RECOVERY

September 21, 2006

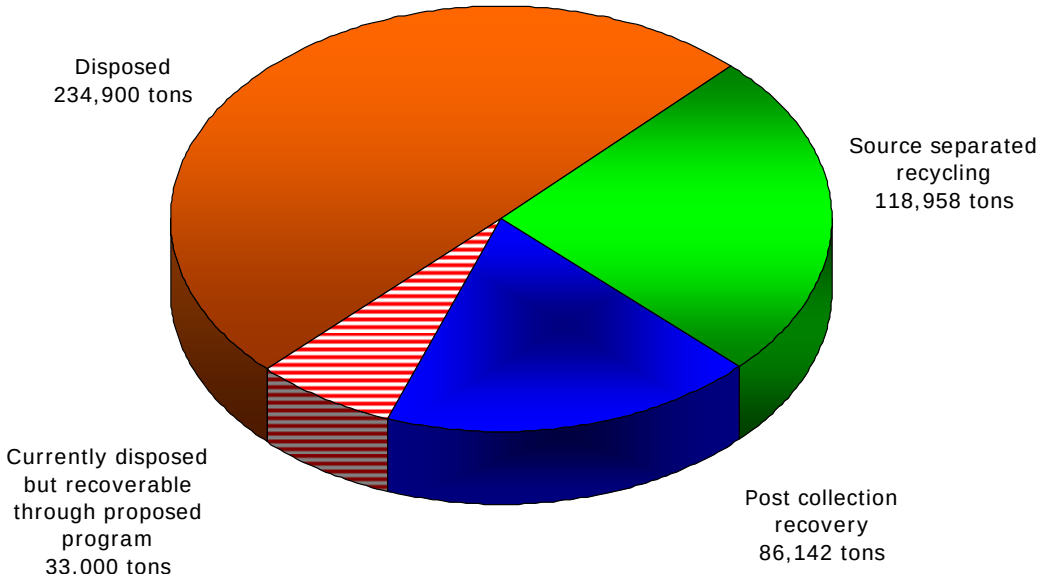
Prepared by: Bryce Jacobson
Metro Waste Reduction & Outreach Division

Summary

This paper describes the region's current dry waste[1] recovery system, and details a recommended change to that system that could divert at least 33,000 tons of this material from disposal each year. Information contained in these pages should assist policymakers in understanding the problem, the proposed program, and the potential implications of that approach. This new policy and program direction is part of the comprehensive effort to meet the construction and demolition debris (C&D) recovery goals described in the 2006 Interim Waste Reduction Plan.

The program described in this paper would enhance dry waste recovery in the region by requiring mixed dry waste loads to be processed through a dry waste recovery facility prior to landfill disposal. With the implementation of this requirement, the controversial Regional System Fee Credit Program would be phased out.

Figure 1. FY2005-06 Dry waste disposition*



[1]Dry waste loads are those originating (1) from the building industry (i.e., construction and demolition projects) or (2) from the commercial sector (i.e., businesses whose waste output contains no or only minimal levels of putrescible or odor-causing wet waste material). These dry loads contain documented high levels of wood, metal, cardboard, and paper – all readily recoverable. The program detailed in this white paper primarily affects mixed dry waste loads from construction and demolition (C&D) projects. Many mixed dry waste C&D loads are not put through a dry waste recovery process, but are instead disposed at two landfill sites in Washington County: Hillsboro and Lakeside.

*Tonnage data is based on conservative long-term trends detailed in Appendix B.

Problem Statement

The region has many elements of an effective dry waste management system in place - a well-informed building industry, a variety of market outlets for source-separated dry loads, and well-distributed dry waste recovery capacity for processing mixed dry loads. Unfortunately, the low cost of disposal at two landfills in Washington County limits further significant increases in dry waste recovery in the region.

Dry waste consists primarily of seven types of material: wood, metal, corrugated cardboard, concrete, drywall and roofing. On a typical construction or demolition project, over 90% of this material is reusable or recoverable with current technology and markets. Waste composition data from Oregon's Department of Environmental Quality confirms that the biggest opportunities for increased dry waste recovery would come from material disposed at the two local landfills: Hillsboro and Lakeside.

A comparison of rates charged by the facilities that accept mixed dry waste shows landfilling has a clear attraction for those generators seeking the lowest cost option:

- Landfilling of dry waste at Lakeside is $50/ton, or $61/ton at Hillsboro.
- Tip fees at dry waste recovery facilities vary, but are usually $65-70/ton.
- The Metro tip fee for dry waste is $70/ton.

Current Dry Waste Recovery System

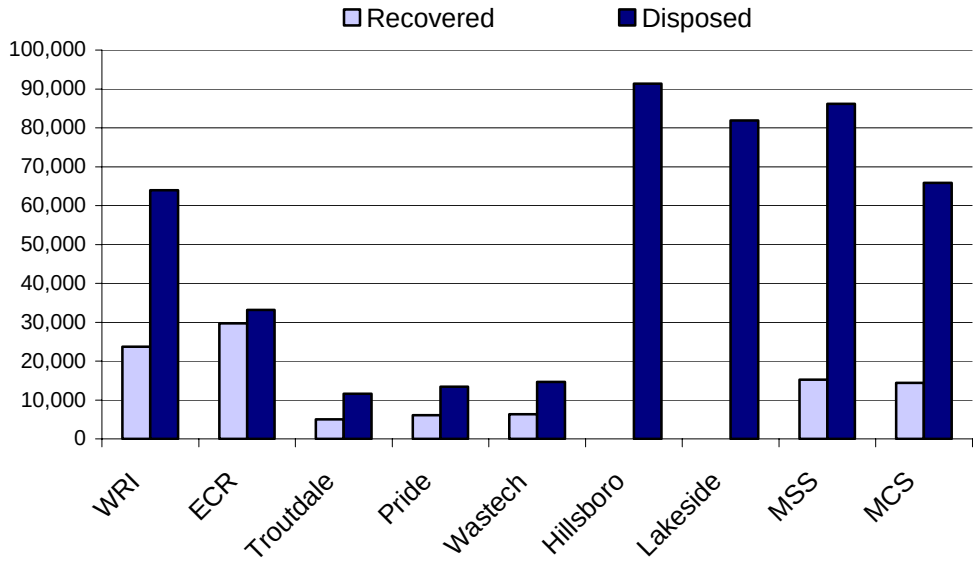
The region's building industry has a great deal of choice in how they manage debris.[2] This is facilitated by a well-developed system of over 90 source-separated recyclers and salvagers, as well as seven facilities that recover recyclables from mixed dry waste. (See map listing Metro region C&D recyclers and dry waste recovery facilities in appendix A.)

- **Source-separated recyclers** accept loads of already sorted materials, which are essentially 100% recyclable. These facilities pay generators for materials like cardboard and metal or charge between $5/ton - $25/ton for most materials that have well developed local markets (wood, land clearing debris and rubble). Fees for recycling more difficult to process materials or those that have less developed markets (asphalt roofing and drywall) are in the $50-70/ton range.
- **Dry waste facilities** accept mixed loads of debris that are free of food waste and that meet particular standards for minimum recovery content (this varies widely, but is usually 30% wood cardboard, metal or concrete/brick as judged by inspecting the top of load before a facility agrees to accept the material). These facilities typically achieve a 25-50% recovery rate. Examples of these facilities include East County Recycling, Wastech and Pacific Land Clearing.

[2] See map listing Metro region C&D recyclers and dry waste recovery facilities in Appendix A.

- **Transfer stations** that process mixed dry loads for recovery and achieve an 18–35% recovery rate. Examples of these facilities include Metro transfer stations, Pride and Troutdale Transfer Station.
- **Building material reuse facilities** accept and resell used building materials (salvage) taken out of buildings during demolition or remodeling.[3]

Figure 2. Current performance of facilities involved in the recovery, transfer and disposal of dry waste from the Metro region



Source: Metro facility tonnage reports

Total Metro region disposal of dry waste for FY 2005-06 was 622,594 tons. Total recovered tons for the same period were 101,550, with an overall recovery percentage of 16.31%.

Metro's Roles in Dry Waste Recovery

Metro's roles in and responsibilities for the management of dry waste can be divided into three types of activities: (1) waste reduction programs; (2) regulation/enforcement of Metro Code related to dry waste recovery and disposal; and (3) economic incentives. Since 2000, Metro has invested between $900,000 and $1.5 million yearly in these areas (combined).

Waste Reduction Programs

Metro's programs related to reusing and recycling C&D debris/dry waste began in the late 1980's with pilots and demonstrations and have grown into a $300,000 per year program that is coordinated through a regional C&D work group. Program emphasis has been on education and outreach programs to demonstrate cost savings from recycling and providing the tools to institutionalize source-separated recycling and building material salvage practices. Recent programs include partnerships with construction industry trade associations, green building

[3] The method of compensating the generator for the value of used building materials is generally based on one of two models: cash paid for the wholesale value of the materials or, in the case of most non-profit centers, providing a tax deductible receipt for the estimated value of the donated materials.

groups like the Cascadia Region Green Building Council and the Portland Office of Sustainable Development to demonstrate the cost savings, tools and techniques that can be used to recycle and salvage. To date, all of Metro's recycling programs have been based on the "opportunity model," i.e., giving the generator the opportunity to recycle, and information about how to recycle, but not requiring them to do so. (Further detail on the history of Metro's waste reduction programs for this sector can be found in Appendix C.)

The result of these efforts has been a substantial increase in builders' "recycling IQ", as demonstrated in several surveys of the C&D industry over the last eight years. While making the link between educational efforts and recycling/disposal behavior is difficult, qualitative surveys of the construction industry indicate that this group is acting on information provided by significantly increasing their reuse and recycling of dry waste.

Regulatory Program

Metro has authority to regulate privately owned solid waste facilities. Facilities in the region that process dry waste are either licensed or franchised based on the magnitude and potential environmental impact of their activities. In addition to permitting, the regulatory program ensures public health and safety through regular monitoring and inspections to determine compliance with Metro Code and operating requirements, as well as audits to ensure that Metro fees and excise taxes are paid. Enforcement actions are taken against non-compliant operators and operations. (Historical detail on Metro's regulatory policy and requirements for this sector can be found in Appendix C.)

Economic Incentives

The primary economic incentives for private facilities to continue performing dry waste recovery include avoided disposal costs, proceeds from the sale of recyclable materials, and Metro fee and tax credits. These incentives along with other market drivers, such as green building, have contributed to a system of alternatives to disposal for dry waste generators including facilities that perform post collection recovery, source-separated recycling and salvage for reuse.

By far the largest economic incentives for private facilities engaging in dry waste recovery are: 1) the avoided costs of disposal, and 2) sales of recovered materials. For each ton of waste recovered, a private facility avoids the costs associated with landfilling, including transportation, disposal, and government fees. In addition, a facility operator has the opportunity to sell the recyclables at market rates, and receive Metro fee and tax credits. Metro's annual investment in the post collection recovery system through the Regional System Fee Credit Program has ranged from $600,000 to $1.2 million in fee and tax credits to private facility operators.

These avoided costs — and revenue from material sales — translate into real profits when a private facility accepts a load of recoverable dry waste. Currently, for every ton recovered, a private operator can avoid over $50 in costs,[4] plus they can sell the recovered materials for perhaps $35 per ton and receive an additional $10 per ton or so in Metro fee and tax credits, netting around $100 in revenue before expenses.

[4] $50 avoided disposal costs for every ton recovered from mixed waste are based in the following numbers: $12 per ton transport, $20 per ton tipping fee at a landfill, $24 per ton in government fees and taxes (Metro's Regional System Fee + Excise Tax, $23 combined, and DEQ fees of $1.24).

Proposed New Direction: Enhanced Dry Waste Recovery Program (EDWRP)

From the generators perspective, the low cost of disposal at two landfills in Washington County often trumps other recovery options and limits further significant increases in dry waste recovery in the region. Based on analysis of current trends, significant additional dry waste recovery is unlikely to materialize without new program direction.

To explore several options for increased dry waste recovery, Metro formed the Contingency Plan Workgroup (CPWG) in 2003. This group, comprised of local governments, businesses, construction industry representatives, haulers, dry waste recovery facilities and landfill operators, reviewed several program options and determined that requiring processing of dry waste prior to landfill disposal would be the option most likely to help the region attain its recovery goal for the building industry sector.

This paper recommends that Metro implement the CPWG recommendation and pass an ordinance that would require that all Metro region dry waste undergo a recovery process before being landfilled. With that requirement in Metro Code carried out at the region's solid waste facilities, over 33,000 additional tons of dry waste recovery is likely to occur.

Program description

- All non-source separated dry waste generated in the Metro region will be required to be processed for material recovery before landfill disposal.
- Materials specified for recovery would be those with steady markets: wood, yard debris, metal, plastics, corrugated cardboard and paper.
- Enforcement of the existing 25% minimum recovery standard for dry waste recovery facilities would be suspended during the phase-in to encourage dry waste recovery facilities to accept all dry waste loads delivered, regardless of their recovery potential.
- A minimum recovery standard would remain in place only as a qualifier for receiving credits towards the Regional System Fee, but the Regional System Fee Credit program would be phased out by July 2007
- Dry waste recovery facility performance monitoring would increase under EDWRP to allow Metro enforcement staff to verify reported recovery levels.
- EDWRP would be phased in during an eight month period,[5] to gauge the effects and results on tonnage flows, dry waste recovery facility performance and reporting.
- At the end of the program phase-in, Metro staff will evaluate the performance level for each facility that processes dry waste to determine if, as a group, they achieved at least a 25% recovery percentage. The outcome of this analysis will result in a new recommended minimum recovery percentage for all facilities that process dry waste.

