



METRO

A G E N D A

MEETING: REGIONAL SOLID WASTE ADVISORY COMMITTEE

DATE: Wednesday, August 18, 1999

TIME: 8:30 a.m.—10:30 a.m.

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

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|----------------|--|-----------------------|
| | I. Call to Order and Announcements | Rod Park |
| 5 min. | *II. Approval of July Minutes | Rod Park |
| 10 min. | III. REM Director's Update
<i>Including a report from the Rate Review Committee, which met in early August.</i> | Terry Petersen |
| 30 min. | IV. Hazardous Waste Plan: Draft Recommendation | Scott Klag |
| 30 min. | V. Non-System License Applications
<i>Metro has received 3 applications for non-system licenses to haul putrescible waste to facilities outside the Metro area: Willamette Resources, Inc. (5,500 tons per year [TPY] to the Marion County burner), Pride (50,000 TPY to Riverbend), and Waste Connections (75,000 tons to Clark County). Staff recommendations will be presented, the issues (including the 10% issue) will be discussed, and comments will be solicited.</i> | Terry Petersen |
| 40 min. | *VI. Metro's Excise Tax on Solid Waste
<i>Discussion of some options for changing the structure of the excise tax. Metro seeks SWAC input on the effect of these options on the solid waste system.</i> | Tom Imdieke |
| 5 min. | VII. Other Business and Adjourn | Rod Park |
- * 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 Ed Washington (797-1546); **Alternate Chair:** Councilor Rod Park (797-1547)
Staff: Meg Lynch (797-1671) or Doug Anderson (797-1788); **Committee Clerk:** Connie Kinney (797-1643)

Metro Solid Waste Advisory Committee (SWAC)
Full Meeting Minutes
July 21, 1999

ATTENDEES

Voting Members

Ed Washington, Chair, Metro Councilor
Dean Kampfer, Multnomah County Haulers (alternate), Waste Management
Lee Barrett, City of Portland (alternate)
Vince Gilbert, East County Recycling (alternate)
Susan Ziolkowski, Clackamas County
Mike Misovetz, Citizen, Clackamas County
Tom Wyatt, Browning-Ferris Industries
Scott Bradley, Waste Management
David White, Tri-C/ORRA
Jeff Murray, Recycling Industry, Far West Fibers, (alternate)
JoAnn Herrigel, City of Milwaulie
Matt Korot, City of Gresham (East County Cities)
Frank Deaver, Citizen, Washington County
Jeanne Roy, Citizen, City of Portland
Mike Leichner, Washington County Haulers (alternate), Pride Disposal
Sarah Jo Chaplen, Washington County Cities
Merle Irvine, Willamette Resources
Lynne Storz, Washington County

Non-Voting Members

Terry Petersen, Acting REM Director
Rob Guttridge, Clark County (alternate)

GUESTS

Doug Drennen, Drennen Consultive Services
Erid Merrill, Waste Connections, Inc.
Henry Mackenroth, Citizen
Easton Cross, Consultant, BFI
Tim Raphael, Celilo Group
Diana Godwin, Regional Disposal Co.
Dick Jones, Citizen

METRO

Douglas Anderson
Connie Kinney, Clerk to the Committee
Bill Metzler
Meg Lynch
John Houser
Leann Linson
Scott Klag

Chair Washington brought the meeting to order and indicated that he would be changing the order of the agenda because some of the committee members had to leave early to attend a meeting at the City of Portland.

APPROVAL OF THE MINUTES

Chair Washington asked if there was a motion to approve the minutes. Ms. Jeanne Roy moved to adopt the June 1999 minutes, the motion was seconded and the Committee unanimously voted adoption of the minutes.

DIRECTOR'S ANNOUNCEMENTS AND UPDATES

Mr. Petersen said Metro recently sponsored a natural gardening tour of 13 private gardens in the metropolitan area. It was very well received; unfortunately, we had to cap pre-registrations at 850 people, because we could not accommodate a larger crowd at this first event. There were numerous requests to repeat the tour next year.

