A G E N D A

METRO

MEETING: **REGIONAL SOLID WASTE ADVISORY COMMITTEE (SWAC)**
DATE: Thursday, March 23, 2006
TIME: 10:00 a.m. – 12:00 p.m.
PLACE: Rooms 370A/B, Metro Regional Center, 600 NE Grand Avenue, Portland

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5 mins. I. Call to Order and Announcements .... Rod Park

A. Introductions and Announcements

*B. Approval of Minutes**

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

40 mins. III. Report & Recommendations of the Rate Policy Subcommittee* .... Mike Hoglund

Last year's Rate Review Committee identified a number of rate-related policy issues, and recommended they be reviewed by a broad group of solid waste stakeholders. The Rate Policy Subcommittee of SWAC was subsequently created and has been working on these issues since last September. This agenda item will be a presentation of their findings and recommendations. If approved, these recommendations will guide the Rate Review Committee's work on next year's rates, and can inform the Council in its decisions on rates for FY 2006-07 and beyond.

Action requested: approval of the subcommittee's Final Report and Recommendations.

35 mins. IV. Annual Waste Reduction Program (Year 17)* .... Jennifer Erickson

Since 1990, Metro and local governments have prepared this annual work plan for the region's waste reduction activities in the coming fiscal year. Year 17 includes these major program areas: (1) per capita (maintenance) grants and (2) the regional program areas in multi-family residential, commercial organics, building industry, and business sectors. A total of $2.1 million has been proposed for these programs in the 2006/07 budget. This agenda item will provide an historical overview of the program elements and identify results of the latest performance measures. SWAC members will be asked to provide a recommendation to Council on the package.

Action requested: approval of the Annual Waste Reduction Program for Metro Council's consideration.

20 mins. V. Comparison of HHW Programs.. Jim Quinn

Metro recently hired a consultant to conduct a survey of household hazardous waste (HHW) programs around the country, in order to compare Metro's HHW program to others. The study focused on program costs, and compared programs operated by government agencies to those operated by the private sector. This agenda item will present the methodology and results of the study, and discuss how the collection program fits into Metro's plans for dealing with HHW in the future.

5 mins. VI. Other Business and Adjourn.. Rod Park

Ordinance 06-1116 relating to the solid waste excise tax

http://rim.metro-region.org/webdrawer/rec/136651/view/Metro%20Council%20-%20Council%20Meeting%20Records%20-%20Meeting%20Packets%20-%20Council.PDF

Material for this agenda item is attached.

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

Chair: Councilor Rod Park (797-1547) Staff: Janet Matthews (797-1826) Committee Clerk: Susan Moore (797-1643)

ATTACHMENT
SWAC Agenda Item I

Regional Solid Waste Advisory Committee (SWAC) Meeting Summary

January 25, 2006

METRO

600 NE Grand Ave.
Portland, OR 97232-2736

MEETING SUMMARY
Solid Waste Advisory Committee
Metro Regional Center, Room 370A/B
January 25, 2006

Members / Alternates Present:

Councilor Rod Park, Chair	Mike Miller	Rick Winterhalter
Mike Hoglund	John Lucini	Bruce Walker
Matt Korot	Ray Phelps	Glenn Zimmerman
Wade Lange	Keith Thomsen	Vince Gilbert
Paul Edwards	Lori Stole	Anita Largent
Dean Large	JoAnn Herrigel	Andy Kahut
Todd Irvine	Loretta Pickerell	

Guests and Metro staff:

Janet Matthews	Karen Blauer	Chuck Geyer
Kevin Six	Stacey Triplett	Lee Barrett
Steve Apotheker	Tom Chaimov	Easton Cross
Kathryn Sofich	Leslie Kochan	Janet Malloch
Roy Brower	Brad Lewis	Barb Disser
Steve Kraten	Jan O'Dell	Gina Cubbon
Paul Ehinger	Julie Cash	

I. Call to Order and Announcements..Councilor Park

- Councilor Rod Park opened the meeting and welcomed everyone. He introduced newest SWAC member Keith Thomsen, who replaces Mark Altenhofen as the representative from Washington County.
- Next, the Councilor introduced Stacey Triplett with an update on the Nature in Neighborhoods program. The grant program has received a very encouraging amount of interest so far, Ms. Triplett informed the group: 81 pre-applications have been received, for a total of $3 million in requests. Council will consider the program's next steps at their January 31 work session. As program staff contacts the pre-applicants, more connections to the solid waste industry can be created, Councilor Park and Ms. Triplett said. She invited industry representatives to partner with restoration projects in their areas in order to enhance and expand their applications.
- Janet Matthews announced changes to the Committee membership. Les Joel (Recycling End-User Alternate) and Heather Hansen (Clackamas County Citizen Ratepayer) have found it necessary to resign, she said, and those positions will need to be filled. She asked those present to consider who might be interested in joining the group in either of those capacities. Additionally, there are vacancies for a Business Ratepayer representative, and alternates are needed for both the Washington County and East Multnomah County and Cities posts.

- Councilor Park mentioned that Council would be voting on a moratorium for dry waste facility applications later that day. He reported to the group that at the January 24 Council Work Session, the contractors working on the Disposal System Planning project had done an outstanding presentation. In particular, he praised EcoData's Barbara Stevens for her thorough analysis and clear presentation of the economic portion of the project.

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

Mr. Hoglund would be a late arrival, Councilor Park explained, so this agenda item would be addressed further into the proceedings.

III. Disposal System Planning Progress Report ....Paul Ehinger

Paul Ehinger introduced a PowerPoint presentation (attached) that included some highlights from Ms. Stevens' report to the Council at a recent work session. He briefly explained each piece, which outlined the "Economics 101" aspect of the project. Collection, it was pointed out, constitutes 81% of the monthly residential garbage bills, and may be the most likely area to find cost savings. A quote was shown regarding vertical integration, which accounts for 56% of collection in the Metro region, and 77-99% of the tonnage. "Garbage," as one slide noted, "is big business!"

Mr. Ehinger's presentation went on to show the most common types of residential collection systems in the US (municipal, contract, subscription, and franchise) and explain the pros and cons of each. Metro's system is a complex hybrid of public and private facilities, he said. Metro is both a regulator and a price leader. However, while Metro is able to negotiate lower fuel and transport costs through contracting, the difference between per ton costs for Metro and private transfer stations is virtually non-existent, the report found. Some of the savings Metro achieves is matched by savings that vertically-integrated companies get from the shorter distances they drive to their own disposal sites.

Concluding, Mr. Ehinger told the Committee that the next DSP presentation to Council will be on Tuesday, February 28, and will show the three system options: All public, all private, and a variation of the current public/private system.

Answering questions from the Committee and audience, Mr. Ehinger explained that the Regional System Fee was figured across the board when coming up with the breakdown of monthly collection bills. He added that Ms. Stevens described Metro's current material recovery system as "the gold standard" compared to other metropolitan areas around the country. Councilor Park mentioned that because of the region's high recovery rate and the suite of services required by facilities, recycling is actually less expensive than throwing things away in this system. John Lucini commented that relatively high disposal costs are a pretty good incentive for more diversion.

The Rate Policy Subcommittee has been looking at various aspects of this project, as well, Councilor Park submitted.

IV. Draft Interim Waste Reduction Plan: Upcoming Public Involvement..................Karen Blauer

Councilor Park introduced Karen Blauer of the Department's Community Relations section. Ms. Blauer reviewed the first two phases of public involvement for the RSWMP update. Phase I consisted of interviews with "solid waste providers and users," she said, who helped identify and narrow a list of "critical issues" for the overall RSWMP update.

Phase II was the "Let's Talk Trash" discussions with the public through open forums and the Metro website. The results showed some strong agreement, Ms. Blauer noted. Most felt the current system is good, but could use improvement and expansion of the curbside system, as well as consistent standards between jurisdictions. "Use resource conservation as a guiding principal," participants said, with a general consensus that government should take the lead and be a good example, Ms. Blauer reported.

