



METRO

A G E N D A

MEETING: **REGIONAL SOLID WASTE ADVISORY COMMITTEE**

DATE: Wednesday, November 19, 1997

TIME: 10:00 a.m. until Noon

PLACE: Metro Regional Center, 600 NE Grand Avenue, Portland
Conference Room 370

- | | | |
|----------------|--|---------------------------------|
| 5 min. | I. Announcements | Morissette/All |
| 5 min. | *II. Approve Minutes for August 6 and September 17 | Morissette |
| 10 min. | III. REM Director's Update | Warner |
| | <ul style="list-style-type: none">• <i>Metro Budget Committee, budget schedule</i>• <i>Tip fee issues, Metro Rate Review Committee schedule</i>• <i>Annual Waste Reduction Work Plan draft framework available</i> | |
| 55 min. | *IV. Draft report of the SWAC Subcommittee on Facilities | Warner/Committee Members |
| | <i>The Subcommittee on Facilities (reloads, materials recovery facilities, etc.) has been meeting since August, and has reached closure on the major issues. Their work will be summarized for the full SWAC and the public at this time.</i> | |
| 40 min. | *V. Work Session on Remaining Subcommittee issues | Anderson |
| | <ul style="list-style-type: none">• <i>Reload obligations for "some" system costs.</i>• <i>Long-haul transport standards.</i>• <i>Private facility tip fees: uniform or not? Who regulates?</i>• <i>Management of unacceptable waste: performance standards</i> | |
| 5 min. | VI. Other communications | Morissette |

** Materials for these items are included with this agenda..*

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

Chair: Councilor Don Morissette (797-1887) Staff: Doug Anderson (797-1788)

Committee Clerk: Connie Kinney (797-1643)

SOLID WASTE ADVISORY COMMITTEE
MEETING SUMMARY OF 8/6/97

Committee Members Present:

Councilor Don Morissette, Chair
Councilor Susan McLain, Vice Chair

Recycling Industry Representative

Jeff Murray, Alternate EZ Recycling

Hauling Industry Representatives

Dean Kampfer, Alternate MDC
David White ORRA/Tri-County Council

Solid Waste Facility Representatives

Garry Penning Oregon Waste Systems
Ralph Gilbert East County Recycling
Merle Irvine Willamette Resources
Tom Wyatt BFI / Trans Industries

Citizen Representatives

Jeanne Roy Recycling Advocates
Michael Misovetz Clackamas County Citizen
Frank Deaver Washington County Citizen

Government Representatives

Lynne Storz Washington County
Rick Winterhalter Clackamas County Cities
Susan Keil City of Portland
Loreen Mills Washington County Cities

Non-Voting Members

Bruce Warner Metro REM Director
Carol Devenir-Moore Clark County
David Kunz, Alternate DEQ, Northwest Region

Metro—REM

Doug Anderson	Jim Watkins	Steve Kraten	Jan O'Dell
Aaron Brondyke	Connie Kinney	Sarah Adams	Scott Klag
Paul Ehinger	Terry Petersen		

Metro—Other Departments

Marv Fjordbeck	John Houser	Leo Kenyon	Berit Stevenson
Dennis Strachota			

Guests:

Scott Bradley	Bruce Broussard	Easton Cross	Mike Leichner
Todd Irvine	Ray Phelps	Doug DeVries	Ken Irish
Howard Grabhorn	Susan Robinson	Doug Drennen	Shon Pahio

Approval of Minutes

Chair Morissette asked for a motion on the minutes from the meeting of July 16, 1997. Mr. Penning made a motion that the minutes be approved. Ms. Keil seconded the motion. The minutes were unanimously approved.

Introduction

At the end of the last meeting, staff was asked to come back with a further clarification of the definitions of the following terms: 1) Reload Facility, 2) Material Recovery Facility, and 3) Transfer Station. Metro staff did a considerable amount of work to identify what they think needs to be done to implement the language that the committee recommended earlier this year for the RSWMP. Mr. Warner said that the Metro Council has expressed a desire to become more informed on the issues, and to that end, have requested that Susan McLain attend the SWAC Meeting. Mr. Warner also expressed his appreciation for the written feedback that Metro received from the following individuals/organizations: Tom Wyatt (BFI), Lakeside, Dave White, Doug Drennen, and Jeanne Roy. Mr. Warner also recognized those that called, including Garry Penning and Merle Irvine.

Mr. Warner said that Mr. Anderson would give a brief overview of the issues and proposals outlined in the staff report that was previously faxed. Mr. Warner requested that the committee then identify major policy issues and prioritize them, so that they might be framed properly for presentation to the policy makers and to increase understanding of where our differences might be. Finally, Chair Morissette will give the committee direction and guidance on the ultimate decisions.

Synopsis of Staff Report

Mr. Anderson quickly walked through the tables in the staff report in order to give the committee a sense of what we were trying to accomplish with this meeting.

Mr. Anderson explained that on Table 1, page 3 of the staff report, REM has tried to delineate some of the important differences among five different types of facilities. REM had broken reloads up into three different types of facilities, in order to facilitate this discussion. The reloads are mainly distinguished by increasingly diverse types of activities. We have also added material recovery facilities and regional transfer stations (Metro Central and South, and Forest Grove) to this table, to give you an idea of how reloads compare with the existing types of facilities. The main focus of today's discussion involves the facility known as a "reload with direct-haul" (second column from the right). This facility type would do limited recovery, both wet and dry processing, and also direct-haul to Columbia Ridge.

Types of Facilities

Mr. Anderson explained that what we are calling "limited reloads" really are for load consolidation, only an extension of the collection service. These are basically outside of Metro's purview.

Mr. Anderson explained that as one moves toward the "full reload" designation, however, the key distinction is that there will be some processing of waste. Metro may have an interest in some sort of regulation regarding waste processing and recovery. That will be part of today's discussion.

He explained that "reloads with direct-haul" would haul directly to Columbia Ridge, as opposed to reloading to a transfer station. Since the direct-haul option has more system and financial impacts, it should induce a higher level of oversight.

Finally, he stated that “regional transfer stations,” should include hazardous waste options, public customers, and a lot of other activities that are really more appropriate for regional, public, very large-scale transfer stations.

Users

Mr. Anderson stated that under Block B, “Users,” our recommendations are based upon the assumption that haulers would initiate reloads. We believe that affiliated haulers would probably be the only users of a limited reload. We believe that accepting haulers other than your own company would be a key user difference between going from a limited to a full-reload. Therefore, it would be at the owner’s option to open his/her door to others. The difference between reload with direct-haul and regional transfer stations & MRFs is that the public customers remain the province of regional transfer stations and MRFs. He explained that by “commercial customers,” we mean primarily roofers, janitorial services, property management firms, etc. Public customers, he explained, are self-haul pickup trucks, weekend loads, etc.

Destination

Mr. Anderson explained that the reloads, given their functions, would go to the regional transfer stations. A reload with direct-haul would take its wet waste to Columbia Ridge. A regional transfer station's system remains the same. Dry waste should be delivered to a Metro designated facility.

He added that the last two lines on recyclables and inerts are there primarily to remind the committee that these materials are currently exempted from Metro's purview and this status would remain unchanged. Metro is not trying to get into the business of limiting destinations for recyclables, inerts, and other types of similar materials.

Entry Conditions

Entry Conditions are listed here as a placeholder to remind us that Metro is not interested in initiating any facilities at this time. While regional transfer stations are obviously a public initiative, any of the other facilities; MRFs, reloads, and reloads with direct-haul, would all be privately funded initiatives.

Table 2

Table 2 defines the public response to the facilities as we have outlined them, in terms of users and destinations, regulation, operational requirements, exemptions, fee arrangements, and fiscal impacts.

Regulatory Conditions

MRF regulation would remain status quo. Limited reloads (primarily consolidation) would likely be exempt from Metro regulation. However, full reloads would have a limited form of licensing and permitting (not necessarily a full franchise). Reloads with direct-haul could induce great enough system impacts to warrant franchising.

Facility Tip Fee

Mr. Anderson explained that for facilities that accept non-affiliated haulers, we have a uniform proposal for full and direct-haul reloads. REM proposes that these kinds of facilities have a uniform pricing policy, meaning that similar users hauling to the facility would be charged the same fee (i.e., you could not give a preference to your own people). He clarified that we are not suggesting that there be one rate for all facilities, but rather that if a rate is set and charged, it would apply to all similar types of users.

Facilities Records

Mr. Anderson suggested that as current Metro Code states, Metro shall have access to a solid waste facility's books for auditing and financial accounting purposes as well as for tracking recovery rates.

Metro would also monitor the size of the facility. This monitoring would track things that local governments would be concerned about. For example, is it bigger than we originally licensed it for? Might there be traffic or other impacts? Doug reiterated that size restrictions would be designed not so much as limits to stop growth, but rather as triggers for Metro to re-examine whether there have been changes in the status of the facility. The bigger the facility, the higher the level of attention paid.

