



METRO

MEETING: REGIONAL SOLID WASTE ADVISORY COMMITTEE

DATE: Wednesday, August 6, 1997

TIME: 10:00 a.m. to 1:30 p.m.

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

- | | | |
|-----------------|---|-------------------|
| 15 min. | 1. Updates and Introductions
• Other Updates and Introductions | Morissette/Warner |
| 5 min. | 2. Approval of Minutes *
Action Requested: Approve the Minutes of July 16, 1997 | Morissette |
| 1hr.
30 min. | 3. Continuation of Further Clarification of Reload Facilities,
Material Recovery Facilities and Transfer Stations **
Work Session - No Action Requested | Warner |
| 5 min. | 4. Other Business/Citizen Communications | Morissette |

Adjourn

* Material is included in this packet for this agenda item.

** Staff reports will be couriered/faxed to SWAC members and alternates on Friday, 8/1/97.

Others will receive materials through regular mail. Materials will also be available at the SWAC meeting.

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 SUMMARY
MEETING OF 7/16/97

Committee Members Present:

Councilor Don Morissette, Chair

Recycling Industry Representative

Jeff Murray, Alternate EZ Recycling

Hauling Industry Representatives

Steve Schwab CCRRA

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 Halton Company

Frank Deaver Washington County Citizen

Government Representatives

Lynne Storz Washington County

Susan Ziolko Clackamas County Cities

Susan Keil City of Portland

Tam Driscoll East County Cities

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

Doug Anderson

John Houser

Marie Nelson

Marv Fjordbeck

Scott Klag

Dennis Strachota

Jim Watkins

Aaron Brondyke

Leo Kenyon

Roosevelt Carter

Lee Bené

Steve Kraten

Connie Kinney

Jan O'Dell

Maria Roberts

Paul Ehinger

Andy Sloop

Berit Stevenson

Sarah Adams

Guests:

Scott Bradley

Todd Irvine

Howard Grabhorn

Bruce Broussard

Ray Phelps

Susan Robinson

Easton Cross

Doug DeVries

Doug Drennen

Mike Leichner

Ken Irish

Chair Morissette brought the meeting to order.

Updates

Mr. Warner stated that the Council at their regular meeting voted 5-2 to uphold the Executive Officer's denial of the appeal by Waste Management regarding the notice of intent to award the operations contract to BFI for both transfer stations for the next five years. Councilor Naito wanted changes to the Findings which are necessary to the contract between BFI and Metro so the Presiding Officer with no objection from Council delayed the operations contract consideration until the Council agenda of July 17, 1997 at 2:30 p.m. The First reading of the ordinance to the RSWMP for the Year 8 Plan will also be heard at that time. Renewal of the franchise for TPST soil recyclers will be heard at the July 17, 1997 meeting.

Mr. Warner told of the departure of two long-time, valued employees from Metro: Marie Nelson and Andy Sloop.

Reload Facilities and Flow Control Issues

Mr. Warner said that at the last meeting staff tried to answer questions with regard to the Oregon Waste Systems contract, the transportation contract with Jack Gray Transport and Metro's designated facilities and non-system licenses, so that everyone has a common understanding of the language and limitations. He said that the intent today is to answer some of the still outstanding questions from the June meeting as well as to look at bottom lines in terms of management and system objectives. He also stressed that the "bottom lines" relate to costs and benefits to the system, not just the impact on Metro revenues. He will ask Mr. Watkins to present some impacts to the tip fee if we have direct-haul to the landfill rather than through our transportation contract.

Chair Morissette gave the committee members a few minutes to read the documentation distributed to them, including the minutes. After the break, Ms. Ziolkowski asked that her name be added as in attendance at the June meeting. With that change, Mr. Penning moved to accept the minutes. The committee voted unanimously to accept the minutes.

Mr. Anderson began on page 2 of the staff report regarding the question of what the 90% flow guaranty is applied to with regard to both the Jack Gray and the Oregon Waste Systems contract. He said, as a matter of practicality, if the waste leaves one of the three transfer stations (Metro South, Metro Central or Forest Grove) and goes to a general purpose landfill, that is the 100% that we have to deliver 90% of. On the other hand, if that waste had gone to a MRF, was separated, and part of it was not delivered to a general purpose landfill, it would not count as part of the 90%. This is a very simple example. The use of the term "putrescible waste" is more directly addressed in Change Order 7, which has to do with Metro's good faith efforts to see that the 90% of waste delivered to general purpose landfills reaches Arlington. These "good faith" efforts include Metro's commitments under its bond covenants. The other good faith effort

required of Metro is to keep our enforcement activities up to ensure that our franchises, designated facility agreements and other regulatory instruments are followed.

Mr. Anderson moved on to page 3, Where is Metro in the new tiered rate schedule? The rate for the first 550,000 waste delivered by Metro to Columbia costs \$27.25/ton. Beginning the fiscal year, there is a 1.7 inflationary increase so that is \$27.72. And for every 42,500 delivered thereafter, there is a steeply declining rate. Mr. Anderson also indicated that Metro's adopted budget is based on about 680,000 additional tons. We have targeted about \$16-1/2 million dollars to adequately dispose of that waste. Mr. Anderson explained that the numbers he refers to and those that Mr. Watkins will refer to are different because Mr. Watkins is working with revised actual tonnages.

Mr. White, referring to page 2, bottom of the page: ". . . It is Metro's *expectation* that mixed putrescible waste . . ." the word "expectation" is the word he had a question about. He commented that if he was reading it correctly, it was subject to interpretation of Change Order No. 7, and was that Metro's interpretation of that, that it would apply, and is it subject to debate? He asked if Oregon Waste Systems could say that was not the interpretation that is correct?

Mr. Anderson said he was correct, and that was why Metro chose that term. Right now it is our interpretation as well as Oregon Waste System's interpretation that if we directly deliver or if we use our good faith efforts and regulatory authority to direct waste or cause waste to show up at Columbia Ridge, it would count towards the 90%. But the direct haul of putrescibles was not directly anticipated in Change Order 7.

Mr. White replied that the only parties that could be harmed by this would be Oregon Waste by not getting it or Metro taken to court for not doing it and the two parties agree that its okay, who is left to challenge that interpretation? Mr. Watkins said perhaps a third party.

Mr. Irvine said that on Mr. Anderson's chart, FY 96/97 the average rate shows \$23.87. Is that assuming that you had Change Order 7 for the entire fiscal year? Mr. Anderson said that was correct, Change Order No. 7 was retroactive to the beginning of the fiscal year. Mr. Irvine asked how many tons of dry waste was delivered from Metro Central to Hillsboro Landfill. Mr. Anderson said about 50,000.

Mr. Warner commented that the dry waste conversion program was a pilot and has been terminated.

Mr. Ray Phelps, from the gallery, commented that his understanding is that whatever Metro sends to the landfill, whether through the transfer station or franchise agreement, or however *Metro does that*, that would count for purposes of the tiered rates.

Mr. Murray asked if WMO were to secure tonnage (wet or dry) on their own from the Metro region, does that count toward the tiered rates, based on what Ray just said. Can they secure wet tonnage out of the region?

Mr. Morissette said that he thought perhaps we were treading into an area that we are not ready to respond to at this point. He said he would be happy to add that question to a list for consideration at another meeting, though.

Mr. Penning said that to clear up part of that question, dry waste is clearly outside of the realm of the change order. So they would be able to contract for that.

Ms. Mills asked if there was a direct haul from within the Metro area, perhaps a MRF, would that count toward the 90%?

Mr. Anderson asked if Loreen was asking if, for example, a reload direct hauled its putrescible remainder to Columbia Ridge, would that count toward the 90%? Loreen said yes, and Doug said the answer is yes, it would count.

Mr. Murray commented that if someone else was getting a lower rate, how does that benefit the entire system?

Chair Morissette said that he didn't want to stifle entrepreneurial ability to do things better, but he hoped to be able to reduce the tipping fee again for the consumers in the region, and still try to meet our recycling goals for the region. He cautioned filling the Gorge with trucks with direct haul to Arlington, but he certainly wants to look at every opportunity.

Mr. Anderson said that Jim Watkins has some estimates of what some of this would mean, to the Metro tip fee as greater amounts of tonnage were diverted from the transfer stations. And perhaps we can look at what some of those impacts are and then begin discussing those particularly.

Mr. White said he has been turning over the term "directs" since it was brought up and so he looked back in his June agenda materials and he sees the word "delivered" in there, but not "directs." He said he didn't know if there was a distinction, but if we are going to use words like Metro "directing" vs. Metro "delivering" it would cause confusion and misunderstanding. Directing means to him, that the material can be somewhere else and you can tell someone to take it somewhere.

Mr. Anderson said that is our distinction between Metro physically delivering via Jack Gray trucks versus telling somebody else to do it.

Mr. Fjordbeck said that he agrees there is a difference between delivering and directing. In our original contract, delivers means delivers. It now says, "... shall be subject to Metro's authority to deliver the waste." So whatever that authority is, on this side or the other side of a flow control fight, that's what we promised Waste that we would do. So, there is a difference between directing and delivering.