As a follow-up on tarping up all loads, 104 warnings have been issued to persons waiting in line and 20 people have been cited and their cars were towed away. This rule is generally well received, and the majority of customers have followed the tarping rule. Mr. Petersen believes this policy should operate regionwide, and he would appreciate it if SWAC members and others would ask their customers to do likewise.

Mr. Barrett asked whether Mr. Petersen planned to provide an update on non-system licenses. Mr. Petersen replied there was not much change since the June SWAC. REM received three applications – from Waste Connections, Pride and WRI – in June, and we have 60 days to process them. Staff is collecting needed information and we will respond by the end of August.

UPDATE ON CONTRACT SAVINGS AND SOLID WASTE RATES

Mr. Petersen said that discussions about the savings have brought up an issue related to the excise tax about the basis on which the excise tax is collected. He said it is collected as a percentage of the gross revenues from solid waste and non-solid waste activities at facilities in the Metro region, whether they are owned or regulated by Metro. He said that at solid waste facilities, the percentage is 8.5% of the gross revenues, and at the non-solid waste facilities, such as the Zoo and the Convention Center, it is 7.5%. He said that about \$5.9 million in excise tax revenues is collected from solid waste facilities, both Metro and non-Metro.

He said that as the tip fee changes or as tonnage flows to different facilities, it affects excise tax revenues. When Metro dropped the rate from \$75 to \$62.50, excise tax revenues dropped; likewise, when waste flows from one facility to another with a different rate, that also affects excise tax revenues. Staff is discussing options for restructuring the excise tax, one of which is to collect it on a per ton basis.

Ms. Diana Godwin (from the gallery) asked if by translating 8.5% to a per ton rate, is that an attempt to keep it basically revenue neutral as far as an impact on an individual facility?

Mr. Petersen replied that would be one option, to take the current excise tax and convert it into a per ton rate to keep the effect revenue neutral. He said there might be other options.

SAVINGS FOR SOLID WASTE PROGRAMS

Mr. Anderson said staff have been discussing how best to use the savings from the renegotiated contract. He said he wanted to share with the committee the main themes they have heard. He said the proposals fall into three basic areas. He would like to hear if the committee thinks we are hearing the right things, did we get them all and do these proposals reflect your sense of priority?

The three themes are: developing markets for recovered materials; supporting the foundation (the existing programs and infrastructure that is in place); and taking the next steps (getting to 50% and beyond). He said market development suggestions included promotion/advertising, technical assistance, making business aware of materials that have recycled content. Another proposal is giving assistance to businesses, both new and existing, to use recycled materials in their products.

Mr. Anderson said there have been quite a few proposals suggesting we need to continue to support existing programs and infrastructure or increase that support, both directly for Metro programs and through grants and other assistance to local governments. There is a need to help bolster construction and business recycling.

Chair Washington asked the committee for questions or discussion about the first theme: Market Development.

Citizen, Oregon City asked if there was any thought for making the materials we are pulling out of the waste stream more useful?

Mr. Anderson said he personally had not thought it out to that level of detail. He said that when staff talks to Council about business assistance, it is at a very high level and focuses on technical research and assistance.

Mr. Anderson continued with the second theme, supporting existing programs. He said it is generally held by government entities that we are expected to continue to do more toward promoting the recovery rate to get to 50% and beyond with existing staff and money. He said existing programs do take care, feeding and maintenance. Mr. Anderson said there is still a lot more to recover from our waste stream, such as wood and recyclable paper, which suggests a better job could be done in construction site recycling and office site recycling. Fixing, improving and making our existing programs more efficient (commingling is an example) is often pointed out as a way to get recycling more efficient and therefore more able to compete with disposal. Therefore, promoting recycling is necessary. A suggestion that has been echoed by Recycling Advocates focuses on providing resources for targeting specific businesses and construction sites for recycling. Business assistance could come in the form of waste evaluations, deskside containers for paper in offices and other types of businesses, etc.