Reporting

Doug explained that reporting requirements would entail little change from the current status, as MRFs currently provide us with transactions data. We would propose this requirement for direct-haul reloads the same as we do for transfer stations. For a full reload, reporting would involve monitoring materials recovered and recovery rates through a simple monthly report including an accounting of tonnages disposed of and recycled.

Recycling and Recovery

Mr. Anderson explained two approaches for increasing recycling and recovery: a hauler certification and a facility recovery rate.

Hauler Certification

He explained that one of Metro's bottom lines is to ensure that recovery and recycling rates remain high in the system. We also want to see disposal costs go down; but as disposal costs drop, we are concerned about effecting recycling, particularly source-separated and upstream programs. We believe that in order to use a reload or to be accepted to dispose at a reload, a hauler must demonstrate that they have a curbside program in place. This requirement would ensure that our state, RSWMP and local waste reduction plans are in place. He stated that with a certification program, REM might be able to avoid a mandated recovery rate at reloads. REM is trying to accommodate the group request that recovery at reloads be an incidental thing, allowed to be flexible, based on markets.

Operational Requirements

Mr. Anderson stated that Metro would simply like documentation that local land use, health department, DEQ, OSHA and other types of requirements are complied with. Metro will not duplicate other agencies' efforts, but may request documentation of compliance, or request compliance with other operational requirements at a later date.

Load Checks

Mr. Anderson drew attention to the staff report, wherein REM describes certain protocols that we follow at our transfer stations to check loads. These load checks ensure that the waste that we deliver to Columbia Ridge is consistent with our contract, DEQ regulations, the landfill's permits, etc. MRFs, limited reloads, or full reloads bring their loads to a transfer station where we do 2% sampling of the waste, 100% check of all medical waste, a check for radioactivity, hazardous waste, etc. However, if a reload was going to self-haul, they would have to do some sort of load check regimen that would meet the performance standards of the landfill and of any transport service. Mr. Anderson explained that if unacceptable waste from a reload is hauled to Columbia Ridge, Metro stands in line, liable with Oregon Waste Systems. Therefore, he continued, Metro would like to give reloads our performance standards, and then allow them to figure out how to meet those standards, thus indemnifying us, if in fact, unacceptable waste reaches the landfill.

Scales

Metro would require scales, primarily to track waste inflows and outflows from a financial perspective.

Long Haul Transport Standards

Mr. Anderson explained that these standards would comply with the considerable work that Metro has done with Friends of the Gorge, ODOT, and others to protect the Gorge from unacceptable vectors associated with waste hauling in the National Recreation Area.

Fees

Mr. Anderson called the groups attention to the "large load rate" listed under "Metro Tip Fee, limited and full reload." This special rate would reflect the different costs incurred at the transfer stations for different types of loads. It has become clear that Metro should provide some significant price breaks for larger-sized reloaded waste containers at the transfer station. He stated that MRFs might also be eligible for a large load rate, and even an incentive rate. He clarified that all of the fee issues under MRFs are very wide open and very preliminary.

Tier II

Mr. Anderson explained that currently, in our rate of \$70/a ton, the amount that goes to pay for the fixed costs of operating the transfer station is about \$8/ton, and that includes the excise tax. In addition to the excise tax, Tier 2 costs include the costs of Metro's scalehouse workers, and the health and safety procedures that we practice there, a fixed payment to Jack Gray Transport, and the debt service on the transfer station bonds. As the staff report points out, a lot of those costs are truly fixed, and are driven by the region's commitment to having transfer stations. These transfer stations stand ready to serve as "disposal of last resort" on a contingent capacity, for all haulers. Given that they provide regional benefits, a company circumventing the transfer station might have some obligations to continue to pay some or all of Tier 2.

Mr. Anderson continued by explaining that the other part of our fixed costs, such as the scalehouse workers, are not truly fixed like our bond payments are. However, to a large extent, those payments are set by our hours of operation, which are dictated by our public customers who come in at various hours, including weekends. Thus, demand sets, to a large extent, these "sticky" costs.

MRFs, limited and full reloads, and reloads with direct-haul, take the more efficient loads, leaving Metro with the commercial customers, the small guys, hazardous waste, etc. While REM believes that they should remain at the regional transfer station, the question remains in regard to who should share in these costs.

The Disposal Charge

Considering our tonnage, our best estimate for a disposal charge for reloads with direct-haul would be \$26.14/ton, including excise tax. This charge would allow haulers to take advantage of Change Order 7, while protecting our bottom lines and our flow guarantees under our contract with Oregon Waste Systems.

DEQ and Enhancement Fees

These fees are laid out for discussion, since they are part of the \$70.00 tip fee, and communities in which these facilities are sited might want to have some say in that.

Regional User Fee

Everyone, including MRFs and reloads with direct-haul, would pay \$15/ton on residual, as would any facility that delivers to a Metro designated facility.

Fee Setting

Chair Morissette asked Mr. Penning, for the record, "what is Oregon Waste System's position on negotiating special fees potentially lower than \$26.14 with individuals outside of Metro?" Mr. Penning responded that OWS intends to honor their contract with Metro. There will be no special deals cut. OWS will charge reloads the same fee that Metro is charged.

Ms. Keil asked whether Metro has the ability to negotiate a different rate with those delivering waste directly. Chair Morissette responded that the more we fit in under Change Order 7 (i.e., the more tons), the less the rate for the regional user. However, Sue clarified that her question was probably a legal one, since Waste Management does not have that ability, but Metro might. Mr. Warner suggested that Metro might want to encourage folks to recycle, through implementation of an incentive rate.

Dry Waste

Ralph Gilbert asked whether non-system agreements protect us against material escaping through. Mr. Gilbert clarified that he was asking about all waste, although they try to limit it to dry waste. Mr. Anderson explained that nothing in this proposal would change the current arrangements for dry waste or residuals.

Chair Morissette explained that there are many issues involved, but that right now, we are trying to address those issues that might set us up with some challenges or dire consequences. He asked, "Could we or could we not entertain direct-haul?" Mr. Fjordbeck responded that it is not prohibited by our contract with Jack Gray.

Mr. Irvine requested that someone on Metro staff explain how they interpret "license, permit, or franchise." Mr. Anderson explained that obtaining a license or permit would involve less of an application procedure than it would take to get a franchise.

Mr. Murray asked how we would make this equitable with reloads and wet waste. "Will Metro collect tip fees for the landfill?" Mr. Warner responded that the group still has to figure how that will be done. Since it would go through our contract, it would be collected by Metro from the direct-haul.

Mr. White commented that this is an excellent summary and that Mr. Anderson did an excellent job explaining it. He asked whether the difference between a 'full reload' and a 'reload with direct-haul' was merely the opportunity to transport to Columbia Ridge. Mr. Anderson responded that yes, that is the basic distinction.

Mr. White then referenced Table 1, talking about limits on tonnage and traffic. He asked whether Metro was talking about traffic going through the Gorge, or coming in the front end. Mr. Anderson replied that the term 'traffic impact' addresses the fact that direct-hauling operations will have much bigger trailers than full reloads. Therefore, this would be a back-door issue. He stated that the wet waste recovery 'optional versus limited' issue is a nuance that Metro hopes to get discussion on, in terms of whether we should require some level of recovery for direct-hauling reloads.

Ratepayer Impacts

Mr. Irvine referenced line no. 3, "Effect on Regional Ratepayers," where b) states "should not benefit one ratepayer at the expense of another." Mr. Miller said that the situation already exists where one ratepayer pays a different fee than another, and the cost is based upon the cost of service. To think that we can have the same flat rate for everyone in the region is inconceivable.

The full proposal was opened to debate. Mr. Warner said that Bill Metzler would summarize the major issues on the board, and prioritize them as the dialogue progressed. The SWAC Members presented the major issues as follows:

Priority Policy Issues:

A. Regulatory

- RSWMP should be clear
Mr. White stated that Metro's responsibility is to clearly define in RSWMP (destination where wet waste to go; what an appropriate facility is). (7-27 and 7-25 of RSWMP)
- Do any of these issues effect flow control?
Councilor McLain

B. Operational Requirements

- Who monitors long-haul standards (and additional overhead involved with that)?
Ms. Devenir-Moore also asked who pays for the enforcement and the liability. Mr. Gilbert followed up on Ms. Devenir-Moore's question, asking what are the costs of the overhead on the monitoring.
- Reload with direct-haul--consistency with long-haul transport (weather conditions). [constant vs. periodic flows--could they use the transfer stations in bad weather, for example, and then direct-haul in fair weather?]
Mr. Penning also wondered whether there should be a review of constant vs. periodic use of direct-haul. Mr. Penning added that reloads might also contribute to lowering air pollution levels by reducing the number of trucks and distances traveled.
- Performance standards.
Mr. Warner and Mr. Gilbert

C. Fees/Fiscal impact/Rate payer equity

Councilor McLain stated that we have a 13-year contract with the trucking situation. What does that do to the overall overhead to that contract (direct-haul) and costs to the regional ratepayer?

