

Metro Solid Waste Advisory Committee (SWAC)  
Meeting Minutes  
September 17, 2001

**Members / \*Alternates**

Councilor Susan McLain, Chair  
Councilor Bill Atherton, Alternate Chair  
Dean Kampf, Waste Management (disposal sites)  
Merle Irvine, Willamette Resources, Inc. (disposal sites)  
\*Vince Gilbert, East County Recycling (disposal sites)  
Lee Barrett, City of Portland  
Tanya Schaefer (Multnomah County citizens)  
Matt Korot, City of Gresham (East Multnomah County and cities)  
Steve Schwab, Sunset Garbage Collection (Clackamas County haulers)  
Rick Winterhalter, Clackamas County  
Lynne Storz, Washington County  
David White, Oregon Refuse & Recycling Association (at-large haulers)  
Jeff Murray, Far West Fibers (recycling facilities)  
Mike Miller, Gresham Sanitary Service (Multnomah County haulers)  
Sarah Jo Chaplen, Washington County cities  
\*Charles Marshall, Washington County Haulers Assoc.  
David Hamilton, Norris & Stevens (Business Ratepayer)  
\*Nancy Kraushaar, Oregon City (Clackamas County Cities)

**Non-voting Members Present**

Doug DeVries, CSU  
Chris Taylor, DEQ  
Terry Petersen, REM

**Metro and Guests**

Adam Winston, WMI	Chris Bell, Merina & Co.
Tim Raphael, Celilo Group	Roy Brower, Metro
Easton Cross, BFI	Ralph Gilbert, ECR
Eric Merrill, WCI	Mary Sue Gilliland, DEQ
Kevin Rauch, City of Troutdale	Ray Phelps, WRI
Tom Chaimov, Metro	Paul Garrahan, Metro
Bill Metzler, Metro	Kathryn Miller, NGI
Scott Keller, City of Beaverton	Scott Klag, Metro
Karen Feher, Metro	Doug Drennen, URS
Danielle Cowan, City of Wilsonville	Janet Matthews, Metro
Connie Kinney, Metro	

**Call to Order and Announcements**

Ms. McLain announced there were copies of the Regional Environmental Management's Strategic Plan available if anyone wanted a copy. Chair McLain asked if there was a motion to approve the August 20<sup>th</sup> and August 23 minutes?

Mr. White had a correction to August 20<sup>th</sup> Minutes, page 11 second full paragraph, “He said if you eliminate the wet waste . . .” Should have said: “He said if you eliminate the dry waste . . .”

August 20<sup>th</sup>, page 11, 5<sup>th</sup> paragraph. Reference should be made to *Mr. Gilbert* instead of Mr. Winston.

Mr. White continued: On August 23 minutes, page 5, second full paragraph: “Mr. Miller said that he agrees . . .”, was actually *Mr. Leichner*.

Mr. Gilbert: August 23, page 4, top paragraph, last sentence: “He said that what is significantly and additionally important about this material is that *it saves natural resources, and keeps additional trucks off the highway in both directions and decreases large traffic on the river.*”

Mr. Gilbert continued, August 23, page 8, 7<sup>th</sup> paragraph should say. “*Mr. Gilbert said that ORS 459 the State Goal is to extend the life of landfills, and 459 does not mention recycling percentage rates.*”

Mr. Gilbert continued, August 23, page 11, 3<sup>rd</sup> paragraph, last sentence, he would like to add the last sentence he said after that to read: “*And why wasn’t all of the processors at this table doing it?*”

Mr. Barrett, page 12, next to last paragraph, Ms. Kiwala did not register a no vote: Should be changed to reflect that *Mr. Gilbert and Mr. Zimmerman registered a no vote.*

Mr. Winterhalter, August 23, page 8, 6<sup>th</sup> paragraph: Mr. Winterhalter stated the only materials in the calculation *that would not count* would be . . .”

Mr. Taylor, August 23, page 9, believes “incentifies” is not a word, and believes incentivize is the word used in the industry. Also in the last sentence “the same” is used twice, remove one.

Mr. Winterhalter, August 23, page 2, where Mr. Petersen is speaking in the 4<sup>th</sup> paragraph, thinks he is talking about the excise tax is not charged.

Mr. Petersen said he was talking about the “Regional System Fee Credit” so if you want to make the minutes clearer, you would insert the words “*regional system fee*” in front of “credit” in that last sentence.

Mr. Winterhalter said to please excuse him, but Mr. Petersen was talking about two incentives: number one you are talking about, in the first part, your talking about users of the facilities from paying Regional System Fees on (inaudible). And there is a credit on dry waste. Are you talking about . . .

Mr. Petersen said Regional System Fee. The first one is an extension on paying both the regional system fee and the excise tax on the waste that is received at the facility.

Mr. Winterhalter, said okay

Mr. Petersen continued, the second one is a credit on the payment of the regional system fee on the residual that goes to the landfill. So, I think if you just put “regional system fee” in front of credit, you would have it as I intended to say it.

Chair McLain asked the committee that with those changes to both sets of minutes, is there a motion for either or both of the minutes?

Mr. Winterhalter so moved, both sets of minutes, Mr. Barrett seconded the motion, the committee approved the minutes with the above corrections unanimously.

Chair McLain asked if there were any responses to issues from August 20 or August 23 meetings that were requested, but did not appear in the packet or the agenda? There were none.

### **DIRECTOR'S UPDATE**

Mr. Petersen said he had one update, Metro has released a “Draft” RFP for the operation of Metro’s transfer stations. That has been mailed out to the people staff knows is interested in that or are on our mailing list. If you did not receive one and you’d like to get a copy, contact Connie (503) 797-1643, or e-mail at [kinneyc@metro.dst.or.us](mailto:kinneyc@metro.dst.or.us), and she will get you a copy of it. Staff would like all comments to be received by October 5<sup>th</sup> so the draft can be revised and sent out again in November, 2001 for the actual final RFP.