Mr. Anderson said that at our last meeting, Mr. White pointed out a distinct difference between Metro's contracts with Waste and Jack Gray, and with the designated facilities. He said the

Waste and Jack Gray contracts were really business arrangements. Mr. White noted the designated facility agreements were more like regulatory or policy instruments rather than contracts. We agree with that point of view. Mr. White also asked last time, what does it take to change the designated facility agreements? Answer: it takes Metro Council to agree with policy changes, and agree to implement them in the designated facility agreements. So some of the policy questions are: What would it mean to direct haul; what does it mean to open up the field to putrescible waste; what are the impacts on Metro, or on the region; and what are the implications of making that change, along a variety of areas, from the economic factors to trucks up the Gorge?

Mr. Warner, beginning on page 5, said there was confusion about the meaning about the two bottom lines, especially 3a and 3b, mainly relating to the impact on the region's ratepayers. Mr. Warner wants to make it perfectly clear that staff are not only concerned with the costs and effects on Metro, but also system costs and benefits. The second part of that is that reloads should not benefit one group of ratepayers at the expense of another. So what could be a savings of one company doing a reload, for instance in Wilsonville, and lower rates in that particular area, could have a different effect on the rest of the region. So, Jim has done some more work and we hope to clarify the impacts in a more concise way.

Mr. Watkins said that at the last meeting he gave SWAC a scenario wherein 100,000 - 300,000 tons left Metro's transfer stations and today, he wanted to give them the reasonableness of those assumptions by showing them what potentially was on the table. He handed out a sheet showing a table of reloads and their tonnage, and two tables showing financial effects. The first table shows some of the facilities that could come on-line, and take tonnage away from Metro's transfer stations.

Ms. Mills said that earlier she thought she heard that putrescible waste tonnage that is direct hauled still counts towards the 90%.

Mr. Anderson said the effect on the contract, if it counts, (direct haul vs. goes through the transfer station), that's neutral with respect to the disposal contract, but we also have transfer station operation costs to cover, transport costs to cover and a number of other things, so what happens outside the disposal contract, now is where Jim is going; if, in fact, it doesn't come physically to the transfer stations.

Mr. Watkins said that the reason he wanted to show the 300,000 ton scenario is because it then gets into a contractual situation, where Metro's costs really start to escalate because of put-or-pay-like provisions in our transfer station contracts. So, we have looked at the impact that reloads would have on Metro's tipping fee at their transfer station. Mr. Watkins said he assumed that all the tons counted towards Metro's disposal contract; and that if the tons go away from Metro's transfer stations, they are not hauled under Jack Gray's contract. Mr. Watkins said that last month, he gave some numbers that suggested that a reload would have to charge their customers to cover the costs to pay, for instance, Jack Gray's fixed costs, and another set of numbers that suggested they pay Jack Gray's fixed costs, plus Metro's transfer station's debt service, plus our renewal and replacement account (money used to maintain and replace transfer

station equipment). He said here, he has tried to bracket the extremes. In the first column, the reload would only pay regional user fee. The impact to the haulers still using Metro's transfer station, if 100,000 tons went away, the tipping fee would go up \$1.34; at 200,000 tons, up \$3.35; and if 300,000 went away, it would go up \$8.34. In the other column, the reload would contribute towards all of Metro's fixed costs, and for a loss of 100,000, it would keep the tipping fee flat; a loss of 200,000 and 300,000 there would be an increase, because Metro would lose the economy of scale of a lot of tons coming into our transfer stations. The way the payments are geared there, at least 50% of the revenue that the transfer station operator receives has to be a fixed fee (bond covenant requirements), so if the tonnage drops below 21,000 per month at either facility, they just receive a fixed amount. If the tons go below that, the cost per ton goes up because they are just getting a fixed fee for operating that station for under 21,000 tons. Once we get to the 225,000 level, we get to this fixed cost problem. Since Metro South is our cheapest transfer station, whose average price is \$5.09/ton compared to Metro Central at \$7.50/ton. So if we lose more tons at Metro South, that has an additional impact to us. For example, if we lose all 200,000 from Metro South and no tons were lost from Metro Central, then the tip fee would go up by \$4.75, or in other words an additional impact of \$1.40/ton over the previous numbers that assumed an even distribution from both stations.

What would a reload be required to pay? Under the first scenario where all they paid was the regional user fee, they would pay \$15, disposal fee of \$25.10, (all these numbers include the excise tax) the DEQ and Enhancement fee (not sure whether this would be brought in), so the total payment would be \$41.77. These are 1997-98 numbers.

Mr. White said he didn't understand why the \$25.10 is in there. If you are direct hauling, a reload to Arlington, why are we cutting a check to Metro of \$25.10. Wouldn't a payment be made to the hauling company and one to the disposal facility.

Mr. Watkins said to remember that the assumptions were that the reload was using Metro's disposal contract.

Chair Morissette said that was why he had made the comment that one pocket getting lower rates, while another rises.

Mr. Miller said that didn't make sense, because disposal is disposal and if Metro doesn't have to pay it, and it counts, your tier doesn't change and your expense is reduced by the number of tons you don't pay for.

Mr. Warner said that we tried to simplify this. We tried to show if you had a reload, what you had to pay. Whether it is to Metro or to Waste Management. I think you are talking about the implementation details. We made the assumption that if you are piggybacking on our contract, so the region takes advantage of the tier grade structure, that there would be a payment made, whether it's to Metro or directly to Waste Management. That's a detail we can work out.

Chair Morissette said we are going to try, with the input we receive here, to come back with some recommendations that I can live with and hopefully you can live with, and that I can take to the Metro Council irrespective of the flow control debate that some may think is out there.

Mr. Miller said that despite what may be a popular opinion, the purpose of these facilities that we are trying to operate are not to be a detriment to the system, but a benefit, and it may be difficult to split that benefit equitably among all ratepayers. To deny it to some because we can't give it to everyone is not good public policy.

Chair Morissette said that is why originally when he said he wanted to encourage our ability to have an entrepreneurial process to maximize our efficiency but still try and keep it so that people shared in the benefits; therein lies the rub. And also therein lying the rub is the fact that I am personally, trying to accomplish another rate reduction.

Mr. Murray said that it sounds to him that a reload could negotiate with Waste Management an agreement of a rate, it sounds like that falls outside of your contract.

Mr. Fjordbeck said he didn't think it falls outside of the contract. The question is whether that is subject to Metro's authority to deliver the waste. It's not whether or not you are able to cut a deal with Waste, it is whether or not that waste is subject to our authority to deliver it there.

Mr. White asked what would bring Waste to the table to make that deal?

Mr. Penning said Waste has a contract with Metro and they are going to honor that. At the same point in time, Waste has a business to run and there is a wastestream that they are very interested in and that they want to protect, and they are going to do everything in order to protect it. To say more than that at this time just doesn't make any sense. He said that as he sees it, reloads can have benefits to the system. For instance, if some of this tonnage is relieved from the system particularly from Metro South, does Metro really need to make all those capital improvements? And as far as the system goes, if we release some of the congestion at Metro South, that could help, because wait time is money. And if Waste decides it's easier to mix their dry waste residue with the other, I assume that we would count that towards the goal, and there is more waste delivered because we make the system more flexible and easier to use there will be more savings down the line for the region as a whole, because you will drop down into those lower tiers.

Mr. Irvine, said those were good questions. He wants to know why the user fee would go up because those dollars will be paid by the reload facility whether that material goes to the transfer station and then directly to Columbia Ridge, or in the case of our dry residual, we take it to Coffin Buttes, and he pays the user fee, so those dollars are still coming into the Metro system. Why would it go up?

Mr. Watkins said the increase of \$1.34 doesn't relate to the user fee. What has happened is that Metro's user fee, the \$7.99 has to be borne by fewer tons.

Mr. Irvine asked what was included in the Metro User Fee?

Mr. Watkins said it has the debt service on our transfer stations, renewal and replacement, Jack Gray's fixed costs and the scalehouse costs. He said that to respond to Mr. Penning's comment about Metro's transfer station efficiencies, we looked at the scalehouse and asked what happens if tons go away and found that 60% of our transactions are self-haul. The self-haul dictates the amount of people we have to have at the stations.

Mr. Murray asked what was the bottom line costs of people still using the system if Metro lost 300,000 tons?

Mr. Watkins said if they were only paying the regional user fee, it would be \$8.43.

Mr. Murray wanted to know how much Tom [Miller] would save if he had a reload in not having to send his material through the transfer station?

Mr. Miller said when he put together the forecast for his facility, he used Metro South as the disposal point and the \$70/ton tip fee, because if all else fails, he has to do that to make his system work, and if it doesn't work on that scenario and Metro decides direct haul is not an option, he is in trouble. Mr. Miller said it was not his intention to undermine the system, but an effort to provide cost-effective service in both directions. So the perception that someone is trying to manipulate the system to a specific advantage -- and we all have to make a profit -- but we are not in business to do it at someone else's detriment.