- Who collects fees on direct-hauled waste?
Mr. Murray
- Which of these activities would interfere with our ability to hit the lower rate tier?
Ms. Keil also asked, "would direct-haul impinge upon the volume going to Columbia Ridge?"
- Impacts on regional ratepayer? Tier 2: \$ breakdown of categories, and how much reloads should owe.
Mr. Irvine stated that in relation to the Tier 2 rate, it would be interesting to see how many dollars are really outstanding in debt service (i.e., how much of the \$8.00 of the scalehouse operations represent Jack Gray fixed costs?). Furthermore, he asked, on the debt service, how many dollars do we have outstanding?

- Which options provide the best deal for the region's rate payers?
Ms. Keil
- Discourage self-haul?
Councilor McLain
- Self-haulers (small volume) have higher fees and reduced rate for large loads? Transaction fee idea.
Mr. Murray
Chair Morissette asked Mr. White to discuss the issue with his association and asked the rest of the committee to convey their positions to staff before the next meeting.
- Enhancement fees?
Mr. Warner: Should we collect them from reloads?

D. Recycling/Recovery/Source separation

- Would reloads inhibit source-separated organics recovery?
Ms. Keil
- Which options are best to protect the source-separation system (priority)?
Ms. Roy
- Will reloads have an impact on the cost-effectiveness of recycling?
Ms. Devenir-Moore

E. New Ideas/Options

- Direct haul reloads--Jack Gray Trucking compatible trucks to transfer stations?
Mr. Penning suggested that reloads, instead of going to Columbia Ridge, deliver to a transfer station, and then allow Jack Gray to haul the waste to the landfill (consolidate at the reload, transfer to a Jack Gray truck.).
- Direct-haul reloads basically equal transfer stations.
Mr. Gilbert stated that he doesn't see any difference between the two.

F. Entry/Government roles

- Who makes entry approval criteria?
Mr. White stated that in the past, it has been based on need, which is an arbitrary measurement.
- RSWMP should define roles, goals, and responsibilities of local government, state, Metro, etc.
Mr. White
- Entry conditions (pg. 6 - staff report)

Discussion of Fee Issues

After a 10-minute break, the group decided that the fee issue was the top priority. Mr. Watkins put the following information on the board for discussion:

<u>Tier 2</u>	
Scalchouse	\$1,312,000
& Safety	\$256,000
Transport Fixed	\$829,400
Renewal & Replacement	\$587,000
Debt Service	\$2,673,426
Interest Offset	\$(312,000)
Excise Tax	\$0.63/ton

Who Collects the Fees

Mr. Murray asked whether a reload facility that is direct-hauling would pay fees to Waste Management or to Metro. He asked for the feeling of the group as to who receives the money. Ms. Keil wondered how we would know what Waste Management was charging if Waste Management collected the fees? Jim Watkins stated that as the tons came in, Metro would not necessarily know how much came in for the whole year. We would not receive the benefit until the end of the year. Mr. Murray responded that in order to spread out the fairness to all the different facilities, Waste Management or Metro might have to rebate at the end of the year.

Mr. Murray asked whether Metro expected to collect those fees. Mr. Warner responded that the issue is that depending on the tonnage, the average rate will change. Therefore, the question is: who sets that rate?

Dean Kampfer stated that Metro should assure that 1) the OWS contract is maintained, and that no different deals are cut; and 2) control or account for tonnage. He would prefer that Metro not get involved with billing, since that would increase the costs. Ms. Devenir-Moore wondered, "isn't Metro going to be collecting user fees anyway?" Mr. Warner responded that yes, Metro would. Mr. Gilbert stated that it would have to be Metro, because they would be the only ones who would know what the price is.

Tonnage Forecasting

Mr. Penning reminded the group that Metro does its annual SWIS report, upon which they base their budget. The SWIS report is usually a fairly conservative projection (its estimates are usually low).

Rebate/Rate Buy-Down

Chair Morissette stated that the issue isn't so much who collects the fees, but whether there is a rebate. Mr. Irvine stated that if any excess ends up in Metro's pocket at the end of the year, it should go toward buying down the rate. Or, Ms. Keil added, there should be some sort of rebate. Chair Morissette announced that this point was one of consensus: that in such cases, there should either be a rebate or a rate buy-down. Ms. Keil suggested that the Metro Council could make this decision.

Consensus:

On category C. above:

Fees/Fiscal impacts/Ratepayer equity

- 1) Options to minimize transfer station fixed costs (without jeopardizing current quality of service)

- 2) Cost-of-service rates (majority, not consensus).
- 3) Metro collects Oregon Waste Systems disposal charge. Council decides yearly:
 - a) rebate differences
 - b) buy down next year's rate
 - c) rate stabilization fund to balance high/low tonnage years
 - d) gets back to generator/rate payer/user
- 4) Lowering Rates
 - a) Nothing in list of options keeps us from getting lower rate except recycling/recovery--but that's an impact that we want.
 - b) REM staff to examine options outside the list for other ways to lower rate while maintaining or improving the quality of service:
 - incentive rate for MRFs
 - Forest Grove/Riverbend/10% issue
- 5) Rate Design
 - a) Lower system cost
 - b) Direct-hauling reloads should pay for "some" of the fixed costs.
 - c) Examine fixed costs/and where they are appropriated.
 - d) Extend these costs to other non-users (not just direct-haul reloads).

Consensus to be determined:

Level and type of services offered at transfer stations vs. reloads.

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SOLID WASTE ADVISORY COMMITTEE
MEETING SUMMARY OF 9/17/97

Committee Members Present:

Councilor Don Morissette, Chair

Recycling Industry Representative

Jeff Murray, Alternate EZ Recycling

Hauling Industry Representatives

Tom Miller Washington Co. Haulers
Steve Schwab Clackamas Co. Haulers
Bruce Broussard MDC
David White ORRA/Tri-County Council

Solid Waste Facility Representatives

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Citizen Representatives

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Michael Misovetz Clackamas County Citizen

Government Representatives

Nancy Bond City of Milwaukie
Tam Driscoll City of Gresham
Lynne Storz Washington County
Rick Winterhalter Clackamas County Cities
Lee Barrett City of Portland
Loreen Mills Washington County Cities

Non-Voting Members

Bruce Warner Metro REM Director
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Metro—REM

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Aaron Brondyke	Connie Kinney	Scott Klag	Terry Petersen

Metro—Other Departments

Marv Fjordbeck	John Houser
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Guests

Mike Leichner	Dick Jones	Diana Godwin
Todd Irvine	Ray Phelps	Doug DeVries

Involve Jack Gray Trucking?

Chair Morissette thanked Bruce Broussard for joining them at the table at his first meeting as a voting SWAC member. He then presented the idea of inviting Doug DeVries of Jack Gray Trucking to sit at the table as a non-voting member. The Chair suggested that this invitation is appropriate because of the numerous hauling issues being discussed in the context of the reload discussion.

Dave White asked, "what are the criteria for voting vs. non-voting?" Bruce Warner discussed the criteria for voting. Mr. Broussard raised the point that as a member of the public, Doug DeVries is allowed to discuss issues at SWAC at any time. Bruce suggested that the committee remember to solicit comments from the public.

Jeff Murray asked whether Jack Gray Trucking will still want to be involved after the reload issue is decided, since this issue is a temporary interest for them. Chair Morissette responded that he thinks that it would be a long-term relationship. Bruce suggested that we allow Jack Gray Transport to sit at the table, and review this provision in 6 months. Bruce Broussard suggested giving the members copies of the bylaws for future discussion. Chair Morissette agreed to provide bylaws to committee members upon request.

Chair Morissette requested a nod from the committee on Mr. DeVries involvement. Garry Penning made a motion to recognize Mr. DeVries as the primary member, and Dennis Gronquist as the alternate. The committee unanimously approved the motion.

Yard Debris IGA

Bruce addressed the potential IGA between Metro and DEQ for cooperation in administering the statewide standards for yard debris processors. Metro will work with DEQ to collect the standard DEQ fee, retain our standard license fee, remit a portion of the fee back to DEQ, and retain our portion of the fee, and hold a \$4,000 contingency balance to watch the program. Bruce emphasized that it is not Metro's intent to place monies in an account in order to fund special programs for the processors or otherwise. Staff will establish the real costs for administering this program, as the SWAC had previously suggested, and reduce the reliance on solid waste funding from garbage rates. He suggested that SWAC members get back to him or Doug if there are any questions.

Compactor Repairs

Bruce reported that one of the compactors failed at Metro South Transfer Station about three weeks ago, and should be up and running today. He thanked Waste Management for their efforts in keeping everything running smoothly.