Chair McLain asked if there were any other comments or questions to the Director on his update. Seeing none, Chair McLain moved the focus to the REM Legislative Policy Package. She said that in the agenda packet the attachments for Item III are what will be discussed.

Chair McLain said staff would be giving some details verbally today, and will talk with more detail and materials fleshed out than staff have in the last two meetings, but she does feel secure knowing that we have kept September 24<sup>th</sup> from 3:00 to 5:00 open for an additional meeting, and she thinks we will need it. She said she wants to make sure the committee has everything in writing at a meeting so it can be discussed. She said that after staff hears from the committee on some additional issues that are important to discuss before anything is in writing, they will draft the information so the committee can actually see the code language. In order to get the information in draft format, we need to resolve some things here today. She said Mr. Petersen will lead the discussion and Chair McLain will identify those persons who have a question or a concern or an issue or a comment. Please put your hand up or your card up so that I can assure that everyone who wants to can get involved.

### **REM Legislative Policy Packet**

Mr. Petersen said he would try to be short in his comments so that he will leave as much time as possible for the committee to have a discussion. He said as a reminder, there are four pieces of legislation that staff is working on to take to the Council in October. He said to summarize what those four are:

- 1) the regulations that govern local transfer stations;
- 2) the Metro solid waste fees;

- 3) the credit that Metro gives on payment of the regional system fee; and
- 4) a revision to Chapter 5.05 of the Metro Code that deals with this titled Flow Control. He said this is basically the chapter that lays out the regulatory scheme for waste that goes outside the Metro District.

Mr. Petersen said the piece dealing with the Metro Tip Fee has already been reviewed by the Rate Review Committee. He reminded the SWAC that the Rate Review Committee's charge is to make a recommendation to the Advisory Committee chaired by Councilor Atherton. He said that Committee has met, and has reviewed the rates. He would suggest that the SWAC not formally take action on that piece of this legislation. "I think we've tried to make sure that you all know what the rates are, they are being composed, and they are in the packet in front of you. And particularly, I am trying to pass through to you the highlights, and any of the key policy issues that might be involved." He said he knows that several meetings back we reviewed some of the rate policies that the Rate Review Committee has recommended to the Council. His suggestion is that we not focus on that one today unless there are questions that he could answer with regard to the rate piece. He said there is a summary in the agenda packet that deals with that.

He said that similarly, on the revision of our Flow Control Chapter, staff has tried to give a little background material. He views that as mostly a process of bringing our Code up to date from when it was originally written back in the 1980's, and he suggests the committee not focus on that one, because we have some other big issues, that will take up most of the 1-1/2 hours today.

He said the first two parts of the package are the local transfer station regulations and the Regional System Fee Credit Program. He said both of those we have talked about in concept at the last two SWAC meetings. He committed to coming back to the committee with a lot more detail on the specifics of how we would implement those. Some very good comments and concerns were raised when the committee talked about that and staff has tried to go back and address those concerns. He said he would like to go back and walk through what is in the agenda packet on the first two items. He will try to highlight where we've tried to address the concerns that the committee raised last time. He will add some more specifics that won't be found in the packet. He had hoped to have the actual Code language ready to distribute to the committee at the end of the meeting, he doesn't have that Code language ready yet. He said we are still doing some internal review, but either at the end of the day, or the first thing tomorrow morning, no later than the end of the day tomorrow, I will get that out to you all so that you will have time to look at it before we meet again next Monday.

He said that after he walks through this, what he'd like to do is suggest a couple of things that we focus our discussion on first, like we did at the last meetings, because he thinks there are, based on the conversations we've had, there are a couple of things that we really need to hear your comments on. "Let me walk through this and then come back to those issues. Is everyone clear on how we will proceed?"

Mr. Hamilton: I want to have some discussion at some point in time regarding the fees.

Chair McLain said that was fine. She said we have an actual advisory committee on that, but we're welcoming you to discuss it. We're saying that the Rate Review Committee comes up with the official advice. And if you'd like we can leave 15 or 20 minutes near the end of the meeting, would that be okay?

Mr. Hamilton agreed that would be fine.

Mr. Petersen indicated that Janet Matthews would be taking notes on the flip chart sheets of the talking points of the discussion. He said we will get notes out to the committee as we did last month and hoped that all worked out well for the committee previously. He said to turn to the page that says: Local Transfer Station Ordinance Summary. He said starting with some of the objectives, just as a reminder here of what we are trying to accomplish with the regulation of local transfer stations. First on Metro's list is 'increase the material recovery, trying to reduce the Vehicle Miles Traveled (VMT) in the region'. He said that in his layman terms, he translates that to trying to get the garbage trucks to the nearest facility, is what we're trying to do there. He said that in technical terms, that's trying to get at Goal 12 of the State Land Use Planning Goals, which specifically state that this Region will reduce the per capita VMT's in the Region. So, there is a specific State requirement that we work towards reducing the VMT's in the Region. Limit the impact on local areas; provide access to the local haulers; foster competition where we can; and, one that is very important to me is to make sure that we ensure the stability of the Metro facilities and that we keep those facilities operating. Right off the top, you all know that some of those goals can be mutually exclusive. For example, fostering competition, might mean to you an open market with as many facilities as possible, no barriers, no limit on tonnage. That may not necessarily reduce VMT's. So we've had that type of discussion before – that there are some tradeoffs here between these policy goals. Code changes that we are drafting, in the second section of bullets, the underlying principals that define this are really two. Mr. Petersen then turned to the map illustrating the region and a division of the region into 6 parcels. He said the region would be divided into 'Service Areas' and in the past, here at Metro, we've talked about wastesheds, but in any case, the Region would be divided into local areas based on travel distance to nearest facilities. He said he wouldn't go into all of the shading, but if you look at just the red lines, this divides the Region into six areas, and these lines are based on travel distance to the nearest facility. He indicated that anything over here is closer in distance to Metro Central, everything over here is closer to the existing facility, Recycle America. "Defining Local Service Areas, coupled with a requirement that the facility that is in this area serve the local haulers and capping the facility's wet waste tonnage at the waste that we (staff) estimate to be in this service area. I'll just use this one as an example, out here, in theory, ought to help reduced VMT's. In other words, the waste that is from further away distance, could get squeezed out from going to that facility if the cap is sized appropriately and the facility is required to serve the local hauler. We talked about that in the past, here. Are there any questions, I want to make sure that's clear before I go too much further on the details of this."