Mr. Schwab said he brought a lot of these thoughts up a couple of months ago, and he believes staff has overlooked what the simple issue was: one was that reloads be directed wherever they can go, but not so the gate fee is less, it's so that we are not sending 10 trucks down Sunset Highway, for instance, at \$70/hr. to sit in a line for an hour when we can maybe save \$700/day using our own facilities. It has nothing to do with Metro's gate fee. He said Metro keeps looking at what its going to cost, what do we save on the other side. So if I have to send 10 trucks down that has to wait for an hour, its not that gate fee were worried about. A reload will make sense to us because it benefits our company to reload. And if were going to reload into a semi, is it cheaper to run it down one hour, to sit at Central, or once its in the semi, do you run it two hours down the highway which takes it out of your system. The bottom line is once it's in a truck, it's cheap. For Metro to say we can't have one because it affects your gate, I don't think that's the bottom line to begin with. And the other side -- the 90% rule, I think you missed the point of some of these questions were driving at: if you have 700,000 tons and 600,000 are putrescible, there is 100,000 that we could move somewhere else. What counts and what doesn't. If it is strictly what comes through your gate, dry or wet, it doesn't matter. It's not what it does at the gate, its what it does for us in delay times, etc. And where we take it doesn't matter.

Mr. Anderson said what staff is trying to figure out from our end is that we recognize there are a lot of incentives; exactly the types of things you just talked about. We recognize and encourage those types of economies. If reloads come to the transfer stations, obviously there is no issue. What has come up since is the issue about direct hauling to other facilities. We want to be cautious about that because initially we had contractual obligations and we want to make sure we

are meeting those. We know that reloads make sense, now let's try to figure out how to make them work, such that the system benefits. But what Jim's numbers are showing us is that perhaps if there is a significant amount of direct haul, then because of the need to still run the transfer stations themselves and other things, the tip fee may go up for those people that don't have access to reloads. The question that we are asking is what is our response to that?

Mr. Warner said one big question is: How can the region share in the benefits, the savings that you are going to put into the system, because there is inequity geographically, the savings that would be realized.

Chair Morissette commented that it went beyond that: How can you share in the benefit of you doing it better, as well as the region. So there is a percentage in there for you not to just say, well why do I want to become efficient if I am just giving it all away? You should seek some reward for your benefit that you bring to the process as well.

Mr. Miller said the point is that the customers of the operators in the jurisdictions where these facilities exist, aren't saving as a result of this total savings. They are saving as a result of the efficiencies generated within the region by their individual or local hauler whose financial investment is not paid by Metro, it's made by individuals. And Metro has no economic liability in these facilities. And I think maybe were missing that, I don't know. But certainly, the savings that are going to be generated by these facilities are far more related to operations than they are to disposal. And disposal is your function, collection and operations is our function. And if we can benefit our customers by doing a better job, we ought to be able to do that.

Mr. White said we have said this over and over and I testified at Council during the discussion of cutting the tipping fee: Disposal is only one component of what the customer pays per can and when a city or county sets that rate, they set it based on what our costs are, what our profit is, what our disposal is. There are component costs that go into that rate you pay at the can. And if the hauler has the opportunity to save on their costs of operation and administration, that is a local benefit that we pass along to our customers. And when you start to mess around with taking away our ability to cut our costs because it impacts disposal, you are protecting your own areas of responsibility at the expense, really, of what the hauler can do to benefit our local customers and our local jurisdictions. Metro should not make artificial impacts just because it may impact your disposal.

Chair Morissette said for the record, he was dismally disappointed that none of the rate reduction got to the ratepayer. He said you and I might have a different point of view on that, Dave, but it really upset him that they didn't get that.

[There were many people talking at once, haulers, and local government representatives: *The public got that reduction* was the general conversation.]

Mr. Walker, City of Portland said he wanted to go on record that Portland customers got that benefit. He said they would have had a substantial rate hike without the Metro reduction and he thanked Metro for that, but to say they didn't get it is untrue.

Ms. Driscoll with Gresham said she would wish that Metro Councilors be a little careful about what they say publicly. She said that printed in the Oregonian, the Councilors were quoted as being disappointed in local governments. And as a local government person, she was disappointed in that being put in print, because the citizenry believes and responds that we are local bureaucratic, myopic persons who can't pass on the savings, and I resent it because we have.

Ms. Storz commented that haulers increased time at the transfer station due to long wait lines, is a direct result of the fact that her government had to increase the rates. Ms. Storz said she would support the idea of a reload facility.

Mr. Warner posed the question, should we limit reloads to a certain tonnage so we don't have to face those huge impacts that a loss of tonnage would cause Metro's transfer stations; also should we look at perhaps a rate equalization charge to assure that any savings realized due to a reload were distributed equally to the region's ratepayers, and/or should reloads take public loads.

LUNCH BREAK

Chair Morissette asked Mr. White what the economic impact to the haulers that are unable to utilize a reload MRF, direct or haul.

Mr. White said he intends to go to the Tri-County Council and put this issue on the table.

Chair Morissette asked each of the committee members to figure out where their positions are on the various issues that have been presented in the interim between now and the August 6th meeting. The goal is, if possible, to have to have conclusions on these issues at the next meeting.

Mr. Miller said he wanted to point out that currently we have a situation where some people pay more for their service than others and it is directly related to the cost to deliver that service. It is inconceivable that we have the same flat rate for everyone because of variation of the cost to deliver the service.

Mr. Walker asked if Metro had the ability to reduce the overall system costs, or transfer station inflation costs if we are anticipating reduced waste going in to the transfer station, is there a way to structure the new contracts to anticipate less waste and less dollars?

Mr. Watkins replied that the first 21,000 tons per month entering the transfer station is at a fixed amount and each incremental amount of tonnage is at a different rate. There is a requirement of the transfer station bonds that 50% of the revenue has to be covered by a fixed fee, but the charge per ton goes up as the tons go down.

Mr. Warner commented that the contract will be before Council tomorrow and it does include reduced costs.

Mr. Warner commented that by setting an August 6th meeting, staff would have 2-1/2 weeks to put together a recommendation proposal and staff report, so he asked the committee members to get feedback the week of July 28th.

Mr. Walker said he was unclear with the answer to a question from Mr. Miller earlier regarding reload facilities and arrangements with their delivery of waste to Columbia Ridge Landfill. He wanted to know if they were allowed to or prohibited from entering into separate rate agreements?

Mr. Warner said that in his opinion, if Waste does that, they hinder Metro's ability to deliver 90% of the waste from this region, which would seem to put them in breach of the contract. He said he would verify that with Metro's counsel.

Mr. White asked for a definition of a Non-System License, and do out-of-state disposal facilities qualify or currently hold licenses?:

Mr. Anderson said if a hauler wants to direct haul waste such as dry waste residuals, auto fluff to a non-designated facility, you would apply to Metro, as the generator, to dispose of that waste via a non-system license. It is primarily a condition which sets up payment of the regional user fee and sets other regulatory conditions. Metro has never addressed the question "what if that waste is putrescible?" Staff will come back to the next meeting with a more definitive answer at the next meeting.

Mr. Walker asked what the total shortfall would be if 300,000 tons were to be pulled out of the system?

Mr. Watkins answered that the base tonnage he used was 725,000. So subtract 725,000, less 300,000 tons and multiply that times \$8.43, that would be the shortfall, which is about 3-1/2 million to \$4 million per year.

Mr. Kampfer asked if we have clear definition as to reload, transfer station or MRF?

Mr. Warner said he had put together a chart trying to set forth all of these definitions, and that is actually what got us into this discussion we are having right now. I will get some background information to you.

Mr. Watkins said if reloads were allowed, and allowed to direct haul, will anybody want to have a MRF?

Mr. Irvine asked if he might respond to that. He said you need to understand the economics to run a MRF, even if you have a landfill because it still costs you money to take waste to, say, Coffin Butte, pay them, pay Metro's user fee, and excise tax. The argument there is just because you are vertically integrated, you don't dump everything into the landfill.

Mr. Warner said that to summarize, what he hears the chairman desiring, if possible, is a staff proposal which will:

- Allow private sector innovation;
- Provide a "win-win" for both public and private interests;
- Help in his quest to lower Metro tipping fees;
- Assure that the region shares in the savings due to new "reloads;"
- Show how these savings will be captured in local and Metro rates;
- Not adversely impact our "bottom lines" or service to the public.

Mr. Warner said these goals would only be possible if he receives the feedback talked about earlier. He said that in last month's packet there were questions on pages 7 and 8 that you might want to address before you give us your feedback.

There were no further comments and the meeting was adjourned at 1:00 p.m.

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Staff Report

Metro SWAC Work Session on Facilities Session 3: August 1997

Date: August 6, 1997

Presented by: Bruce Warner

This staff report contains REM's draft options for regulation of solid waste facilities, including reload facilities. These options are intended to stimulate further input and discussion.

To facilitate discussion, three different classes of reloads are identified:

- **Limited reload:** load consolidation only, for transport to a regional transfer station. Owned/operated by a single hauler. No activities such as material recovery or wet-dry separation and diversion. These facilities are suggested for exemption from regulation by Metro.
- **Reload:** load consolidation for transport to a regional transfer station, together with related activities such as limited recovery from wet waste. Dry waste and dry residuals may be delivered to an appropriate Metro Designated Facility. Wet waste is delivered to a regional transfer station. The processing of wastes would warrant some degree of regulation by Metro
- **"Reload" with direct haul:** This facility is distinguished from the 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. The greater number of system impacts warrant a higher level of regulation than the two other reloads described above.

Differences among these three facilities—together with MRFs and regional transfer stations—are defined more fully in Tables 1 and 2 below:

- Table 1 describes the main characteristics that differentiate all 5 facilities.
- Table 2 outlines REM's suggested conditions for accommodating each facility.