"The third phase of public involvement we're hoping will tap into that well of interest and concern about garbage and recycling and sustainability," Ms. Blauer reported. The waste reduction portion of the RSWMP (currently referred to as the Interim Waste Reduction Plan) is likely the most interesting to the general public. Two opportunities will be given for the public to comment – one this Spring, and another after the Waste Reduction Plan has been incorporated to the full RSWMP update. It's important, Ms. Blauer added, that the public stakeholders be given adequate time to comment.

She handed out the proposed process and timeline for Phase III, noting the 45-day window for public response. Following that, staff will present a summary of the comments to SWAC and a recommendation will then be forwarded to Metro Council. Council, in turn, will receive a final Draft Plan and a report of public comments prior to holding its own public hearing.

"The key tool for taking our Draft Plan out on a 'Show and Tell Tour' is actually a 'virtual' open house," Ms. Blauer explained. This web-based tool will allow and encourage a high level of public involvement. Online participation is increasingly popular because of its 24/7 convenience; those unable to participate online will be provided with printed materials upon request. It's anticipated, too, that using an online approach will attract a wider audience, particularly citizens who will likely never attend a public hearing or event but are still stakeholders in the process, Ms. Blauer explained. Accordingly, questions will be designed to interest both the casually-interested and hardcore advocate. Detailing the website, Ms. Blauer likened it to touring a house, room by room, where visitors can look at various goals and strategies of the Plan. The survey, in turn, will contain questions about aspects of the Plan and its direction.

A promotion will be developed to help stir interest and steer the public to the website. "Getting the word out is always a challenge," Ms. Blauer admitted, "but we have a plan." Targets will include those who have special interests in the Interim Waste Reduction Plan and in the RSWMP as a whole. Neighborhood associations, government partners, trade and professional groups, and those who previously participated in Phases I and II will be targeted, Ms. Blauer continued. Links to appropriate websites will be established, ads run in local newspapers as budget allows, inserts in Councilor newsletters and other means will be used to promote participation, including "taking advantage of a newsworthy opportunity to spike web traffic when the state releases the 2004 recycling numbers," she said.

The survey itself is being designed to make it easy to take and easy to offer comments on individual areas of interest. The first section includes vision and values; some other topics include waste reduction, education services, toxics reduction, and product stewardship, Ms. Blauer concluded. "We also will have open-ended questions, to make sure that people have a chance to tell us what they think – even if they don't read about it in the plan," she said.

Vince Gilbert of East County Recycling suggested that "Everybody gets a solid waste bill, whether it's a business or a residence. Maybe we could put a promotion in their bill somehow... maybe that would drive them to their computer." Ms. Blauer agreed that would be "terrific," and said she'd be happy to help coordinate such an effort. Councilor Park added that it could be something printed directly onto the bill rather than a separate piece. “Speaking for my company,” Mr. Gilbert offered, “we would be willing to promote it [with monthly billings].”

The City of Milwaukie’s JoAnn Herrigel asked if the message that this is an interim plan to the full RSWMP is going to be added. Ms. Blauer said an explanation will be included.

Ms. Matthews clarified: “I want to make sure everybody understands – this isn’t going to be replaced by the RSWMP as much as it’s going to be folded into the larger document. This is not a set of strategies and guiding directions for waste reduction that we’re just going to have for six months.” It’s a stand-alone for six months, after which it will become part of the full RSWMP.

V. Evaluating Dry Waste Recovery Program Options .... Lee Barrett and Tom Chaimov

Councilor Park reviewed that a few months earlier, Lee Barrett and Tom Chaimov had presented a tool for evaluating and ranking the program priorities of waste reduction stakeholders. The tool is hoped to help in the decision-making process for improving dry waste recovery in the region. Today the pair would present an update of the results, the Councilor said.

Using a PowerPoint presentation, Mr. Barrett explained that this “decision matrix” was shown at a Council work session several weeks ago; it was under their direction that this alternative method for choosing recovery options was developed. “They wanted to be able to work with us to narrow those options down to one or two programs that we would then do a lot more research on, and come back to Council to more fully flesh-out a couple of programs that had risen to the top.” Since last presenting to the SWAC, he continued, cost elements have been refined. A form from “Survey Monkey” was sent to SWAC members, asking what their values are; these have been applied to the programs via the matrix. “Essentially, we gave you $100 or 100 points to work with and you had to allocate that to these five particular criteria. You could put zero for some, you could put 20 for each one,” Mr. Barrett said, adding that any allocations adding up to 100 were acceptable.

Sixteen out of 24 recipients from SWAC responded, Mr. Barrett continued. When the scores were averaged, and cost was the top criteria from this group, followed by environmental benefits and number of tons recovered. Calling out smaller groups from the whole, different priorities emerged: Rate payer respondents ranked the environment at the top; industry members chose cost. He prepared to hand the meeting reins to Mr. Chaimov, who explained how these values worked when applied to the list of programs. “To refresh your memory,” Mr. Barrett reviewed, “this came out of the RSWMP Contingency Plan Workgroup, various incentive groups, the C&D group, the Organics group, the Commercial group.” Options were presented to all the groups; everyone thus far has agreed that education is a crucial component, he said. For business recovery, the options then were mandatory recycling or disposal bans. For C&D recovery, similar options were given – mandatory MRFing (dry waste processing) or disposal bans. Concluding his portion of the presentation, Mr. Barrett added that the Council had directed staff to send the Survey Monkey to even more groups, including MPAC. If members have further suggestions for stakeholder groups, please let staff know. Council will submit their values to the matrix on February 14, Mr. Barrett said, and give further direction after reviewing the choices of the stakeholder groups.

Mr. Chaimov began by noting there was no space provided in the web survey for comments, and said he would like to hear any that the membership had. He proceeded to reveal the results of the survey as taken by SWAC members, using the averages (cost as first priority, environmental benefits second, etc.). Because mandatory MRFing would be the less expensive option, it scored higher than landfill bans. “All else equal,” he explained, “given SWAC’s values, you preferred mandatory MRFing to a landfill ban." However, status quo – which would mean no substantial change either to the current system nor the current costs, scored even higher because cost was the overall SWAC priority. "That 'status quo' line," Mr. Hoglund emphasized, "is the SWAC's [averaged choice]. It could be different depending on what group you're looking at."

Councilor Park, Mr. Barrett, and Mr. Hoglund briefly discussed how Council might weigh the status quo versus various stakeholder groups' program ratings. Mr. Phelps then commented, referring to the DSP presentation by Ms. Stevens at the Council work session, "With the observation the consultant made with respect to collection costs for dry and wet [waste] maybe passing one another, that status quo line may adjust closer to the mandatory MRF [option]... That may be something to look at, because that's new [cost] information since this was all developed. It at least ought to be considered," he suggested. Mr. Barrett pointed out that statistically, status quo (46 points) and mandatory MRFing (41 points) virtually tied.

Continuing, Mr. Chaimov reported that of the alternatives directed at business recycling (mainly paper, he specified), mandatory recycling bested bans 86 points to 71. "That's primarily because the landfill ban is projected to cost more than requiring businesses to recycle," he reminded the group. In this case, Mr. Chaimov showed, both of those options were chosen far above the 46 point status quo. The option of education, Mr. Barrett reviewed, is being considered an actual component of any program.

Next steps will be to get the survey to MPAC, and present all results to Council, who will also give their valuations. From there, staff will be given further direction as to which programs to drop from consideration, and which to further explore, Mr. Barrett explained.

The DEQ's Loretta Pickerell noted that only about two-thirds of SWAC answered the Survey Monkey; should the other third be sought? Mr. Barrett pointed out that members had been given two weeks to participate, and those that wanted to had. Still, Mr. Winterhalter stressed, if there are still results to be received from other groups, surely there would be time to encourage the other SWAC members to answer. "I recognize what you're saying, Mr. Barrett," he said, "but I also think the other third of the people ought to get off of it and fill the thing out."