Mr. Irvine: When we start talking about specifics, but we have those lines, was there any regards to routes and things of this nature, or is this just a mathematical calculation – this is half way between?

Mr. Petersen: Just halfway between. I'll talk about what local access means in a little bit more detail here.

Mr. Taylor: When you first presented this theory, there were two; one defined by time, and one was defined by distance. Do I assume from this that we are now talking about distance?

Mr. Petersen: Distance, yes. Distance is the one that is connected to VMT's – Vehicle Miles Traveled.

Mr. Merrill: As I pointed out in the last meeting, if you're going to use that map and not recognize the facilities that are across the river, you're going to be working with data that doesn't take into account the VMT that would access the other facilities. If you include the other facilities, by my computations, would serve the first five of your policy objectives.

Mr. Petersen: You're right, Eric, I'm not suggesting we consider your facilities in Vancouver, and one of the main reasons for that is that we (Metro) don't regulate those facilities and we can't require access at your facility like we can require access at the local facilities in the Metro Region. So, until that is resolved, Eric, your suggestion doesn't fit with the whole package that we've put together here. Because we have to get a package deal of Code changes here, and a key part of that is this requirement of local access. That any facility allows access to the local haulers.

Mr. Petersen continued: The first step is to define Local Service Areas based on distance, estimated tonnage—the wet waste tonnage within those areas. Cap the facility on wet waste at that estimate. I'm down to the fourth bullet that says 'Identify process to consider allowances for growth and adjustments to the tonnage'. This is something we had talked last time about. What happens if, of course the tonnage is likely to grow. We cap the facility at today's tonnage, and what do we do if there's a growth in tonnage? The specifics on that one are: 1) a two year formal review process where the Council would direct the Department to do a review of the tonnage every two years, and we (staff) would report back to the Council on how well the caps met the current tonnage in an area. Coupled with, 2) an administrative adjustment that would be allowed in the interim, during that two-year process where the department could make administrative adjustments on the cap under certain narrow conditions. And those conditions are that they be no greater than five percent during the two-year period and they only be for waste that falls within the Service Area. And only for one time. So, it's five percent, one-time adjustment over the two year period, could be done administratively. Anything larger than that would take Council action.

The fifth bullet 'Remove cap on dry waste'. We talked about that. The goal there would be to hopefully increase recovery. That would be effective now, coupled with a requirement that the minimum recovery rate be increased from the current 25% to 35%. My recommendation on that one is that that piece of this not be effective until July 1, 2002. I think we need to give these businesses enough time to adjust to a higher recovery standard. They may have to put new equipment in place or do whatever they need to do to make sure that they make this minimum recovery at 35%. That would be, under my recommendation, be effective July 1, 2002.

The sixth bullet down, 'require facilities to serve local haulers' – this is the Local Access requirement. My suggestion on that one in terms of detail is that that be limited to Franchised Waste that is tied to a specific Franchise area. And that it include both dry and wet waste. I would also suggest that that one not be effective until July 1, 2002 because, again, I think we need to give people sufficient time to comply with that.

Mr. Easton Cross: does that mean it excludes the commercial waste in the City of Portland?

Mr. Petersen: Yes.

Mr. Barrett: And the rationale for that is?

Mr. Petersen: Is one of enforcement and administration, Lee. I think that it would be very, very difficult for Metro to be able to track and monitor and require unfranchised waste that we can't tie back to a specific franchise area to be allowed to go to a specific facility. Except for the City of Portland, the region's pretty well covered by franchise areas, and I think that would be a nice way to implement this.

Mr. Barrett: Because the City of Portland is such a small part of the Region (said in jest)

Mr. Petersen: For your benefit, remember, the areas that we're trying to serve are not primarily this area here (indicating an area on the map by Metro's Central Transfer Station). The bulk of the area we are talking about is outside the City of Portland, and those areas are franchised. I think it will have a minimal impact on the City of Portland.

Obviously there is a little bit of a question here about how exactly we would implement that. I would also suggest that we walk through the administrative procedures. If the Council wants to adopt this general policy requiring Local Access, I do think there will be some administrative procedures. I'd like to sit down with everyone and work on these before we implement that on July 1, 2002. I'm not suggesting to you that I have every answer to your questions right now. But the general policy that would be adopted by the Council would be to require this Local Access.

Mr. White: For the record. I just want to say that I need to think about that, a lot. It sounds to me like your also starting a price war for Portland commercial garbage potentially. I know you have a requirement that prices be non-discriminatory, but that's a lot of waste coming out of the City of Portland that can go anywhere. Anyway.

Chair McLain: Remember that he is throwing this out. He has not asked the Council's opinion on it either. So, it sounds like both you and Lee have good ideas here and let's discuss them once Terry finishes this up.