The options in Tables 1 and 2 show how Metro could implement SWAC's RSWMP amendments in a manner that also meets Metro's "Bottom Lines" relating to oversight and management of the regional disposal system. The text following the tables contains a discussion of policy issues and how the tables are related to Metro's "Bottom Lines."

Discussion Agenda for the August SWAC

- Metro staff presents options, and describes their motivation from the "Bottom Lines"
- Brainstorming session: identify policy issues
- Prioritize and discuss policy options; note potential modifications to the options
- SWAC members are charged with going back to their individual constituencies to develop positions on the policy issues and (revised) options.

Next Steps

The next steps in this process are summarized on this page. SWAC should keep in mind that the Metro Executive Officer must recommend—and Council must hear and approve—all amendments to RSWMP. If amendments are approved then Metro Code must be revised to implement the changes. This also requires action by the Metro Executive and Council. The present work with SWAC is designed to help REM staff work out policy issues and implementation concerns so REM staff can frame the issues as they move forward to the Executive Officer and Council. To provide context for the next steps, we begin with a very brief history.

How We Got Here: A Brief 1997 Chronology

- April SWAC votes to recommend amendments to RSWMP that allow reloads to haul waste to “appropriate” facilities. Metro staff determines to await the outcome of SWAC deliberations to help frame the issues for the Metro Executive Officer and Council.
- May Metro staff begins discussion on how to implement the SWAC recommendation. It is clear that before options can be discussed, SWAC needs more background on Metro’s contracts, mandates, fees, and policy objectives.
- June Metro staff provides answers to specific SWAC questions on contracts and regulations. Metro introduces its “Bottom Lines”: the basic system objectives that Metro views as necessary for system oversight and management. The presentation and discussion generates more questions.
- July Metro staff continues answering specific SWAC questions. The discussion of implementation options is never reached. Accordingly, SWAC agrees to devote the August meeting to discussion of specific options for implementing the RSWMP amendments relating to reloads.

Immediate Next Steps

- Aug. Discussion of policy issues and REM options for accommodating new types of solid waste facilities: regulation, fees, and incentives. SWAC members are charged with returning to their individual constituencies for feedback.
- Sep. SWAC recommends option(s) for regulating new types of solid waste facilities in a manner that best meets REM’s “Bottom Lines” (see Staff Reports for the June and July SWAC meetings)—also keeping in mind Chair Morissette’s desires:
- Allows private sector innovation
 - Provides a “win-win”
 - Helps in his quest to reduce Metro tipping fees
 - Assure that the region will share in reload savings
 - Show how these savings will be captured in local and Metro rates
 - Meets Metro’s “bottom lines” for system management and oversight

Next Steps

These discussions may lead to additional RSWMP amendments and, ultimately, to revisions to Metro Code. This work will likely continue through Fall 1997 and beyond.

Because this process will take some time, REM staff will also propose interim arrangements to allow continued operation by existing facilities having uncertain regulatory status with Metro.

**Table 1. Principal Characteristics
by Facility Type**

	<u>MRF</u>	<u>Reload</u>		<u>Reload with Direct Haul</u>	<u>Regional Transf. Station</u>
		<u>Limited</u>	<u>Full</u>		
A. Key Activities					
Load consolidation	not applicable	yes	yes	yes	yes
Dry waste recovery	yes	no	optional	optional	yes
Wet waste recovery	not applicable	no	optional	limited	yes
Hazardous waste	no	no	no	no	yes
Recycling drop site	optional	optional	optional	yes	yes
B. Users					
Affiliated haulers	optional	yes	yes	yes	yes, if applicable
Licensed/franchised haulers	yes	no	optional	optional	yes
Commercial customers	yes	no	no	no	yes
Public customers	by application	no	no	no	yes
C. Destination					
Wet waste	not applicable	Regional TS	Regional TS	Columbia Ridge	Gen.Purp. LF*
Dry waste	Metro Des.Fac.	not applicable	Metro Des.Fac.	Metro Des.Fac.	Metro Des.Fac.
Recyclables	unlimited	unlimited	unlimited	unlimited	unlimited
Inerts	per DEQ	not applicable	per DEQ	per DEQ	per DEQ
D. Entry Conditions					
Initiative	private	private	private	private	public†
Other	no	no	no	perhaps—see text	perhaps—see text

Note: "Optional" means optional for the owner/operator. Optional items may involve additional regulations, incentives, and/or exemptions

* Metro owned and/or operated transfer stations will deliver to Columbia Ridge Landfill. General purpose landfill destinations for waste from other regional transfer stations is subject to the 90% flow guarantee in Metro's contract with Oregon Waste Systems.

† Public initiative/ownership when regional transfer stations are proposed outright. Private facilities that grow or evolve into potential regional transfer stations over time would involve "change of status" conditions. Conditions for allowing changes of status remain to be determined.

**Table 2. Regulation and Fees
by Facility Type**

	<u>MRF</u>	<u>Reload</u>		<u>Reload with Direct Haul</u>	<u>Regional Transf.Station</u>
		<u>Limited</u>	<u>Full</u>		
A. Metro Regulatory Conditions					
Class	franchise	exempt	license or permit	franchise	franchise
Facility tip fee					
If affiliated haulers only	exempt	exempt	exempt	exempt	not applicable
If non-affiliated haulers	uniform	not applicable	uniform	uniform	uniform
Facility's records	audit access	not applicable	audit access	audit access	Metro regulated
Limits	case-by-case	not applicable	tonnage	tonnage & traffic	case-by-case
Reporting	transactions	not applicable	monthly report	transactions	transactions
Unacceptable waste indemnification	not applicable	not applicable	not applicable	yes	not applicable
Recycling/recovery					
Hauler program certification	not applicable	not applicable	yes	yes	not applicable
Facility recovery rate	yes*	not applicable	none	none	yes*
B. Operational Requirements					
Certify local/DEQ/OSHA compliance	yes	not applicable	yes	yes	yes
Load checks	optional	optional	optional	yes	yes
Scales	optional	optional	optional	yes	yes
Long-haul transport standard	not applicable	not applicable	not applicable	Metro standards	Metro standards
C. Fees (FY 1997-98)					
Metro Tip Fee	**	Large-load rate	Large-load rate	not applicable	\$70/ton
Tier 2	**	<i>included in above</i>	<i>included in above</i>	part—up to \$8/T	<i>included in above</i>
Disposal charge	Incentive rate	<i>included in above</i>	<i>included in above</i>	\$26.14/ton	<i>included in above</i>
DEQ + Enhancement fees	**	<i>included in above</i>	<i>included in above</i>	\$1.74/ton	<i>included in above</i>
Transfer, transport, other operations	**	<i>included in above</i>	<i>included in above</i>	operator pays	<i>included in above</i>
Regional User Fee	\$15/ton	<i>included in above</i>	<i>included in above</i>	\$15/ton	<i>included in above</i>

Note: "Optional" means optional for the owner/operator. Optional items may involve additional regulations, incentives, and/or exemptions

* The minimum recovery rate for MRFs, currently 45%, is under review by Metro. Rates for regional transfer stations would have to be determined on a case-by-case basis.

** The Metro tip fee applies if residuals are delivered to a regional transfer station. Options for the disposal charge that are currently under consideration are: (1) a concessionary rate linked to recovery performance; (2) the large-load rate if loads meet the minimum size criteria.

Explanation and Policy Discussion Related to Tables 1 and 2

This section expands on Tables 1 and 2, how they relate to Metro's "Bottom Lines," and an explanation of policy issues. The text follows the same order as the main headings in the tables.

Table 1. Principal Characteristics

A. Activities

This section lists the main activities related to handling solid waste within each facility. Hazardous waste collection and handling activities are identified as the realm of regional transfer stations only, under the assumption that it is better to restrict these activities to facilities where the amount of materials and economies of scale allow safe handling practices to be implemented and maintained most cost-effectively. The presence of a recycling drop site at transfer stations is consistent with requirements of the State and current Metro code. A recycling drop site is shown as optional for reloads, assuming reloads are not ultimately regulated (by the State and/or Metro) as a type of transfer station.

B. Users

This section lists the main types of users of the facility. Commercial customers (e.g. janitorial services, building contractors) are limited to regional facilities (transfer stations and landfills) and to MRFs that are approved by Metro to accept them. Public customers are limited to regional facilities. The following issues guide these choices: (1) Reloads are designed to consolidate hauler's loads for transport efficiency. Adding public customers would add a dimension that is not central to the purpose of a reload. (2) A requirement that reloads accommodate public customers would compound the problems associated with siting any solid waste facility. (3) Improving access could encourage the amount of self-hauling. Do we want to encourage self-haul as a matter of public policy?

C. Destination

The entries in this section of the table reflect the discussions at SWAC since last May. Dry waste and dry residuals may go to Metro Designated Facilities (or non-system facilities under a non-system license). Metro's policy toward the disposition of wet waste is driven by Metro's obligations under its disposal contract with Oregon Waste Systems. During the past months, Metro has had extensive discussions with SWAC on conditions that would allow direct hauling of wet waste, yet still meet Metro's "Bottom Lines." The regulatory and fee conditions on Table 2 are designed to achieve this.