Mr. Anderson moved on the third theme, taking the next steps. The main thing heard is the need to step up to the organics issues. Specific dollars from Metro would fund pilot projects, to learn about collection efficiencies and materials standards, and to assist with helping to put processing capacity in place – a place to take food waste.

Mr. Guttridge wanted to know if staff had any particular steps that Metro might take in moving the organics markets forward, i.e., capital investment, etc.

Mr. Anderson replied that Metro and local governments have recently formed a cooperative subcommittee to look precisely at those steps – what would it take to look at the issue systematically and come up with some specific proposals.

Mr. Barrett replied that the City of Portland will work with Metro to put together a project for collecting organics, not looking so much at the processing side. The problem now is that we have way more questions than a reasonable pilot project could be expected to answer. Judy Crockett on the City's staff is researching what's going on in other jurisdictions. Some of that information can help us can narrow the focus of the pilot project and not have to look at issues of collection vehicles and collection containers, mixing food with something else, etc.

Mr. Kampfer said that on the organics issue, it is worth noting that Waste Management did a small pilot on Portland Schools and he believes WMI has a good grasp on what is available at the schools to recover.

Chair Washington commented that he personally would like to see what more could be done in recycling tires.

Ms. Herrigel said she feels there is a regular re-emergence of this request for containers for the commercial sector. However, she has never had a commercial customer say he or she needs a container for his or her recyclables. She would like some data or research on value of providing these types of containers before we proceed with the idea of providing them.

TRANSFER STATION SERVICE PLAN

Mr. Metzler said the SWAC subcommittee met for the first time July 15. Subcommittee members discussed the role of the committee, which represents a number of different stakeholders and which will work cooperatively with the project team. The first meeting focused on reviewing information in order to start developing a statement of needs for new regional transfer station services. Subcommittee members examined preliminary findings from the hauler survey and some of the solid waste flow projections to the year 2010. Discussion items brought forward by the subcommittee included the impact of urban congestion on hauler access to services, what works best for small and large haulers, and what's the balance. Other discussion points included public access to services, the regional priorities (i.e., balancing recovery and disposal, which would encompass items such as the 50,000-ton disposal cap), what does it mean to be a regional transfer station, how to balance private deficiencies and profits with the public purpose, and cost to ratepayers.

Mr. Metzler said it was a very good meeting; a second meeting is scheduled for August 5, 1999 to look at discussion items in more detail and begin establishing a statement of needs. Mr. Metzler asked the subcommittee members if they had any information to add to his report.

Mr. Barrett said the group feels this is ultimately a transportation issue. Haulers spend time on the road to get to the transfer station and spend additional time waiting at the transfer station itself. If traffic in the region continues to worsen, as projections indicate, extra hauler time on the road will translate to an increase in the rates both for business and residential. It's all about cutting those travel times.

Mr. Vince Gilbert responded that he agreed with Mr. Barrett, but the flow of waste is a concern of his. Where is the waste coming from? What are the things that are affecting where that waste comes from? What affects that waste flow?

Mr. Irvine said he didn't have anything more to add, other than to say he agreed with Mr. Barrett. He said transfer stations have been and always will be a transportation problem.

Chair Washington responded by saying there ought to be some connection between this issue and Metro's Transportation Committee. If there is an absolute connection between this issue and transportation, then a report should be prepared for the Transportation Committee so that the issue is on transportation's radar scope; perhaps then there would be the opportunity to work cooperatively between the departments to help remedy the situation.

REGIONAL SYSTEM FEE CREDIT PROGRAM EVALUATION

Ms. Linson said she would give a brief review of the program elements, look at key findings (of which there are six), look at conclusions, and will then ask for suggestions, input, and/or clarification. (The presentation outline is attached.)