Today's Agenda

Chair Morissette explained that staff had designated nine criteria to discuss at the meeting. These nine issues are outlined in the table below:

**Table 1
Major Policy Issues and REM Recommendations**

	<u>Full Reload</u>	<u>Reload W/Direct Haul</u>		
A. Users				
Affiliated haulers only	yes	yes	<input type="checkbox"/>	1
B. Destination				
Wet waste	Regional TS	Columbia Ridge	<input type="checkbox"/>	2
Dry waste	Metro Desig.Fac.	Metro Desig.Fac.	<input type="checkbox"/>	3
C. Metro Regulatory Conditions				
Unacceptable waste indemnification	not applicable	yes	<input type="checkbox"/>	4
Recycling/recovery				
Hauler program certification	yes	yes	<input type="checkbox"/>	5
Facility recovery rate	none	none	<input type="checkbox"/>	6
D. Operational Requirements				
Management of unacceptable waste	optional	Metro standards	<input type="checkbox"/>	7
Long-haul transport standards	not applicable	Metro standards	<input type="checkbox"/>	8
E. Fees (Illustrative for FY 1998-99)				
Metro Transfer Station Fees				
Transaction fee	\$5 / transaction	not applicable		
Metro tip fee	\$63 / ton	not applicable		
System charge	<i>included in above</i>	\$3.33 / ton		
Disposal charge (OWS)	<i>included in above</i>	\$25.10 / ton	<input type="checkbox"/>	9
Transfer, transport, other operations	<i>included in above</i>	<i>operator pays</i>		
DEQ + community host fees	<i>included in above</i>	\$1.67 / ton		
<u>Regional User Fee</u>	<u><i>included in above</i></u>	<u>\$15.00 / ton</u>		
Total to Metro	\$64.00 / ton	\$45.10 / ton		

Goal of Today's Meeting

Chair Morissette explained that the goal was to reach general consensus that Metro is headed in the right direction on these issues, and then to later create a working group to address the specifics of these issues in greater depth with REM staff. He offered Item 9 as an example: "you might not agree with the price

that we've listed, for example, but are we in the ballpark of the right price?" Bruce indicated that Metro also needed general agreement from the group about the process and timeline for creating the sub-group. He explained that Metro would like to take these issues to the Council in November or December.

What About the Larger Issues?

Jeanne Roy stated that she was not aware that the committee had resolved how to keep reloads from becoming MRFs or mini-transfer stations. She stated that she felt that the committee had moved beyond that decision, to just accepting these two kinds of reloads without defining them. So, she stated, "how will we define them so that they won't become MRFs?" She also stressed that dry waste should go to MRFs, and that reloads should accept only mixed putrescibles.

Bruce stated that REM had compiled the information from the flip charts developed at the August SWAC, showing where we thought we had reached consensus. Loreen asked Bruce to distribute copies of the aforementioned consensus points. Jeanne stated that as long as these larger questions can be brought up in the task force setting, she was OK with moving on.

Timeline

David White suggested that missing from the timeline on pg. 2 of the Staff Report was a provision for the task force to periodically report back to SWAC. Chair Morissette stated that he was hoping for consensus from the task force and a report back to SWAC.

A. Users

Doug stated that the Amendment in March or April was general. He quoted the proposed RSWMP language. The secondary purpose of reloads is to reduce the need for new transfer stations. He stated that Metro has not resolved whether we should require reloads to take independent haulers, or public customers. So, we are leaning toward requiring public customers to continue to go to the regional transfer stations. We would like the Task Force to work out who will use the reloads.

Jeff Murray voiced his concern that we really need a timeline goal. Otherwise, it could put some haulers at a disadvantage. David White asked if we would be making a short-term decision on reloads, in order to allow them to operate temporarily. Bruce suggested that the question is over what constitutes "short term." He stated that it is Metro's intent to get this answered in a Code revision to take to the Council.

Affiliated Haulers Only?

David White asked, "so the Code will say 'affiliated haulers only?' That sounds like long-term to me. It would take six months to a year to get the final decision on who could use reloads. I don't understand the timeline." Bruce said yes, the Code will say 'affiliated haulers only.' David stated that small haulers want access to reloads; and, likewise, potential reload operators do not want to be told that they have to do something. He stated that the Tri-County Council is leaning in favor of allowing non-affiliated haulers to use reloads at the discretion of the operator. Garry Penning informed the group that Waste Management's application to the City for a reload says that they would defer to Metro as to what their regulations are.

Tom Miller stated that some of the land-use applications have been based on this particular caveat requiring 'affiliated haulers only.' He suggested that perhaps the real question is whether future sites can take in more traffic and tonnage in terms of land use. Tom indicated that he was one of the 5 potential operators in question. Doug added that this question focused upon whether haulers that are not owners want a different level of rate protection. Bruce stated that he wants the task force to address this issue.

Chair Morissette sought to keep the group on task, by stating that in order to get closure, they would have to make some decisions. The goal of the task force should be to reach consensus, so that these facilities can get on-line.

Barrett Amendment/Proposal

Lee Barrett sought to get at David White’s timeline question in another way. He asked, “what is the date under these principles that we can get reloads on-line if it goes to the Council in January?” Doug responded that Metro is trying to accommodate potential reload operators, because they have been waiting for a long time. Lee asked whether the group was setting rules for the 5 potential reload operators, with the thought in mind that SWAC might change the rules down the line. Doug responded that to the contrary, Metro hopes to establish rules that would stand for some time.

Lee provided a proposal: that Metro allow these applicants to determine whether they are open to affiliated-only, or non-affiliated **and** affiliated haulers. Under no circumstances could the public use these facilities. Loreen Mills seconded that motion. Steve Schwab clarified that this amendment would be policy, not implementation or price. Dave Kunz stated that since his job is to protect source-separation, he wondered whether reloads would inhibit source-separation. He suggested that maybe non-affiliated companies could cause that problem, and we may need the ability to change this decision down the road.

Jeanne Roy cast a dissenting vote against Lee’s motion.

B. Destination

	<u>Full Reload</u>	<u>Reload W/Direct Haul</u>	
Wet waste	Regional TS	Columbia Ridge	2
Dry waste	Metro Desig.Fac.	Metro Desig.Fac.	3

Garry Penning made a motion to approve both of the above items. Steve Schwab seconded the motion. Lynne Storz asked whether that meant that it had to go through the Jack Gray contract. Bruce answered, no; this would allow direct-haul through whatever means.

Tom asked whether by approving these destinations, we are precluding any other end disposition such as new technology, etc., that might be, perhaps, more cost effective or transportation-friendly. Doug responded that this was not the intent. He recommended that Tom carry that issue to the Task Force.

Organics Reloading

Lee Barrett emphasized that we do not want to preclude possibilities for reload facilities to reload organic waste for delivery to a compost processing facility. Lee added that he hoped that Metro, in its infinite wisdom, would seek counsel from the City of Portland on such matters.

Those in favor, say yes. None were opposed. This point goes to the Task Force.

C. Metro Regulatory Conditions

Indemnity

David asked, would Metro require a clause in the franchise addressing indemnification? Doug answered that each reload franchise would contain a clause requiring indemnification, because Metro stands in the chain of liability. Metro Legal Counsel Marv Fjordbeck informed the group that some form of indemnity would be necessary, whether in the form of a surety, or provision that would be a rider to the facility's insurance policy. He stated, however, that Metro staff has not gotten that far with indemnity issues, yet. He did state, however, that indemnity should cover a series of different things.

Steve Schwab asked how Columbia Ridge Landfill would know who had the contaminated loads, unless they were checked at the gate? Garry Penning responded that at the gate, there is a procedure for load and radiation checking. There are also spotters when the waste is tipped. He indicated that those reports come back to Metro if unacceptable waste is found in the loads. He explained that a metal tag on each vehicle container electronically tracks the tonnage as it goes from the transfer station to the landfill, and a report is issued.

Garry moved to accept this item with a provision to work out the indemnity issues: Merle Irvine seconded that. None were opposed. The Task Force will address bond and indemnification issues.

Facility User Program Certification

Doug explained that issues exist in details and implementation of the proposed certification. MRFs have a required recovery rate because their purpose is to recover materials. However, reloads are primarily for consolidating loads, not recovery. So, we are not looking at requiring a recovery rate at reloads, but we would require some sort of curbside recycling programs in place upstream.

Local Government Collection Regulation

Loreen Mills stated that if an affiliated hauler (who owns and operates a reload and is a franchised hauler for the region) and those haulers going there are franchised haulers in the region, then local government is the entity who should regulate collection. She asked why Metro would duplicate these local government efforts. Doug explained that this heading was included on the chart as a placeholder to make sure that discussion occurs on this issue. Metro is not trying to get into regulating collection.

Loreen reiterated her concerns that managing the disposal system and managing waste collection are two different things, and collection should stay with local governments. She expressed concern over placing the additional burden on haulers of having to go through another certification program. Bruce agreed.

Source-Separation Priority

Jeanne reminded the group that there are a lot of pressures now to move away from separating recyclables at the source, and toward allowing generators to put them out commingled, and then separate them out later. She stated that she believes that the move toward reloads will promote that strategy. She asserted that she is supportive of hauler certification, but she moved that we do this certification, and not require a recovery rate for the reloads. Bruce Broussard seconded Jeanne's motion.

Tom Miller suggested changing the word 'hauler' to 'user.' Jeanne approved of that change.

Loreen stated that if Hauler Program Certification is noted on what goes to the Task Force through the local government, rather than through the hauler running the reload, she would feel more comfortable. This concern is one of implementation

Jeanne moved that the committee accept the concept of the facility user program certification, and not require a recovery rate for reloads. Bruce Broussard seconded that. Loreen stated that she is opposed, due to the local control issue. David White announced that the Tri-County Council has the same concerns as Loreen. This issue will go to the Task Force.