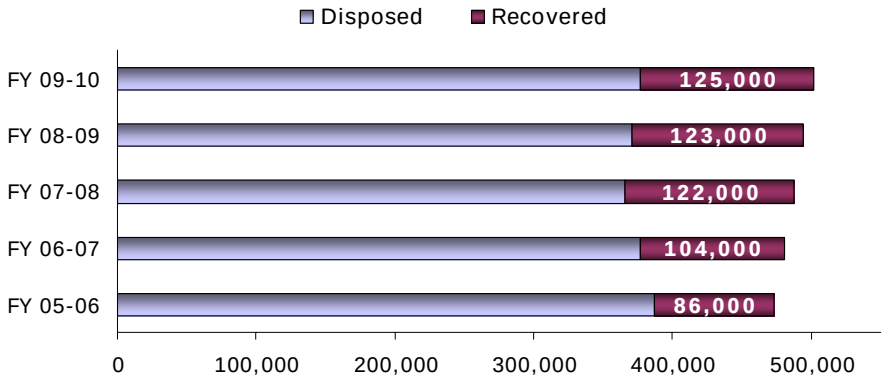
Analysis of Potential Program Impacts

This section reviews the estimated impacts on dry waste recovery levels and pricing resulting from implementation of EDWRP, as well as the anticipated environmental benefits.

[5] New MRF standards would become effective at the time the EDWRP takes effect.

Recovery potential
Figure 3 shows the shows a projected 1.5% growth rate for dry waste generation, with Enhanced Dry Waste Recovery diverting 33,000 tons from disposal to recovery.

Figure 3. Forecasted dry waste tons (recovered and disposed) with enhanced regional dry waste recovery



* Forecast data is based on conservative long-term trends detailed in Appendix B.

Figure 4 provides more detail on what types of materials that we can expect to be recovered under Enhanced Dry Waste Recovery (from the dry waste currently being delivered to Hillsboro Landfill and Lakeside Reclamation).

Existing market conditions have been taken into consideration in creating this estimate. For example, local markets for wood, cardboard and metal are relatively well developed, resulting in high recovery levels for these materials. Conversely, roofing and drywall, while plentiful in the waste stream and relatively easy to sort, are assumed to be recovered at a low level due to limited local markets.

While there are many different types of facilities that process dry waste, each achieving different recovery levels, the feasible recovery levels assume that these tons will go to a typical solid waste facility with relatively low-tech dump and pick sorting operation or a simple sort line. Generally, these facilities utilize hand labor over mechanical sorting equipment (i.e., screens or water baths). Local examples include WRI, Wastech and East County Recycling.

Figure 4. Hillsboro and Lakeside Landfills' waste composition and feasible recovery levels

	Incoming dry waste[1]		Meets sort size spec[2]		Potential capture rate of sized materials[3]	
Material	% total	Tons	Percent	Tons	Percent	Tons
Wood	23.4%	29,222	98.3%	28,719	61.9%	17,769
Metal	11.1%	13,862	98.3%	13,626	55.0%	7,494
Cardboard	3.0%	3,746	99.1%	3,714	55.0%	2,043
Other Recyclable Paper	1.7%	2,123	0.0%	0	0.0%	0
Rigid Plastics	4.1%	5,120	100.0%	5,120	10.0%	512
Film Plastic	2.9%	3,622	100.0%	3,622	5.0%	181
Roofing	7.0%	8,742	100.0%	8,742	10.0%	874
Wallboard	14.0%	17,483	100.0%	17,483	0.0%	0
Yard Debris	4.7%	5,869	100.0%	5,869	40.0%	2,348
Subtotal Recyclable	71.9%	89,790	96.8%	86,896	35.9%	31,221
Other dry waste material[4]	28.1%	35,092				
Totals	100%	124,882				

[1]Based on DEQ 2002 waste characterization data.
[2]Based on DEQ 2005 preliminary waste characterization data, June 2006.
[3]Assumes current markets with dump and pick operations or simple sort line to target easy materials, similar to recovery operations at other private facilities in Metro region.
[4]Based on 2002 actual generation, tons: 124,882.

Environmental Benefits

The Enhanced Dry Waste Recovery Program will result in a minimum of 33,000 tons of new dry waste recovery each year, as described in Figure 4. This material will serve as manufacturing feedstock in some instances, alternative fuel sources in others. In each case, the material recovered reduces the need to extract raw materials, eliminating attendant energy use and pollution associated with virgin material extraction.

As shown in Figure 5, the dry waste diverted from landfill disposal and recovered in some fashion will result in a reduction in greenhouse gases, energy consumption and airborne wastes.

Figure 5. Environmental Benefits of EDWRP*

ACTION	QUANTITY	EQUIVALENT TO...
Reduce greenhouse gases by	25,931 MTCE (Metric tons of carbon equivalent)	keeping 19,567 cars off the road for a year
Reduce energy consumption by	733,971 Million BTU (British thermal units)	the energy used by 6,977 average households during a year
Reduce airborne wastes by	35,000 tons	21.8 million miles of heavy truck travel

*These benefits are projected by the National Recycling Coalition Environmental Benefits Calculator.

Ratepayer Impact
An estimate of potential ratepayer impact associated with the implementation of an Enhanced Dry Waste Recovery Program is based on two potential market responses:

Scenario 1, No new capital investment (i.e., no new dry waste recovery facility **is constructed) in response to new program;**

In this first scenario, existing capacity among the region's existing dry waste recovery facilities accommodates processing of the additional 125,000 tons from Hillsboro and Lakeside landfills. No new dry waste recovery facilities are constructed as a result of implementing EDWRP.

Scenario 2: One new dry waste recovery facility is constructed in response to the new program;

In this scenario, one dry waste recovery facility would be constructed to sort dry waste, presumably at Hillsboro Landfill. (Hillsboro Landfill is out of the Metro region and therefore unaffected by the current regional moratoriums on transfer stations and dry waste recovery facilities.) The 55,000 tons of mixed dry waste that currently go to Lakeside would shift mostly to Hillsboro, WRI and Pride with minimal new tons to Metro Central and Metro South.

Minimal changes in dry waste flow are anticipated on the east side of the region. There are several large demolition contractors on the east side that, as a rule, haul all mixed dry waste to Lakeside Landfill. These tons will be distributed among the east side dry waste recovery facilities and Metro facilities. It is likely that the operator at Lakeside will choose to seek out dry waste recovery facility residual tons to partially or completely replace the lost dry waste tons.

Under either scenario, all mixed dry waste would be processed through a dry waste recovery facility before being disposed. What differs from one scenario to the next are the likely effect on future pricing of dry waste recovery and disposal and, to a lesser extent, the resulting flows of dry waste tons to and from different solid waste facilities. Implications of this program, including an analysis of two market response scenarios, are identified below and described in the attached Pro Forma Analyses in Appendix B.

Assumptions Common to Both Scenarios

- Base tonnage: long-run trend
- Tonnage diversion: 125,000 tons from landfills to facilities that perform dry waste recovery
- Recovery rate on diverted tons: 25%, i.e., 33,000 tons of new recovery (See Figure 4).
- Enforcement: One additional FTE for inspections, monitoring
- RSF Credits: zero in FY 07-08

Key distinction between scenarios

- Capital investment for new dry waste recovery facility

Figure 6. Key Outcomes from Scenarios

Anticipated Outcome	Scenario A: Utilization of Existing Capacity	Scenario B: Industry chooses to build one new dry waste recovery facility
New Recovery	33,000 tons	33,000 tons
Dry waste recovery facility pricing[6]	Increase $4.38 per ton	Increase $5.05 per ton
Metro's Regional System Fee	Increase ~$0.30 per ton	Increase ~$0.30 per ton
Source Separation	1.2% (1,500) – 4.5% (5,625) tons of currently landfilled tons will become source separated	1.2% (1,500) – 4.5% (5,625) tons of currently landfilled tons will become source separated
Generator transportation costs	No increase	No increase
Net change in fiscal position for Metro (Phase out of fee and tax credit program, additional new enforcement staff and loss of revenue from avoided Metro fees for new recovered tons	($375,000/year)	($375,000/year)

Pricing for Capital Recovery

Building new capacity induces new costs on the system, principally the costs of the capital invested in that new capacity and any associated operating costs. For example, in Scenario B, a new $4 million dry waste recovery facility is built and results in about $10 per ton capital cost and $5 per ton operating cost for the owner of the new dry waste recovery facility.

If that capital investment were recovered in accordance with financing terms (e.g., 12% cost of capital, 20-year term), then the customers of that new dry waste recovery facility would see prices rise more than $15 per ton, about triple the increase expected at existing dry waste recovery facilities. Customer sensitivity to price increases is probably sufficient for a threefold differential to drive customers away; therefore, the owner of the new dry waste recovery facility

[6] Under Scenario B the owner of the newly built dry waste recovery facility is unlikely to be able to fully recover his capital investment in today's market. If it did, requiring an increase of $10 per ton or more to the dry waste recovery facility price, it, would likely price itself out of business. Accordingly, dry waste recovery facility pricing under Scenario B recovers only a fraction of the invested capital. See discussion on pricing for capital recovery in the following section.

would likely choose to set prices lower to retain his customer base, thus absorbing a large portion of their invested capital costs.

On the other hand, competitors may choose to price follow the higher pricing at the new dry waste recovery facility, thus enjoying a windfall.

Projected pricing as summarized in the figure above and in Appendix B reflect a "compromise" price point that assumes both pricing reactions: some capital recovery by the owner of the new dry waste recovery facility and some windfall profit taking by its competitors.

Issues for Further Review

1. On what basis should the RSF credit program be phased out: EDWRP performance or a certain date?
2. What types of performance metrics should be monitored and measured during the pilot and once EDWRP has been fully implemented?
3. What elements of this program might be subject to legal challenges and on what basis?
4. What undesired generator behaviors could this regulatory approach lead to?
5. How should the program be phased in (to allow one or both of the two dry waste landfills to build dry waste recovery facilities or make alternate arrangements with existing dry waste recovery facilities)?

Conclusion

The region has many elements of an effective dry waste reuse and recovery system in place: A construction industry with a high "recycling IQ", several material salvage enterprises, diverse source-separated recycling options, dry waste recovery capacity for mixed dry waste, and stable material markets.

The low-cost economic draw of two dry waste landfills in Washington County, however, limits the potential for increasing dry waste recovery beyond current levels. The enactment of an Enhanced Dry Waste Recovery program would directly address this problem by requiring a processing step before disposal. This "sustainability safety net" for post collection recovery of dry waste loads can be performed by any one of a network of public and private facilities. The result could be a minimum of 33,000 new tons of dry waste recovery.

Timeline/Next steps

Workgroup to guide EDWRP development	August 2006
SWAC reviews program proposal	September 2006
Metro Council consideration of EDWRP	October 2006
Develop EDWRP rules	November-December 2006
Phase-in of EDWRP	January 2007-January 2008
Full implementation of EDWRP	February 2008

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Appendix B. Detailed Pro Forma Assumptions and Outputs

Dry Waste Post Collection Recovery Pro Forma Analysis

Scenario 1: Utilization of Existing Capacity

Summary of Market					
Base Flows (tons/year)	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10
Unprocessed dry waste, of which delivered to:	473,000	480,100	487,300	494,600	502,100
Material recovery facilities	166,000	168,500	171,000	173,600	176,200
Transfer stations	182,000	184,700	187,500	190,300	193,200
Landfills	125,000	126,900	128,800	130,700	132,700
Recovered materials	86,142	87,433	88,740	90,081	91,438
Solid waste landfilled	386,858	392,667	398,560	404,519	410,662
Process residual	167,218	169,723	172,260	174,863	177,498
Unprocessed waste	219,640	222,944	226,300	229,656	233,164
Diverted Flows (tons/year)					
Unprocessed dry waste, of which delivered to:	473,000	480,100	487,300	494,600	502,100
Material recovery facilities	166,000	231,950	299,800	304,300	308,900
Transfer stations	182,000	184,700	187,500	190,300	193,200
Landfills	125,000	63,450	0	0	0
Recovered materials	86,142	103,613	121,584	123,409	125,277
Solid waste landfilled	386,858	376,487	365,716	371,191	376,823
Process residual	167,218	216,993	268,216	272,235	276,359
Unprocessed waste	219,640	159,494	97,500	98,956	100,464
New Recovery (tons/year)	0	16,180	32,844	33,329	33,839

System Facility Costs (Per Ton)					
At Base Flows					
Material recovery facilities	$66.54	$67.03	$67.56	$68.12	$68.70
Average MRF tip fee	*$61.94*	*$62.44*	*$62.97*	*$63.52*	*$64.10*
Transfer stations	$73.91	$70.86	$72.99	$75.18	$77.43
Landfills	$52.80	$54.38	$56.01	$57.69	$59.42
At Diverted Flows					
Material recovery facilities	$66.54	$65.95	$67.05	$67.75	$68.49
Average MRF tip fee	*$61.94*	*$64.19*	*$67.05*	*$67.75*	*$68.49*
Transfer stations	$73.91	$70.86	$72.99	$75.18	$77.43
Landfills	$52.80	$54.38	$56.01	$57.69	$59.42