Metro currently exempts recyclable materials from regulations and fees, in order to encourage recycling and recovery. The entries in the table are meant to reaffirm these policies. If a facility generates inerts or recyclable materials and delivers them to an appropriate use or user, these materials will continue to be exempt from Metro regulation and fees.

D. Entry

This section reaffirms Metro's primary reliance on the private sector to provide solid waste facilities, consistent with RSWMP. However, because of the potentially significant impacts on the system, regional transfer stations remain a public initiative.

Several policy issues are raised if the region relies on the private sector to supply solid waste facilities. Even though the private sector bears the risk when developing these facilities, nonetheless as part of the region's capacity for managing solid waste, they become a factor in future decisions (public and private) whether to build additional facilities. This raises at least two sets of questions:

1. Location and supply of facilities
 - (a) Will private initiative lead to facilities that are located in a manner that best serves the population?
 - (b) Will there be a tendency to supply too much or too little transfer/reload capacity?
 - (c) Are there conditions under which the region should approve or deny entry in the first place?
2. Regional public processes
 - (a) Should there be a regional public process that helps determine the location and amount of transfer capacity, even if the initiative and ownership remain private?
 - (b) Given the difficulty of siting solid waste facilities, are uniform regional performance standards important to maintaining the public's trust?

Table 2. Regulation and Fees

A. Regulation

This section identifies some of the major regulatory requirements that are proposed by Metro. The main distinction is that the degree of regulation increases with the degree of activity. The lines in the table related to facility tip fees, records, limits, and reporting are largely a reflection of current Metro Code, extended to reload facilities.

The requirement that Metro be indemnified against delivery of unacceptable waste relates to Metro's contractual responsibility for unacceptable waste that is delivered to Columbia Ridge Landfill. Metro has implemented significant measures to detect, isolate, and manage unacceptable waste that is delivered to Metro transfer stations. Facilities that direct haul would be required to meet Metro's performance standards.

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 "Load Checks/Management of Unacceptable Waste" under *Operational Requirements*, below.

The recycling and recovery requirements indicated on the table relate to Metro's "bottom lines" supporting the solid waste management hierarchy and preference for source-separation over post-collection recovery. For reloads, REM staff proposes that haulers certify the presence of recycling programs that are consistent with applicable State, Metro and local plans and ordinances in order to be authorized to use a reload facility.

Note: Staff has received a communication from a member of SWAC recommending that reloads operate under a recovery rate cap of 7%. The idea is that, if the facility is doing more than incidental recovery, it is effectively operating as a MRF, and

should be subject to different rules that address regional commitments to recycling and source-separation goals. This option should be discussed at SWAC.

B. Operational Requirements

Certify local/DEQ/OSHA compliance. Metro has authority over public health and safety issues—in this case, as they relate to the management of solid waste. However, REM does not wish to duplicate efforts of other public agencies. Therefore, if the facility owner/operator can demonstrate coverage and compliance with the health and safety requirements of other affected jurisdictions, Metro may accept these conditions of other agencies in lieu of its own requirements. This does not mean that Metro could not impose other requirements necessary to protect the public health, safety and welfare.

Load checks/Management of Unacceptable Waste. Metro's disposal contract requires that measures be taken to prevent unacceptable waste from being delivered to the Columbia Ridge Landfill. REM recommends that all facilities doing direct haul have unacceptable waste operating procedures that are comparable to the Metro Transfer Stations. All facilities doing direct haul would need to implement the following:

- a) Random inspections of 2% of general mixed solid waste by sorting.
- b) Inspection of all hospital loads by sorting.
- c) Observation of all loads as they are tipped by trained observers.
- d) "Unacceptable waste" defined by Metro and consistent among all transfer stations.
- e) Procedures for detecting and managing radioactive waste.
- f) Compliance with the sections of Metro's disposal contract that apply to unacceptable waste.

Scales. This requirement is necessary to ensure accountability and auditability of waste flows and related revenues.

Long-Haul Transport Standards. Long-haul transport must conform to Metro's commitments to Friends of the Columbia Gorge and others related to the impacts of long-hauling solid waste.

C. Fees

REM staff has discussed issues related to finances and fees with SWAC during the past months. This section begins to identify some specific proposals. Concepts will be described here. REM staff will present more details at the SWAC meeting.

"Tier 2" is the portion of the Metro Tip Fee that goes to pay for the fixed costs of Metro transfer stations and transport arrangements. This fee includes debt service on bonds, Metro scalehouse costs, and Metro's fixed payments on the Jack Gray Transport contract. For FY 1997-98 this fee is \$8 per ton—that is, \$8 of the \$70 Metro Tip Fee. Certain of the Tier 2 costs are truly fixed—for example, debt service. Others—scalehouse costs—are determined largely by hours of operation, which in turn are dictated by the demands of public customers.

Thus, this fee reflects the value to the region of (1) costs of providing regional facilities to meet the regional disposal need, (2) contingent capacity and disposal services of last resort for private facilities facing a short- or long-term closure (e.g., due to fire, equipment failure, bankruptcy of the firm); (3) facilities for handling high cost or "loss-leader" disposal: small loads, self-haulers, household and CEG hazardous waste.

If reloads were to directly haul waste to Columbia Ridge and bypass Metro's transfer stations, there are fewer tons over which to spread the Tier 2 fixed costs—thereby raising the Metro Tip Fee. Accordingly, customers that do not have access to a reload facility bear a disproportionate share of the fixed costs of the system. To mitigate this effect, REM proposes that reloads (with direct haul) pay some or all of the Tier 2 charge. This concept and the numbers will be shared at the August SWAC meeting.

Large-Load Rate. At the August SWAC meeting, REM staff will also begin to describe some options for restructuring the Metro Tip Fee to more closely reflect the cost of service. Because the cost of handling large loads is less than for small loads (on a per-ton basis) it is likely that large loads such as reload trailers could receive a sizeable price break if such a fee policy were adopted. Preliminary estimates by staff indicate this difference could be in the range of \$3 to \$5 per ton.

SWAC may wish to engage in a discussion of the pros and cons of additional rate reductions for reload trailers as a further incentive to use the regional transfer stations.

Disposal Charge. As has been discussed in SWAC during the past months, Metro is examining the conditions under which facility operators could direct-haul to Columbia Ridge Landfill, while the region still gets the tonnage credit under Change Order No. 7, and Metro has not violated its 90% flow guarantee to Oregon Waste Systems. REM and OWS have determined that a facility could direct haul, obtain the region's "blended" rate, and Metro would still receive credit under its "90%" commitment. The rate estimated for FY 1997-98 is \$26.14 per ton, including Metro excise tax.

The "incentive rate" listed under MRFs on Table 2 would involve linking a disposal charge to the MRF's recycling and recovery performance. This rate would be available only to facilities having material recovery and recycling as a primary activity and that choose to dispose of their residual at a Metro transfer station. It would be an *option* for MRFs; MRFs would not be required to use Metro facilities. This is an explicit economic inducement to support and improve recycling and recovery.

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Tri-County Council

1739 NW 156th Avenue • Beaverton, Oregon 97006 • (503) 690-3143 (Tel/Fax)

To: Bruce Warner, Director, Metro Regional Environmental Management
From: David White, Chair, Tri-County Council
Date: August 1, 1997
Re: Reload Facilities

The following is the Tri-County Council's position regarding the treatment of reload facilities in the proposed amendments to the Regional Solid Waste Management Plan (RSWMP). These comments include references to the "Metro's Bottom Lines" document that was distributed to the SWAC for the June 18, 1997 meeting.

1. Reload facilities are a collection function and not part of the disposal system. This position is supported by language in the RSWMP (at page 7-27) indicating that reload facilities provide "consolidation of loads hauled to appropriate disposal facilities." It is clear from this language that disposal occurs after the loads are consolidated at reload facilities and transported to a transfer station or a landfill. Reload facilities are part of the process of collecting the waste and getting it to a disposal site.

Bottom Line 1(b) states that Metro is accountable for the operation of the region's disposal system. From this it would follow that Metro is not accountable for operation of reload facilities.

2. Local jurisdictions are responsible for the siting and land use aspects of reload facilities. As indicated above, Metro is responsible for the operation of the disposal aspect of the system. Further review is needed to define the regulatory role of local governments and Metro regarding reload facilities. In any event, a facility that meets local siting conditions and the requirements of the responsible regulatory agency, should be approved.

3. Reload Facilities are distinguished from transfer stations in that they are not open to the public and are privately owned and operated (see RSWMP page 7-25).

A reload facility should be available for use by haulers other than the owner/operator so long as such use does not violate conditions imposed by the siting jurisdiction.

Material recovery at a reload facility is allowed under current RSWMP language (see page 7-27). The materials that may be recovered should be unlimited both as to type and quantity. This is consistent with Bottom Line Number 1(a) as this recovery activity would enhance and increase recycling and recovery rates.

The solid waste from a reload facility should be allowed to be transported directly to any appropriate disposal facility. The determination of what is an "appropriate disposal facility" is Metro's responsibility and should be clearly defined in the RSWMP.

Rates charged to users of a reload facility should not involve Metro.