Lynne Storz will serve on the Task Force instead of Loreen.

D. Operational Requirements

	<u>Full Reload</u>	<u>Reload w/ Direct-Haul</u>	
Management of unacceptable waste	optional	Metro standards	7
Long-haul transport standards	not applicable	Metro standards	8

Doug stated that Metro staff was trying to avoid being prescriptive, and rather present standards, and allow the operators to determine how to meet those standards. He stated that Columbia Ridge Landfill has requirements on what can be placed in the landfill, and Metro has implemented certain regimens at the regional transfer stations to eliminate those wastes going to Arlington. There would be some requirement for the franchise to address those standards. There are also standards regarding transportation down the Gorge. These standards are listed on pg. 14 of the Staff Report. That is what these two items refer to. We are just asking you to realize that standards are important.

Garry stated that Waste Management has standards for utilizing compatible equipment for unloading at the landfill. This issue needs to be addressed so that the Task Force can discuss it.

Tom Miller moved that we approve this item as written, but with an equipment unloading provision.

David made sure to point out that while the Staff Report says that REM staff will make the standards, in reality, the Task Force will do it. The group voted on items 7 and 8 together; unanimous with no dissents.

Doug DeVries stated that since Jack Gray trucks end and start in Gilliam County, haulers should have to meet Metro standards and Gilliam County's standards. Tom would not accept that motion.

Doug DeVries of Jack Gray Trucking is opposed and will serve on the Task Force.

E. Fees (Illustrative for FY 1998-99)

Bruce explained that REM staff has hammered out what they believe reload costs should be. He stated that the fee schedule displayed shows a transaction fee. This fee would equalize the cost of serving scalehouse customers across the board based on the number of loads, rather than make all scalehouse fees tonnage-based. These numbers do not include strategies for dealing with the fund balance issues (these issues are for the Rate Review Committee).

System Charge

Steve asked why the \$3.33 system charge is separate from the regional user fee. Doug Anderson explained that this charge would cut down Tier 2, not Tier 1. We have taken debt service from the transfer station base (Tier 2), and moved it into the regional base (Tier 1). Jack Gray fixed costs, health

and safety programs for the station workers, and contributions for renewal and replacement at the transfer station all together, would add up to around \$2.83 for the new Tier 2. In addition, we propose adding scalehouse costs (\$0.50/ton) to some of the reloads, because we serve the public in a way that the reloads would not address (expanded hours, accepting self-hauls, etc.).

Steve asked, what is the tonnage base? Doug answered that 767,000 tons could go to the transfer stations. Out of those tons, we estimate that 127,000 tons could be drawn to the reloads.

Jeff Murray asked if Metro was saying that dry waste that goes through a reload to a designated facility should pay the \$3.33. Doug responded that the hauler should pay the regional user fee of \$15.00 on that waste, if it could be tracked.

Conflict with Recycling Goals

Jeanne stated that while the transaction fee gives a good deal to the big haulers, it runs directly counter to our waste reduction goals, because the more waste you produce, the less you pay per unit. Therefore, she is opposed to the \$5.00 transaction fee.

Bruce responded that REM has found that essentially, the big haulers are subsidizing the smaller haulers. Therefore, he explained, we wanted to price according to the level of service. Chair Morissette added that if one accepts these prices in conjunction with the lower tipping fee, if that ultimately happens, there would be zero impact in terms of charging self-haulers.

Jeanne clarified that she was not saying that we should have true cost of service, but that we have other values besides lowering cost. We need to reduce waste and encourage recycling, because that's good for the environment. State law says that this is important.

Bruce responded that Metro is concerned about environment. We believe that our actions will result in emissions reductions, and air quality improvements from the reduced truck traffic that reloading would allow. Therefore, we are trying to reward folks for consolidating loads and for making fewer trips to the transfer station. Maybe that is a tradeoff.

Pay for Recycling Programs

Lee Barrett stated that he wants everyone who goes across the scales to pay something because they are outside of the City recycling system, and pay nothing for recycling programs.

MRF/Recycling Fallout

Merle Irvine stated that the full reload charge of \$64.00 could cause some fallout in regard to the economic incentive to recover and recycle. With that \$6.00 reduction, you are throwing out the economic viability of the MRFs. That adds up to \$15,000 per month of revenue loss. We have State and Metro mandates for percent recovery. Without MRFs in the system, we will not reach those goals.

Chair Morissette stated that we have been working on an incentive program. We do not want to overcharge for our rates. He added that the numbers presented today represent work that has been done to address those folks who say that we have been overcharging. He stated that he wants a win-win.

Doug responded that Merle's comments are related to Jeanne's comments about the relationships between MRFs, reloads, and transfer stations in terms of regulation and operations. In focusing on these numbers, we should take care not to lose sight of all those issues on the table. Our purpose in doing this is to bring the issues to the table. We can find a rate that will work.

Steve stated that on the MRF side, the fees would only be charged on the residual that goes out. Tom added that since incoming tons are higher than outgoing residuals, your MRF expenses will go down, but your revenues will not go up enough to compensate for the expenses, due to the lower rate charged on incoming tons.

Jeanne added to Merle's comments. She indicated that when rates went up, entrepreneurs were interested in pulling waste from construction sites, investing in drywall recycling, recycling roofing materials, etc.; and it is obvious that if the tipping fee goes down, these efforts will cease, and we will not be able to reach our waste recovery goals.

Chair Morissette stressed that we must lower the rate, because we are over-collecting. He cited the large fund balance as evidence of that.

Bruce Broussard moved to accept the fees in general and to send them to the Task Force for refinement. Jeff seconded that. Garry stated that we need more discussion at the Task Force level on how the \$2.83 was arrived at.

In favor:

Bruce Broussard

David White

Garry Penning

Steve Schwab

Tom Wyatt

Opposed:

Everyone else. Lee was opposed due to concerns with the numbers and policy questions. He did not see a reason to vote on it. There was no consensus on fee issues. The Task Force will address these issues.

Task Force Composition

The Task Force will be comprised of everyone on SWAC except the following individuals:

Tam Driscoll

Nancy Bond (for JoAnn Herrigel)

Loreen Mills

Michael Misovetz

The group will meet every Wednesday from 9:30 to 11:30. Bruce Warner will chair and coordinate the Task Force.

Citizen Communications

Garry requested that background information be sent to the committee sooner, so that they have time to study it before the meeting. REM agreed to get the material distributed sooner next time.

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Report of the Metro SWAC Subcommittee on Facilities November 19, 1997

The SWAC Subcommittee on Facilities has been meeting almost weekly since August to resolve the issues related to facilities that SWAC had been debating since March. Last Spring, SWAC recommended amendments to the Regional Solid Waste Management Plan's policies toward reload facilities. Discussions since that time have revolved around the means of implementing SWAC's recommendation.

As of November 5, consensus had been reached on all but a few implementation details. These details will be discussed at the work session (Agenda Item V) at the November 19 meeting of the full SWAC.

Note: the Agenda for November 19 indicates that materials for Agenda Item V are included with the packet. These items are not included, and will be available at the meeting.

This DRAFT report of the Subcommittee has been prepared to brief the members of the full SWAC on the Subcommittees' progress, findings, and recommendations. These are summarized in Table 1, beginning on the next page. This table reflects decisions on policy recommendations, but implementation issues are not fully reflected. A line-by-line explanation of Table 1 follows.

Discussion Related to Table 1

Definitions

Definitions of the types of facilities that are listed in Table 1:

- **MRF (Materials Recovery Facility):** a facility in which recovery of useful materials (which will be transported or sold to third parties for reuse or resale) is the principal activity. Putrescible wastes may not be accepted at MRFs (see "Compost Facility" below).
- **Limited reload:** a facility for load consolidation only, for transport to a regional transfer station. No activities such as material recovery or wet-dry separation and diversion. These facilities are recommended for exemption from regulation by Metro.
- **Reload:** a facility for consolidation of loads for transport to a regional transfer station or appropriate Metro Designated Facility. Ancillary activities such as limited recovery from wet waste are allowed. Dry waste and dry residuals may be delivered to an appropriate Metro Designated Facility. Wet waste is delivered to a regional transfer station.

Table 1
SWAC Policy Recommendations on Facilities

Key to the Entries

Boldface type: Policy recommended by a majority vote of SWAC (or true by definition, or required by contract or State law)
Italic type: policy option has been suggested, but SWAC has not yet voted on a recommendation.

Note: This table reflects decisions on policy recommendations. Implementation issues are not reflected.