Generator Cost Analysis - Increase / (Decrease) per Ton					
Internal management/compliance	0.00	0.00	0.00	0.00	0.00
Collection	0.00	0.00	0.00	0.00	0.00
Disposal Cost *(for users of:)*					
Material recovery facilities	$0.00	$1.76	$4.08	$4.23	$4.38
Transfer stations	$0.00	$0.00	$0.00	$0.00	$0.00
Landfills	$0.00	$0.00	$0.00	$0.00	$0.00
Net Cost / (Savings) for Users of					
Material recovery facilities	$0.00	$1.76	$4.08	$4.23	$4.38
Transfer stations	$0.00	$0.00	$0.00	$0.00	$0.00
Landfills	$0.00	$0.00	$0.00	$0.00	$0.00

Increases / (Decreases) in Public Costs					
Increases / (Decreases) in Program Costs					
Personal Services					
Inspector		$46,000	$92,000	$96,600	$101,430
Technicians		$69,000	$46,000	$48,300	$50,715
Materials & Services					
Performance monitoring	$0	$56,690	$66,130	$68,114	$70,157
Fee and tax credits	$0	($300,000)	($600,000)	($600,000)	($600,000)
Capital Grants	$0	$0	$0	$0	$0
Total (net change in program costs)	$0	($128,310)	($395,870)	($386,986)	($377,698)
Revenue Increases / (Decreases):					
Due to Diversion	$0	$0	$0	$0	$0
Due to Recovery	$0	($370,031)	($751,142)	($762,223)	($773,886)
Net Change in Fiscal Position	$0	($241,721)	($355,272)	($375,237)	($396,189)

Scenario 2: New MRF Built

Summary of Market					
Base Flows (tons/year)	FY 05-06	FY 06-07	FY 07-08	FY 08-09	FY 09-10
Unprocessed dry waste, of which delivered to:	473,000	480,100	487,300	494,600	502,100
Material recovery facilities	166,000	168,500	171,000	173,600	176,200
Transfer stations	182,000	184,700	187,500	190,300	193,200
Landfills	125,000	126,900	128,800	130,700	132,700
Recovered materials	86,142	87,433	88,740	90,081	91,438
Solid waste landfilled	386,858	392,667	398,560	404,519	410,662
Process residual	167,218	169,723	172,260	174,863	177,498
Unprocessed waste	219,640	222,944	226,300	229,656	233,164
Diverted Flows (tons/year)					
Unprocessed dry waste, of which delivered to:	473,000	480,100	487,300	494,600	502,100
Material recovery facilities	166,000	231,950	299,800	304,300	308,900
Transfer stations	182,000	184,700	187,500	190,300	193,200
Landfills	125,000	63,450	0	0	0
Recovered materials	86,142	103,613	121,584	123,409	125,277
Solid waste landfilled	386,858	376,487	365,716	371,191	376,823
Process residual	167,218	216,993	268,216	272,235	276,359
Unprocessed waste	219,640	159,494	97,500	98,956	100,464
New Recovery (tons/year)	0	16,180	32,844	33,329	33,839
System Facility Costs (Per Ton)					
At Base Flows					
Material recovery facilities	$66.54	$67.03	$67.56	$68.12	$68.70
Average MRF tip fee	*$61.94*	*$62.44*	*$62.97*	*$63.52*	*$64.10*
Transfer stations	$73.91	$70.86	$72.99	$75.18	$77.43
Landfills	$52.80	$54.38	$56.01	$57.69	$59.42
At Diverted Flows					
Material recovery facilities	$66.54	$68.05	$67.87	$68.50	$69.16
Average MRF tip fee	*$61.94*	*$65.24*	*$67.87*	*$68.50*	*$69.16*
Transfer stations	$73.91	$70.86	$72.99	$75.18	$77.43
Landfills	$52.80	$54.38	$56.01	$57.69	$59.42
Generator Cost Analysis - Increase / (Decrease) per Ton					
Internal management/compliance	0.00	0.00	0.00	0.00	0.00
Collection	0.00	0.00	0.00	0.00	0.00
Disposal Cost *(for users of:)*					
Material recovery facilities	$0.00	$2.81	$4.91	$4.98	$5.05
Transfer stations	$0.00	$0.00	$0.00	$0.00	$0.00
Landfills	$0.00	$0.00	$0.00	$0.00	$0.00
Net Cost / (Savings) for Users of					
Material recovery facilities	$0.00	$2.81	$4.91	$4.98	$5.05
Transfer stations	$0.00	$0.00	$0.00	$0.00	$0.00
Landfills	$0.00	$0.00	$0.00	$0.00	$0.00
Increases / (Decreases) in Public Costs					
Increases / (Decreases) in Program Costs					
Personal Services					
Inspector		$46,000	$92,000	$96,600	$101,430
Technicians		$69,000	$46,000	$48,300	$50,715
Materials & Services					
Performance monitoring	$0	$56,690	$66,130	$68,114	$70,157
Fee and tax credits	$0	($300,000)	($600,000)	($600,000)	($600,000)
Capital Grants	$0	$0	$0	$0	$0
Total (net change in program costs)	$0	($128,310)	($395,870)	($386,986)	($377,698)
Revenue Increases / (Decreases):					
Due to Diversion	$0	$0	$0	$0	$0
Due to Recovery	$0	($370,031)	($751,142)	($762,223)	($773,886)
Net Change in Fiscal Position	$0	($241,721)	($355,272)	($375,237)	($396,189)

Appendix C. History of Dry Waste Recovery System in the Region

I. Disposal diversion programs

Regional programs to minimize disposal of dry waste from the building industry sector began in the late 1980's and have evolved over time to continually meet the needs of generators.

Initial programs were focused on:

- Creating data to help inform and educate. This included case studies to identify recycling and salvage options, as well as opportunities and cost savings for different types of construction projects.
- Working with the construction and hauling industries to institutionalize source-separated recycling and building material salvage practices.
- Funding demonstration projects to show the economics of source-separated recycling and create connections with green building/energy efficient building projects

Middle stage programs included:

- Increasing education and outreach to generators about where to recycle, and necessary steps involved to implement recycling and/or salvage on the job.

More recent programs have emphasized:

- Continued voluntary approach to recycling, incentives, and access to information about options for dry waste recovery.
- Increased distribution of the Construction Recycling Toolkit and interactive on-line Toolkit.
- Partnerships with green building groups like the Cascadia Region Green Building Council and the Portland Office of Sustainable Development to demonstrate the tools and techniques that can be used to recycle and salvage.

The result of all these program efforts has been a substantial increase in the average builders "recycling I.Q.," borne out through several surveys of the building industry in the last eight years. This increased awareness has resulted in significant increases in building material reuse and recycling.

II. Facility regulation

Regulating dry waste recovery operations began in the early 1980's; the establishment of minimum recovery thresholds began in the early 1990's

Initial facility regulation of dry waste recovery facilities:

- The first Metro dry waste recovery facility franchise that specified a minimum recovery level was granted in 1993 to ERI. As a condition of that franchise, the facility was required to meet a minimum recovery rate of 45%. The next year a franchise was granted to WRI with a phased-in minimum recovery rate that also was set at 45%.

Later regulatory developments included:

- Portland's enactment of a mandatory recycling ordinance in 1996 for construction and demolition (dry) waste,[*] which required the recycling of the five primary recyclable materials found on C&D sites.
- In 1999, Metro began a formal inspection program and issuing licenses to various recovery and recycling operations

III. Economic incentives for dry waste recovery

Initial operating subsidy program intended as temporary fix:

- In the late 90's significant reductions were approved in the Metro tip fee. This action negatively affected the operating economics for dry waste recovery facility operators, who had made significant investments in their facilities.
- Metro was lobbied to create a program that would make the dry waste recovery facilities s "financially whole." Metro established the Regional System Fee Credit Program (RSFCP), setting a minimum recovery rate of 30% for any dry waste recovery facility to qualify for credits.
- The RSFCP has continued since 1998, at a cost of approximately $400,000 to $1 million annually.

Later incentive programs included:

- Grants to develop local markets. Most grants were awarded to processors of materials (carpet pad, wood and drywall) that are plentiful in the dry waste stream.
- Grants to establish permanent buildings for material salvage (reuse) operations.

IV. Future program direction

- Implement region-wide system to increase dry waste salvage and recovery ensure by requiring dry loads to be processed for recovery of certain materials before disposal.
- Continue to provide education and outreach about where to recycle, and how to implement recycling and/or salvage on the job.

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[*]With the exception of this City of Portland ordinance and Metro's minimum recovery requirements for dry waste recovery facilities, dry waste-related programs have been based on "the opportunity model," which gives the generator the opportunity to recycle, but does not require them to do so.

DRAFT

9/19/06 pgdraft

BEFORE THE METRO COUNCIL

AMENDING METRO CODE CHAPTERS 5.01, 5.02, 5.05, AND 7.01 TO ENSURE THAT ALL OF THE REGION'S NON-PUTRESCIBLE WASTE UNDERGOES MATERIAL RECOVERY PRIOR TO DISPOSAL, TO ELIMINATE THE REGIONAL SYSTEM FEE AND EXCISE TAX CREDIT PROGRAM, AND TO MAKE RELATED CHANGES	))))))	ORDINANCE NO. 06-XXXX Introduced by Michael Jordan, Chief Operating Officer, with the concurrence of David Bragdon, Council President

WHEREAS,; and

WHEREAS,; and

WHEREAS,; and

WHEREAS, the Chief Operating Officer recommends approval of this Ordinance; now therefore

THE METRO COUNCIL ORDAINS AS FOLLOWS:

SECTION 1. The definitions of "Non-Putrescible Waste," "Reload," "Solid Waste," and "Source-Separated Recyclable Material" in Metro Code section 5.01.010 are amended as follows:

(aa) "Non-putrescible waste" means any Waste that contains no more than trivial amounts of Putrescible materials or minor amounts of Putrescible materials contained in such a way that they can be easily separated from the remainder of the load without causing contamination of the load. This category includes construction debris, demolition debris, and land clearing debris~~;~~, but excludes Cleanup Materials Contaminated by Hazardous Substances, commingled recyclable material, ~~and~~ Source-Separated Recyclable Material, ~~whether or not sorted into individual material categories by the generator~~special waste, and yard debris.

(oo) "Reload" or "Reload facility" means a facility that performs only Transfer and delivers all solid waste received at the facility to~~by means of a fixed or mobile facilities including but not limited to drop boxes and gondola cars, but excluding solid waste collection vehicles, normally used as an adjunct of a solid waste collection and disposal system, between a collection route and~~ another Solid Waste facility ~~or a disposal site~~ quickly after it receives such solid waste.

(tt) "Solid waste" means all Putrescible and Non-Putrescible Wastes, including without limitation, garbage, rubbish, refuse, ashes, waste paper and cardboard; discarded or abandoned vehicles or parts thereof; sewage sludge, septic tank and cesspool pumpings or other sludge; commercial, industrial, demolition and construction waste;

discarded home and industrial appliances; asphalt, broken concrete and bricks; manure, vegetable or animal solid and semi-Solid Wastes, dead animals;, infectious waste as defined in ORS 459.386;, petroleum contaminated soils and other such wastes, including without limitation, cleanup materials contaminated by hazardous substances, commingled recyclable material, petroleum contaminated soil, special waste, source-separated recyclable material, and yard debris; but the term does not include:

(1) Hazardous wastes as defined in ORS 466.005;

(2) Radioactive wastes as defined in ORS 469.300;

(3) Materials used for fertilizer, soil conditioning, humus restoration, or for other productive purposes or which are salvageable for these purposes and are used on land in agricultural operations and the growing or harvesting of crops and the raising of fowls or animals, provided the materials are used at or below agronomic application rates; or

(4) Explosives.

(ww) "Source-separated recyclable material" or "Source-separated recyclables" means material solid waste that has been Source Separated by the waste generator for the purpose of Reuse, Recycling, or Composting. This term includes (1) all homogeneous loads of. This term includes Recyclable Materials that are has been Source Separated by material type (i.e., source-sorted) and (2) residential commingled Recyclable Materials that are mixed together in one container (i.e., commingled)., which includes only those recyclable material types that the local jurisdiction where the materials were collected permits to be mixed together in a single container as part of its residential curbside recyclable material collection program. This term does not include any other commingled recyclable materials.

SECTION 2. The following definition for the term "Special waste" shall be added to Metro Code Section 5.01.010, and all other subsection numbers and references to those subsection numbers in the Code shall be amended accordingly:

"Special waste" means any waste (even though it may be part of a delivered load of waste) which one or more of the following categories describes:

(1) Containerized waste (e.g., a drum, barrel, portable tank, box, pail, etc.) of a type listed in 3 through 9 and 11 of this definition below.

(2) Waste transported in a bulk tanker.

(3) Liquid waste including outdated, off spec liquid food waste or liquids of any type when the quantity and the load would fail the paint filter liquid (Method 9095, SW-846) test or includes 25 or more gallons of free liquid per load, whichever is more restrictive.

(4) Containers (or drums) which once held commercial products or chemicals, unless the containers (or drums) are empty. A container is empty when:

(A) All wastes have been removed that can be removed using the practices commonly employed to remove materials from the type of container, e.g., pouring, pumping, crushing, or aspirating.