Mr. White: Then could you clarify just where we are. This says Code changes, and you're saying that by tomorrow morning we're going to have draft Code. Is that going to be . . . ?

Mr. Petersen: I'm trying to tell you what will be in there.

Mr. White: It will be in the draft?

Mr. Petersen: The way it will be in the draft is tied back to franchised waste, wet and dry

Mr. White: Okay

Mr. Petersen: That is the waste that would be required to have Local Access, the way it's drafted right now.

Mr. Petersen: In terms of the Tonnage Cap. The Code would set up this process of defining these Local Service Areas, tying the cap to the waste. Either in the same ordinance, or a separate ordinance, we would adjust the current franchises that we have, for the existing local transfer stations to make their cap consistent with that methodology. So there are two main things here: One is the methodology that is being driven by the policy objectives of reducing VMT's and these other things. That methodology is being adopted in Code. The second thing is we have some existing facilities that have caps on them. And we would make the adjustments in their caps to reflect that policy. That would mean that the WRI facility would be increased to 65,000; the Pride facility would be increased to 65,000. And the East Multnomah County wasteshed, there is a 130,000 tons of wet waste there. We would increase that cap to 65,000 tons, this fiscal year, and to be increased at a point in the future to the full 130,000 tons. My recommendation is that we (Metro) not increase that cap out there immediately because, two reasons: one is that we need to give other players in the system time to adjust. I think of my own contract operator at our transfer stations. They may very well need to lay off employees because there is going to be 100,000 tons plus that may shift away from the Metro facilities. I think we need to give him notice that that could happen. So I'm suggesting that we not do that increase immediately. The second is the longer delay, the more opportunity you are giving for another player to come in and serve that area out there. Now the down side on that is, the reason to do it earlier is that you catch these VMT reductions earlier. Let me come back to that because that is one of the issues I want us to focus on, is the timing of the service out there for East Multnomah County.

Another one that is not on your bulleted list, a revision that you'll see in this Code change, that I will send out to you, is a revision to Section 5.01.170 that deals with Metro's rate setting at target facilities. The language that is in our Code right now says that franchisees shall be exempt from rate setting unless rate setting is a required as a condition of their franchise. So basically, the three existing local transfer stations, that have franchises are exempt from Metro rate setting. I believe that as we start to give more and more tonnage to these facilities that Metro needs to reserve the right and the authority to come in and set rates, if necessary. I hope that that would never be necessary, but I'd like to make sure that Metro has the ability, if needed, to regulate rates at these facilities. That's another specific Code change that you'll see in the language that we send you.

I've already mentioned the administrative procedures, I won't go over that. Let's turn to the Regional System Fee Credit, then we'll come back to these outstanding issues. My recommendation is that we eliminate the "sunset date" for that credit program. That would in effect make it permanent. We would expand the eligibility for the credit program, if it is a



facility that is regulated by Metro, either because it's a facility located in the District, or it's a facility outside the District, but it's regulated by Metro through an Intergovernmental Agreement (IGA). For example, using the Washington County facilities. Waste Management, in the past, has talked about putting a recovery facility at the Hillsboro Landfill. That facility is outside of the Metro Boundary; it is not regulated by Metro; would not be eligible for the credits under our current program. I'm suggesting that that type of facility would be eligible for the credits, if it's regulated by Metro through an IGA with Washington County.

The fourth bullet under Code Changes is that (this is mostly administrative for me), but to make sure that we don't go over our budget, I'd like to cap the credits that we give, to whatever the appropriated amount is in the budget. Currently there is no cap, and Council has appropriated \$900,000. Last year we spent \$980,000 on these credits, and I'd like to cap the credits that we give back to whatever the appropriated amount is. That's another example of something that I think will take a little bit of administrative procedures to see exactly how we implement that.

And finally, if the minimum recovery rate is increased to 35%, there would have to be an adjustment in the credit schedule to reflect that. Because all facilities would be required to recover 35%, there'd be no credits for anything less than that, and there would have to be an adjustment in the credit schedule.

One last thing, last time Mr. Winterhalter had a motion that would have disallowed inerts immediately. My suggestion, to you, is that this is another example where I would like to have six months to work through an administrative review process. To give the facilities enough time to know that is coming and to make adjustments, because on some facilities it will have a very significant impact and that we not make any changes on what counts until July 1, 2002 also.

Mr. Petersen: If the Council was to adopt this in October, we could come back to SWAC in November, and my suggestion is that we set up a subcommittee that would work through these administrative procedures, and that we do that in time for a July 1, 2002, start date. And that committee may also want to look longer-term at other issues, or other things related to that credit program that perhaps would be implemented, in future fiscal years, 2003-2004, etc.

Chair McLain: There is a lot of information out there, and they don't have any reference to really stop and say, okay I'm going back to bullet three or whatever. I just want to do this in a pragmatic way. As you can see, we have two major issues: lets go back to the Local Transfer Station Ordinance Summary, and let's try to take the questions on that first one. There were some outstanding issues that Terry discussed and one of them was timing, and the other was dealing with some of the tonnage caps and the totals, etc. So, let us start with questions on that first issue.

Mr. Gilbert: When you're talking residual waste from the dry wastestream, it gets co-mingled with the wet waste going out the back door. And would all the residual waste going out the back door be under the cap therefore?

Mr. Petersen: The cap would apply to the wet waste residual going out the back door, no cap on dry waste residual.

Mr. Gilbert: How do you do that?

Mr. Petersen: As we are currently doing. All facilities are required to track both wet and dry loads, both incoming and outbound. I think facilities have been doing a good job at that.

Mr. Irvine: We have two definite piles of wet and dry residual, and

Mr. Gilbert: Do they go in different trucks?