	<u>MRF</u>	<u>Limited Reload</u>	<u>Reload</u>	<i>Reload with Direct Haul</i>	<u>Regional Transf. Station</u>
<i>A. Key Activities</i>					
Load consolidation	not applicable	yes	yes	yes	yes
Dry waste recovery	yes	no	optional	optional	yes
Wet waste recovery	not applicable	no	optional	optional	yes
Hazardous waste	no	no	no	no	yes
Recycling drop site	optional	optional	optional	optional	yes
<i>B. Users</i>					
Affiliated haulers	yes, if applicable	yes	yes	yes	yes, if applicable
Other licensed/franchised haulers	optional	optional	optional	optional	yes
Commercial customers	optional	no	no	no	yes
Public customers	optional	no	no	no	yes
<i>C. Destination</i>					
Wet waste	not applicable	Regional TS	Regional TS	Columbia Ridge	Gen.Purp. LF
Dry waste	Metro Des.Fac.	Metro Des.Fac.	Metro Des.Fac.	Metro Des.Fac.	Metro Des.Fac.
Recyclables	exempt	exempt	exempt	exempt	exempt
Inerts	exempt	exempt	exempt	exempt	exempt

Table 1
SWAC Policy Recommendations on Facilities

(continued)

	<u>MRF</u>	<u>Limited Reload</u>	<u>Reload</u>	<u>Reload with Direct Haul</u>	<u>Regional Transf. Station</u>
D. Metro Regulation					
Facility tip fee	exempt	exempt	exempt	exempt	yes, if applicable
If affiliated haulers only	uniform	uniform	uniform	uniform	uniform
If non-affiliated users	audit access	exempt	audit access	audit access	audit access
Facility's records	case-by-case	exempt	tonnage	tonnage	case-by-case
Authorizations	transactions	exempt	monthly report	transactions	transactions
Reporting	not applicable	exempt	not applicable	yes	yes, if applicable
Unacceptable waste indemnification					
Recycling/recovery					
Hauler program certification	removed from consideration
Facility recovery rate	none	not applicable	none	none	none
E. Operational Requirements					
Local/DEQ/OSHA compliance	yes	exempt	yes	yes	yes
Management of Unacceptable Waste	optional	exempt	optional	Metro standards	Metro standards
Long-haul transport standards	not applicable	not applicable	not applicable	Metro standards	Metro standards
F. Metro Fees					
Transaction fee	yes*	yes	yes		yes
Per-ton rate includes:					
Disposal charge	per performance*	Avg. OWS rate	Avg. OWS rate	Avg. OWS rate	Avg. OWS rate
DEQ fees	covered in tip fee*	covered in tip fee	covered in tip fee	yes	covered in tip fee
Host community fees	covered in tip fee*	covered in tip fee	covered in tip fee	option of host	covered in tip fee
System charge	covered in tip fee*	covered in tip fee	covered in tip fee	"some" costs	covered in tip fee
Other transfer station costs	covered in tip fee*	covered in tip fee	covered in tip fee	no	covered in tip fee
Regional User Fee	per performance	covered in tip fee	covered in tip fee	yes	covered in tip fee

* The Metro tip fees apply only if the MRF owner chooses to deliver residuals to a Metro transfer station.

Discussion Related to Table 1 (continued)

Definitions (continued)

- **“Reload” with direct haul:** This facility is distinguished from “reload” above in that it may deliver wet waste directly to Columbia Ridge Landfill. However, this facility would not be open to the general public or handle hazardous or medical waste. In this sense, these facilities act as “limited” or “local” transfer stations, as opposed to regional transfer stations.
- **Regional Transfer station:** a full-service facility that accepts mixed waste and recyclable materials from licensed/franchised haulers and the general public, primarily for consolidation and transport to a landfill. Ancillary activities include material recovery and hazardous waste collection, testing and processing.

Other types of facilities that are not included in the list above.

- **Composting facility:** a site or facility which utilizes organic solid waste or mixed solid waste to produce a useful product through a managed process of controlled biological decomposition. *Metro has not yet developed a full set of regulatory policies on composting facilities.*
- **Recycling drop center:** a facility that receives and temporarily stores multiple source-separated recyclable materials which will be transported or sold to third parties for reuse or resale. *Metro currently exempts recycling drop centers from regulation, and does not plan to change this policy.*

A guide to sections of Table 1

A. Key Activities

This is a definitional section that indicates the types of activities that would be allowed and not allowed at each type of facility. “Optional” means optional to the owner/operator. Optional items may involve additional regulations, incentives and/or exemptions.

B. Users

This is a definitional section that indicates the types of user that would be allowed and not allowed to use each type of facility. “Optional” means optional to the owner/operator.

C. Destination

This section identifies the destinations for waste from each type of facility. “Metro Des.Fac.” means “Metro Designated Facilities,” which is the system of transfer stations, Metro franchised facilities, and landfills that are authorized to accept waste from the Metro area. The system of Metro designated facilities is understood to include non-system facilities that may be utilized by means of a Metro non-system license. Note that not all designated facilities are authorized to accept all types of waste. In particular, regional transfer stations are the only Metro designated facilities authorized to accept mixed putrescible waste.

D. Metro Regulation

Facility Tip Fee

The Subcommittee recommends that Metro continue its policy of not setting rates for privately owned/operated facilities, on the grounds that competitive disposal options exist and that the market provides sufficient protection. However, the Subcommittee has not yet formed a recommendation whether Metro should require that all users of a facility be charged the same for similar waste loads ("uniform rate policy"). The intent of the uniform policy would be to protect non-affiliated haulers from price discrimination by the hauling companies that may be vertically integrated with the owner/operator of the facility. The issue before the Subcommittee is whether Metro or local governments should be the regulator of uniform rates.

Facility's Records

The Subcommittee recommends that Metro would have access to facility records for periodic auditing to ensure compliance with recycling objectives and financial reporting. This is no change from current policy as written in Metro Code.

Authorizations

The Subcommittee recommends that the types and amount of tonnage would be specified for each facility in the Metro regulatory agreement. These authorizations are not "caps" or "limits" but would trigger a change-of-status "reopener" clause in the regulatory agreement. This is no change from Metro's current policy.

Reporting of facility transactions

The Subcommittee recommends that monthly reporting of scalehouse transactions by MRFs and direct-haul reloads would be required to allow Metro to track waste and recycling flows, and to establish the level of performance for the performance-based rates under consideration. This is no change from Metro's current policy.

Unacceptable Waste Indemnification

The requirement that Metro be indemnified against delivery of unacceptable waste is based on Metro's contractual responsibility for unacceptable waste that is delivered to Columbia Ridge Landfill. Facilities that direct-haul to Columbia Ridge will be required to meet certain standards that are consistent with Metro's obligations under its contract with OWS. Because Metro stands in the line of liability if damage occurs as a result of delivering unacceptable waste, indemnification is a safeguard against failure to perform under these standards. Indemnification would not be required for reloads that deliver to transfer stations, as Metro would manage their loads under existing protocols. See also "Management of Unacceptable Waste" under *Operational Requirements*, below.

Recycling/Recovery Conditions

These conditions were originally proposed to promote source-separated recycling over post-collection recovery. Through discussion, the Subcommittee determined that the Hauler Program Certification would likely be redundant and ineffective in any case. Accordingly, it is withdrawn from consideration. Required recovery rates at facilities are recommended for replacement by performance-based fee structures that operate on incentives rather than penalties. These are discussed under *Fees*, below.

E. Operational Requirements

Certify compliance with other government requirements

The Subcommittee recommends that facility operators will have to show compliance with relevant regulations of other governments (for example, local land use approval) prior to issuance of a Metro license or franchise.

Management of Unacceptable Waste

Metro's disposal contract requires that Metro and its contractors "...use all reasonable measures to prevent Unacceptable Waste from being delivered to the disposal site [Columbia Ridge Landfill]." Facilities that directly haul waste to Columbia Ridge Landfill under the Metro contract will be required to implement procedures designed to keep Unacceptable Waste from being delivered to the landfill. Operators are responsible for the costs of managing Unacceptable Waste. Compliance will be determined by an acceptably low frequency of incidents. The Subcommittee recommends approval of this condition, subject to review of the proposed standards. REM staff will present the specific standards at the November 19 SWAC work session.

Long-Haul Transport Standards

Metro, Friends of the Columbia Gorge, and others have developed standards for long-haul transport of solid waste. These standards are designed to minimize impacts on the Columbia River Gorge National Scenic Area, affected communities, and other parties. They represent good-faith efforts of cooperation between Metro and the various interests along the haul route. Operators that haul waste directly to Columbia Ridge Landfill under the Metro contract must conform to these public commitments. The Subcommittee recommends approval of this condition, subject to review of the proposed standards. REM staff will present the specific standards at the November 19 SWAC work session.

F. Fees

This section summarizes the Metro fees that would be paid at Metro transfer stations and at Metro designated facilities. The key changes from existing policy are summarized below.

Transaction Charge

Metro's scalehouse costs are determined by the number of loads and hours of operation, not the amount of tonnage disposed. Accordingly, a separate fixed charge that is designed to cover scalehouse costs is a more equitable method of recovering these costs. Accordingly, the Subcommittee recommends that Metro implement a charge on each transaction that occurs at the transfer stations. This charge would have an additional advantage of creating an incentive for consolidation of loads, because the *effective* rate per ton drops with more tonnage over which to spread the transaction fee. Based on current estimates, this charge would be \$5 per transaction.