(B) One end has been removed (for containers in excess of 25 gallons); and

(i) No more than one inch thick (2.54 centimeters) of residue remains on the bottom of the container or inner liner; or

(ii) No more than 1 percent by weight of the total capacity of the container remains in the container (for containers up to 110 gallons); or

(iii) No more than 0.3 percent by weight of the total capacity of the container remains in the container for containers larger than 110 gallons.

(C) Containers that once held acutely hazardous wastes must be triple-rinsed with an appropriate solvent or cleaned by an equivalent alternative method. Containers that once held substances regulated under the Federal Insecticide, Fungicide, and Rodenticide Act must be empty according to label instructions or triple-rinsed with an appropriate solvent or cleaned by an equivalent method. Plastic containers larger than five gallons that hold any regulated waste must be cut in half or punctured, and be dry and free of contamination to be accepted as refuse.

(5) Sludge waste from septic tanks, food service, grease traps, or wastewater from commercial laundries, Laundromats or car washes.

(6) Waste from an industrial process.

(7) Waste from a pollution control process.

(8) Residue or debris from the cleanup of a spill or release of chemical substances, commercial products or wastes listed in 1 through 7 or 9 of this definition.

(9) Soil, water, residue, debris, or articles which are contaminated from the cleanup of a site or facility formerly used for the generation, storage, treatment, recycling, reclamation, or disposal of wastes listed in 1 through 8 of this definition.

(10) Chemical-containing equipment removed from service (for example: filters, oil filters, cathode ray tubes, lab equipment, acetylene tanks, CFC tanks, refrigeration units, or any other chemical containing equipment).

(11) Waste in waste containers that are marked with a National Fire Protection Association identification label that has a hazard rating of 2, 3, or 4, but not empty containers so marked.

(12) Any waste that requires extraordinary management or special handling.

Examples of special wastes are: chemicals, liquids, sludge and dust from commercial and industrial operations; municipal waste water treatment plant grits, screenings and sludge; contaminated soils; tannery wastes, empty pesticide containers, and dead animals or by-products.

(13) Radioactive waste.

(14) Medical waste.

SECTION 3. Metro Code section 5.01.040 is amended as follows:

5.01.040 Exemptions

(a) In furtherance of the purposes set forth in this chapter, except as provided in Sections 5.01.040(b) through (d) below, the Metro Council declares the provisions of this chapter shall not apply to:

(1) Municipal or industrial sewage treatment plants accepting sewage, sludge, septic tank and cesspool pumpings or other sludge.

(2) Disposal Sites, Transfer Stations, or Solid Waste Facilities owned or operated by Metro.

(3) Facilities that (A) exclusively receive non-Putrescible Source-Separated Recyclable Materials, and (B) reuse or recycle such

materials, or transfer, transport or deliver such materials to a person or facility that will reuse or recycle them.

(4) Facilities that exclusively receive, process, transfer or dispose of Inert Wastes.

(5) The following operations, which do not constitute Yard Debris Facilities:

(A) Persons who generate and maintain residential compost piles for residential garden or landscaping purposes.

(B) Residences, parks, community gardens and homeowner associations.

(C) Universities, schools, hospitals, golf courses, industrial parks, and other similar facilities, if the landscape waste or yard debris was generated from the facility's own activities, the product remains on the facility grounds, and the product is not offered for off-site sale or use.

(D) Operations or facilities that chip or grind wood wastes, unless:

(i) such chipped or ground wood wastes are processed for composting; or

(ii) such operations or facilities are otherwise regulated under Metro Code Section 5.01.045.

(6) Temporary transfer stations or processing centers established and operated by a government for 60 days or less to temporarily receive, store or process Solid Waste if Metro finds an emergency situation exists.

(7) Any Reload facility that:

(A) Accepts Solid Waste collected under the authority of a single solid waste collection franchise granted by a local government unit, or from multiple solid waste collection franchises so long as the area encompassed by the franchises is geographically contiguous; and

(B) Is owned or controlled by the same person granted franchise authority ascribed in subsection (A); and

(C) Delivers any Putrescible Waste accepted at the operation or facility to a Transfer Station owned, operated, Licensed or Franchised by Metro; and

(D) Delivers all other Solid Waste accepted at the facility except Inert Wastes to a Metro Designated Facility authorized to accept said Solid Waste, or to another facility or Disposal Site under authority of a Metro Non-System License issued pursuant to Chapter 5.05.

(8) Persons who own or operate a mobile facility that processes Petroleum Contaminated Soil at the site of origin and retains any treated Petroleum Contaminated Soil on the site of origin.

(b) Notwithstanding Section 5.01.040(a), all persons shall comply with Sections 5.01.030(a), (b), (d) and (f).

(c) Notwithstanding Section 5.01.040(a)(2) of this chapter, Metro shall comply with Section 5.01.150 of this chapter.

(d) Notwithstanding Sections 5.01.040(a)(3) through 5.01.040(a)(8) of this chapter, the provisions of Section 5.01.135 of this chapter shall apply to operations and facilities described in Sections 5.01.040(a)(3) through 5.01.040(a)(8) of this chapter.

SECTION 4. Metro Code section 5.01.125 is amended as follows:

5.01.125 Obligations and Limits for Selected Types of Activities

(a) A holder of a License or Franchise for a Material Recovery facility~~,~~ ~~Reload~~ or ~~Local~~ Transfer Station~~, or a holder of a Franchise issued after July 1, 2000 for a Regional Transfer Station~~ shall perform Material Recovery from Non-Putrescible Waste accepted at the facility~~,~~ or shall deliver such Non-Putrescible Waste to a Solid Waste ~~f~~Facility ~~whose primary purpose is~~authorized to recover ~~u~~Useful ~~m~~Material~~s~~ from Solid Waste. Such Material Recovery shall, at minimum, include Processing to recover cardboard, wood, and metals (including aluminum). Processing Residual from such Material Recovery facilities shall not contain more than 15 percent, by total combined weight, of cardboard or wood pieces of greater than 12 inches in size in any dimension and metal pieces greater than eight inches in size in any dimension. A failure to comply with this subsection (a) of this section that occurs prior to December 31, 2007 shall not result in the issuance of a finding of violation or the imposition of any civil penalties pursuant to Metro Code sections 5.01.180 and 5.01.200.

(b) A holder of a License or Franchise for a Material Recovery facility or ~~Local~~ Transfer Station~~, or a holder of a Franchise issued after July 1, 2000 for a Regional Transfer Station,~~ shall recover at least 25% by weight of Non-Putrescible waste accepted at the facility and waste delivered by public customers. For the purposes of calculating the amount of recovery required by this subsection, recovered waste shall exclude both

waste from industrial processes and ash, inert rock, concrete, concrete block, foundry brick, asphalt, dirt, and sand. Failure to maintain the minimum recovery rate specified in this section shall constitute a violation enforceable under Metro Code Sections 5.01.180 and 5.01.200. The provisions of this subsection (b) of Metro Code section 5.01.125 shall not apply between July 1, 2007, and June 30, 2008; provided, however, that the Chief Operating Officer may extend the time period that this provision shall not apply up until, but not beyond, December 31, 2008. Any such extension shall be at the Chief Operating Officer's sole discretion and shall be effective upon the provision of written notice from the Chief Operating Officer to the Council, a copy of which shall be provided to all licensed and franchised facilities that would otherwise have to comply with this provision, and the Chief Operating Officer shall also make note of such extension at a Council meeting.

(c) ~~In addition to the requirements of (a) and (b) in this section,~~ A holder~~s~~ of a Franchise for a Local Transfer Station:

(1) Shall accept Putrescible Waste originating within the Metro boundary only from persons who are franchised or permitted by a local government unit to collect and haul Putrescible Waste.

(2) Shall not accept hazardous waste.

(3) Shall be limited in accepting Putrescible Waste during any fiscal year to an amount of Putrescible Waste equal to the demand for disposal of Putrescible Waste generated within a Service Area as specified in accordance with this chapter.

(4) Shall accept Solid Waste from any Waste Hauler who operates to serve a substantial portion of the demand for disposal of Solid Waste within the Service Area of the Local Transfer Station.

(d) ~~In addition to the requirements of (a) and (b) in this section,~~ A holder~~s~~ of a Franchise for a Regional Transfer Station issued after July 1, 2000:

(1) Shall accept authorized Solid Waste originating within the Metro boundary from any person who delivers authorized waste to the facility, on the days and at the times established by Metro in approving the Franchise application.

(2) Shall provide an area for collecting Household Hazardous Waste from residential generators at the Franchised Solid Waste Facility, or at another location more convenient to the population being served by the franchised Solid Waste Facility, on the days and at the times established by Metro in approving the Franchise application.

(3) Shall provide an area for collecting source-separated recyclable materials without charge at the Franchised Solid Waste Facility, or at another location more convenient to the population being served by the franchised Solid Waste Facility, on the days and at the times established by Metro in approving the Franchise application.

(e) A holder of a License for a Reload Facility shall deliver all Non-Putrescible Waste received at the facility to a Solid Waste Facility authorized to recover Useful Material from Solid Waste.

(f) A holder of a License or Franchise for a Solid Waste Facility shall not crush, grind or otherwise reduce the size of Non-Putrescible Waste except when such size reduction constitutes a specific step in the facility's Material Recovery operations, reload operations, or Processing Residual consolidation or loading operations, and such size reduction is described in a Metro-approved operations plan.

SECTION 5. Metro Code section 5.01.135 is amended as follows:

5.01.135 Inspections and Audits of Solid Waste Facilities

(a) The Chief Operating Officer shall be authorized to make such inspection or audit as the Chief Operating Officer deems appropriate, and shall be permitted access to the premises of a licensed or franchised facility, and all other Solid Waste Facilities, at all reasonable times during business hours with or without notice or at such other times with 24 hours notice after the Franchise or License is granted to assure compliance with this chapter, the Code, the Franchise or License, and administrative procedures and performance standards adopted pursuant to Section 5.01.132 of this chapter.

(b) Inspections or audits authorized under subsection (a) of this section shall occur regularly and as determined necessary by the Chief Operating Officer. Results of each inspection shall be reported on a standard form specified by the Chief Operating Officer.

(c) The Chief Operating Officer shall have access to and may examine during such inspections or audits any records pertinent in the opinion of the Chief Operating Officer to the License or Franchise, or to the provisions of this chapter, including but not limited to the books, papers, records, equipment, blueprints, operation and maintenance records and logs and operating rules and procedures of the Licensee, Franchisee or Solid Waste Facility operator. Such inspections or audits may include taking samples and conducting analyses of any waste or other material, including storm water runoff, water treatment or holding facilities, leachate, soil and solid waste. The Chief Operating Officer shall coordinate any sampling or follow-up activities with DEQ or local jurisdictions as necessary to prevent the imposition of redundant requirements on operations.

(d) Any violations discovered by the inspection or audit shall be subject to the penalties provided in Section 5.01.200.

SECTION 6. The definition of "Special waste" in Metro Code section 5.02.015(hh) shall be amended as follows:

(hh) "Special waste" shall have the meaning assigned thereto in Metro Code section 5.01.010.~~means any waste (even though it may be part of a delivered load of waste) which one or more of the following categories describes:~~

~~(1) Containerized waste (e.g., a drum, barrel, portable tank, box, pail, etc.) of a type listed in 3 through 9 and 11 of this definition below.~~

~~(2) Waste transported in a bulk tanker.~~

~~(3) Liquid waste including outdated, off spec liquid food waste or liquids of any type when the quantity and the load would fail the paint filter liquid (Method 9095, SW-846) test or includes 25 or more gallons of free liquid per load, whichever is more restrictive.~~

~~(4) Containers (or drums) which once held commercial products or chemicals, unless the containers (or drums) are empty. A container is empty when:~~

~~(A) All wastes have been removed that can be removed using the practices commonly employed to remove materials from the type of container, e.g., pouring, pumping, crushing, or aspirating.~~

~~(B) One end has been removed (for containers in excess of 25 gallons); and~~

~~(i) No more than one inch thick (2.54 centimeters) of residue remains on the bottom of the container or inner liner; or~~

~~(ii) No more than 1 percent by weight of the total capacity of the container remains in the container (for containers up to 110 gallons); or~~

~~(iii)No more than 0.3 percent by weight of the total capacity of the container remains in the container for containers larger than 110 gallons.~~

~~(C) Containers that once held acutely hazardous wastes must be triple-rinsed with an appropriate solvent or cleaned by an equivalent alternative method. Containers that once held substances regulated under the Federal Insecticide, Fungicide, and Rodenticide Act must be empty according~~

~~to label instructions or triple-rinsed with an appropriate solvent or cleaned by an equivalent method. Plastic containers larger than five gallons that hold any regulated waste must be cut in half or punctured, and be dry and free of contamination to be accepted as refuse.~~

~~(5) Sludge waste from septic tanks, food service, grease traps, or wastewater from commercial laundries, Laundromats or car washes.~~

~~(6) Waste from an industrial process.~~

~~(7) Waste from a pollution control process.~~

~~(8) Residue or debris from the cleanup of a spill or release of chemical substances, commercial products or wastes listed in 1 through 7 or 9 of this definition.~~

~~(9) Soil, water, residue, debris, or articles which are contaminated from the cleanup of a site or facility formerly used for the generation, storage, treatment, recycling, reclamation, or disposal of wastes listed in 1 through 8 of this definition.~~

~~(10) Chemical-containing equipment removed from service (for example: filters, oil filters, cathode ray tubes, lab equipment, acetylene tanks, CFC tanks, refrigeration units, or any other chemical containing equipment).~~

~~(11) Waste in waste containers that are marked with a National Fire Protection Association identification label that has a hazard rating of 2, 3, or 4, but not empty containers so marked.~~

~~(12) Any waste that requires extraordinary management or special handling.~~

~~Examples of special wastes are: chemicals, liquids, sludge and dust from commercial and industrial operations; municipal waste water treatment plant grits, screenings and sludge; contaminated soils; tannery wastes, empty pesticide containers, and dead animals or by-products.~~

~~(13) Radioactive waste.~~

~~(14) Medical waste.~~

SECTION 7. Metro Code Section 5.02.046 is repealed.