Ms. Linson said that before June 1998, Metro had a penalty system in place. This required that facilities were required to recover 35% to 40% of their loads. After the tip fee was reduced to \$62.50, Metro instituted a pilot incentive program, which helped facility owners preserve the margin between revenue and costs, with the credits increasing as recovery increased. This pilot program was scheduled to sunset June 30, 1999, but it was felt that a fair evaluation of the program could not be made because of insufficient data. With the recommendation of the Rate Review Committee, Council extended the sunset to June 30, 2000.

The six key findings of the evaluation:

- Changing the solid waste system
- Recovery tonnage
- Regional goals
- Program design
- Effect of future rate reductions
- Program costs.

Ms. Linson said we have authorized putrescible waste reloading at two facilities and we have authorized three facilities to direct haul putrescible waste. In addition we have imposed a 50,000-ton cap on those facilities receiving putrescible waste.

Mr. Irvine asked if Metro has concluded that direct haul to the Columbia Ridge Landfill is a negative, a positive, or a neutral?

Ms. Linson said it was concluded that it was a negative.

Mr. Anderson explained that the authorization to direct haul was made before the Metro Code was revised. He said the incentive program was designed to allow material recovery facilities to take wet waste and then to direct haul this waste to the regional landfill. He said staff then put a cautionary 50,000-ton cap on the ability to receive wet

waste, which has made created a tendency for facility operators to favor wet waste over dry waste.

Mr. Irvine noted the findings make the determination that the "system is broken and we need to fix it," and it's his reading of the report that that is primarily the result of Waste Management's decision to close a couple of its facilities and to reduce a portion of its MRF activities in favor of transfer stations. He said he doesn't believe that is fair to some of the other MRFs that are in the system that have maintained recovery rates of over 40% and that have used the incentive to keep their recovery up. Mr. Irvine views direct haul as a positive for his MRF activity, because those dollars help offset some of his overhead costs, which before the authorization of direct haul were borne 100% by the MRF activity.

Mr. Kampfer added that Waste Management as a company is trying to balance and still play within the rules, i.e., the 50,000-ton cap. He said that some of the recovery issues are also balanced by other variables, such as transportation. He said the 50,000-ton cap forces the company to increase its transportation of waste through the region, which he believes needs to be looked at.

Ms. Linson thanked the committee for their comments and said staff will certainly keep them in mind. She said that when the data from all MRF facilities from the last three months are combined, there is a downward trend in recovery rates. She said the data indicate that recovery rates from Waste Management are quite low, but that other facilities are maintaining recovery rates of 40% or more.

Ms. Linson said 88,000 tons were recovered from mixed waste facilities for the period June 1998 to April 1999, 72% of which counts towards our RSWMP goals. Material recovered is about 8% of the total tons recovered in the region, up from the 6.9% in 1997. Recovery at MRFs account for approximately 3 percentage points of the 1998 regional recovery rate.

Chair Washington commented that 28% of the recovered materials did not count towards RSWMP goals. Would this indicate that our goals are unreasonable?

Mr. Vince Gilbert explained that 11% to 12% of his incoming tonnage is inert materials, and it counts in some areas but not in others, and that is where you get a discrepancy.

Mr. Irvine commented the report also questioned whether or not Metro should pay recovery credits for material that does not count toward the State goal. Mr. Irvine believes our objective should not be to meet some artificial goal, but to keep things out of the landfill. He said we should not use all of our efforts and resources to meet an artificial goal.

Mr. Leichner said that to follow up on Mr. Irvine's comments, Metro is saying the region's recovery rates are declining, but are the tonnage numbers going up? If so, we are achieving more recycling tonnage. We are dealing with more waste streams, and these are streams that are not yielding as much recovery. We are making a bigger effort to get it out and we are not getting credit for that.

Ms. Herrigel said she would like to expand on that comment and say she understands this is all about diversion from the landfill; however, we all have to acknowledge that the

recovery rates, ridiculous or not, do exist in State law and we need to move toward achieving the goals.