Clackamas County Refuse and Recycling Association
Multnomah County Refuse Disposal Association
Washington County Haulers Association

Portland Association of Sanitary Service Operators
Teamsters Local 305
Oregon Refuse and Recycling Association

August 1, 1997

Page 2

4. Bottom Line Number 3 is unrealistic and does not take into consideration the current situation. Haulers do not all pay the same price for equipment, fuel, materials and labor. Haulers that are located at a greater distance from a transfer station have higher transportation costs. These variations in cost are realities in any business. This one aspect of the cost of collection and transportation should not be singled out and treated differently.

One area where Metro can maintain a "level playing field" is in disposal cost. The rules regarding where waste may be taken for disposal should be the same for all haulers. If one hauler should ever be allowed to dispose of waste outside of the system, all haulers must be afforded the same opportunity.

5. Metro's main concern is meeting the obligations identified under Bottom Line Number 4, including paying for the fixed costs of the transfer station operation. Tri-C believes that Metro has overstated the impact on transfer stations, of haulers taking waste directly to the landfill.

Metro should examine the true cost of providing service to each class of customer at the transfer stations. SWAC was advised that self-haul customers are responsible for approximately 70% of the cost of operating the transfer stations. These customers should bear this cost. On the other hand, the cost of providing service to haulers is actually going down further due to increased use of tare weights and the new scanner system.

Only after the cost analysis is completed, can the impact on transfer station fixed costs be accurately assessed.

6. Metro should not establish a policy that restricts or impedes private sector innovation relating to reload facilities.

The solid waste industry is constantly developing procedures to improve operations and reduce costs. Metro itself has been a active participant in the evolution of the system: Transfer stations originally were conceived merely as facilities to consolidate loads for transport to the landfill. Now material recovery has been added to the function of transfer stations as a way to save resources and reduce transportation and disposal costs. This change has required flexibility within the system.

That same flexibility is needed regarding reload facilities in order to encourage operators to "see what works" and to allow the system to take advantage of future innovations.

Recycling Advocates

2420 S.W. Boundary Street, Portland, Oregon 97201 (503)244-0026

July 28, 1997

Doug Anderson, Waste Reduction Manager
Metro
600 NE Grand Ave
Portland, OR 97232

Dear Doug:

The following are suggestions regarding the role of reload facilities which Metro requested at the July SWAC meeting. The intent is to explicitly protect the source separation priority in structuring reloads.

Focus needs to be kept on the overall goal of reducing waste--and within that context minimizing the costs of managing wastes. The RSWMP recognizes that source separation leads to greater waste reduction and recycling than post-collection recovery. If waste recovery at reloads (or MRFs) undermines source separation, we may lose significant opportunities to reduce waste generation and to achieve much more significant cost savings than minimal reductions in collection rates.

We think the best way to protect the source separation priority is to carefully define reloads and limit what they can do.

1. To ensure that reloads do not become MRFs, they should be carefully defined. We suggest that they:
 - not be open to the public,
 - accept only mixed putrescible waste, and
 - not be allowed to recover more than 7% of wastes received.
2. To prevent reloads from becoming transfer stations, we suggest that they be limited to single haulers or be limited in the amount of waste they can receive.
3. If reloads send waste directly to a landfill, it may be appropriate to assess them a fair share of the Metro User Fee since transfer stations are integral to our regionwide waste management system.

We appreciate the chance to comment. Please call if you have questions or would like to discuss these comments.

Sincerely,

Jeanne Roy

DCS

Bruce Warner , Director
Regional Environmental Management
Metro
600 N.E. Grand Ave.
Portland , Or. 97232

July 25, 1997

Re: Reload and Material Recovery Facilities

Dear Bruce,

On behalf of Lakeside Reclamation Landfill (LRL) I am submitting the following comments for your consideration in forming policies and regulations for reload and material recovery facilities. We wish that Metro carefully consider the implications and impacts to other facilities, when establishing these policies. Amendment 7 to the Waste Management contract represents a great opportunity to save money for the rate payers. But depending on the approach you take to regulate these facilities, it could have a negative effect on other facilities providing valuable services to the region.

Issue 1: What will be the disposal rate charged by Metro or WMO at reload facilities? This is totally independent of whether Jack Gray does the hauling or not.

We understand that operators of Reload Facilities have been approached with the possibility of paying \$8.50 per ton or a lower tier of the contract for disposal. This presents two problems. First, at this rate reload facilities will be forced to haul all wastes even nonpretrescible loads to Columbia Ridge. For instance a reload facility in Washington County would normally haul nonpretrescible loads to LRL for \$28.13 /ton (\$24.63 /ton for disposal and \$3.50 /ton for transportation). If the rate at Columbia Ridge is only \$8.50 /ton and assuming they can transport it for \$15.00/ ton, the total cost would be \$23.50 / ton. The incentive to take even nonpretrescible loads to local landfill facilities is removed. This results in more truck trips through the gorge and will cause local landfills to raise rates.

Second, this will also cause more garbage to be diverted from Metro's transfer stations. Thus, it will cause an upward spiral of your cost.

Solution: We suggest that Metro or WMO cannot charge Reloads and Material Recovery Facilities less than the average disposal rate using Metros projected annual waste flow. If the projected annual waste flow to Columbia Ridge is 800,000 tons, then the average rate using Amendment 7 is \$21.39 per ton. Assuming it costs \$15 /ton to transport the waste to Columbia Ridge the total cost is \$36.39/ton. This approach eliminates the subsidy by users of Metros Transfer Stations. It also does not create an incentive to divert dry loads or nonpretrescibles from limited purpose landfills. We understand the intention of a reload facility is to achieve local transportation efficiencies.

Issue 2: What is the definition of a Reload?

LRL supports reload facilities as they promote hauling efficiencies within the system. It also cuts down on traffic at our facility. When Metro prepared the Transfer Station Plan in 1983, it was intended that Metro could serve the region with either two or three transfer stations. Either option

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P.O. Box 68721 Portland, Oregon 97268-8721

Consulting Services

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DCS

would provide 20 minute the level of service to the region (i.e. no one would have to haul more than 20 minutes to dump garbage). Metro preceded to construct two stations. A third transfer station was sited in Washington County, but was not built. Now 15 years after the original plan was adopted, growth and congestion suggest the 20 minute level of service cannot be achieved with the current system. Haulers are seeking ways to be more efficient. Reloads offer some resolution to this problem. Given that the SWAC has struggled with arriving at a definition we offer some definitions for your consideration.

The primary purpose of a reload facility is to achieve hauling efficiencies to other facilities within the Metro region or to an ultimate disposal site. It differs from a transfer station in that it;

- 1) Does not accept waste from the public;
- 2) Serves a limited number of hauling companies (this can be regulated by size i.e. it may perhaps only handle 50,000 tons or less per year);
- 3) May recover a nominal amount of waste, perhaps less than 3 % of its incoming waste.

Transfer stations on the other hand are open to the general public and to all haulers. They are strategically located within the Metro region. They serve as an opportunity to recover, segregate or process waste. They serve as drop off points for household hazardous waste. In other words they provide comprehensive services to the region.

Material Recovery Facilities have as a primary purpose to recover and recycle materials. Metro has already established rates that are tagged to recovery rates. It appears that the residual from these facilities presents more of an issue for Metros Transfer Stations than the Reload facilities. Since MRF's handle mixed dry waste, once it is processed and sorted some of this material is suitable for disposal at local limited purpose landfills. Again, policies for regulating MRFs should not encourage hauling waste longer distances than required. We believe that residual material from these facilities must pay the estimated average disposal rate at Columbia Ridge. If not you will cause this material to be taken to other disposal facilities or create incentives not to take material to local limited purpose landfill facilities. The cost will be subsidized by those rate payers using Metro facilities.

These represent our primary concerns. We request that you consider this input in establishing policies and regulations for managing both reload and material recovery facilities. We strongly agree with your criteria that solutions must satisfy the test of not benefiting one group of ratepayers at the expense of another. Therefore, allowing WMO to charge certain facilities a lower tier rate rather than the actual cost of service seems to violate that policy.

If you have any questions please call Howard at 628-1866 or Doug at 653-4999. We want to participate in helping you arrive at a solution that is fair to all parties and obtains the best results for the ratepayers

Sincerely,



Doug Drennen

D R E N N E N

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(503) 653-4999



July 30, 1997

Bruce Warner - Director of Regional Environmental Management
Metro
600 Northeast Grand Avenue
Portland, OR 97232-2736

Dear Mr. Warner:

Thank you for the opportunity to comment on the recent discussions by SWAC members regarding Reload Facilities, MRF's and Transfer Stations. After listening to the discussion by some of SWAC's members, their goal appears to be to create a system of private transfer stations in order to avoid using Metro's transfer stations.

BFI has listened with interest to the discussions and we have several concerns regarding the impact of these new facilities. First of all, we think Metro should look at what the basic goals were in establishing its transfer stations and to examine how well the existing system has worked in fulfilling those goals. The idea was to create a system of transferring waste with facilities acceptably located in areas zoned for heavy industrial use that would provide fair, convenient and economical service to the people in the Metro region. Other goals were to make these transfer stations as safe as possible for solid waste workers, the haulers, and the public; to maximize materials recovery; and to minimize traffic through the Scenic Columbia River Gorge. Not only did Metro achieve its goals with this system, but without this system the Metro area garbage collection and disposal system would have undoubtedly failed to meet the basic needs of commercial & residential customers and local municipalities.