Mr. Irvine: You betcha

Mr. Gilbert: Oh, okay

Mr. Irvine: They are loaded separately into separate trucks. They have dumped at the same facility, at the in point, but the counting, etc., is all separate.

Mr. Korot: Do you have a proposed timetable for the change of the Recycle America cap from 65,000 to 130,000 tons?

Mr. Petersen: Well, I think we are bouncing around a little bit between these key issues. I think Chair McLain asked – I'd like to come back to that because that's another issue about this timing. But I think that Chair McLain started with this issue of Local Access. Is that okay, that we come back to your question?

Mr. Korot: Yes

Mr. Taylor: That raises, I don't know if you were planning on addressing it, but I had asked you to consider, and I don't know if it was rejected, to include some types of self-haulers specifically. I think they are contributing to VMT's, and bring in a considerable amount of construction waste, (inaudible) and why you wouldn't want to include self-haulers as haulers are allowed to dump in the local access area. I raised that before, and I expected to maybe hear more about that.

Mr. Petersen: Again, Chris, my thoughts on this one is that getting after franchised waste is the bulk of the waste in these service areas, and that if we require access for the franchised waste -- we've gotten 90% plus of the tonnage being addressed in these local service areas. It's also a way to administratively deal with this. If we try to go after the other 10%, and also deal with ALL waste that's delivered in any form, I think we're going to have a real administrative problem. If someone has a suggestion to me on how to administer a local access requirement for more than the franchised waste, I'd be happy to hear that, either today, or before it gets to the Council.

Mr. Taylor: Because it would be difficult to document where that was coming from.

Mr. Petersen: Correct. So, there are two responses. First, I think we are getting the bulk of it through the franchise waste, and administratively, it would be very, very difficult to deal with anything else.

Mr. Winterhalter: In talking about tying it to the franchised waste hauler, and to get back into Merle's question about routes. I mean some of these routes may go beyond the line, the timeline, in fact, and in the way you count it.

Mr. Petersen: The way we have drafted up the wording, and the language it uses the word "primarily" and it is a little open, and I recognize that. It could be that the franchised waste from that is primarily within this service area. And there is absolutely going to be cases where there are some routes that go – I think we're trying to get at the overall primary objective here. I don't think we want to get down into – it may be slightly over or slightly under.

Mr. Miller: I have two questions: One, I heard you address, a little bit later in your presentation, Terry, regarding new facilities. What happens when you set a cap and now you have a new facility? What could that do, and how are you going to deal with the demographics of that? You don't have to answer that right now, but that's – go ahead.

Mr. Petersen: Mike, if you come back to the overall goal of VMT. The caps are sized to match the waste of the local area, coupled with this requirement to serve the local area. In order to provide access with this VMT's you wouldn't want to have excess capacity transfer fees in any one of these service areas. Because if you did, you had excess transfer capacity, that would set up a situation where waste could come from further away, outside the service area, and you wouldn't be achieving that goal of reducing the VMT's. You'd want to size the caps to the demand in the local area. That could be one facility, that could be two, that could be three, but in total, their cap should not exceed the amount of waste in the local area. My response to you on that question is, using the Troutdale facility as a specific example, if their cap was raised to 130,000, to match the demand in the service area now, if the Council wanted to authorize another facility in that service area, and still be consistent with these other objectives, they would have to lower the cap at the Troutdale facility. So that in total, their capacity is still no greater than the tonnage that's in that service area.

Mr. Miller: But, depending on where that is sited, it also changes the service area.

Mr. Petersen: Correct.

Mr. Miller: So now that area may not be 130,000 any more, it could be 200,000.

Mr. Petersen: Now the way we have drafted up the Code, it would take Council action to reduce the 130,000 ton cap. There is 130,000 tons in that East Multnomah watershed, and at some point in the future, and if the Council wanted to authorize another facility out there, they would take action to reduce the 130,000

Chair McLain: Or

Mr. Petersen: Or not approve the other facility

Chair McLain: Or, there is another or. I mean you either get the 130,000 now or you can try to encourage competition and give 65,000 tons now, with the next piece coming if the competition isn't showing up. You do it either backwards or forwards. But if you have any parallelism in your system, you've got to be fair and make it equal as the conditions change.

Mr. Miller: Or you limit access. Now my second question which kind of leads to that. If you size a cap to meet the requirements of the tonnage that's in the area, basically what your doing is eliminating the locations that a hauler can go to.

Chair McLain: No

Mr. Miller: Well, you are because I can't go next door, because they're already at their cap because they're taking all of the local haulers. So I have to go to my local station, okay. Once you do that, you have set up a situation where there is no choice. You have no rate regulation. Use your imagination, see what happens. (tape over).

Mr. Petersen: Mike's making a good point here. I want to make sure you all understand. Metro's not going to be directing any hauler to any particular facility. So, were not saying this hauler has to go to this facility. We do want to say that if a hauler wants to go to this facility, that the door is open, and that they can get in. On the Gresham Sanitary Waste out in Gresham, if there was a higher cap at the Troutdale facility, and it was required that that facility serve that local area, Gresham Sanitary would be allowed in the door. You may also say, well what happens if they charge me a high rate? If they discourage me from coming by charging a high rate, and that's why it's so important for me, for us (Metro) to reserve the right to step in and set rates if necessary. Because we don't want to see that happen, where any particular facility is using their rate setting ability to discourage waste from the local area to go to that facility.

Mr. Miller: But, you do have the ability to go to other facilities, if they can't accept you, because now you're not a local hauler. So, there may not be another facility to go to. That's another piece that you need to make sure you include.