Dr. Thomsen added that as a new SWAC member, he'd like a chance to fill it out, as well. He suggested, too, that it be sent to his board. While noting that he hasn't all the background information on the project (and would, therefore, like to meet with Mr. Barrett to discuss), "I can tell you as sure as I'm sitting here that the board that I work for is going to have a viewpoint that I think will well be served in soliciting before we get down to recommendations that run contrary to the views they might feel inclined to express." Mr. Barrett mentioned that Dr. Thomsen's predecessor, Mark Altenhofen was on the RSWMP Contingency Work Group "and made Washington County's viewpoint known." Mr. Altenhofen did not think the business community would accept a requirement to recycle, Mr. Barrett reported. Councilor Park also mentioned that he has spoken to some interested parties from Washington County and plans to keep them apprised of potential effects a mandatory MRFing program may have on dry landfills in Washington County.

Mr. Phelps asked if "special waste generators" such as hospitals should be surveyed. Mr. Barrett replied that the surveys were blind; they don't even know which SWAC members replied. If people would like to e-mail Mr. Chaimov, they could certainly have another opportunity to fill out a survey.

Mr. Korot suggested there may be stakeholder groups in Gresham that should take the survey, as well. Councilor Park thought aloud that perhaps city councils would be interested, as well.

VI. Other Business and Adjourn .... Councilor Park

Councilor Park asked for changes or approval of the minutes which were included in the agenda packet. Mr. Phelps moved to accept; Mr. Winterhalter seconded the motion, and the minutes were approved without opposition by the members present.

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

Mr. Hoglund began his report by telling the group that Council would be looking at a moratorium for dry waste facility and non-system licenses later that afternoon. Staff drafted the ordinance, he said, "to give us more time to look at standards, evaluate the effects on [tonnage] shifts and rates throughout the system... and to try to better coordinate our dry waste recovery program that's coming up, and what the role of materials recovery facilities will be."

Next, Mr. Hoglund informed the group about a new project (see attached) which will examine the trends of environmental clean-up and "beneficial use" materials at landfills. The purposed, he said, was to look at where the material is going, how it's being beneficially used, and what appropriate fees / taxes should be. A consultant will be hired mid-March to look into the issue; a final report and review of potential Code changes should be before the Council and SWAC in early November. Call or e-mail Ms. Matthews with any questions, Mr. Hoglund offered. Any changes, Councilor Park pointed out, would have a neutral effect on Metro rates.

"Kevin Six, whom I think most of you know is Metro's [SW&R] Financial Auditor and tracks collection of our fees and taxes, and helps [Mr. Anderson] do the annual forecasting and setting of fees has notified me that we actually have been over-paid in one category," Mr. Hoglund announced. When the Regional System Fee was reduced by $0.55, he explained, "we inadvertently failed to also reduce the amount of the Regional System Fee credit that is allowed for each ton of environmental clean-up material accepted from within the Metro region [as laid out in Metro Code]." Therefore, since September 1, 2005, system landfills have been over-paying Metro in the amount of $0.55 per ton on that material. Metro will notify affected landfills and provide new reporting forms reflecting the reduced rate of $1.95/ton, Mr. Hoglund said. The amount overpaid will be refunded; facilities are encouraged to pass on that refund to the appropriate customers. Mr. Six can be reached at 503-797-1672 with any questions.

Regarding the Rate Policy Subcommittee (which he co-chairs with Councilor Park), Mr. Hoglund reported that the group has been looking at several policy issues about how allocations are made to certain cost centers. The process is meant to help inform the Rate Review Committee in their work later this year. He explained the rate components of Metro station tip fees, and how the Regional System Fee (which funds region-wide programs), disposal charges, and transaction fees fall into the larger budget picture.

The Policy group was formed because last year's Rate Review Committee had four unanswered questions they felt needed broader discussion, Mr. Hoglund continued. The subcommittee is discussing to which cost center Metro station's sustainability efforts should be allocated (diesel particulate filters, wind power, and other items which help encourage "green" practices in the region); Metro's self-haul operations, Regulatory Affairs programs (enforcement, licensing, and inspections), and finally, the system tip fee. "When you get down to setting rates and allocating these costs," Mr. Hoglund explained, "there really are winners and losers, depending on who owns and operates transfer stations as costs are allocated to different centers. It rises and falls in each of those costs that either we pay or private facilities pay..." The subcommittee is trying to sort out the issues fairly.

The fourth issue – system tip fee – is the most complicated, Mr. Hoglund expanded. The group "helping frame what the question and the issue is," and it will then be rolled-into the Disposal System Planning project, as the outcome of that project could directly impact the fee issue. Ultimately, both SWAC and the Council will look at the recommendations coming from the Rate Policy subcommittee.

So far, the subcommittee has agreed that the sustainability ("green") practices at Metro stations do benefit the region, but the issue will be revisited if private facilities are ever required to incorporate the same kinds of practices. Regarding self-haul, "In America, there's still a God-given right that you can go to the dump or the transfer station, and there should be some ability to self-haul," Mr. Hoglund commented wryly. The Rate Policy group recommends Metro continue self-haul, work with local governments and haulers to educate the public about services offered by their residential hauler and private transfer stations, make the self-haul tip fee at Metro stations neutral (to neither encourage nor discourage self-haul), and not stay open longer hours to accommodate it. A two-tiered fee for Metro transfer stations may be looked into by the Rate Review Committee, Mr. Hoglund reported.

On the Regulatory Affairs issue of whether fees should be assessed on types of facilities currently exempted but still inspected (such as yard debris facilities), Mr. Hoglund said that the subcommittee's local government members provided excellent perspective on how local governments view – and deal with – licensing. Given the amount of money budgeted for inspections, the group agreed it's important that Metro have the ability to allocate its inspectors as necessary to best serve the region.

Mr. Phelps, who is a member of the Rate Policy group, informed the SWAC attendees that the subcommittee had at first "perceived that the people bringing the cost [of inspections] to the system ought to pay their way... Then there was an examination of where do you really spend your energy doing the inspections, and come to find out a substantial amount of the regulatory money is spent examining and/or reviewing facilities that pay no fees or taxes." He continued, saying that subcommittee member Ted Kyle (Clackamas County) made an excellent case for distributing those costs over the system and just charge for specific services. Additionally, the group suggests looking into franchise application fees as a way to help cover regulatory costs in the future, Mr. Phelps concluded.

The next steps for the Rate Policy Group (after one or two more meetings) will be to create and approve a report of their findings for presentation to SWAC for approval and then the Council. There are still some other issues for the Rate Review Committee's review as well, specifically regarding whether to move to a full cost-of-service at Metro stations, or continue with the current melding of "public goods" and cost-of-service models. DSP decisions may have an impact on these discussions, as well. Of course, Metro Council will make the final decisions on all recommendations forwarded to them.

In closing, Mr. Hoglund said that the Council will have a work session on January 31st to discuss some "housekeeping" amendments to Metro Code (as shown in the agenda packet). He invited the members to call Roy Brower, Regulatory Affairs Division Manager, with any questions. The first reading of the ordinance is scheduled for February 2nd.

VI. Other Business and Adjourn (part two)..Councilor Park

Ms. Matthews said that before the next SWAC meeting, she will be meeting with Councilor Park to look at a schedule of business items for this committee throughout calendar year 2006. Please contact her with any items of regional interest they feel should be discussed. "[We're] always interested in your ideas, and we will have that proposed list for 2006 at the next meeting."

"With that, we are two minutes ahead," Councilor Park announced.

He thanked those in attendance and adjourned the meeting at 11:58 a.m.