With the closure of Portland's landfill, Metro made substantial investments in its transfer stations. However, some operators now wish to opt out of the system to increase their profits, possibly at the expense of those left in the system. Additionally, we are concerned that important goals such as safety, convenience to the general public, and materials recovery efforts will be compromised.

Economical Fairness

The proposed private transfer station system may not be a cost saving system, but a cost shifting system. Of the more than 160,000 loads received at the transfer stations, over 51% of the loads were public loads. The remaining loads were delivered by the area's waste hauling companies. As commercial haulers opt out of the system, Metro's cost of servicing the remaining haulers and the public will increase on a per ton basis. In the end, only public haulers and a minimal number of commercial haulers will use the Metro transfer stations. The consequences of this proposed cost shifting would be unbearable for Metro.

Without a restructuring of rates to tax the material collected at private transfer stations, the financial burden on those customers using Metro's facilities would undoubtedly lead to an increase in illegal dumping. Metro has made tremendous progress with illegal dumping issues in recent years. If the increased cost is shifted to public haulers, the financial incentive to dump waste and hazardous materials on public and private land will increase. Cleanup and enforcement of illegal dump sites would be an additional cost that Metro customers would bare.

Part of the reason for Metro's success in reducing illegal dumping is that Metro has taken the necessary steps in making sure that transfer stations are convenient to the public haulers. Metro owned stations are open seven days a week for long hours each day. For example, in the summer Metro Central is open from 3:00 am to 7:00 pm Monday through Saturday and 6:00 am to 7:00 pm on Sundays for a total of 109 hours per week.

Finally, Metro provides the host communities for its transfer stations with a \$.50 per ton "mitigation fee" to offset any adverse affects on the community created by the operation of the transfer stations. This practice should apply to private stations as well as to publicly owned stations.

Safety

During the past six years, Metro has faced and overcome many challenges presented in running a transfer station. Extensive safety procedures are in place to handle incidents including chemical releases, bomb threats, radiation releases, fires and employee accidents that can threaten lives and the environment in and around each transfer station. Additionally, Metro's household hazardous waste facilities work to divert dangerous materials from the waste stream. We would like to hear SWAC discuss the important and complex issues surrounding safety and environmental compliance at the transfer stations. If private transfer station operators are to be allowed, Metro would need to monitor the safety of each transfer station. The cost to monitor each station would increase as more stations are added to the system.

Materials Recovery

BFI has made (and will continue to make) substantial investments in equipment and personnel to increase the rate of materials recovery over and above the 3% and 1% required by Metro at the two transfer stations. The additional diversion makes a substantial contribution toward Metro's goal of reaching a recovery rate of 52% for the region. Much of the material that we target for recovery comes from the very haulers who now wish to opt out of the system. Comprehensive materials recovery programs require ongoing monetary investment in the form of capital and employees. Diverting commercial loads "rich" in recoverable material from Metro's transfer stations would make economically feasible recovery much more difficult. A change in the region's transfer system may result in a decrease in materials recovery. Adding materials recovery requirements to private transfer station permits will provide no assurance of performance levels at private stations. MRF's in general have never met their required material recovery goals set by Metro. Even with permit requirements, Metro would again have an additional cost of monitoring recovery performance.

Transportation

Metro's transfer stations are located in areas where there is minimal disruption to local road systems. Having limited destinations limits large long-haul trucks to designated areas in the Metropolitan area. The Metro contractor also cleans up roadside debris in areas around the existing station. Additionally, Metro's long hours of operation allows for traffic to be spread throughout the day.

Metro owned transfer stations use high compaction densifiers to load long-haul trucks that transport waste to the landfill. Should private transfer stations load trucks without densifiers, more loads with a lighter payload will travel through the Columbia River Gorge Scenic Area. We estimate a minimum 15% increase in the number of loads to haul the same amount of tonnage currently sent to Arlington.

Cost

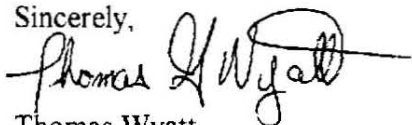
Ultimately, cost must be the overriding factor in deciding how to move forward with private transfer facilities. It is much more difficult to make changes to an existing system with long term contracts in place than it is to design a new one. BFI recognizes that Metro simply cannot ignore its capital investment in its transfer stations, or its long term contractual commitments.

While there may be some efficiencies to be achieved in certain areas of the region, Metro must carefully consider any changes that would benefit one group of rate payers while causing another group to see increased rates. In its role as the manager of the Region's solid waste disposal system, it is incumbent upon Metro to continue to look at the bigger picture, while balancing the often competing needs of the many players in the field. As part of its cost analysis, Metro must carefully evaluate the cost related impact to all its rate payers.

BFI would like to encourage Metro to include a broader audience in the discussion of the future of Metro's transfer system. The potential implications to Metro and its rate payers are enormous. A careful and complete analysis must be undertaken to insure the best outcome for the residents and businesses of the region.

We look forward to future discussions regarding this topic. Should you have any questions, please do not hesitate to call me at 226-6161.

Sincerely,



Thomas Wyatt
District Vice President

Staff Report

Metro SWAC Work Session on Facilities Session 2: July 1997

Date: July 16, 1997

Presented by: Bruce Warner

The June work session on facilities will be continued at the July SWAC. Materials from the June SWAC are not replicated in this Staff Report for July.

At the June work session, Metro staff answered SWAC's questions on Metro's disposal contract with Oregon Waste Systems, the transport contract with Jack Gray Transport, and Metro's Designated Facilities and Designated Facility Agreements. This discussion raised new questions. Some of these new questions are answered in this staff report. The others will be answered by Metro staff at the July meeting.

At the June work session, Metro staff also introduced some basic "bottom lines," or system objectives, that Metro views as necessary for system oversight and management. This discussion was not completed in June, and will begin where we left off. The "bottom lines" are policies that Metro's regulatory instruments are intended to implement or protect.

The discussion agenda for the July work session is:

Discussion Agenda

1. To answer questions raised at the June SWAC meeting.
2. To continue discussion on the basic "bottom lines," or system objectives, that Metro views as necessary for system oversight and management. Discussion will begin with Metro staff addressing the following:
 - a) Clarify that the "bottom line" costs and benefits refer to system effects, not just the impact on Metro's rates and revenues
 - b) Present more information, as requested by SWAC, on Metro revenues and effects on the tip fee if tonnage is diverted from Metro transfer stations.
3. To begin discussion on the best way to implement the RSWMP amendments recommended by SWAC in a manner that meets the "bottom lines."

SWAC and REM staff agreed to discuss these issues through the July SWAC meeting, and seek closure by the August SWAC meeting.

SWAC members are encouraged to bring their copies of Metro's Staff Report from the June meeting, as we will continue the discussion where we left off. Materials from the June SWAC are not replicated in this Staff Report for July.

Questions Raised at Metro SWAC June 18, 1997 The Base for the 90% Flow Guarantee

What's included in the "size of the pie" before you figure the 90%; that is, how do you calculate the amount to which the 90% is applied? A lot of non-putrescible waste now goes through the transfer stations. Does that count? Do things that don't go through transfer stations count as tons delivered for the 90% guarantee; for example, industrial waste, auto fluff, and direct haul from a reload? [Question raised by Tom Miller and other SWAC members]

Response

The "whole pie" is the waste that is generated in the Metro area and delivered to general purpose landfills (excluding certain specific types of waste—see next paragraph). To answer SWAC's question, the operative phrase is "delivered to general purpose landfills." Thus, if dry waste is delivered to a transfer station, then that dry waste (net of recovered materials) counts toward the 90% because it will be ultimately disposed at Columbia Ridge or Riverbend (general purpose landfills). If, however, the dry waste is delivered to a MRF, Hillsboro or Grabhorn, it does not count toward the 90% because none of these facilities are general purpose landfills.

Metro's contract excludes certain specific types of waste from counting toward the "whole pie." Examples:

- liquid waste
- sludge
- waste from an industrial process
- certain hazardous materials
- residue or debris from the cleanup of a chemical spill
- contaminated soil

Several of these wastes are currently hauled directly to Columbia Ridge Landfill, and do not count toward the 90%. These include auto fluff and petroleum contaminated soil.

As explained at the June SWAC, Metro is obligated to deliver (and to continue to make "good faith efforts" to deliver) putrescible waste to Columbia Ridge Landfill. As Metro staff has indicated at the last two SWAC work sessions, one of the things we are trying to work out is the implication of implementing SWAC's RSWMP amendments on reloads. It is Metro's expectation that mixed putrescible waste directly hauled from Metro area reloads to Columbia Ridge would count toward the 90%.

Questions Raised at Metro SWAC June 18, 1997
The Tiered Disposal Schedule
 (Change Order #7 Rate Schedule)

Where are we now on the tiered rate schedule? If waste counts toward the 90% does it count toward the lower rates, and vice versa? [Sue Keil]

Response

Metro's tiered rate schedule has a fixed rate for the first 550,000 tons, a substantially reduced rate for the next 42,500 tons, and a rate that declines approximately 50¢ per ton for the next 5 "steps" of 42,500 tons—after which the rate levels out. The schedule is shown in the table below.