Mr. Petersen: In theory, Mike, you would be able to go to Metro South, Metro Central, or the Troutdale facility that is in your service area. You would not be able to go down to Wilsonville, or you would not be able to go to Sherwood, because in theory, they'd be at their caps. But that's the policy objective that we're trying to implement here. It's to get your waste from Gresham into the local facility rather than have you drive further to a more distant facility.

Mr. Miller: Okay, but the same concern still exists. I guess I wanted you to talk about rate regulation because it is a very real possibility under that scenario.

Mr. Petersen: What Metro has done in the past, and what's been very effective is that because we have a large share of the market – just our market share has been pretty effective in having the private facilities follow our price. My concern is that as our market share gets smaller and smaller, that's going to become less of an effective tool. Again, that's why it is important for me

to have Metro reserve that right to set rates. If our market share is no longer effective in regulating rates, then I think we need to be willing to step up and look at rate regulation. I don't know if that makes you feel any more comfortable.

Chair McLain: I'm going to go to someone that hasn't spoken yet, in the back.

Mr. Kampfer: I was just going to say the way I understand it is that each facility has the capacity to serve it's watershed in the Region. But yet, any hauler within that watershed has the option to use that facility or it can still go to any one of the regional transfer stations which is Metro Central, and South, or even Forest Grove. So, you do have some escape or opportunities, or choices.

Mr. Miller: As long as those facilities aren't at their cap.

Mr. Kampfer: Metro Central and South doesn't have a cap. You also have a choice of your local transfer station provider as well.

Chair McLain: Any other comment or question from someone that has not spoken yet?

Mr. Barrett: I have a question, that may be a request of Terry. Does Metro staff have a GIS system that might be able to estimate the number of commercial tons that would be available, (inaudible), a scenario to go to Troutdale facility, for example?

Mr. Petersen: Our estimates of tonnage are based on the – the data comes from our Data Resource Center, where they maintain population and employment figures within the geographic information system. Based on that is what we are using for our estimates.

Mr. Barrett: Can I ask you to determine the number of commercial tons from Portland that might be eligible to go into Troutdale so that I can decide whether I'm really upset about this?

Mr. Petersen: Sure, and a good point. And if you are upset, give me a solution.

Mr. Murray: The one thing I'm curious about is the raising of the cap, and then the potential of the cap going backwards. What I'm concerned with is the idea – I don't have problems with down the road, raising the caps, but I am concerned with the idea of the potential of the cap going backwards in the future. If that's a reality or not, because of the investment of the company into the facility. For example, I chose to expand my facility by a thousand feet, and then someone else comes along gets another facility approved in my neighborhood, so now I have to scale my facility back.

Chair McLain: I think that's a real concern, and that's why I said there are three ways we can approach it.

Mr. White: It's kind of irrelevant now, because my mind was made up quite a while ago. But I would still like to understand the process we're going through here, and let you know that it is a little uncomfortable for me because at our last two meetings, we talked about a lot of stuff, and

we made a lot of recommendations. Obviously, all of them haven't gotten into the proposed Code. And so without a staff report, I don't know that some of the things that were recommended – how they were thought about, and what was the thumbs up and the thumbs down on those. I'm thinking back to Sarah Jo's comment, when she mentioned that each facility within the City limits has an adopted plan and they have a series of requirements, limitations, and there is actually a limit. We talked about a maximum. I thought there was some comment from Metro staff that "well, that's something to think about – that may be a way to approach this." But, maybe not. I haven't read anything in here to say that that was considered, and that it doesn't work, and I guess we've just gone way past that to talk now about caps going to 65,000 or 130,000.

Mr. Petersen: Let me be real clear on that David. Your right, we have not used the local land use requirements as a method for calculating caps. I certainly recognize Sara Jo's point on the upper limits of the land use permit. No more waste will be authorized by Metro than what is authorized by the local land use authority. But, our Metro tonnage cap may be lower than that local land use authorization, to reflect the map. I'll use Mr. Irvine's facility as an example. I think he has land use authorization – either for unlimited or for 210,000.

Mr. Irvine: 196,000.

Mr. Petersen: So, he's got land use authorization for a lot more waste than what we would estimate would be in his local service area. And we would lower that.

Mr. White: There may be other times when I'd raise that question here. I'd like to know.

Chair McLain: I appreciate what your comment is. The one thing I think we've tried to do really, and maybe we haven't, we've tried to take all of your issues or your concerns, we've tried to get those down, and tried to make sure we get them to you so that you can verify them. And then I guess that staff have been doing this, both at the Solid Waste Committee with Mr. Atherton and myself, and Rod Monroe, and coming back to the next meeting and tried to give the pieces we've been carrying as responsive. If you want a numbered response, we haven't done that.

Mr. White: This is helpful. This is a summary. Another example of it is, I remember Matt saying at the last meeting, an issue at East County, and Waste Management potentially being at 130,000, and the question he had is well, how long do we wait, what we just talked about, before you put in another facility, or say, there's not going to be another facility, and let's go straight to the . . . . So, when I went to the Code changes, and it says adjust future tonnage authorizations. From 65,000 to 130,000. When I read that I went whoa! Waste Management's got 130,000 tons. And now I'm hearing that that's not exactly how you intend to do it. You intend to go to 65,000. You say that the service area has 130,000, but authorize them -- because I thought I heard a lot of people saying, exactly like Jeff just said, once you let the Genie out of the bottle, it's pretty hard to put it back. And if you authorize them for 130,000.

Chair McLain: This is another issue that was mentioned by Mr. Petersen, and that's right on that subject, so can we finish local access, and then can we get to that one? Because that is real important.

Mr. White: Well we haven't anything in here to determine that will work.

Mr. Petersen: I would suggest the group focus on three issues: Local Access, the timing of how to deal with the East County watershed, and then this minimum recovery rate. I really want to hear what you say about my suggestion to go from 25% to 35% minimum recovery.