Next meeting:
Thursday, February 23, 2006
Room 370 A/B

NOTE: February meeting later cancelled. Next meeting: Thursday, March 23, 2006, meeting rooms as above.

gbc
Attachment
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ATTACHMENT

SWAC Agenda Item III

Rate Policy Subcommittee of SWAC

Final Report and Recommendations

March 23, 2006

Rate Policy Subcommittee of SWAC

Final Report and Recommendations

March 23, 2006

Introduction

Last year's Rate Review Committee identified four areas in which there are several "technically correct" options for rate-making. Therefore, public policies should guide the choice among options. The Rate Review Committee's issues were:

1. Who should pay for sustainable purchasing practices at Metro's transfer stations?
2. Who should pay for Metro's additional hours of operation designed to serve self-haulers?
3. Who should pay for Metro's costs of regulating private facilities?
4. Regional tip fee issues:
   - Fiscal impacts on Metro of tonnage shifts
   - Private facility economics
   - Local government concerns

The Rate Review Committee recommended that these issues be reviewed by a broader group than the Rate Review Committee alone. In September 2005, the Rate Policy Subcommittee of SWAC was formed to perform that review. This document is the subcommittee's report and recommendations.

The policy recommendations can help to guide the Rate Review Committee on mechanisms for cost recovery and appropriate rate structures; and can inform the Council in its decisions on solid waste rates for FY 2006-07 and beyond.

Rate Policy Subcommittee

Councilor Rod Park*, Co-Chair	Michael Hoglund, Co-Chair
Dave Garten*, PSU	Mike Miller***, Gresham Sanitary
Ralph Gilbert*, East County Recycling	Jeff Murray*, Far West Fibers
Dean Kampfer*, Waste Management	Ray Phelps***, Allied Waste
Matt Korot***, City of Gresham	Michelle Poyourow**, Public Power Council
Ted Kyle, Clackamas County	Bruce Walker*, City of Portland;
Mike Leichner***; Pride Recycling	David White*, ORRA & Tri-C
Mark MacGregor, Clean It Up Mark	Glenn Zimmerman*, Wood Waste Reclamation

* SWAC member ** Rate Review Committee member *** SWAC & RRC member

Executive Summary

1. Who should pay for sustainable purchasing practices at Metro's transfer stations?
   Recommendation: as sustainable purchasing provides a number of regional benefits, the cost of sustainable purchases above the cost of conventional alternatives should be allocated to the Regional System Fee and paid by all ratepayers.
2. Who should pay for Metro's additional hours of operation designed to serve self-haulers?
   Recommendation: the self-haul price should reflect the cost and be borne by the user. An implementation vehicle is two transaction fees, reflecting the different cost of using the scalehouses vs. using the automated scales.
3. Who should pay for Metro's costs of regulating private facilities?
   Recommendation: Metro's regulatory system has multiple objectives that indicate a "beneficiary pays" principle should guide funding. Accordingly, costs should be allocated to the Regional System Fee and paid by all ratepayers.
4. Regional tip fee issues.
   Recommendation: address these issues within the Disposal System Planning project.

Issue 1

Sustainable Purchasing/Sustainability Leadership

The Issue. Metro's new operating contract includes certain "sustainability measures" that cost more than their conventional counterparts.[1] With these purchases, Metro provides direct environmental benefits, and helps to boost the economic development of sustainable alternatives to help make them more widely available.

The Question. Should Metro's customers alone bear the additional costs of policies with a positive benefit such as sustainable purchasing, or should these costs be borne by the broader set of regional beneficiaries?

Findings

- The following are all broad regional benefits provided by Metro's sustainable purchasing practices: reduction in the environmental impact of transfer station operation, environmental leadership, and economic boost to development of sustainable alternatives products.
- A "beneficiary pays" principle is appropriate for the recovery of the costs of such purchasing practices.

Recommendations

- The additional cost of sustainable products above the cost of conventional alternatives should be allocated to the Regional System Fee and borne by all ratepayers.
- This policy should be revisited if sustainable products become available at competitive prices, or if all solid waste facilities are required to adopt sustainable purchasing policies.

Issue 2

Self-Haul Access to Disposal Services/Hours of Operation

The Issue

Metro has made a policy choice to stay open long hours at the transfer stations to accommodate the public's disposal needs.[2] These long hours are a major driver of the scalehouses and related costs. The operations contract also includes consideration for the higher cost of handling public loads. Metro's "always open" choice was made explicitly to ensure equitable and convenient access to disposal options.

The Questions

- Should Metro's customers alone bear the additional cost of operations and the extra hours held open for the public, or should this cost be shared?
- What is the regional policy toward meeting the demand for self-haul?
  After balancing pros & cons, is self-haul to be discouraged? Encouraged? Or is public policy neutral?
- What pricing strategies should Metro adopt to support the self-haul policy?

Findings

- Self-hauled waste:
  - Is generated by a single event (e.g., cleaning out the basement, roofing tear-offs).
  - Many generators believe it is not suitable for disposal in regular collection service (too much, too bulky).
  - Is costly to dispose of, compared with self-hauling at current self-haul charges.
- Costs and Pricing
  - Self-haul is costly to handle on a per-ton and per-transaction basis.
  - Historically, Metro has accommodated self-haul with long hours and additional staffing.
  - Accommodating self-haul induces additional fixed capital costs at facilities.
  - Self-haul generates additional traffic.
  - Although Metro's price structure, with a transaction fee and minimum load charge, make the effective *per ton* rate high for small loads, most self-haulers are responding to the total cost of disposing each load, which is still lower than the cost of commercial service.
  - Metro's current pricing policy implicitly subsidizes self-haul.
    The subsidy is internal (that is, across Metro's customer classes) and works as follows. Different customers generate different costs. For example, users of the automated scales generate billing (accounts receivable) costs, but make little demand on scalehouse staffing. Cash customers make heavy demands on scalehouse staffing and on-site personnel, but do not generate accounts receivable costs. The cost of building the public unloading area at Metro South was financed from solid waste reserves, and the reserves are not being repaid from rates. In general, large commercial loads cost less to serve than self-hauled loads. By averaging all costs into one transaction fee, commercial customers implicitly subsidize the cost of serving self-haulers.

- Low pricing could encourage self-haul; high pricing could discourage it. A neutral policy implies that self-haul demand would be met at the true cost of service.

- Demand
  - A large segment of the population will continue to need or demand self-haul.
  - Self-haul provides a relatively low-cost disposal option for some generators.
  - The availability of self-haul options probably reduces illegal dumping.
  - If self-haul is too cheap/convenient, participation in curbside collection may be reduced.
- An Emerging Business in "Self-Hauling." A growing number of companies haul waste as an adjunct to their primary lines of business. Among these are clean-up services, and activities that generate waste at the customer's site (such as roofers, remodelers, and furniture delivery services that "haul away your old mattress and sofa"). Such companies will typically remove unwanted items and waste as part of their service agreement and deliver these materials directly to solid waste disposal facilities.
- Service Delivery
  - Many self-haulers appear unaware of the full line of hauling services available from their franchised hauler. Information about on-call services and associated pricing policies are often not readily available to the end customer.
  - There may be opportunities for licensed/franchised haulers to expand service.
  - However, it is very difficult for commercial haulers to price-compete with self-hauling at current self-haul disposal charges.
  - Higher prices at facilities would allow development of competitive options at the curb.

Recommendations

- Self-haul options should be part of the regional solid waste system.
- Public policy should be neutral toward self-haul, neither encouraging or discouraging it.
- Self-haul should be priced at the cost-of-service and borne by the user.
- Additional Action Recommendations
  - Local governments and haulers should work together to raise awareness of hauler-provided services In particular, information regarding on-call services (*e.g.*, drop boxes or pick-up of bulky wastes such as old furniture) and pricing should be made readily available.
  - The emergence of hauling as a adjunct to clean-up and related services is a collection franchise issue. Local governments and haulers should resolve this issue on their own.
  - Metro should consider implementing a split transaction fee. This would allow better alignment between the costs of commercial and self-haul customers, and their prices.
  - Metro should examine options for reducing the cost of providing service to self-haulers.
    For example, could the current hours of operation be reduced without affecting accessibility?
  - Metro and local governments should track system responses to change, in order that future policy choices will be better-informed.
    For example, does illegal dumping increase when self-haul prices rise?