Ms. Linson said the data appear to indicate the credit program is functioning as designed, because it does provide an incentive for certain facilities to recover 40% or more, but that it also appears the program has not been enough of an incentive to Waste Management to maintain those higher rates.

Ms. Linson explained that the example of a tip fee reduction in the report indicates that the margin between revenue and costs would increase for a MRF. She explained that "cost" is not the only element of the program. We still need to remove materials from the waste stream and process them. Ms. Linson said that through April of 1999, the credit program has paid out \$736,000. The total program cost for 1998-99 including projections for costs through the end of the fiscal year is \$757,000. She said the program has required about 60% of one full-time employee.

Ms. Linson concluded that in the current environment, the monetary incentive does not appear to be sufficient to preserve MRF operational activity and it appears that the program has had only a marginal impact on total tons recovered from the mixed waste MRFs. She said it appears the MRFs are converting to non-recoverable waste streams. Ms. Linson then asked the committee whether, based on the information reviewed in the full report, the program be altered or discontinued altogether. If the program is altered, how?

Ms. Herrigel commented that since the program will not sunset for another year, why don't we postpone those questions?

Ms. Linson replied that if it is determined after looking at the data available that it is not feasible to continue the program or that we need to alter it, we want to make those changes to make it become more effective.

Mr. Irvine said he had some problems and difficulties with the staff report and that it appears that conclusions in the report are based on recent happenings at Waste Management, the closing of its facilities, and going to more of a wet stream instead of the dry. The report indicates that Waste Management states it will increase its MRF activities. Metro should give them some time to do that and then see if the conclusions are still valid.

Mr. Kamper said he agrees and that internally Waste Management is juggling many variables and trying to fit within the tonnage cap and also balance out the other variables. He believes that removing the tonnage cap would most likely change the way Waste Management moves the tonnage throughout the region as well.

Mr. Gilbert commented he would like to see how vertical integration affects recycling and would like to revisit that at some point.

Ms. Linson, in restating the comments, said that rather than making a recommendation on continuing or altering the incentive program, the committee believes staff should look at the issues addressed and come back at a later date when more data are available.

Chair Washington stated he would like to have a specific date by which staff brings information back to the committee, and it should definitely be within this calendar year. Mr. Washington suggested the October meeting as a reasonable time period.

HAZARDOUS WASTE PLANNING PROCESS

Mr. Klag gave an update on the H2W planning process. Mr. Klag said he will talk about why we are undertaking these efforts, what the steps in this process are, and the progress to date. We have seen growth in the H2W collection at the rate of 13% over the past four years. He said this has put a considerable strain on staffing at the facilities. Mr. Klag said the H2W program is endeavoring to protect the public health, safety and the environment, and we should continue with that goal. He said that involving the stakeholders in implementing this strategic direction is what is needed to make this happen.

Mr. Klag said staff is looking at how they can take some of the education and prevention efforts that are already being made and try to refocus them to show they can make a difference in the amount of collection services that Metro needs to supply. He said, in particular, we need to focus on the education and prevention programs that have some impact on the amount of hazardous waste that is being generated. Mr. Klag said that, in addition, we want to look at refining the service provision criteria, primarily some of the collection aspects of where we place the events, how many hours the facilities are open and their accessibility; at the same time, we do not want to lose track of the educational goals and objectives. Mr. Klag said, finally, staff needs to draft a service plan that reflects the strategic direction Metro needs to go, and finalize the recommendations.

Mr. Klag said that in trying to protect the environment and personal health and safety, we need to identify the risks from the use of hazardous materials as well as their storage and improper disposal.

Mr. Cross from the gallery thanked Mr. Klag for a very good presentation.

OTHER BUSINESS

Chair Washington said Metro received a letter from Port Blakely Tree Farms, L.P. indicating a problem with improper disposal of waste to its property, a copy of which is attached.