System Charge

The System Charge is an option for implementing SWAC's recommendation that direct-haul reloads continue to pay "some" costs of the system. The system charge would be levied on each ton of waste that is directly hauled to Columbia Ridge Landfill from reload facilities. The system charge goes to help support: (a) the "backup" capacity, or disposal of last resort, provided by the transfer stations, (b) the public investments that

could be stranded if waste bypasses the transfer stations, and (c) service for self-haul and public customers.

The Subcommittee has not yet come to closure on the System Charge, and this will be a subject at the November 19 Work Session.

Performance-Based Regional User Fee

The Regional User Fee goes to fund the cost of regional services and programs ("Tier 1") such as hazardous waste collection and disposal, recycling programs, enforcement, illegal dumpsite cleanup, grants, regional solid waste planning, and so forth. This charge is levied on all waste that is generated in the Metro area and ultimately landfilled for a fee.

The Subcommittee recommends implementation of a Regional User Fee that is linked to the recovery performance of the facility. This concept is primarily intended to help support material recovery by lowering the operating costs of MRFs through an incentive system. It would be coupled with eliminating the required recovery rates (and associated financial penalties) at each MRF.

The basic concept of a performance-based user fee is as follows: Metro would establish a schedule of Regional User Fees that would apply to the facility's processing residual. The higher the recovery level, the lower the fee. This would allow each facility to base its level of recovery and amount of throughput on economic conditions, rather than rules that do not consider the nature of different wastestreams.

The following schedule is designed to be universal, in that it could apply to MRFs, reloads, landfills, and facilities with mixed activities—such as a reload, a clean and a dirty MRF all under one roof.

Example Only—Subject to Review and Approval by the Metro Rate Review Committee, Executive Officer and Metro Council

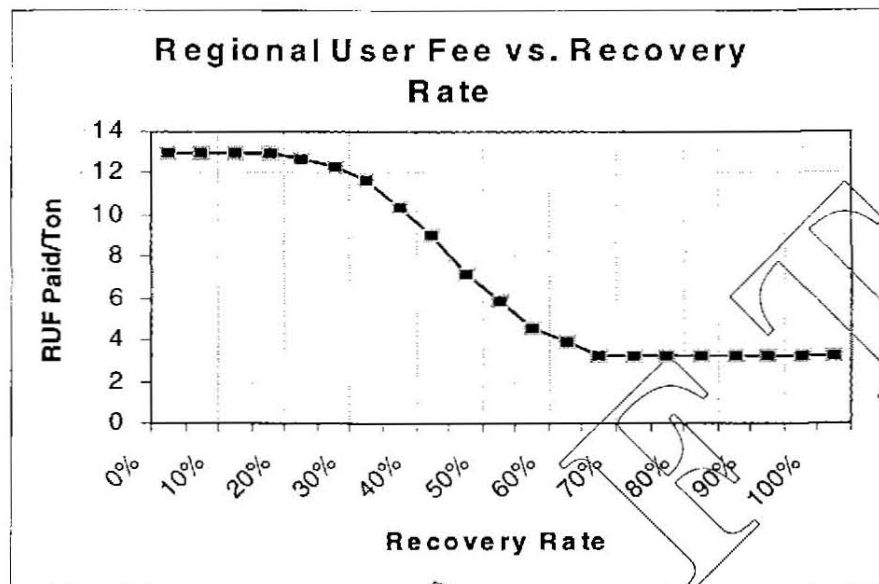
Regional User Fee Schedule Based on Recovery Performance of Facility

Recovery Rate	User Fee	% of User Fee	Recovery Rate	User Fee	% of User Fee
Up to 20%	\$13.00	100%	40 to 45%	\$9.10	70%
20 to 25%	12.68	97½	45 to 50%	7.15	55
25 to 30%	12.35	95	50 to 55%	5.85	45
30 to 35%	11.70	90	55 to 60%	4.55	35
35 to 40%	10.40	80	60 to 65%	3.90	30
			65% and over	3.25	25

REM staff has been meeting with facility operators to discuss the effects of performance-based fees. REM staff will present a revised performance schedule based on these meetings at the November 19 SWAC work session.

A similar schedule is graphed on the next page, to aid in visualization. The shape of the curve was designed so that the "reward" is matched with the marginally increasing level-

of-effort required to move from 35 percent recovery through 55 percent. After 55 percent, the "reward" curve is not as steep, on the assumption that post-collection recovery should not be further encouraged for such rich loads over source-separation efforts.



The concept of a performance-based user fee is untested, and is more complex than the current system. REM staff recommends that this concept be implemented for a limited period, in order to: (a) determine whether this approach achieves its objective of supporting material recovery; (b) sort-out implementation issues; (c) provide a degree of cost certainty to facilities during the period of declining tip fees. At the end of the 4-year period, Metro would decide whether to continue the program or phase it out.

Performance-Based Tip Fee

The Subcommittee recommends for implementation the concept of a performance-based disposal rate at the Metro transfer stations. This concept would function similarly to the performance-based Regional User Fee described above: the disposal component of the Metro tip fee—currently an average of \$24 per ton—would be linked to recovery performance, and provided to facilities that tip their processing residual at Metro transfer stations. The disposal component could range between the average of \$24 per ton, down to the marginal rate of \$8 per ton. That is, facilities could face a tip fee in the low \$40 range (versus a tip fee of \$65 to \$70 per ton) at Metro transfer stations, depending on recovery performance.

Staff Report

SWAC Work Session on Remaining Facility Issues November 19, 1997

Date: November 19, 1997

Presented by: Douglas Anderson

After the meeting of the SWAC Subcommittee on November 5, the following issues remained to be resolved:

1. Payment of "some" system costs by direct-haul reloads
2. Long-haul transport standards
3. Management of Unacceptable Waste
4. Uniform rate policy

The Subcommittee has reached *policy* consensus on the first three issue, but has withheld final recommendation pending implementation detail. Consensus has not been reached on the fourth issue.

These issues are discussed below, with REM staff's recommendation on each.

In addition, this report contains a summary of staff's design work on the performance-based rate schedules for the Regional User Fee and the Metro tip fee.

1. Payment of "Some" System Costs by Direct-Haul Reloads

REM Recommendation: reallocate the costs that would have been covered by the system charge to the Regional User Fee to be borne by all users of the system, rather than a "system charge" on directly-hauled tonnage.

This issue grew out of SWAC's and Metro's concern about funding:

- (a) the "backup" capacity, or disposal of last resort, provided by the transfer stations
- (b) the public investments that could be stranded if mixed putrescible waste bypasses the transfer stations
- (c) service for self-haul and public customers

A "system charge"—defined as a per-ton fee based on some fixed costs of the transfer stations, and levied against mixed putrescible waste delivered directly to Columbia Ridge Landfill—was REM's initial proposal for implementing SWAC's motion. SWAC has expressed a number of concerns about the system charge, and has proposed a number of alternatives in public or in communication with REM staff:

1. Consider treating the charge more like an insurance premium (noting that the amount of the premium should be less than the amount of the claim). Concern (c) is covered by the transaction charge.
2. Spreading some or all of the costs over the regional tonnage base so that all users share in these costs, not just direct-haul reloads and users of the transfer stations.
3. Building some of these costs into a franchise fee for direct-haul reloads.
4. Covering the costs from REM's fund balance rather than levying against directly-hauled waste.
5. Cover some costs from a transaction fee at Columbia Ridge Landfill.

After analyzing these options against equity, implementation, and potential impact on other economic incentives, REM staff has concluded that Option 2 is the most appropriate means of addressing SWAC's and Metro's concerns.¹

Specifically, this would entail reallocating the costs of debt service and fixed payments to Jack Gray Transport from Tier 2 (the fixed rate base for the Metro Tip Fee) to Tier 1 (the rate base for the Regional User Fee). The costs of transfer station management and contributions to the Renewal and Replacement Account would remain in Tier 2. Scalehouse costs would be recovered through the transaction fee.

Costs Proposed to be Re-Allocated to Tier 1

Description	Annual Cost (\$000)	Explanation	Effect on Rate*
Debt service	\$2,674	Principal and interest on physical plant	\$1.53
Jack Gray (fixed)	\$829	Ensures availability of rolling stock	\$0.65

* The approximate amount by which the Metro tip fee would fall and the Regional User Fee would rise.

REM staff notes that this change would raise the disposal cost at landfills, which would have a positive effect on recycling incentives. But, as a rate philosophy, it also treats the transfer stations primarily as public goods rather than cost centers.

¹ In addition, the use of the fund balances to offset the rate is very likely to occur in any case, based on recent discussions at the Rate Review Committee.

2. Long-Haul Transport Standards

REM Recommendation: Operators that haul waste directly to Columbia Ridge Landfill under the Metro contract must conform to the long-haul transport standards listed in the appendix to this report.

Metro, Friends of the Columbia Gorge, and others have developed standards for long-haul transport of solid waste. These standards are designed to minimize impacts on the Columbia River Gorge National Scenic Area, affected communities, and other parties. They represent good-faith efforts of cooperation between Metro and the various interests along the haul route.

SWAC has agreed to this policy in principle, but the final recommendation depends on the proposed standards. A draft of these standards were presented in an appendix to the September staff report. Representatives from Gilliam County and Jack Gray Transport commented on these standards at the November 5 meeting of the Subcommittee.