Chair McLain: Local access, and those three that Terry just mentioned, are the things we are going to cover, and your right, they are integrated and they can also be looked at separately. So I'm trying to make some kind of certainty of who has been recognized.

Mr. Cross: If those two service areas overlap, and between them there is not 30,000 additional tons, does that mean you won't authorize 65,000 for each? That's part one. Part two, you are spending an awful lot of time and energy on this VMT problem. What percentage of the region's VMT is (inaudible) hauling? Do you have any idea of that? Are we talking about 1,000 or 1% or is this a significant item?

Chair McLain: That's a good question, and

Mr. Cross: Because that is something that rate setting can't control.

Chair McLain: Easton, the first comment that you made on the VMT, and how many trucks – we also know it's not just how many trucks, it's what kind of vehicles and how many there are, and what kind of pavement they are going over. So we do have a lot of that analysis, and if you're interested in that we can probably pull something together on that level.

Mr. Cross: I just want to make sure – it's a significant issue

Chair McLain: Your right, and I don't think you would find anybody to tell you that those trucks are not wear and tear on the road, or that it's not a significant issue, or even fuel. We can do something on that. Your second question: the overlapping issue when you look at that – we're trying for competition. So the overlapping issue – you're right. Sometimes that is where there is additional opportunities on where you could go. But the line has to be the controller on where that is assigned, although we realize that the inside lines are soft and that somebody may take an opportunity to go one way or the other. And that's why we've built in some of these specifics about growth. If there is some potential that on those soft lines on the inside, and someone is deciding to change, we want to have some administrative ability to be able to help with those choices because it is making good competition all the way around the market. We're trying to make sure we have some flexibility both for administration and for the system, and the review process, which we're trying to keep very constant and an on-going process. With a two-year ability to at least change it on an administrative issue.

Mr. Schwab: Two questions. One is if, for example, again, this Troutdale facility with 130,000, let's say Gresham decides to take his 30,000 tons to Metro Central. Are they still going to be able to take another 130,000 from somewhere else? Because the cap could have changed because he's not going there?

Mr. Petersen: My suggestion on that one is that we size the cap to the demand of the waste on the ground in the local area. And that Metro not get into trying to track where individual haulers are going. And if, using your example, if Gresham Sanitary decides for some reason to haul further, to Metro Central, that we not go in and then reduce the Troutdale tonnage down. This is getting at, I think, some of Jeff's point. I know the point of Councilor Atherton's goal is to simplify, simplify, simplify and I know he's thinking we've gone just about as far as we can go in terms of tracking waste and making too much adjustments on this.

Mr. Schwab: No, I'm just asking if once you did, and because you are worried about that happening, and could easily happen to your price, which is what Mike is alluding to.

Mr. Petersen: And, again, my response to that and the way to deal with that is not to go in and reduce the cap on the facility but to deal with the rate. If the hauler is being forced to drive a lot further because the rate is so much higher at the local facility, then that suggests to me that the rate may not be appropriately set.

Mr. Marshall: I may have missed this. The exclusion of the unfranchised haulers, how does that correlate, or how is that considered in setting the cap? Is the waste generated hauled by unfranchised haulers considered in setting those caps?

Mr. Petersen: No. The cap is calculated based on all of the waste in a local area.

Mr. Marshall: Including, okay. Thanks

Mr. Schwab: Your concern about leaving Portland out because you can't track it, which is not true. I work in Portland and we have to report every bit of tonnage to them. We have to report tonnage to other franchised areas. We have to pay a fee on every ton or revenue that we generate. And I don't know this to be true of Gresham, because I don't work in Gresham, but I've heard that there is no fee on Gresham and I've heard there is a lot of work to be done in Gresham on what's being reported out there because there are no fees attached to it. So this tracking may help. In other words, it might be good to tie every bit of tonnage to somewhere. And maybe local jurisdictions would help you do that because they would like to put their fees on it. Because right now, it's all going somewhere else where the fee is the cheapest, and nobody knows where it is coming from. I don't think it's that hard to track Portland's tonnage. I report it on a regular basis.

Mr. Petersen: I certainly don't want to close the door on this. I think this is an example on where I would do my best to suggest to the Council that if they want to go in this general direction and this policy and principal, that again we sit down over the next few months and develop some administrative procedures on things like: other ways that we can track your waste. I just don't understand your collection system well enough to know how we could do that. But,



there may be ways that we can do that. Because, again, the objective is to get all that waste within that local area to that facility.

Mr. Irvine: Of course, I don't know if you've had an opportunity to think that process through, but when you start setting rates, if you feel it is necessary to set rates, does that mean that if you have one facility out there abusing it, and you have three others that are basically charging the Metro rate, that you'll come in and set rates for everybody? Or are you looking at just that one facility that is abusing the rate setting. You may have not gotten to that point yet, but that would be of concern.

Mr. Petersen: This is one of the issues – one of the reasons why we still don't quite have the draft Code for you to look at, because we are still talking to our attorneys about this particular issue. I'll tell you what my preference is. Number one, that we minimize the amount of rate setting that Metro has to do. And that it will be triggered only if the rate being charged on wet waste exceeds what our rate is. If the rates are at or below our rate, then I would not want to go into the rate review process. That would be my recommendation.

Chair McLain: So, you are trying to use the market as much as you can.

Mr. Petersen: As much as we can. There may be legitimate reasons why a particular facility may have to charge more. I'm just saying the trigger for us to go in and do a rate review would be when their rate is higher than our (Metro's) rate.