SECTION 8. Metro Code Section 5.02.047 is amended as follows:

5.02.047 Regional System Fee Credits

~~(a) A solid waste facility which is certified, licensed or franchised by Metro pursuant to Metro Code Chapter 5.01 or a Designated Facility regulated by Metro under the terms of an intergovernmental agreement shall be allowed a credit against the Regional System Fee otherwise due each month under Section 5.02.045 for disposal of Processing Residuals from the facility. The Facility Recovery Rate shall be calculated for each twelve-month period before the month in which the credit is claimed. The amount of such credit shall be in accordance with and no greater than as provided on the following table:~~

~~System Fee Credit Schedule~~

~~Facility Recovery Rate~~		
~~From Above~~	~~Up To & Including~~	~~System Fee Credit of no more than~~
~~0%~~	~~30%~~	~~0.00~~
~~30%~~	~~35%~~	~~9.92~~
~~35%~~	~~40%~~	~~11.46~~
~~40%~~	~~45%~~	~~13.28~~
~~45%~~	~~100%~~	~~14.00~~

~~(b) The Chief Operating Officer:~~

~~(1) Shall establish administrative procedures to implement subsections (b) and (c) of Metro Code Section 5.02.046; and~~

~~(2) May establish additional administrative procedures regarding the Regional System Fee Credits, including, but not limited to establishing eligibility requirements for such credits and establishing incremental System Fee Credits associated with Recovery Rates which fall between the ranges set forth in paragraph (a) of this section.~~

~~(c)~~ Any person delivering Cleanup Material Contaminated By Hazardous Substances that is derived from an environmental cleanup of a nonrecurring event, and delivered to any Solid Waste System Facility authorized to accept such substances shall be allowed a credit in the amount of $11.07 against the Regional System Fee otherwise due under Section 5.02.045(a) of this Chapter.

~~(d) During any Fiscal Year, the total aggregate amount of credits granted under the Regional System Fee credit program shall not exceed the dollar amount budget without the prior review and authorization of the Metro Council.~~

~~(e) The Director of the Solid Waste and Recycling Department shall make a semi-annual report to the Council on the status of the credit program. The report shall include that aggregate amount of all credits paid during the preceding six months and the amount paid to each facility eligible for the credit program. The report shall also project whether the appropriation for the credit program will be sufficient to meet anticipated credit payment requests and maintain existing contingency funding.~~

SECTION 9. The definition of "Special waste" in Metro Code section 5.05.010 shall be amended as follows:

(v) "Special waste" shall have the meaning assigned thereto in Metro Code Section ~~5.02.015~~5.01.010.

SECTION 10. The following definitions of "Material Recovery," "Processing Residual," and "Recyclable Material," shall be added to Metro Code section 5.05.010, other Code subsections in that section shall be renumbered accordingly, and other Code references to such subsections shall be amended accordingly:

"Material recovery" shall have the meaning assigned thereto in Metro Code section 5.01.010.

"Processing residual" shall have the meaning assigned thereto in Metro Code section 5.01.010.

"Recyclable material" shall have the meaning assigned thereto in Metro Code section 5.01.010.

SECTION 11. Metro Code section 5.05.030 shall be amended as follows:

5.05.030 Designated Facilities of the System

(a) Designated Facilities. The following described facilities constitute the designated facilities of the system, the Metro Council having found that said facilities meet the criteria set forth in Metro Code Section 5.05.030(b):

(1) Metro South Station. The Metro South Station located at 2001 Washington, Oregon City, Oregon 97045.

(2) Metro Central Station. The Metro Central Station located at 6161 N.W. 61st Avenue, Portland, Oregon 97210.

(3) Facilities Subject to Metro Regulatory Authority. All disposal sites and solid waste facilities within Metro which are subject to Metro regulatory authority under Chapter 5.01 of the Metro Code.

(4) Lakeside Reclamation (limited purpose landfill). The Lakeside Reclamation limited purpose landfill, Route 1, Box 849, Beaverton, Oregon 97005, subject to the terms of an agreement between Metro and the owner of Lakeside Reclamation authorizing receipt of solid waste generated within Metro.

(5) Hillsboro Landfill (limited purpose landfill). The Hillsboro Landfill, 3205 S.E. Minter Bridge Road, Hillsboro, Oregon 97123, subject to the terms of an agreement between Metro and the owner of Hillsboro Landfill authorizing receipt of solid waste generated within Metro.

(6) Columbia Ridge Landfill. The Columbia Ridge Landfill owned and operated by Waste Management Disposal Services of Oregon, Inc. (dba Oregon Waste Systems, Inc.) subject to the terms of the agreements in existence on November 14, 1989, between Metro and Oregon Waste Systems, Inc. and between Metro and Jack Gray Transport, Inc., including any subsequent amendments thereto. In addition, Columbia Ridge Landfill may accept ~~special~~ solid waste generated within Metro:

(A) As specified in an agreement entered into between Metro and Waste Management Disposal Services of Oregon, Inc. ~~Oregon Waste Systems~~ authorizing receipt of such waste; or

(B) Subject to a non-system license issued to a person transporting to the facility ~~special~~ solid waste not specified in the agreement.

(7) Roosevelt Regional Landfill. The Roosevelt Regional Landfill, located in Klickitat County, Washington. Roosevelt Regional Landfill may accept ~~special~~ solid waste generated within Metro only as follows:

(A) As specified in an agreement entered into between Metro and Regional Disposal Company authorizing receipt of such waste; or

(B) Subject to a non-system license issued to a person transporting to the facility ~~special~~ solid waste not specified in the agreement.

(8) Finley Buttes Regional Landfill. The Finley Buttes Regional Landfill, located in Morrow County, Oregon. Finley Buttes

Regional Landfill may accept ~~special~~ solid waste generated within Metro only as follows:

(A) As specified in an agreement entered into between Metro and Finley Buttes Landfill Company authorizing receipt of such waste; or

(B) Subject to a non-system license issued to a person transporting to the facility ~~special~~ solid waste not specified in the agreement.

(9) Coffin Butte Landfill. The Coffin Butte Landfill, located in Benton County, Oregon, which may accept solid waste generated within the District only as follows:

(A) As specified in an agreement entered into between Metro and the owner of the Coffin Butte Landfill authorizing receipt of such waste; or

(B) Subject to a non-system license issued to a person transporting to the facility ~~special~~ solid waste~~s~~ not specified in the agreement.

(10) Wasco County Landfill. The Wasco County Landfill, located in The Dalles, Oregon, which may accept solid waste generated within the District only as follows:

(A) As specified in an agreement entered into between Metro and the owner of the Wasco County Landfill authorizing receipt of such waste; or

(B) Subject to a non-system license issued to a person transporting to the facility solid waste~~s~~ not specified in the agreement.

(11) Cedar Grove Composting, Inc. The Cedar Grove Composting, Inc., facilities located in Maple Valley, Washington, and Everett, Washington. Cedar Grove Composting, Inc., may accept solid waste generated within the District only as follows:

(A) As specified in an agreement entered into between Metro and Cedar Grove composting, Inc., authorizing receipt of such waste; or

(B) Subject to a non-system license issued to a person transporting to Cedar Grove Composting, Inc., solid waste~~s~~ not specified in the agreement.

(12) Weyerhaeuser Regional Landfill. The Weyerhaeuser Regional Landfill, located in Castle Rock, Washington, and the Weyerhaeuser Material Recovery Facility, located in Longview, Washington. The Weyerhaeuser Material Recovery Facility is hereby designated only for the purpose of accepting solid waste for transfer to the Weyerhaeuser Regional Landfill. The Weyerhaeuser Regional Landfill and the Weyerhaeuser Material Recovery Facility may accept solid waste generated within the District only as follows:

(A) As specified in an agreement entered into between Metro and Weyerhaeuser, Inc., authorizing receipt of such waste; or

(B) Subject to a non-system license issued to a person transporting to the Weyerhaeuser Regional Landfill or the Weyerhaeuser Material Recovery Facility solid waste~~s~~ not specified in the agreement.

(b) Changes to Designated Facilities to be Made by Council. From time to time, the Council, acting pursuant to a duly enacted ordinance, may remove from the list of designated facilities any one or more of the facilities described in Metro Code Section 5.05.030(a). In addition, from time to time, the Council, acting pursuant to a duly enacted ordinance, may add to or delete a facility from the list of designated facilities. In deciding whether to designate an additional facility, or amend or delete an existing designation, the Council shall consider:

(1) The degree to which prior users of the facility and waste types accepted at the facility are known and the degree to which such wastes pose a future risk of environmental contamination;

(2) The record of regulatory compliance of the facility's owner and operator with federal, state and local requirements including but not limited to public health, safety and environmental rules and regulations;

(3) The adequacy of operational practices and management controls at the facility;

(4) The expected impact on the region's recycling and waste reduction efforts;

(5) The consistency of the designation with Metro's existing contractual arrangements;

(6) The record of the facility regarding compliance with Metro ordinances and agreements or assistance to Metro in Metro ordinance enforcement; and

(7) Other benefits or detriments accruing to residents of the region from Council action in designating a facility, or amending or deleting an existing designation.

(c) The Chief Operating Officer is authorized to execute an agreement, or an amendment to an agreement, between Metro and a designated facility for ~~N~~non-putrescible waste. If an agreement between Metro and a designated facility for non-putrescible waste does not comply with subsections (e) or (f) of this section, the Chief Operating Officer shall terminate such agreement as quickly as permitted by such agreement and following the termination procedures described in such agreement. An agreement, or amendment to an agreement between Metro and a designated facility for ~~P~~putrescible waste shall be subject to approval by the Metro Council prior to execution by the Chief Operating Officer.

(d) An agreement between Metro and a designated facility shall specify the types of wastes from within Metro boundaries that may be delivered to, or accepted at, the facility.

(e) An agreement between Metro and a designated facility shall not authorize the facility to accept non-putrescible waste originating or generated within Metro boundaries after December 31, 2007, unless:

(1) Such non-putrescible waste is received from a facility that has been issued a license or franchise pursuant to Chapter 5.01 authorizing such facility to perform material recovery on non-putrescible waste;

(2) Such non-putrescible waste is received from a designated facility that has entered into an agreement with Metro, in accordance with subsection (f) of this section, authorizing such designated facility to perform material recovery on non-putrescible waste; or

(3) The facility has entered into an agreement with Metro, in accordance with subsection (f) of this section, authorizing the facility to perform material recovery on non-putrescible waste that has not yet undergone material recovery.

(f) An agreement between Metro and a designated facility that authorizes the facility to accept non-putrescible waste that has not yet undergone material recovery, is not processing residual, and originated or was generated within Metro boundaries shall:

(1) Require such designated facility to perform material recovery on such waste; and

(2) Demonstrate, in a manner that can be verified and audited, that such processing achieves material recovery comparable to that required of in-region material recovery facilities by Metro Code subsections 5.01.125(a) and (b) by either:

(A) Meeting such material recovery requirements for all non-putrescible waste received at the facility, whether or not from within Metro boundaries; or

(B) Keeping all non-putrescible waste received from within Metro boundaries segregated from other waste throughout processing, keeping processing residual from such processing segregated from all other solid waste after processing, and meeting such material recovery requirements for all such non-putrescible waste.

SECTION 12. Metro Code Section 7.01.020 shall be amended as follows:

7.01.020 Tax Imposed

(a) For the privilege of the use of the facilities, equipment, systems, functions, services, or improvements owned, operated, certified, licensed, franchised, or provided by Metro, each user except users of solid waste system facilities shall pay a tax of 7.5 percent of the payment charged by the operator or Metro for such use unless a lower rate has been established as provided in subsection 7.01.020(b). The tax constitutes a debt owed by the user to Metro which is extinguished only by payment of the tax directly to Metro or by the operator to Metro. The user shall pay the tax to Metro or to an operator at the time payment for the use is made. The operator shall enter the tax on his/her records when payment is collected if the operator keeps his/her records on the cash basis of accounting and when earned if the operator keeps his/her records on the accrual basis of accounting. If installment payments are paid to an operator, a proportionate share of the tax shall be paid by the user to the operator with each installment.

(b) The Council may for any period commencing no sooner than July 1 of any year and ending on June 30 of the following year establish a tax rate lower than the rate of tax provided for in subsection 7.01.020(a) or in subsections 7.01.020(c)-(e) by so providing in an ordinance adopted by Metro. If the Council so establishes a lower rate of tax, the Chief Operating Officer shall immediately notify all operators of the new tax rate. Upon the end of the fiscal year the rate of tax shall revert to the maximum rate

established in subsection 7.01.020(a) unchanged for the next year unless further action to establish a lower rate is adopted by the Council as provided for herein.