The original standards, as amended are now reproduced in the Appendix to this report. REM staff recommends that SWAC approve these standards for adoption.

3. Management of Unacceptable Waste

REM recommendation: Facilities that directly haul waste to Columbia Ridge Landfill under the Metro contract will be obligated to: (a) bear the management costs of any Unacceptable Waste that they deliver to Columbia Ridge Landfill; (b) implement procedures designed to keep Unacceptable Waste from being delivered to the landfill; (c) indemnify Metro against claims arising from delivery of Unacceptable Waste to the landfill.

“Unacceptable Waste” is basically (a) waste which is prohibited from disposal at a sanitary landfill by state or federal law; (b) hazardous waste; or (c) special waste without an approved special waste permit.

SWAC has agreed to these policies in principle, but their final recommendation has awaited REM's proposal for the standards that implement (b) above.

REM staff recommends the following standard: *facilities that directly haul waste to Columbia Ridge Landfill under the Metro contract may not exceed one (1) incident of unacceptable waste per calendar month, as reported on standard Unacceptable Waste Incident Forms to Metro from Oregon Waste Systems. Consistent violation of this standard will require modification of the facility's operating plans for detecting and managing Unacceptable Waste.*

This standard is based on Metro's actuarial track record. Out of approximately 700,000 tons of waste delivered to Columbia Ridge Landfill per year, Metro averages 6 to 8 incidents of Unacceptable Waste. All of the recent incidents during this calendar have been deliveries of single lead acid batteries commingled in the waste.

REM staff recommends that SWAC approve the indicated standard for adoption.

4. Uniform Rates at Solid Waste Facilities

REM Recommendation: retain current policy that Metro enforces uniform rate schedules at solid waste facilities.

Privately-owned and operated reloads or MRFs would be free to set their own tip fees for various waste streams (Metro would not regulate). However, to avoid price discrimination against non-affiliated users, facilities would apply the same price schedule to all users. This is no change from current policy as written in Metro Code.

SWAC has not come to a policy recommendation on this issue. Participants at the November 5 meeting of the Subcommittee indicated that price discrimination is an issue, be remained undecided as to whether this role should be that of Metro, local governments, or the market.

Questions: What are the consequences to the ratepayer if facilities are free to set their own rates? What are the consequences if some of these facilities are vertically integrated with haulers and/or disposal sites? Would a uniform rate policy achieve its objective of non-discrimination? Is a uniform rate policy enforceable? Would a complaint-driven enforcement approach be sufficient to protect non-affiliated users? How would local governments implement a uniform rate policy?

Performance-Based Fees

REM staff has continued to meet with facility operators to research the shape and effect of the performance-based schedules for the Regional User Fee and Metro tip fee. These concepts were also presented to the Metro Budget Committee and Rate Review Committee, where they were very well received. The SWAC Subcommittee has formally recommended that these policies be implemented, and has charged REM staff with continuing to design the curve. REM staff has come to the following findings and conclusions:

1. The curve for the Regional User Fee needs to be “steeper” than originally proposed, especially with the potential drop of the Metro tip fee into the low-\$60 range.

The Draft performance curve for the Regional User Fee is shown in the table below. REM Staff recommends that this curve be presented to the Rate Review Committee as the basis for their initial design of the rate.

2. The curve for the Metro tip fee needs to be steeper than the curve for the user fee if it is to be economically meaningful. REM Staff recommends that a steeper curve for the tip fee than for the Regional User Fee be presented to the Rate Review Committee as the basis for their initial design of the rate.
3. A single “one size fits all” curve is highly desirable for simplicity and administrative ease. However, a “one size fits all” curve cannot provide a meaningful incentive for facilities that have multiple activities under one roof—in particular, a dry waste MRF and a wet waste reload—if the incentive is based on an overall facility-level recovery rate.

REM staff recommends that the recovery rate will be based on MRF tonnage only, and the incentive rate applied against MRF residual only. REM staff asks that SWAC consider the following implementation procedure for multiple-activity facilities:

- Each load will be logged at the scalehouse as going to the "reload" or "MRF"
- Any materials recovered from the "reload" waste must be "replaced" by a like amount of "MRF" waste. This would be an "accounting replacement," not a requirement that dry waste be physically delivered to a wet waste facility.
- Operators may deduct this "make-up waste" from the MRF residual in calculating their recovery rate. This will effectively increase the recovery rate for the MRF and thereby increase the incentive.

In other words, the facility's waste flow accounts must balance as follows:

- Reload tonnage in = reload tonnage out
- MRF recovery rate = $1 - (\text{MRF residual out} / \text{MRF tonnage in})$

Physical flows of waste may still go to "appropriate" facilities; that is, dry waste may go to limited purpose landfills or other Metro designated facilities of the operator's choice; wet waste must go to a transfer station or Columbia Ridge Landfill.

DRAFT

Regional User Fee Schedule Based on Recovery Performance of Facility

Recovery Rate	User Fee	% of User Fee	Recovery Rate	User Fee	% of User Fee
Up to 20%	\$12.00	100%	40 to 45%	\$ 5.40	45%
20 to 25%	11.70	97½	45 to 50%	3.60	30
25 to 30%	10.80	90	50 to 55%	2.40	20
30 to 35%	9.60	80	55 to 60%	1.80	15
35 to 40%	7.80	65	65% and over	1.50	12½

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Appendix Long-Haul Transport Standards and Procedures

Note: changes from the September draft are underlined.

1. All waste transported via roads within the city limits of Arlington, Oregon, shall follow the same recommended route plans contained in, or prescribed by, the March, 1989, "Waste Transport Services" contract between Jack Gray Transport, Inc., and Metro.
2. All transport trucks owned, operated, or controlled by *<franchisee>* that park within the city limits of Arlington, Oregon, shall be parked in areas designated by the City of Arlington. *<Franchisee>* shall bear and assume the responsibility to coordinate parking arrangements with the City of Arlington.
3. In order to minimize noise and air pollution caused by transport vehicles owned, operated, or controlled by *<franchisee>* within the Arlington city limits, and in order to enhance safety, *<franchisee>* shall use no equipment except that which fulfills all federal, state, and local regulations. The use of "Jake" brakes shall be prohibited altogether.
4. All solid waste transported by *<franchisee>* pursuant to this agreement shall be transported in containers of leak-proof design considered wind-, water-, and odor-tight. Any spillage of any nature from the transport vehicles shall be prohibited. Transport containers shall be capable of withstanding arduous, heavy-duty, repetitive service associated with the long-distance transport of solid waste.
5. Staging areas shall be located in areas outside or excluded from the Columbia River Gorge National Scenic Area (NSA).
6. *<Franchisee's>* transport vehicles shall stop only at designated stopping points outside the Columbia River Gorge NSA except in cases of emergency. Use of rest areas, turnouts, scenic vista points, and state parks shall be limited to cases of emergency.
7. When feasible, trucks shall not operate in the Columbia River Gorge NSA during the following times:
 - a) 4:00 p.m. to 10:00 p.m. Friday afternoons in June, July, August, and September.
 - b) Daylight hours on Saturdays in June, July, August, and September.
 - c) All hours on Sunday in June, July, August, and September.
8. Per PUC and ODOT operation requirements, all transport vehicles owned, operated, or controlled by *<franchisee>* shall include splash and spray suppressant devices behind each wheel, and rain suppressant side flaps on all non-turning axles.
9. All transport vehicles owned, operated, or controlled by *<franchisee>* shall be suitably painted to present an acceptable appearance in the opinion of Metro.
- 9-10. *<franchisee>* must report immediately to Metro all accidents, citations, and/or vehicle inspections.



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To: Bruce Warner, METRO

From: Doug DeVries, Jack Gray Transport
Dennis Gronquist

Re: Additional items to transport METRO garbage

In response to your request, the following list represents additional requirements JGT must perform to transport METRO garbage.

1. Limited travel hours through Arlington of 7:00 AM to 7:00 PM. Any additional hours must be approved by the city council and reviewed annually. After three annual reviews the interval goes to five years.
2. Truck and maintenance operations must be based in Gilliam County, which are subject to a conditional use permit issued by the county.
3. Local purchasing of products and services to the maximum extent possible.
4. Annual audit report to METRO (see criteria attached)
5. Annual meeting with Gorge communities and interested parties to discuss the METRO annual report and listen to their input.
6. Immediate reporting to METRO of all accidents, citations and/or vehicle inspections
7. Back hauling of Gilliam County recycling.
8. Back hauling of "white goods" delivered to the landfill.
9. Monthly coordination meetings with METRO to discuss operational problems, complaints and any extraordinary occurrences.
10. Support of local organizations and activities including scholarships, Big River Band Festival, 10-k run, Arlington saddle club, Arlington schools, Condon schools, 4-H projects, Lions club and Gilliam County Fair.

While all of these items may not be universally applicable, we feel there are a number of these items that would be appropriate for all carriers interested in transporting METRO garbage to Arlington.

We welcome any comments or questions that you may have.