Issue 3

Who Pays for Metro's Regulatory Costs?

The Issue

Metro incurs certain costs (*e.g.*, licensing, inspections, audits) solely as a result of the existence of private facilities. Under a "cost-of-service" rate-making philosophy, the recovery of these costs should fall on the regulated community—the ratepayer class that causes these costs. At present, these costs are allocated to the Regional System Fee and paid by all ratepayers—including Metro transfer station customers who arguably have also seen their rates rise because waste has been diverted from Metro to private facilities. The Rate Review Committee noted that license or franchise fees would provide a conventional vehicle for placing the payment of such costs more squarely on the regulated community.

However, Metro regulates some classes of facilities to meet a widely-shared set of public interests. Two examples are yard debris facilities[3] and out-of-district landfills.[4] In both these cases, Metro's regulatory effort is designed to deliver broadly-shared benefits.

The Questions

- Should regulatory costs be borne directly by the regulated community, or more generally by all ratepayers? What is the policy basis for this decision?
- If these costs should be recovered directly from the regulated community:
  - What kinds of costs should be covered?
  - What classes of facilities (e.g., transfer stations vs. MRFs vs. composters, etc.) should be subject to the fee(s)? Should fees vary by class?
  - What should the fee structure be? Flat, per-ton, etc.

Findings

- Generally, the recovery of regulatory costs through a "3rd Fee"—a license/franchise fee or similar charge levied on the regulated community alone—is consistent with a "cost-of-service" approach to rate-making. A key principle of cost-of-service pricing is that persons who cause a cost should pay for that cost. Under this principle, private facilities that generate public regulatory costs should pay for those costs.
- However, Metro's regulatory program has multiple objectives and performs many functions, not all of which are amenable to a cost-of-service approach to financing. The original decision to recover regulatory costs from the Regional System Fee was based explicitly on:
  - A finding that Metro's regulatory system is designed to serve multiple regional policy interests and provide broadly-shared public benefits.
  - Concerns about equity if some facilities had to pay, others didn't.
  - A practical matter: the ability to pay varies by facility type, which could threaten the viability of some emerging recovery industries.

  - General concerns about any industry funding its own regulation.

  The Rate Policy Subcommittee reaffirms these findings and policies.

- Of the following classes of facilities covered by Metro's regulatory program (with regulatory functions in parentheses), only the first is amenable in principle to self-funding.
  - Regulated facilities. (Licensing and franchising of new facilities. Renewals. Monitoring and enforcing license & franchise provisions.)
  - Exempt facilities. (Monitoring compliance with conditions of exemption.)
  - Unauthorized facilities and other violators (Enforcing Metro Code.)

  The equity issue arises if the regulated facilities alone bear the cost. Among the regulated facilities, a separate equity issue arises from the uneven distribution of the ability to pay.

- As a practical consideration—the relatively small cost of the regulatory system—raises a question about the costs vs. benefits of establishing and administering a separate fee system.

Recommendations

- Metro's current regulatory costs should be funded by all ratepayers through the Regional System Fee. The policy bases of this recommendation are:
  - Metro's regulatory activities as a whole primarily benefit the general region, and the solid waste industry only secondarily.
  - General funding eliminates potential concerns about industry's ability to influence its regulator or the regulator needing to "follow the money."
  - Regulation in the form practiced by Metro is a service area where "beneficiary pays" is the appropriate funding approach.
- Additional Action Recommendations
  - Increase application fees to recover more of the cost of licensing and franchising.
  - Consider increasing annual license and franchise fees—not to the cost-of-service level, but to increase the visibility of the cost of regulation to solid waste facilities.

Issue 4

Regional Tip Fee Issues

The Issues

Two years ago, the Rate Review Committee recommended that Metro transition *from* a rate model in which certain fixed costs are recovered from fees charged to all ratepayers ("Public Goods" model), *to* a model in which these costs are allocated among various fees according to cost causation ("Cost-of-Service" model). The Metro Council adopted the "Public Goods" model in 1998 in conjunction with its approval of local private transfer stations to operate in the putrescible waste market.

The "Cost-of-Service" model, as recommended by the Rate Review Committee, resembles a pricing approach that has elements in common with public utility pricing and private-sector price-setting, in recognition of the growing role of private investment in the regional disposal system. The Metro Council did not adopt the Rate Review Committee's recommendation in full. For last year and the current year, the adopted rates represent an allocation of costs halfway between the public goods and cost-of-service models.

As a matter of practicality, the basic transition from the Public Goods model to the Cost-of-Service model would entail a re-allocation of certain fixed costs (for example, a portion of debt service) from the Regional System Fee to the Tonnage Charge—a component of the Metro tip fee that is paid by Metro customers only.

There are three consequences of this transition for which last year's Rate Review Committee sought broader policy input:

Fiscal Impact of Tonnage Shifts. The sensitivity of the Metro tip fee to tonnage shifts is directly related to the allocation of costs between the Regional System Fee and Tonnage Charge. Under the cost-of-service model, Metro would experience a larger fiscal impact as a result of tonnage shifts away from Metro facilities than under the public goods model. The resulting fiscal impact has weighed directly into Metro's licensing/franchising decisions on increasing tonnage authorizations at existing private facilities, and approving new transfer and/or material recovery facilities. Tonnage shifts to private transfer stations do reduce collection costs (through a reduction in the off-route transport time) for users of private transfer stations, provided haulers use a facility near their route. This is the same benefit received by users of Metro's transfer stations who live near these stations.

Private Facility Economics. The allocation of costs among Metro fees directly affects the economics of private facilities. These economics improve with rise in the tonnage charge and transaction fee and/or a drop in the Regional System Fee and Metro Excise Tax, even in the absence of any other change in cost or service to the private facility. (The reverse is also true: if the tonnage charge and transaction fee fall and the system fee and excise tax rise, private facility economics erode, all else equal.) The Rate Review Committee believes it may be a matter of public concern that private facilities can be so affected in a manner that is unrelated to changes in cost, competition, or level of service.

Local Government Concerns. Based on the Rate Review Committee's expressed issues with private facility economics (above), local government regulators have expressed concern that changes in fees for transfer and disposal services may not be directly related to costs or service.

Findings

- The issues identified by the Rate Review Committee stem from a basic question: which philosophy of system finance—Public Goods, Cost-of-Service or perhaps yet another model—is best for the region as a whole?
- The relationship of these issues to the structure of the regional disposal system as a whole suggests that a broad forum is needed to resolve the question of the appropriate model of system finance.
- Metro is currently involved in a major study of options for delivering disposal services within the region—the Disposal System Planning project. A decision is expected during 2006, with implementation to commence in 2007. If Metro decides to make significant changes (such as divesting of transfer stations in favor of a regulated private system, or converting to an all-public system), then a major change in the way disposal is priced may also be expected.

Recommendations

- The appropriate model of system finance should be identified as part of the Disposal System Planning project.
- Staff for the Disposal System Planning project should work closely with solid waste industry interests and other groups to ensure all objectives, constraints, and concerns are addressed and heard by the Metro Council.
- Metro should wait until the Disposal System Planning project is complete and adopted before making any further changes to Metro's current rate allocations (halfway between the public-goods and cost-of-service models) beyond those recommended for Issues 1 to 3 above. The practical concern is with providing stability and certainty to the system. Why make a number of significant changes now, only to come back a year later and make another set of significant changes? If the Disposal System Planning project recommends a largely *status quo* system, the Rate Review Committee's recommendation on full cost-of-service pricing can be reconsidered at that time.