(c) For the privilege of the use of the solid waste system facilities, equipment, systems, functions, services, or improvements, owned, operated, licensed, franchised, or provided by Metro, each user of solid waste system facilities and each solid waste facility licensed or franchised under Chapter 5.01 of this Code to deliver putrescible waste directly to Metro's contractor for disposal of putrescible waste shall pay a tax in the amount calculated under subsection (e)(1) for each ton of solid waste exclusive of compostable organic waste accepted at Metro Central or Metro South stations and source separated recyclable materials accepted at the solid waste system facilities. In addition, each user of solid waste system facilities and each solid waste facility licensed or franchised under Chapter 5.01 of this Code to deliver putrescible waste directly to Metro's contractor for disposal of putrescible waste shall also pay the additional tax in the amount set forth under Section 7.01.023 for each ton of solid waste exclusive of compostable organic waste accepted at Metro Central or Metro South stations and source separated recyclable materials accepted at the solid waste system facilities. The tax constitutes a debt owed by the user to Metro which is extinguished only by payment of the tax directly to Metro or by the operator to Metro. The user shall pay the tax to Metro or to an operator at the time payment for the use is made. The operator shall enter the tax on his/her records when payment is collected if the operator keeps his/her records on the cash basis of accounting and when earned if the operator keeps his/her records on the accrual basis of accounting. If installment payments are paid to an operator, a proportionate share of the tax shall be paid by the user to the operator with each installment.

(d) For the Metro fiscal year beginning July 1, 2002, the tax rate imposed and calculated under this section shall be sufficient to generate net excise tax revenue of $6,050,000 after allowing for any tax credit or tax rebate for which provision is made in this chapter. For each Metro fiscal year thereafter the tax rate imposed and calculated under this section shall be sufficient to generate net excise tax revenue equal to the net excise tax revenue authorization in the previous fiscal year as adjusted in accordance with Section 7.01.022.

(e) (1) The excise tax rate for each ton of solid waste, exclusive of (i) source separate recyclable materials accepted at the solid waste system facilities, (ii) inert materials, (iii) Cleanup Materials Contaminated by Hazardous Substances, and (iv) compostable organic waste delivered to Metro Central or Metro South stations, shall be the amount that results from dividing the net excise tax revenue amount set forth in subsection (d) by the amount of solid waste tonnage which the Chief Operating Officer reports to the Council under subsection (f)(2). Subject to the provisions of subsection 7.01.020(b), the rate so determined shall be Metro's excise tax rate on solid waste during the subsequent Metro fiscal year. Commencing with Metro fiscal year 2006-07, and each fiscal

year thereafter, the rate determined by this subsection shall be effective as of September 1st unless another effective date is adopted by the Metro Council.

(2) The excise tax rate for each ton of solid waste constituting Cleanup Materials Contaminated by Hazardous Substances shall be $1.00.

(f) By March 1st of each year, the Chief Operating Officer shall provide a written report to the Metro Council stating the following:

(1) For the twelve (12) month period ending the previous December 31; the amount of solid wastes, exclusive of inert materials, delivered for disposal to any Solid Waste System Facility that is not exempt pursuant to Section 7.01.050(a) of this chapter, and

(2) The amount of such solid wastes that would have been delivered for disposal to any such non-exempt Solid Waste System Facility if the Regional Recovery Rates corresponding to each calendar year set forth on the following schedule had been achieved:

Year	Regional Recovery Rate
2005	56%
2006	56.5%
2007	57%
2008	57.5%
2009	58%

The result of such calculation by the Chief Operating Officer shall be used to determine the excise tax rate under sub-section (e)(1).

~~(g) (1) A solid waste facility which is licensed or franchised by Metro pursuant to Metro Code Chapter 5.01 shall be allowed a credit against the Excise Tax otherwise due under Section 7.01.020(e)(1) for disposal of Processing Residuals from such facility. The Facility Recovery Rate shall be calculated for each twelve (12) month period before the month in which the credit is claimed. Such credit shall be dependent upon the Facility Recovery Rate achieved by such facility and shall be no greater than as provided on the following table:~~

Excise Tax Credit Schedule		
Facility Recovery Rate		Excise Tax
From Above	Up To & Including	Credit of no more than
0%	30%	0.00
30%	35%	1.92
35%	40%	2.75
40%	100%	3.51

(2) During any Fiscal Year, the total aggregate amount of excise tax credits granted under the provisions of this subsection shall not exceed the dollar amount budgeted for such purpose without the prior review and authorization of the Metro Council.

(3) The Chief Operating Officer may establish procedures for administering the Excise Tax Credits set forth in subsection (g)(1), including, but not limited to, establishing eligibility requirements for such credits and establishing incremental Excise Tax Credits associated with Recovery Rates which fall between the ranges set forth in paragraph (g)(1).

SECTION 13. Metro Code Section 7.01.028 shall be amended as follows:

7.01.028 Budgeting of Excess Revenue

Commencing with the Metro fiscal year beginning July 1, 2000, and each year thereafter, if the tax revenues collected under the tax rate imposed by Section 7.01.020(e) exceed the net excise tax revenue amount set forth in Section 7.01.020(d) as adjusted by Section 7.01.022, such additional revenue shall be apportioned as follows:

(a) Such excess net excise tax revenue shall first be placed in a Recovery Rate Stabilization Reserve established in the Metro General fund. The amount of excess net excise tax revenues in such account shall not exceed an amount equal to 10 percent of the total amount of excise tax collected under Metro Code Chapter 7.01 during the period of the two (2) most recent Metro fiscal years. The budgeting or expenditure of all such funds within this account shall be subject to review and approval by the Metro Council.

(b) If at the end of any fiscal year the maximum permitted balance for the Recovery Rate Stabilization Account has been reached, during the following fiscal year any additional excess net excise tax revenues shall be used to increase the tax credit provided under Metro Code Section 7.01.020(g) for any solid waste facility that has achieved a Facility Recovery Rate greater than 45%. Such excess revenue shall be used on a dollar-for-dollar basis to reduce the tax liability of all such qualifying facilities. The amount of the additional tax credit shall not exceed the total excise tax otherwise due from the facility under this chapter.

~~(c) Any remaining excess revenue over the amounts apportioned in subsections (a) and (b) of this section shall be placed in the account established in subsection(a).~~

SECTION 14. Metro Code Sections 7.01.160, 7.01.170, 7.01.180 and 7.01.190 are repealed.

SECTION 15. This ordinance shall be effective on July 1, 2007.

ADOPTED by the Metro Council this ____ day of _____, 2006.

_____
David Bragdon, Council President

Approved as to Form:

_____
Daniel B. Cooper, Metro Attorney

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BEFORE THE METRO COUNCIL

RECOGNIZING THE CONTINUATION OF A PUBLIC/PRIVATE SYSTEM OF WASTE TRANSFER STATIONS IN THE REGION, AND DIRECTING THE CHIEF OPERATING OFFICER TO EXPLORE OPPORTUNITIES TO IMPROVE THE REGIONAL SOLID WASTE DISPOSAL SYSTEM	)))))))	RESOLUTION NO. 06-3729 Introduced by: Michael Jordan, Chief Operating Officer, with the concurrence of David Bragdon, Council President

WHEREAS, Metro is a regional government providing a variety of services for the urbanized portions of Clackamas, Multnomah and Washington counties of Oregon; and

WHEREAS, solid waste planning and disposal are two of the principal responsibilities of Metro; and

WHEREAS, solid waste planning is guided primarily through the Regional Solid Waste Management Plan (RSWMP) currently under revision; and

WHEREAS, one of the key RSWMP issues identified to date is ensuring adequate public services are provided through the regional solid waste system in the decade ahead; and

WHEREAS, on July 21, 2005 the Metro Council adopted Resolution No. 05-3601A entitled: Authorizing Issuance of Request for Proposals 06-1154-SWR for Competitive Sealed Proposals to Provide Consulting Services regarding Disposal System Planning for Alternative Service Delivery and thereby authorized an analysis of alternative transfer station system options and a determination of the valuation of the publicly owned transfer facilities; and

WHEREAS, a Disposal System Planning Consultant was retained to conduct the analysis utilizing the Metro Council's values for the solid waste system as the basis for evaluating different transfer system ownership options; and

WHEREAS, the year long analysis concluded that a publicly owned transfer system best met Council values; and

WHEREAS, when the analysis was expanded to include risk and cost factors associated with each ownership option it was concluded that a mixed system of continued Metro ownership of two transfer stations together with additional privately owned stations was the highest ranked option (see Exhibit A attached hereto); and

WHEREAS, the analysis also identified opportunities where the current system could be improved such as in the areas of the transparency of rates associated with private transfer stations, the allocation of waste amongst facilities, potential public ownership of additional facilities and additional long term planning issues as summarized in Exhibit B, attached hereto; now therefore

BE IT RESOLVED:

1. The Metro Council acknowledges that continued ownership of the Metro South and Metro Central transfer stations is in the region's best interests.

2. The Chief Operating Officer is directed to explore disposal system planning opportunities to improve the solid waste recycling and disposal system as illustrated in Exhibit B.

3. The Chief Operating Officer is instructed to develop and define disposal system-related policies, goals and objectives and incorporate them into the integrated RSWMP for Council consideration.

4. The Chief Operating Officer will provide periodic updates and present policy, program and project choices associated with activities identified in Exhibit B.

ADOPTED by the Metro Council this _____ day of _____, 2006.

David Bragdon, Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney

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STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 06-3729, FOR THE PURPOSE OF RECOGNIZING THE CONTINUATION OF A PUBLIC/PRIVATE SYSTEM OF WASTE TRANSFER STATIONS IN THE REGION, AND DIRECTING THE CHIEF OPERATING OFFICER TO EXPLORE OPPORTUNITIES TO IMPROVE THE REGIONAL SOLID WASTE DISPOSAL SYSTEM

Date: September 28, 2006 Prepared by: Mike Hoglund and Paul Ehinger

BACKGROUND

Solid waste planning and disposal are two of the principal responsibilities of Metro. The solid waste planning function is guided primarily through the Regional Solid Waste Management Plan (RSWMP). RSWMP is intended to provide a 10-year framework for waste disposal and recycling as specified in ORS 268.390. Metro is in the process of updating the RSWMP document.

A key RSWMP issue is to ensure that adequate public services are provided through the regional transfer station system in the next decade. Disposal System Planning (DSP) rose out of this issue. During the summer of 2005, the Metro Council indicated interest in obtaining information on how the Region's solid waste management system could be improved. They were particularly interested in determining whether the system could be improved by changing the current system of public and private ownership of the region's transfer facilities. The primary purpose of DSP was to answer the question: What is the best way to deliver safe, environmentally sound and cost-effective waste transfer and disposal services to the public and private users in this region?

Solid Waste and Recycling department (SW&R) staff developed a work plan that was approved by the Metro Council. The work plan envisioned the use of two consultant teams and significant in-house resources to complete the work plan. A system consultant was to be hired to evaluate system alternatives and another was to be hired to estimate the value of the two publicly owned solid waste facilities.

A request for proposals was issued for the system consultant who would conduct an analysis of ownership alternatives. The alternatives were to range from a completely publicly owned system to a fully private system. A consulting team of two firms, CH2M Hill and Ecodata, was selected to be the "system consultant" to conduct the alternative analysis. Mr. Dan Pitzler of CH2M was the project manager for the consulting team. Dr. Barbara Stevens, a nationally recognized expert in the economics of solid waste systems provided significant support in the area of economic analysis.

The Office of Metro Attorney (OMA) provided support to the project by reviewing legal issues. Based on advice from OMA, a real estate appraiser was hired by OMA to provide an opinion on the value of the two Metro transfer stations. This data was not used in analyzing alternatives so that the values could remain confidential in the event that a sale of one or more of the facilities was to take place.

METRO TRANSFER SYSTEM OWNERSHIP STUDY

Metro's system consultant conducted a detailed analysis of the region's solid waste disposal system and how changing the ownership structure of the facilities providing solid waste transfer and disposal

services would impact the system. The purpose of the study was to provide information for the Metro Council to decide what Metro's role should be in the disposal system.

The approach to the study consisted of five major elements. These elements were:

1. Documentation and consideration of stakeholder input.
2. Analysis of the economics of the Metro solid waste system.
3. Definition of system alternatives and identification of system objectives.
4. Evaluation of the system alternatives to characterize their performance at meeting system objectives, cost, and the risks associated with each alternative.
5. Legal analysis of system issues.

Disposal System Economics

Dr. Barbara Stevens of Ecodata reviewed the economics of the Metro disposal system and provided some key observations to help guide the study. The economic analysis considered the entire solid waste system, including the collection system since it is one integrated system economically. The analysis resulted in the following conclusions:

- It is estimated that collection accounts for 81 percent of the total cost of residential disposal, and a very high percentage of the total cost of commercial disposal. As the largest component of system cost, changes in the collection system are likely to have a greater impact on increasing or decreasing system cost than any other system component.
- Tipping fees at the two Metro transfer stations are used in setting collection rates, which is good, particularly since Metro competitively procures transfer station operation services. This injects an important element of competition in a market that otherwise would not have many characteristics of a competitive market. Metro may want to take steps to improve the pricing information that they send to the local governments who regulate collection rates.
- In recent years, national solid waste firms have increased market share in the local solid waste industry. These large national firms are frequently vertically integrated, thus earning profits on transfer, transport and/or disposal services in addition to collection. This provides them a competitive advantage over collection companies that do not provide those services.
- Economies of scale are significant in transfer; thus, adding transfer stations to the system, and thereby reducing throughput at existing stations, increases per-ton costs at those stations. Also, handling small loads (i.e., self-haul) increases per-ton costs compared to handling large loads. The Metro region currently has unused transfer capacity, and increases in unused capacity could lead to higher costs.
- Transfer is the smallest cost component of the collection, transfer, transport and disposal system costs that comprise total system costs.
- The private sector typically earns its highest profit margins on disposal. This fact provides significant incentive for vertically integrated firms to maximize the amount of waste going to their own landfills.