Disposal Rates Per Ton
Metro-OWS Disposal Contract

Rate/Ton					
FY 96-97	FY 97-98	For deliveries between			
\$27.25	\$27.72	0	and	550,000	tons per year
\$10.00	\$10.17	550,001	and	592,500	tons per year
\$9.50	\$9.66	592,501	and	635,000	tons per year
\$9.00	\$9.15	635,001	and	677,500	tons per year
\$8.50	\$8.64	677,501	and	720,000	tons per year
\$8.00	\$8.14	720,001	and	762,500	tons per year
\$7.50	\$7.63	762,501	and	over	

The FY 1997-98 rates reflect a 1.7% inflationary increase over the rates for FY 1996-97.

Last fiscal year (FY 1996-97), Metro delivered 679,222 tons to Columbia Ridge Landfill. Metro's FY 1997-98 Adopted Budget assumes delivery of almost exactly the same tonnage during the current fiscal year. (Despite regional growth, the expected delivery to Columbia Ridge grows slowly due to diversion by new MRFs and other factors.) Metro's total cost and average costs for these two years are shown in the next table.

Average Disposal Rate per Ton

Fiscal Year	Tonnage	Disposal Cost	Average Rate/Ton
1996-97	679,222	\$16,213,387	\$23.87
1997-98	679,339	\$16,487,782	\$24.27

Note: FY 1997-98 tonnage projection per Metro's Adopted Budget

Average disposal rates over a wide range of tonnage is shown on a graph on the last page of this staff report.

The tiered rate schedule and the 90% flow guarantee are not directly linked in the OWS contract. However, waste that is delivered to satisfy the flow guarantee, including all mixed putrescible waste, would count toward the cumulative tonnage in the tiered schedule.

**Questions Raised at Metro SWAC June 18, 1997
Metro Designated Facilities**

The contracts with OWS and JGT are business arrangements, but the contracts with designated facilities are more like policy instruments. If Columbia Ridge is willing to accept direct-hauled putrescibles, then allowing this under the Designated Facility Agreements (DFAs) is a policy question. What are the policies driving the changes? [David White]

Response

Metro staff intends that the content the DFAs—and implications of changing them—be part of the discussion at the July and August work sessions. Metro's "bottom lines" are the policies that the DFAs (and Metro's other regulatory instruments) are intended to implement or protect.

Discussion at Metro SWAC June 18, 1997
Metro's "Bottom Lines"

Metro's "Bottom Lines," introduced at the June SWAC, are the basic system objectives that Metro views as necessary for system oversight and management. This discussion was not completed in June, and we will begin in July where we left off.

Upon reviewing SWAC's discussion at the June work session, it seems that there was some confusion about the meaning of the two Bottom Lines #3.a and #3.b relating to effects on regional ratepayers. The discussion proceeded as if the costs and effects on ratepayers related solely to Metro's costs and Metro's tip fees. *This is not REM's intention.* These bottom lines refer to *system costs and benefits*—not simply Metro's costs and revenues.

Metro's "Bottom Lines"
From the June SWAC Work Session

- 1. State and Metro Charter mandates for which REM is accountable, including:**
 - a) Recycling and recovery rates
 - b) Operation of the disposal system
 - c) Household hazardous waste program

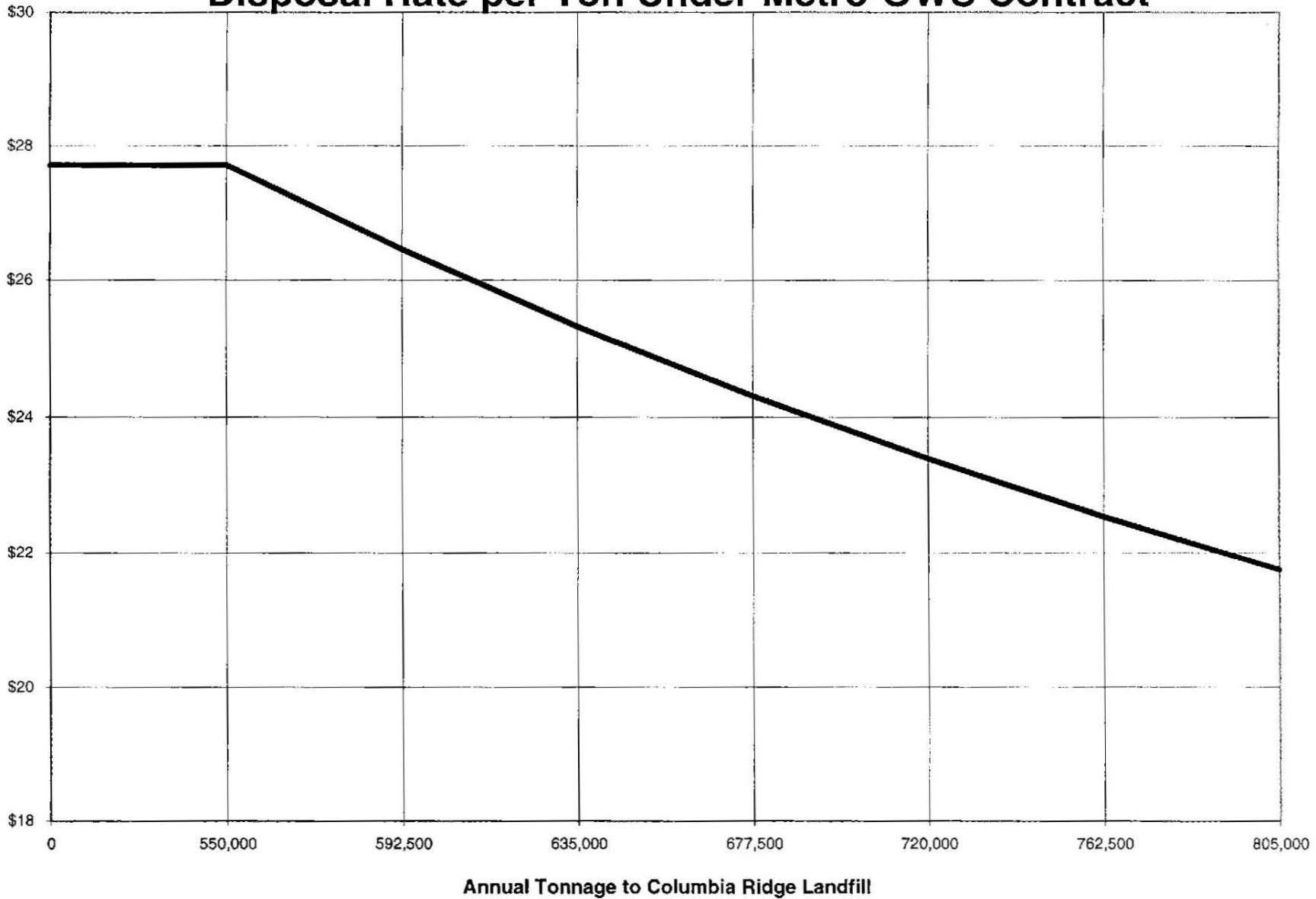
- 2. RSWMP goals, objectives and principles, including:**
 - a) Recycling and recovery goals and rates
 - b) Emphasize the solid waste management hierarchy (reduce, reuse, recycle)
 - c) Preference for source-separated recycling over post-collection recovery
 - d) Facility goals and objectives (regional balance, uniform disposal rate, cost-effectiveness, environmentally sound, public acceptability)

- 3. Effect on regional ratepayers**
 - a) Reloads should demonstrate a net system benefit, or at worst, a neutral impact
 - b) Reloads should not benefit one group of ratepayers at the expense of another.

- 4. Metro's obligations:**
 - a) To holders of bonded indebtedness
 - b) To the credit rating of the agency and the region
 - c) Contractual obligations for transfer, transport, and disposal
 - d) To the health, safety, and welfare of the region's citizens

This list is scheduled for continued discussion at the July SWAC work session. REM seeks SWAC's concurrence in these "bottom lines"

Disposal Rate per Ton Under Metro-OWS Contract



**Impact of Reloads on FY1997-98
Metro Tipping Fee**

Reload Tons	All Tons Included Under Oregon Waste Systems Contract	
	Regional User Fee Only	Regional User Fee + Metro User Fee
100,000 Tons	+\$1.34	\$0.00
200,000 Tons	+\$3.35	+\$0.32
300,000 Tons	+\$8.43	+\$2.81

Summary of Payments by Reloads

Regional User Fee	\$15.00	\$15.00
Metro User Fee (Fixed Costs)		\$7.99
Disposal Fee	\$25.10	\$25.10
DEQ/ Enhancement	\$1.67	\$1.67
Total Payments	\$41.77	\$49.76

Notes:

1. Excise tax of 8.5% is included in all fees except DEQ/Enhancement.
2. A surcharge may be required on disposal cost if special handling is required at the landfill.

**Potential Tonnage Diverted
From
Metro Transfer Stations to Reloads**

	Tonnage	
	Facility	Cumulative
Pride Disposal	18,000	18,000
WRI	30,000	48,000
TDK/WMO	50,000	98,000
ERI	100,000	198,000
Miller/Citistics	12,000	210,000
Gresham Sanitary	17,000	227,000
Hillsboro Sanitary	20,000	247,000

share/watk/impact.tbl