Ms. Ziolkowski commented that she has no knowledge of this company contacting Clackamas County, but Clackamas County does clean up various illegal dump sites and works with the Metro crew, even outside the Metro boundary on occasion. Ms. Ziolkowski also indicated the waste might be handled through one of the free bulky waste collections in Clackamas County.

Mr. Misovetz said he would contact the company and endeavor to help with a solution.

Mr. Cross asked for an update on citations issued within the region for improper disposal. Mr. Petersen replied an update could be made at the August SWAC.

The meeting was adjourned.

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Program Evaluation:

**REGIONAL SYSTEM FEE CREDIT
PROGRAM**

July 21, 1999

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PROGRAM ELEMENTS:

- Prior to June 1, 1998 - Penalty System
 - Effective June 1, 1998 - Program Initiated
 - Initiated as a One Year Pilot Program
 - Scheduled to Sunset: June 30, 1999
 - Program Extended One Year by Council
 - New Sunset: June 30, 2000
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KEY FINDINGS

1. Changing Solid Waste System
2. Recovery Tonnage
3. Regional Goals
4. Program Design
5. Effect of Future Rate Reductions
6. Program Cost

1. Changing Solid Waste System

3 major changes have occurred:

- authorization of wet waste reloading at some MRF's
- authorization of direct haul of wet waste from some MRF's to Columbia Ridge Landfill
- imposition of a tonnage cap of 50,000 tons on MRF's receiving wet waste

2. Recovery Tonnage

- Downward trend in MRF recovery rates and tons recovered at mixed waste MRF's
- Consistent recovery levels found at 3 MRF's
- Appears program provided incentive for 2 MRF's to maintain consistent levels
- Historic recovery rates expected at certain facilities

3. Regional Recovery Goals

- June '98 - April '99: 88,000 tons recovered
- 72% of that counts toward RSWMP goals
- Material recovered is about 8% of total tons recovered in the region
- Recovery at MRF's = 3 points of 1998 regional recovery rate
- If trends continue, this could lower in 1999

4. Program Design

- Appears to function as designed
- Appears to have maintained historic recovery rates at MRF's not owned by WMI
- Low disposal costs can offset the impact of the rates, credits, incentives, or penalties

5. Effect of Future Rate Reductions

- Example in the report is hypothetical
- Assumption that as tip fee decreases, the cost of the program increases
- Cost is not the only element of the program
- Goal is to positively affect the recovery rates

6. Program Cost

- April 1999 - \$736,151 paid out
- FY 1998-99 Credits to total: \$757,000
- With current levels of recovery, throughput, and credit schedule, disbursements will for 1999-2000 will be about 85% of 1998-1999
- Program required about 60% FTE , should reduce to less that 50% in future years

CONCLUSIONS

- In current environment, monetary incentive does not appear to be sufficient to preserve MRF operational activities/assumptions
- Appears program has had only a marginal impact on total tons recovered from mixed waste MRF's
- MRF's appear to be converting to non-recoverable wastestreams

Conclusions cont.

- Modify or develop alternative program(s) to more effectively encourage waste recovery at solid waste facilities

WHAT DO WE DO NEXT?

- Feedback or questions?
- Based on the information noted, should the program be left as is, altered, or discontinued?
- If yes to altering, how?



PORT BLAKELY TREE FARMS, L.P.
Managing Land and Timber Since 1864

July 13, 1999

Solid Waste Advisory Committee
Metro
600 NE Grand Ave
Portland OR 97232

Dear Committee Members:

Port Blakely Tree Farms spent \$5,382 last year in Clackamas County cleaning up garbage illegally dumped on our timberlands. This has been an ongoing and ever-increasing problem. Subsequently, we have had to restrict public access to most of our property.

We are not alone - many of our neighbors face the same problem. This includes Clackamas County. Moreover as private land access is restricted, more garbage seems to be dumped along public roads.