System Values

The Metro Council outlined the following values associated with the disposal system:

1. Protect public investment in solid waste system
2. "Pay to Play" - ensure participants pay fees/taxes
3. Environmental Sustainability - ensures system performs in a sustainable manner
4. Preserve public access to disposal options (location/hours)

5. Ensure regional equity- equitable distribution of disposal options
6. Maintain funding source for Metro general government
7. Ensure reasonable/affordable rates

These values were revised to better facilitate the analysis of transfer station ownership alternatives. One value (ensure reasonable/affordable rates) was eliminated, as it was captured in the economic analysis, and one value was added: *System endorsed and supported by all system participants.*

These values were discussed with the Metro Council and the Council assigned importance weights to each value statement. An analysis of ownership alternatives was then conducted to assess the extent to which each alternative met the Council values.

Alternative Analysis

The initial phase of the development of alternative ownership structures involved meeting with a variety of stakeholders. Their input was used to help identify the critical components of the system that might be impacted by an ownership change. They were also consulted to help determine key risk factors that should be evaluated. The stakeholder groups and a summary of their comments are included at the end of this section of the staff report.

The system consultant developed three alternative scenarios of facility ownership in the Metro region. The three scenarios were developed to demonstrate the impact that various ownership options would have on the solid waste disposal system. One option included a hybrid of public and private ownership of facilities, similar in most respects to the existing system. Changes were proposed to improve the way the hybrid system would operate when compared to the current system. The other two alternatives were a private alternative with no public ownership of facilities and a public alternative where Metro would own all of the wet waste transfer capacity in the region.

The advantages and disadvantages of private, public, or a hybrid transfer system were analyzed from a variety of perspectives, including:

- An analysis of how well each option met the Metro Council's stated values
- The estimated cost of each alternative
- The risk associated with the implementation of each alternative

The results of the value modeling analysis indicated that a fully public system best met the Metro Council's stated values. The results of a sensitivity analysis indicated that this result is not sensitive to the relative importance assigned to each Council value.

One additional sensitivity analysis was performed that incorporated challenges associated with implementation. That analysis showed that as more importance is placed on the difficulties associated with acquiring existing private transfer stations, the hybrid system eventually outranks the public system.

For each of the alternatives analyzed, costs in the disposal system are not expected to increase or decrease by more than about two percent.

The results of the assessment indicate that there is more risk associated with implementing the private system than the public or hybrid system. However, the only risk scored as critical are the challenges associated with implementation in the public system. These include either not renewing franchises and licenses, or possibly having to condemn private facilities in order to place them in public ownership. The hybrid system has relatively low risk.

Legal Analysis

Additionally, the Metro Solid Waste & Recycling Department sought the comments of the Office of Metro Attorney in three areas: (1) limitations on the use of the proceeds from any sale of the solid waste transfer facilities that Metro owns; (2) issues related to Metro's contract with Waste Management for the disposal of solid waste if Metro chose to divest its solid waste transfer facility assets; and (3) issues related to changes in transfer station operations that might occur following the defeasance of the transfer station revenue bonds in 2009.

OMA provided its advice in a May 10, 2006 memorandum. Concerning limitations on the use of transfer station sale proceeds, OMA advised that under state law the proceeds of any sale of the transfer station facilities would also be limited to solid waste purposes. OMA further advised that the Metro Charter would likely be construed to require that any sale proceeds from the sale of an asset purchased with funds derived from rates subject to the Charter limitation must be applied either to reduce the costs of the services provided or be returned to the users of the service.

Concerning issues related to Metro's contract with Waste Management, OMA stated that with or without ownership of the transfer stations, Metro remains obligated under its contract with Waste Management to fulfill the terms of the agreement. Accordingly, if Metro chose to divest itself of its transfer stations, OMA advised that such an action by itself would not automatically divest Metro of its contractual obligations to Waste Management.

Regarding matters following bond defeasance, OMA advised that Metro would no longer be required to follow the bond covenant that Metro set rates raising revenues that equal 110 percent or more of the annual debt service of the bonds. In addition, Metro would no longer be limited as to the length of contracts that it could have for operation of the transfer station. Finally, once the transfer station bonds are retired, certain federal rules would no longer be applicable, and Metro would no longer have to limit the means of payment of the transfer station operator so that the variable portion of any payment does not exceed the fixed-payment portion.

Stakeholder Communications

Stakeholders representing a wide range of parties that could be affected by changes to the solid waste disposal system were contacted to obtain their input. The groups contacted can be categorized as:

- **Private sector transfer station owners** - separate interviews were held with representatives of Allied Waste Systems, Pride Disposal, Waste Connections, and Waste Management.
- **Independent haulers** - a workshop was conducted with representatives of the following companies: Cloudburst Recycling, Deines Brothers Disposal, Flannnery's Drop Box Service, Oak Grove Disposal, Portland Disposal and Recycling, West Slope Garbage Service; and a representative from the Oregon Refuse and Recycling Association.
- **Independent dry waste facility owners** – separate interviews were held with representatives of East County Recycling and Greenway Recycling.
- **Local government staff members** - a workshop was conducted with representatives from the following jurisdictions: Portland, Clark County, Troutdale, Milwaukie, Beaverton, Oregon DEQ, Gresham, Clackamas County, Washington County and Clackamas County. Separate interviews were also held with senior executives from Gilliam County and Oregon City.

- **Metro staff members** - a workshop was conducted with representatives from a number of Metro departments.

- **Customers at Metro transfer stations** – Intercept interviews were conducted with commercial customers (182 interviews) and a mail-in survey was provided to self-haul homeowner and business customers (341 responses).

These stakeholders expressed a wide range of views on their preferred ownership structure for the solid waste disposal system. While support for the existing ownership structure was the most prevalent view, support was expressed for each of the alternatives. The solid waste industry had widely varying views depending in large part on whether or not they owned a transfer facility and a landfill. For example:

- Companies that owned a disposal site and did not own the disposal contract with Metro generally favored a private system, since they appeared to anticipate that additional waste would flow to their landfills under the private ownership alternative.

- Independent haulers were of the unanimous opinion that public ownership was preferred for a number of reasons related to concerns about delivering waste to vertically integrated transfer station owners that are also their competitors in the collection business.

- Independent facility operators generally favored the current system and felt that independent operators have more incentive to recycle than facility owners that also own disposal facilities.

- Local government generally preferred either the hybrid or public alternatives and wanted to ensure that transfer station rates are transparent, that environmental standards are consistent, convenient transfer station access is provided for all, and that there would be continued focus on increased recycling/recovery and minimizing toxics.

- Metro staff generally preferred either the hybrid or public alternative.

- Metro customers were generally pleased with the service provided by Metro at its transfer stations.

Policy Issues

The primary focus of the initial phase of DSP was to identify how different ownership structures would impact the provision of disposal services in the region. During the course of the study the Council and stakeholders identified a number of other policy issues related to the disposal system. The proposed resolution calls for the COO to conduct additional investigations of these policy issues and report back to the Council. These issues include:

- How can Metro foster more competition in the disposal system?
- What is the best way to ensure rate transparency and fairness?
- How can Metro maximize cost savings in its disposal contract?
- What opportunities are available to minimize the environmental impacts of waste transport?

Attached as Exhibit B to the resolution is a schematic representation of the work program that the Solid Waste and Recycling Department Staff proposes to more fully investigate these other policy issues that were raised during DSP. The chart in the exhibit provides a graphical representation of the tasks to be addressed and the general timeframes for completing the tasks. Key events in the future, such as renewal dates of facility franchises or licenses are also identified since these may provide opportunities to implement policy changes that result from completion of tasks.

Each of the questions noted above is addressed in one or more tasks shown in Exhibit B. For example, costs and opportunities for reducing the environmental impacts of transporting solid waste from transfer stations to a disposal site will be examined during the Transportation Options Study task of the category labeled "Waste Transportation Rebid." After a review with the Metro Council, the information from this study will be used to procure transportation services that best meet the policy direction received from Council. Other policy drivers will be addressed in a similar fashion.

ANALYSIS/INFORMATION

1. **Known Opposition** - Some representatives of the solid waste industry may object to the findings of the system consultant's report and oppose continued Metro ownership of facilities.

2. **Legal Antecedents** - Metro Council Resolution No. 05-3601A, entitled: Authorizing Issuance of Request for Proposals 06-1154-SWR for Competitive Sealed Proposals to Provide Consulting Services regarding Disposal System Planning for Alternative Service Delivery.

3. **Anticipated Effects** - Metro staff will initiate planning activities to address policy issues identified by the council and move forward with procuring contracts necessary for continued functioning of the disposal system.

4. **Budget Impacts** - Expenditures of approximately $227,000 were anticipated during preparation of the SW&R budget for DSP related activities during the 2006-07 fiscal year. Staff estimates that the work identified can be completed for the budgeted amount.

RECOMMENDED ACTION

The Chief Operating Officer recommends adoption of Resolution No. 06-3729.

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Summary of Results

Metro Transfer System Ownership Study

Major Objectives – Council Values

1. Maximize ongoing business value and/or public use value of Metro Stations.
2. Ensure all participants pay fees and taxes (polluter pay principle)
3. Ensure the system is making progress toward compliance with RSWMP sustainability goals.
4. Preserve current and future access to disposal services for self-haul customers (location and hours)
5. Ensure equitable distribution of wet and dry waste delivery options for all communities (current and future)
6. Ensure funding is available for Metro general government
7. System endorsed and supported by all system participants

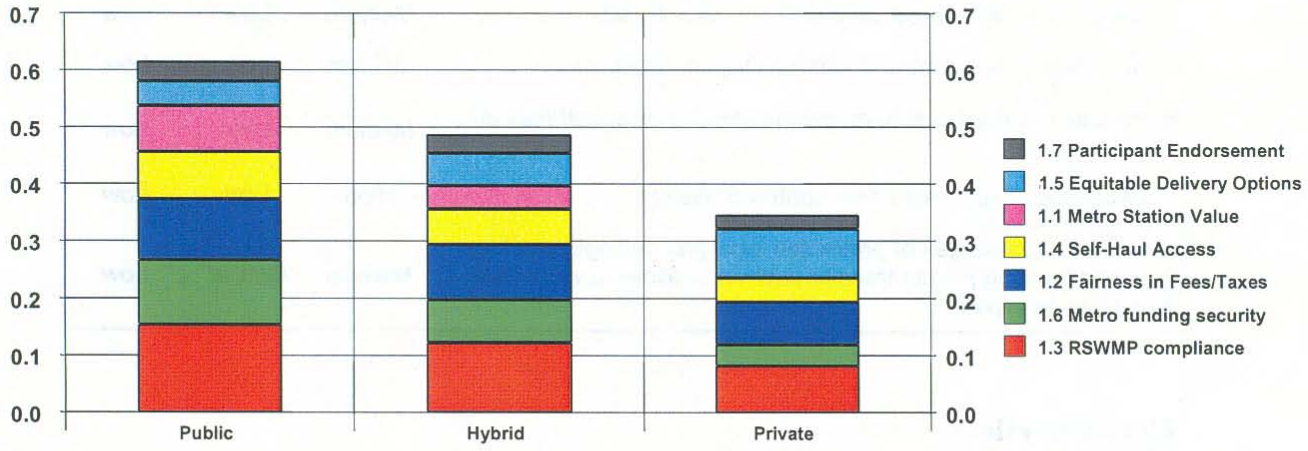


EXHIBIT 4-9
Objectives Contributions to Value Score

Other Policy Drivers

- Competition
- Metro as regulator and competitor
- Rate transparency and fairness
  - Uniform rates for all haulers at a facility
  - Ensure rates reflect cost of providing service
- Maximize cost saving potential in Metro's disposal contract
- Land use compatibility
  - Local comp plans
  - 2040 plan
- Flexibility to use alternative transport modes

Risk Analysis

EXHIBIT E-1
Risk Assessment

Risk	Risk Signature		
	Private	**Public**	**Hybrid**
1. More difficult politically to collect regional system fee and excise taxes	High	Low	Low
2. Metro's credit rating could worsen if it is perceived to be less able to collect taxes	High	Low	Low
3. It could be more costly and more difficult administratively for Metro to respond to future changes in state-mandated Waste Reduction requirements	High	Low	Low
4. It could be more costly and more difficult administratively for Metro to deliver new WR/R initiatives	High	Low	Low
5. Potential increase in vertical integration and potential resulting increases in transfer station tip fees	High	Low	Low
6. Reduced ability to meet dry waste recovery targets	Medium	Low	Low
7. Additional cost to Metro of fulfilling Disposal contract	Medium	Low	Low
8. Inability or added cost to maintain current level of self-haul and HHW service	Medium	Low	Low
9. Likelihood of successful flow control challenge	High	Low	Low
10. Political challenges or protracted legal proceedings resulting from condemning private transfer stations or allowing wet waste franchises to expire	Medium	Critical	Low

Cost Analysis

Summary of Results

	Private	**Public**	**Hybrid**
Cost – Estimated long-run percent change in system cost.	Low: 1.4% High: 2.2%	Low: 0.1% High: 0.7%	Low: -0.5% High: 0.1%

Opportunities for Improving the Solid Waste System

Below are brief explanations of each of the projects shown on the accompanying chart *Opportunities for Improving the Solid Waste System.* Descriptions are organized by taking projects from the chart beginning in the upper left corner, then left-to-right and top-to-bottom, as if reading a book.