The subcommittee notes for SWAC that there was significant discussion on all sides of this issue.

[1] Renewable energy, clean exhaust, environmentally-preferred cleaning products and paints, re-refined oils and hydraulic fluids, energy and water conservation, in-house recycling and reuse, additional material recovery initiatives, and recycling content procurement.

[2] Metro South is open 7-7 and Metro Central is open 8-7 every day; a total of 161 hours per week. Both stations are open 363 days a year. Shorter weekday hours and Sunday closure are sufficient to accommodate commercial traffic (open 42 to 66 hours, representing 26 to 41 percent of the current hours). This means Metro is open 100 or more additional hours per week to accommodate the public. A number of capital investments were also incurred to accommodate the public: the public unloading building at South, and at least one bay at Central is dedicated to public customers.

[3] Metro establishes and enforces regulatory standards on yard debris facilities to ensure that stable and successful markets exist for curbside residential yard debris and commercially-generated organic material.

[4] Metro allows out-of-district facilities to accept waste generated within the region without invoking flow control authority, to provide a broad range of disposal options for in-region generators. In return, these out-of-district facilities collect and remit Metro fees and taxes on in-district waste, providing a highly efficient and cost-effective fiscal mechanism . Metro inspects and audits these facilities to maintain the integrity of the system to the benefit of regional ratepayers.

ATTACHMENT A

SWAC Agenda Item IV

Annual Waste Reduction Program – Year 17

(Resolution No. 06-3680, Exhibit A to Resolution, Staff Report

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF APPROVING THE YEAR 17 METRO AND LOCAL GOVERNMENT ANNUAL WASTE REDUCTION PLAN (FISCAL YEAR 2006-07)	)))))	RESOLUTION NO. 06-3680 Introduced by Michael Jordan, Chief Operating Officer, with the concurrence of David Bragdon, Council President

WHEREAS, the Metro and Local Government Annual Waste Reduction Plan has been a significant part of the Region's waste reduction and recycling programs for the past 16 years in order to attain state-mandated regional recovery goals (OAR 340-90-050); and

WHEREAS, the Annual Waste Reduction Plan serves as an implementation tool for the Regional Solid Waste Management Plan; and

WHEREAS, the Annual Waste Reduction Plan, in its 17th year, continues to be one of the primary mechanisms for Metro and local governments to establish, maintain and improve recycling and waste reduction efforts throughout the Region; and

WHEREAS, the means of implementing these waste reduction tasks is through the Annual Waste Reduction Plan, which is adopted by Metro and local governments and defines the work to be completed in the region; and

WHEREAS, a cooperative process for formulating the Year 17 Waste Reduction Plan was used by Metro and local governments and ensures a coordinated regional effort to reduce waste; and

WHEREAS, the Year 17 Waste Reduction Plan is written to be consistent with the revised goals and objectives in the Interim Waste Reduction Plan which Council directed staff to develop at its work session on July 5, 2005; and

WHEREAS, the Waste Reduction Plan funding distribution to local governments for the maintenance section programs is a revenue-sharing program that is tied to adherence to the plan and satisfactory completion of work plan elements; and

WHEREAS, the Waste Reduction Plan grants are funded in the 2006-07 budget; and

WHEREAS, the Year 17 Waste Reduction Plan has been reviewed by the Solid Waste Advisory Committee; and

WHEREAS, the resolution was submitted to the Council President for consideration and was forwarded to the Council for approval; now therefore,

BE IT RESOLVED, that the Metro Council approves the Year 17 Metro and Local

Government Annual Waste Reduction Plan (attached hereto as Exhibit “A”) and supports increased efforts to reduce waste in the Metro region.

ADOPTED by the Metro Council this ______ day of _______________, 2006.

____
David Bragdon, Council President

Approved as to Form:

____
Daniel B. Cooper, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 06-3680, FOR THE PURPOSE OF APPROVING THE YEAR 17 METRO AND LOCAL GOVERNMENT ANNUAL WASTE REDUCTION PLAN (FISCAL YEAR 2006-07)

Date: March 6, 2006 Prepared by: Jennifer Erickson

BACKGROUND

Since 1990, Metro and its local government partners have developed cooperative plans to implement the region's waste reduction and recycling programs. These plans are key implementation tools for the Regional Solid Waste Management Plan (RSWMP).

The Annual Waste Reduction Plan is the primary means by which Metro and local governments plan for waste reduction and recycling programs, projects and activities. Plans are developed on an annual basis by regional work groups and reviewed by stakeholder groups and policy makers.

The Annual Plan is divided into two areas:

- Regional Program Areas
- Maintenance of Existing Programs

The Regional Program Areas are regionally coordinated work plans that address specific sectors of the region (e.g., Multi-family Residential, Business, Building Industry, Commercial Organics). These plans are designed to address the individual needs, barriers and particular circumstances affecting each sector. These program area work plans provide specific action steps, staffing and budgets for achieving the larger objectives within the RSWMP. This annual planning process allows for a flexible and more rapid response to changing conditions, enables the region to quickly phase out those tasks that prove less effective, and allows for shifting efforts and resources between areas as need arises.

Maintenance of Existing Programs focuses on supporting existing and established local and regional waste reduction and recycling programs through per capita grants to local governments. Significant progress in waste reduction and recycling has been made over past years through these existing programs. In order to maintain these successes, established programs must continue to be funded, staffed and maintained at the same time that new initiatives are introduced. The funding assistance provided to local jurisdictions to maintain existing programs is allocated on a per capita basis. Each jurisdiction receives an allocation based upon its percent of the region's total population.

The Regional Program Areas and Maintenance of Existing Programs sections of the annual plan each have independent progress measurement and reporting scenarios tied to the specific tasks involved. These performance measures, combined with the annual DEQ Material Recovery Survey Report, will be used to assess progress.

<u>Solid Waste Advisory Committee (SWAC) Review: The plan has been referred to SWAC at the March 23, 2006 meeting.</u>

ANALYSIS/INFORMATION

1. Known Opposition

There is no known opposition.

2. Legal Antecedents

ORS 459A "Opportunity to Recycle Act" requires "that the city, county or metropolitan service district responsible for solid waste management" provide recycling services, public education programs, and contribute to the statewide solid waste recovery goals. OAR 340-90-040 sets forth the administrative requirements for such programs. In response to state requirements and more aggressive regional goals, Metro developed a Regional Solid Waste Management Plan adopted by Council via Ordinance 95-624, "For the Purpose of Adopting the Regional Solid Waste Management Plan." The Annual Waste Reduction Plan, adopted by resolution is a key implementation tool to fulfill the objectives of the Regional Solid Waste Management Plan.

3. Anticipated Effects

This resolution will approve the format and framework for the Metro and Local Government Annual Waste Reduction Plan. This enables local jurisdictions to complete their portion of the plan and for Metro and local jurisdictions to begin the annual waste reduction program implementation process.

4. Budget Impacts

A total of $2,110,907 has been proposed in the FY 2006-07 draft budget for this program:

$655,907 for Maintenance of Existing Programs
$1,455,000 for the Waste Reduction Initiatives ($130,000 Multi-family, $270,000 Building Industry, $792,000 Business, and $263,000 Commercial Organics programs.)

RECOMMENDED ACTION

Staff recommends the Chief Operating Officer approve Resolution No.06-3680.