What is the answer? From our experience in other counties and states there seems to be a common thread: some form of free disposal. In some cases it is only a couple of weekends a year. Another example is a county tax assessment that covers garbage dumping for free any day of the week. These programs are sometimes enhanced by increased efforts to pursue illegal garbage dumpers. These ideas may not be the exact answer for this area, but we need to try something. Port Blakely Tree Farms appreciates anything that you as policy makers can do to help us keep our environment clean. Thank you.

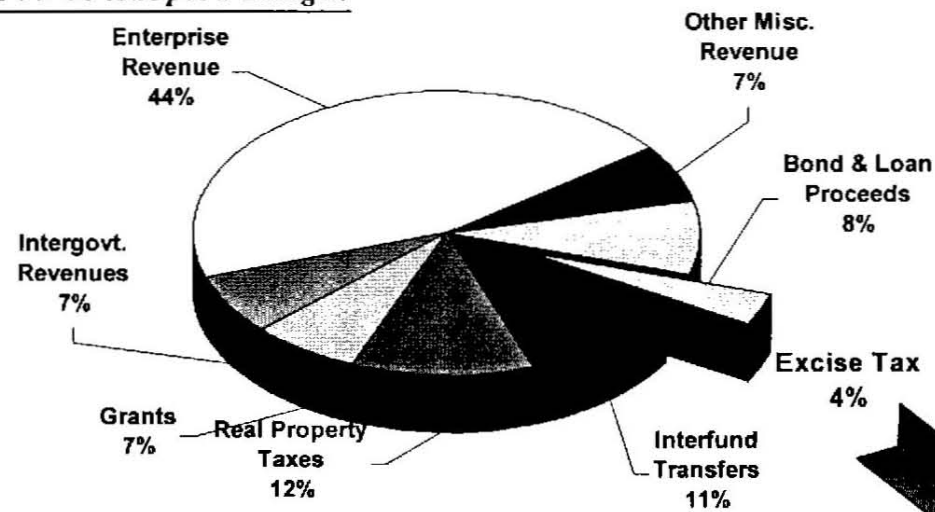
Sincerely,
PORT BLAKELY TREE FARMS

Orville Mowry
District Forester

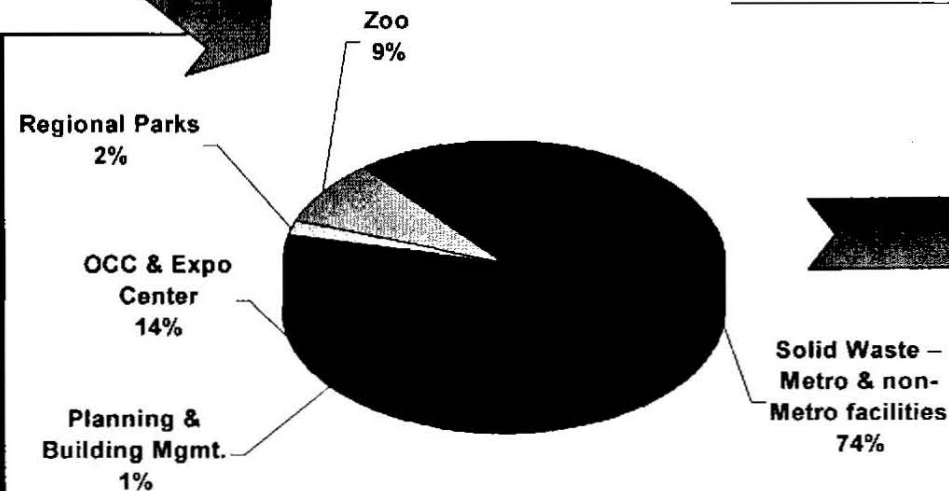
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Current Revenues – Excise tax portion

FY 99-00 Adopted Budget



Excise Tax Portion



Excise Tax . . . Uses by Department

FY 99-00 Adopted Budget