Transfer Station Ownership

Response to Questions & Comments –Metro staff continue to obtain comments from stakeholders regarding the findings of the Disposal System Planning study, and staff will continue to relay stakeholder feedback to the Metro Council.

Council Resolution – Metro staff prepared the attached resolution for the Metro Council's consideration in providing direction to the COO to improve the region's disposal system.

RSWMP

Disposal System Goals & Objectives – Goals and objectives for the disposal portion of the solid waste system will be integrated into the broader Regional Solid Waste Management Plan, which also provides guidance to the region on waste reduction and recycling, household hazardous waste management, and system financing.

Waste Transportation Rebid

Transportation Options Study – Portland is in the enviable geographic position of having multiple transportation modes available for moving cargo long distances: truck, barge, and train. With today's higher-priced fuel and an increasing focus on the environmental impacts of burning fuel, as well as the 2009 expiration of Metro's long-haul contract, a more general study of the viability of different modes for transporting solid waste will provide information that will allow development of a transportation services procurement that addresses the objectives of the Metro Council.

Establish RFP Parameters/Procurement of Contractor/Select Contractor – If Metro chooses to procure a long-haul garbage hauler through competitive bidding after the CSU contract expires, a number of tasks will be required: establishing the parameters of the RFP, evaluation of proposals, and, finally, negotiations with the successful proposer.

Initiate New Contract – A new (or renewed) long-haul contract must be in effect by January 1, 2010.

Transfer Station System Optimization

10% Bid – The Disposal System Planning consultants' report identified opportunities for introducing more competition into the waste transfer system. One opportunity is to bid out the right to dispose of the 10% of waste not guaranteed contractually for delivery to Waste Management. There is no deadline for putting the 10% out for bid, though it is anticipated that Metro will need to develop a method for allocating the rights to this waste if additional firms request portions of the 10%.

Waste Allocation – Metro limits the wet waste tonnage that local transfer stations in the region can accept. A review of this system of tonnage caps could form the basis for the development of a new, better-functioning disposal system.

Rate Transparency – Transfer prices are not regulated in the Metro region, yet certain pricing practices among private companies seem non-competitive. Additional controls on transfer rates could improve rate transparency.

Renew NSLs – Metro issues limited duration non-system licenses to haulers authorizing the delivery of waste to *non-designated* facilities. Many so-called NSLs will come up for renewal at the end of 2007. Particularly if the 10% of non-Waste Management waste goes to bid, the Metro Council may wish to reevaluate its policies with respect to NSLs.

Forest Grove Transfer Station – The regional transfer station franchise that Metro granted Waste Management to operate Forest Grove Transfer Station will expire December 31, 2007. The Metro Council may wish to incorporate new policies into its decision about renewing the Forest Grove franchise agreement.

Other Private Transfer Station Franchises – Local Transfer Station franchises (Pride, WRI, Troutdale) will expire on December 31, 2008. This timing provides the opportunity to implement disposal system policies established by the Metro Council.

Greening the System

Facility Standards – With stakeholders, SW&R staff plan to develop operating standards for regulated solid waste facilities to provide "greener" services, e.g., through renewable energy use, procurement of products made from renewable or recycled material, and better storm water management.

Long-term Transfer Station System Planning

New Facility Entry Standards –Metro has placed moratoriums on the development of new wet and dry waste facilities in the region. Reviewing the current criteria for allowing construction of new facilities could provide a clearer set of entry standards and provide a basis for eliminating the two moratoriums.

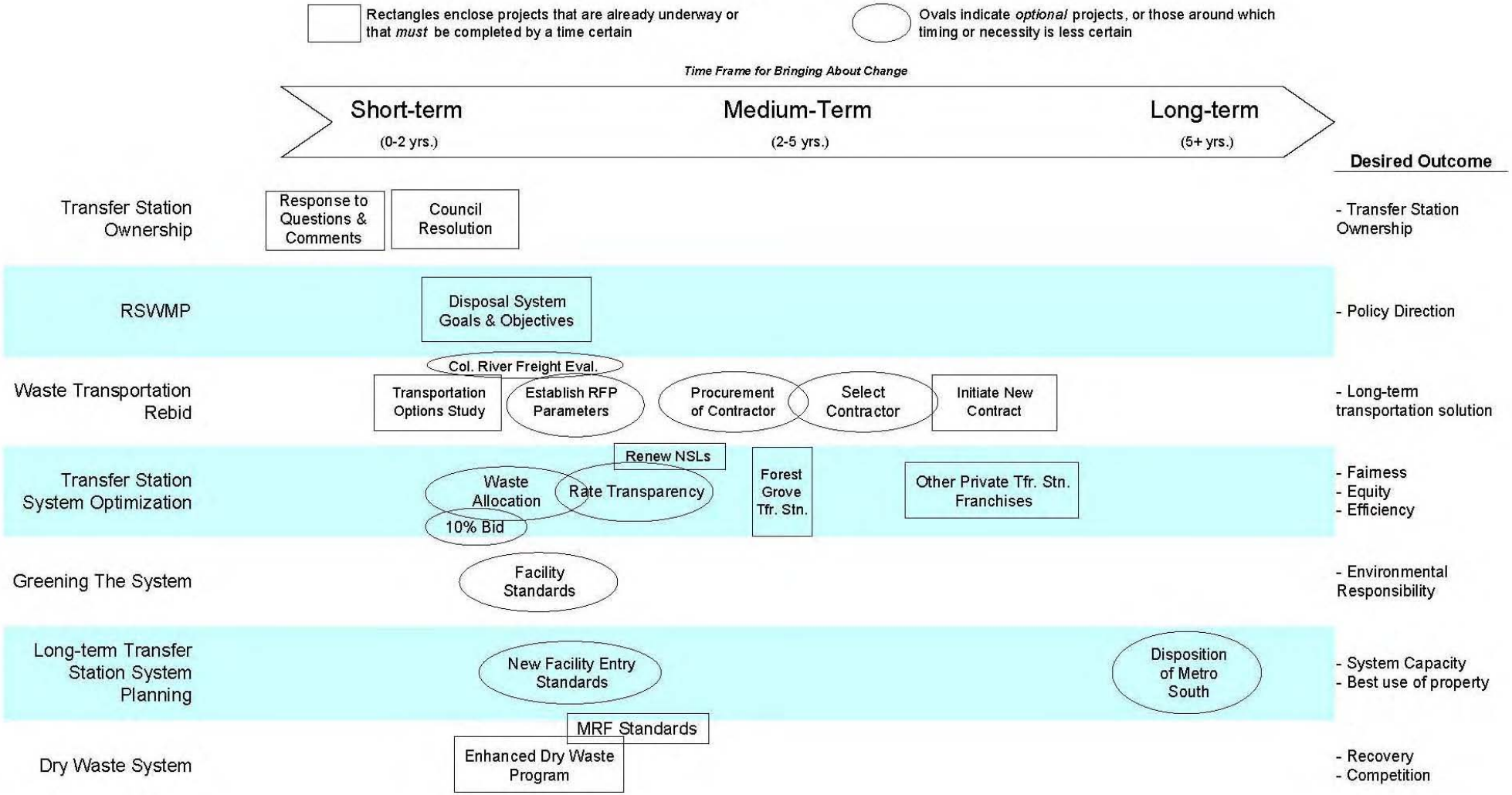
Disposition of Metro South – For now, a transfer station appears to be the highest and best use of the Metro Central and Metro South properties. With discussions of future high-end retail development near Metro South, it would be prudent to scope plans to reposition the Metro South property in the event that the neighborhood changes its current industrial focus.

Dry Waste System

Enhanced Dry Waste Program – Metro staff are currently working with stakeholders to develop the program details for enhancing recovery from dry waste by ensuring that all dry waste be processed for recyclables first prior to landfilling.

MRF Standards – Metro SW&R staff are currently developing operating standards for dry waste processing facilities to protect health and safety, and to promote good operating practices in the urban region.

Opportunities for Improving the Solid Waste Disposal System



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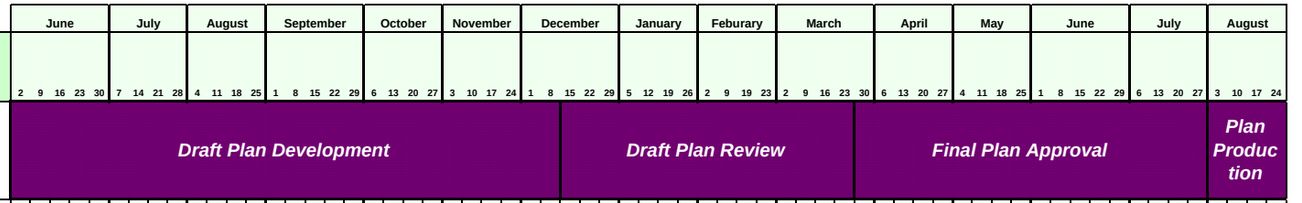
Regional Solid Waste Management Plan Update Project

Phases and Major Tasks

(Updated 09/20/06)

TASK NAME	PLANNED START DATE	PLANNED FINISH DATE	STATUS
RSWMP UPDATE PROJECT	**10/9/2003**	**8/8/2007**	**In Progress**
1.0 Preliminary Planning Tasks ***(October 2003- February 2004)***	10/09/03	02/20/04	Completed
2.0 Research and Technical Analysis ***(December 2003-July 2006)***	12/19/03	07/30/06	Completed
3.0 Identification of Key Planning Issues ***(January 2004-November 2005)***	01/19/03	12/10/04	Completed
4.0 Draft Plan Development	07/01/05	12/01/07	Completed
4.1 Develop Interim Waste Reduction Plan (RSWMP ch. 2, 4, 6)	07/01/05	08/17/06	Completed
4.1 Draft development *(July 2005-April 2006)*	07/01/05	04/01/06	Completed
4.2 Public review and comment *(April-June 2006)*	04/01/06	06/01/06	Completed
4.3 Compile and produce responsiveness summary	06/12/06	06/23/06	Completed
4.3 DEQ review	06/28/06	07/07/06	Completed
4.4 Metro Council review and adoption	08/01/06	08/17/06	Completed
4.2 Draft Chapter 1: Introduction	08/04/06	09/29/06	In Progress
4.3 Draft Chapter 2: Current System	08/04/06	10/27/06	In Progress
4.4 Draft Chapter 3: Guiding Direction	08/04/06	11/24/06	In Progress
4.4.1 Complete drafting of policies	9/1//06	11/24/06	In Progress
4.4.2 SWAC and Council review (November)	11/01/06	11/24/06	Not Started
4.5 Draft Chapter 4: Program Focus Areas	09/01/06	09/29/06	In Progress
4.6 Draft Chapter 5: Solid Waste Facilities and Services	08/04/06	11/24/06	Not Started
4.6.1 Draft development	08/04/06	11/24/06	Not Started
4.6.2 SWAC and Council review (November)	11/01/06	11/24/06	Not Started
4.7 Draft Chapter 6: Plan Progress, Performance and Updates	09/01/06	09/29/06	In Progress
4.8 Consultant compile and complete draft plan	09/01/06	12/08/07	Not Started
Draft Plan Review	12/08/06	03/23/07	Not Started
5.1 Conduct public review of draft plan.	12/08/06	03/09/07	Not Started
5.1.1 Develop PI outreach materials for draft plan review	12/04/06	12/29/06	Not Started
5.1.2 Distribute and discuss plan with stakeholders	01/01/07	02/23/07	Not Started
5.1.3 Review stakeholder input (Metro Council, SWAC)	03/05/07	03/09/07	Not Started
5.2 Compile and produce responsiveness summary	03/05/07	03/16/07	Not Started
5.3 Discuss significant modifications for final draft with stakeholders	03/05/07	03/16/07	Not Started
5.4 Revise and finalize draft plan	03/05/07	03/23/07	Not Started



Regional Solid Waste Management Plan Update Project

Phases and Major Tasks

(Updated 09/20/06)

TASK NAME	PLANNED START DATE	PLANNED FINISH DATE	STATUS
Final Plan Approval	03/26/07	07/27/07	Not Started
6.1 DEQ review and approval	03/26/07	04/06/07	Not Started
6.2 SWAC review and approval	03/26/07	04/13/07	Not Started
6.3 Metro Council review and approval	03/26/07	04/26/07	Not Started
6.4 EQC review and approval	04/27/07	07/27/07	Not Started
Final Plan Production	08/01/17	08/10/07	Not Started
7.1 Print final plan	08/01/07	08/10/07	Not Started
7.2 Distribute final plan	08/01/07	08/10/07	Not Started