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ATTACHMENT B
SWAC Agenda Item IV

Performance Measures Assessment Report

(Fiscal Year 2004-05)

March 23, 2006

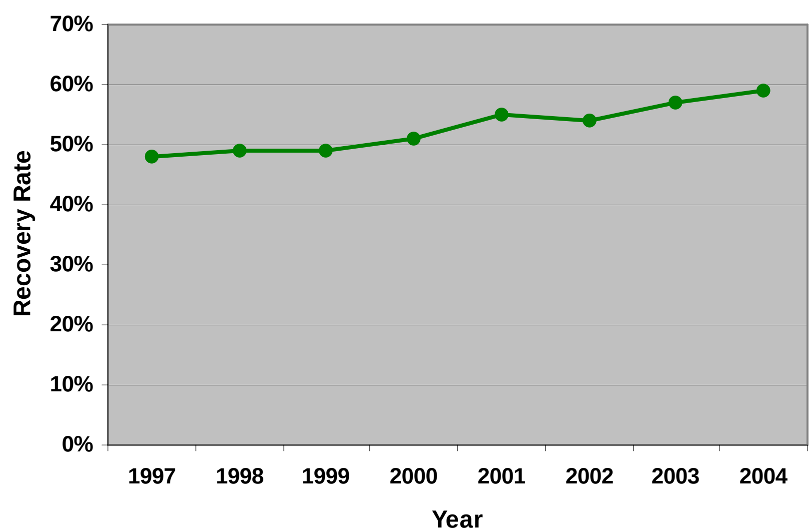
Year 15 Performance Measures Assessment Report
(Fiscal Year 2004-05)

Introduction

The purpose of this report is to evaluate the progress of the Annual Waste Reduction Program (AWRP) for Metro and local governments. Each of the three sections in the plan has an independent progress measurement and reporting scenario tied to the specific tasks involved. At the end of the fiscal year, progress reports for each section are produced independently. These reports, combined with other measures and the Annual DEQ Recycling and Recovery Report, are brought together to assess regional waste reduction and recycling progress.

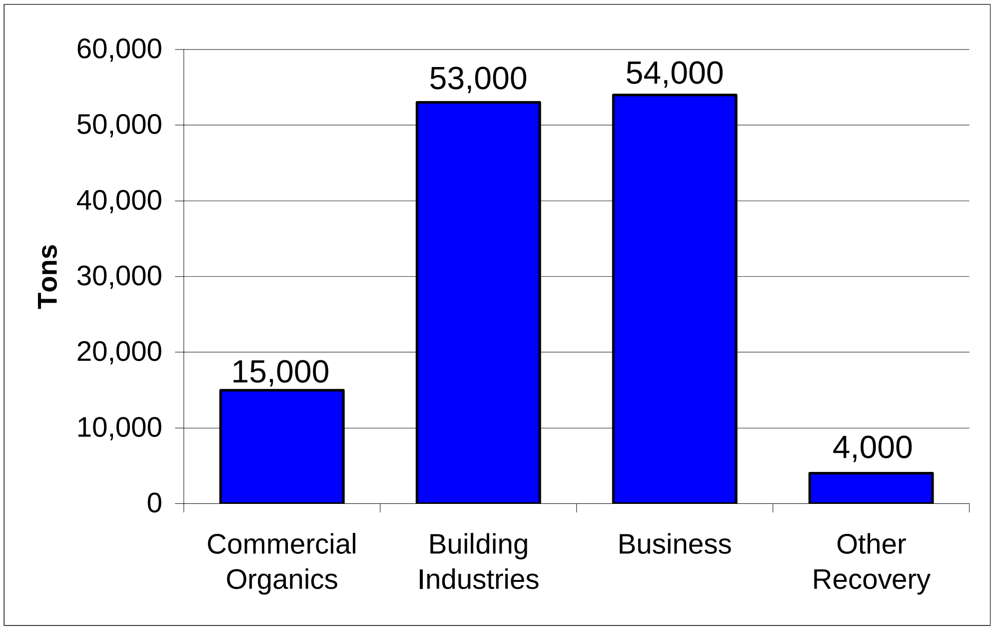
In 2004, the Metro region had a 59 percent recovery rate as reported by the Oregon Department of Environmental Quality (DEQ). This reflects six percent credits from waste prevention, reuse and composting programs, and a calculated 53 percent recovery rate from recycling and composting collection activities. Progress toward the region's goals grew in 2004, with an increase in the regional recovery rate of two percentage points, up from 57 percent in 2003. (The most recent full year of recovery data available from the DEQ is 2004.)

Regional Waste Reduction Rate 1997 - 2004



Based on these trends and given projected waste generation data, the region will need to recover an additional 126,000 tons in 2005 to meet its waste reduction goal of 62 percent. Of this needed new recovery, virtually equal amounts are needed from the business paper and containers and the building industry sectors (43 and 42 percent, respectively). Another 12 percent is needed from the commercial organics sector, and three percent from the "other" category, which includes increased residential recycling, drop-off depot, Bottle Bill recovery and other commercial recyclables, such as scrap metal.

New Recovery Needed to Meet 62% Recovery Goal by 2005



Background

Each year since 1990, Metro and its local government partners have developed cooperative plans to implement the region's waste reduction and recycling programs. The AWRP for fiscal year 2004-05 (known as Year 15 in Annual Waste Reduction Plan parlance) brought together three integral pieces of the region's waste reduction and recycling system: New and focused efforts to recover more from the commercial, construction/demolition debris (C&D) and organics sectors; continuation of competitive grants for innovative waste reduction programs; and the maintenance of programs that form the foundation of the region's recycling infrastructure.

The long-term goal of the AWRP is to reduce the amount of materials generated and disposed in the Metro wasteshed. Secondary goals include:

- Developing and implementing new, focused waste prevention and recycling programs aimed at the largest remaining waste substreams
- Targeting special waste prevention and recycling areas for increased attention
- Maintaining and increasing existing Metro and local government waste prevention and recycling programs

Program effectiveness is measured by increased regional recovery in total, and by Regional Solid Waste Management Plan (RSWMP) recommended practice (total tons and per capita tons recovered and disposed). Data used to determine effectiveness are derived from DEQ recovery and disposal data and the DEQ waste composition study. (See Appendix A for an overview of the structure of the performance measures for the Annual Waste Reduction Plan.)

Progress Overview

In 2004, the region's solid waste prevention and recovery rate grew to approximately 59 percent; combined Metro and local government waste reduction programs have played a pivotal role in achieving that success. This achievement, however, is tempered by the fact that waste generation in 2004 registered the largest annual jump (207,000 tons) since the DEQ began recording data, almost nine percent in one year. Increased generation was affected by stronger economic conditions as well as some changes in the DEQ allocation methodology.

Program-specific Highlights

The success or progress of the AWRP is measured by looking at two aspects of program performance: Accountability and effectiveness. In other words, the measures look at whether a program's work elements are being undertaken and completed, and whether the result of those work elements reflects the desired outcome.

Foundation/Maintenance Support Grant Program

Per-capita grants have successfully helped local jurisdictions implement waste prevention and recycling activities within their jurisdictions, provide regular outreach to citizens and businesses, maintain waste reduction progress to date, and participate in regional waste reduction work groups.

For the region to reach its 62 percent recovery goal by 2005, curbside recycling collection programs need to recover 225,000 tons, an increase of 25,000 tons over the 2000 baseline. Program recovery data from the DEQ allow Metro to track progress toward this goal. In 2004, Metro region curbside programs recovered 219,000 tons, an increase of 1,000 tons from 2003. To meet the 2005 target for curbside recovery, an additional 6,000 tons of recyclables and yard trimmings need to be recovered.

Local governments provide a variety of information to Metro's Waste Reduction & Outreach Division staff in annual plans and annual reports. In addition to a full range of waste prevention and recycling activities, local governments provide specific outreach efforts, participate in one or more regional waste reduction planning groups, and submit solid waste and recycling budget information (See Appendix B).

Targeted Competitive Grant Program

Because of the wide variety of projects undertaken, it is difficult to assess the grants with an overall measurement. Each grant is evaluated based on program criteria and individual performance goals established by the grant applicant. A complete report on the grants is provided in Appendix C.

Some highlights of the FY 2004-05 grants:

- Beaverton distributed nearly 12,000 tote bags to multi-family residents at 36 properties. Data from 20 properties showed a 25 percent increase in recycling volume, with 13 properties reporting an increase, six seeing no change, and one decreasing.

- Clackamas County worked with haulers to convert 31 multi-family complexes to a commingled two-sort. Staff distributed 4,775 outreach packets and magnets to newer complexes; no assistance was given to older sites. Sites with assistance showed a 30 percent increase in total gallons of recyclables set out. Sites without assistance saw a one percent decrease.
- The City of Gresham, with Portland State University, continued its work with 27 low-participating properties to increase recycling and to lower contamination. Two on-site visits, discussions with property managers, and input from haulers will be used to evaluate success.
- The City of Portland, with Portland State University and Master Recyclers, worked with 31 commercial haulers to convert multi-family properties to a commingled two-sort. They distributed 4,500 door bags with magnets and tenant flyers. The team also converted 159 complexes to a two-sort, which led to an average 20 percent increase in volume and a 90 percent decrease in contamination. In addition, they worked with the Housing Authority of Portland to convert 37 properties to two-sort.

Targeted grants have been a useful tool for innovation, but their contribution to long-term waste prevention and recovery progress is uncertain.

<u>Waste Reduction Initiatives</u>

All three Waste Reduction Initiative work groups met or exceeded their *accountability* benchmark of completing 90 percent of their annual work plans for FY 2004-05.

Some highlights of the *effectiveness* measures from each initiative are listed below. Complete assessments for each initiative are included in Appendix D.

- The organics waste reduction initiative focused on a peer-to-peer food donation outreach program using the principles of Community-Based Social Marketing. The resulting "*Fork it Over*!" campaign was rolled out in June 2004; over 50 businesses committed to donate surplus food. The program continues to provide targeted outreach and education and to link donors with food rescue agencies in the community using online tools and on-site assistance from local government Recycle at Work staff.

  The highlight of fiscal year 2004-05 was the rollout of the long-awaited all-food-waste composting program to recover food waste unfit for human consumption. A Request for Proposals (RFP) to secure transportation and composting services for the region was issued in April 2004; proposals from three qualified firms were received. In December, Metro signed a five-year contract with Cedar Grove Composting of Maple Valley, Washington. In February 2005, Metro Central Transfer Station began accepting commercially generated organic waste for composting, and the City of Portland rolled out its new Portland Composts! program to enlist business participation. The City provides containers, training and technical assistance to businesses interested in composting. Tonnage received steadily increased, from 25 tons in February 2005 to 725 tons in June 2005. As part of Metro's contract with Cedar Grove, the company has agreed to make a good faith effort to site a facility locally once the region recovers 10,000 tons of organic waste per year.

Recovery of organics in 2004 for composting was 8,400 tons; to meet Metro's 2005 goal, the organics program needs to recover 15,000 tons more than its 2004 effort.

- The C&D recovery work group surveyed construction and demolition contractors and found that those who have been receiving Metro's waste reduction messages and tools were recycling and reusing at a significantly higher level than those who did not receive Metro's C&D program messages in FY 2004-05. The survey also reported higher awareness and use of Metro Toolkit publications than in previous years.

  In the area of market development, Metro awarded three grants totaling $100,000 to increase the capacity to handle used residential and commercial building materials. A phone survey of the largest deconstruction contractors and used building materials retailers saw sales of 10,017 tons of used building materials in 2004, up 27 percent from the previous year. The materials have an estimated value of $5 million. Metro distributed 12,000 toolkits on C&D recycling opportunities in the region.

  Although the wood recovery rate of 72 percent remains one of the highest of all the materials recovered, recovery for wallboard, roofing and brick declined in 2004. Recovery of C&D materials in 2004 was nearly 270,000 tons. The region needs 53,000 additional tons from this sector to reach its 2005 target.

- The commercial recovery work group focused on recovery of paper and containers from businesses. The recycling specialists in the Recycle at Work program performed almost 2,400 waste reduction evaluations at 650 businesses in FY 2004-05, with an emphasis on recycling. As part of the assistance program, they distributed 9,000 desk-side and centralized paper recycling collection boxes. Follow-up visits to businesses found that, on average, 80 percent of paper recycling recommendations and 60 percent of container recycling recommendations were implemented. By comparison, about 40 percent of waste prevention practices and Buy Recycled recommendations were implemented by the time of the follow-up visit. The levels of assistance in terms of evaluations completed and companies visited were comparable to FY 2003-04, which had the same funding level as FY 2004-05 ($400,000).

  Commercial recovery of paper and containers increased 69,000 tons, to 395,000 tons for 2004, a 21 percent increase over 2003. Another 54,000 tons are needed from businesses and multi-family units to meet the 2005 goal of 62 percent.

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Performance Measures Overview

Waste Reduction Initiatives				
Initiative	**Objectives**	**Method**	**Measurement (accountability)**	**Measurement (effectiveness)**
Organics	1. Reduce the generation of organic wastes through waste prevention. 2. Recover an additional 10,0000 tons of organics by the end of 2005.	1. Increase donation of edible food to food rescue agencies. 2. Develop processing infrastructure for food waste.	1. Work group will complete 90 percent of its annual work plan.	1. Increased capacity for donation of edible food and increased levels of donation (increases reported by food rescue agencies). 2. Increased organics processing infrastructure (number of facilities and tons processed per facility).
C&D	1. Reduce generation of C&D waste through waste prevention. 2. Recover an additional 35,000 tons of C&D material by the end of 2005.	1. Increase salvage and deconstruction of usable building materials. 2. Increase source-separated recycling and post-collection C&D recovery.	1. Work group will complete 90 percent of its annual work plan.	1. Increased salvage and deconstruction of C&D (reported by used building material facilities). 2. Increased recovery of C&D materials (determined by DEQ data, Metro facility reports, survey of contractors).
Commercial	1. Reduce the generation of commercial waste through waste prevention. 2. Recover an additional 75,000 tons of paper and containers from businesses and multi-family sources by the end of 2005.	1. Increase business waste prevention practices and diversion. 2. Increase opportunity to recover commercial materials.	1. Work group will complete 90 percent of its annual work plan.	1. Increased waste prevention activities in businesses via targeted projects (diversion, participation). 2. Increased technical assistance to businesses for waste prevention, recovery & buy recycled (baseline data and follow-up visits). 3. Increased recovery of commercially generated materials (DEQ data).

Targeted Competitive Grants

Objective	Method	Measurement (accountability)	Measurement (effectiveness)
Target RSWMP recommended practices and waste reduction initiative efforts not addressed in other program areas.	Targeted competitive grants.	Grant recipients will identify and undertake specific recycling or waste prevention projects (verified by progress and final reports by grant recipients that describe the planned and actual activities for each grant; annual report produced by REM staff summarizing results of all grants).	Each grant application and resulting scope of work will identify goals, objectives, activities, measurement and anticipated results. Data are submitted in a final report to Metro 30 days after project completion.

Foundation Support/Maintenance Programs

Objectives	Method	Measurement (accountability)	Measurement (effectiveness)
1. Maintain and increase recovery through existing local government waste reduction and recycling programs. 2. Continue to ensure region is meeting (and exceeding) required state program elements for waste reduction and recycling programs. 3. Provide an incentive for local governments to participate in regional waste reduction planning activities.	1. Per-capita grant allocations to participating jurisdictions within the region.	To be provided in annual reports to Metro: 1. Local governments will identify and undertake a specific curbside recycling outreach activity for an existing program. 2. Local government representatives will participate in at least one regional waste reduction planning group (larger jurisdictions will tend to participate in more than one group). 3. Local governments will provide jurisdictional solid waste and recycling budget information.	1. Maintained or increased curbside recovery (total tons per capita recovered and disposed as reported by DEQ recovery and disposal data annual report and bi-annual waste composition study).

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