Chair McLain: Can we do something here? Can we go away from the local access issue for a minute and get onto the timing issue. The timing issue here is basically talking about the caps, and some of the other areas that we're going to have to transition into something new. We'd like to have comments on the timing. There have been some times given to you – a number of things being discussed. The first being July 1, 2002. As far as the 65,000 versus the 130,000 and do you go forward or do you go backwards. There has been conversations among the Councilors on the REM committee that's gone anywhere from six months to eighteen months. You need to give as much time as you can for people to react to the system – you've got people, and jobs, and a lot of possible equipment, and setting up a system. So, the timing issue is important.

Mr. Murray: On the recovery rate end, I like to see it go up. I have some problems with it going up though because realistically, if somebody had to add equipment, six months is a pretty tight period of time to be able to do that. (some of this was inaudible). More like seven or eight months to order the equipment.

Chair McLain: So you are saying a year or over six months is more practical.

Mr. Murray, Yeah, and talk to the other people that are (inaudible). But I like the idea that it's going up, I don't have a problem with that. Just that it be in a realistic timeframe.

Mr. Winterhalter: I think that six months seems to be a short time if we are trying to get somebody to come into the area and let them know there is this opportunity there. I'm not sure

somebody can ramp up in six months time and have (inaudible). The time is probably (inaudible)

Mr. Korot: I would just add on to that, and I'm going to talk specifically about Recycle America. I'm comfortable with the idea of leaving some time to allow competition to come in. I think there should probably be some administrative work on how you define a period. Usually that's 18 months (inaudible), it's just more realistic just to have it in the pipe. Councilor McLain I'm not sure where exactly this will fit in, is this an appropriate time for me to make just a little bit more general comment on that?

Chair McLain: I think that would be fine.

Mr. Korot: The East County cities – we're working to have sufficient capacity there. So, we think the 65,000 is a great start, but that we do need to get to that 130,000. And if we are continuing on the route to keeping Recycle America as a local transfer station, then this (inaudible), 18 months we're comfortable with. But I do want to point out to you that this implies then, at least in my head, that a decision has been made on Waste Management's application to have that facility be a Regional Transfer Station, it seems like we are making a decision, and that's fine. But I do want to note that one of the East County's jurisdictions, Troutdale, is on record with the Metro Council supporting that application. It is just important to keep that in mind as deliberations go forward.

Chair McLain: I appreciate that.

Mr. Kampfer: I just want to make the comment that the timing issue is – that need for that tonnage at that facility in Troutdale is today. And there is regional system cost savings that are not being achieved today because of that cap being not at the right level.

Mr. White: I'm sorry, I don't get it sometimes when I try to understand how this is supposed to work. So bear with me. Are we talking about the timing of all of the facilities going to 65,000 or are talking about the timing of Recycle America?

Mr. Petersen: All three existing local transfer stations that are wet waste capped will be increased to 65,000 tons for this fiscal year. That accommodates the waste that is down there in that Washington County service area because there is only 30,000 tons or so down there now. So, that service area is taken care of.

Mr. White: That helps me. But now I have to ask this question, then. If, you say Recycle America can only take 65,000, and the other two facilities can take 65,000, and you have capacity in that region for 130,000, there's 65,000 tons within that East County area that has to go somewhere. And this raises the issue that Mike brought up. If those other two facilities are at their cap, and they can't go there, you have sort of an orphan 65,000 tons that has to, I guess go to Metro Central and Metro South. Is that what your saying?

Mr. Petersen: Correct. And the rationale, again, for that is those facilities are the closest, Dave. We would want – if Gresham's waste, for some reason can't go in, the next best choice would be

the next closest facility, which would be the Metro facilities. We wouldn't want Gresham's waste to down to Wilsonville. We would want it to stop at Oregon City. That is the closest.

Chair McLain: And I think it is important when your looking at that to go back to the goals again that we have. There are six or seven goals and we are trying to make sure that we don't tip the system so quickly that we unhinge part of the system. We are looking at the 65,000 tons that you are saying is out there, can still be served, and there is still capacity to serve, that we don't have a lack of capacity.

Mr. White: Okay, so I'll ask you to put that map back up one more time. So now there is a hauler that is really close to Recycle America, but they have a 65,000 ton cap. And you have 65,000 tons that can go to Central or South. Can a hauler then say, theoretically, that he'd rather go to one of those other facilities and not bring waste to Waste Management, because I don't like them; I don't want them to get my money;. Can a hauler then choose to go someplace else? Unless, can you draw a smaller region within the big region? You've got 130,000 tons – Are you going to draw another little map around the facility so that you know those haulers closest have to use it. But the haulers that are closest could go down to Central. Is there an area within an area, I guess that's what I'm asking?

Chair McLain: Are there soft lines inside – yes there is an overlap.

Mr. Petersen: Dave, until and if, the cap at Recycle America went up to 130,000 to encompass all of that service area, the requirement for the local haulers would have to shrink down. Because now there is a cap at 65,000 tons, that's all that can be served by that . . .

Mr. White: (inaudible)

Mr. Petersen: That's a good question.

Chair McLain: And actually, that question was asked at REM also. And he had the map, and he (Terry) was clearer at that time, so I'm not sure.

Mr. Barrett: Let me have a clarifying note about that. It is my understanding that this cap is a cap on the facilities not on the haulers? And that if Recycle America had a cap of 65,000 within a specific geographic area, they would be required to accept material from within that area first? Before they accepted material from outside of that area? So the theory would be that Mr. Miller's truck coming from that area, would have priority over Waste Management's own truck coming from across the river.

Chair McLain: That's correct.

Mr. Barrett: Okay. And then, the other 65,000 tons are not really, I guess they're not really orphan tons that are wandering around looking for a place to go. They are going somewhere now. They may not be going to the closest facility, it may not be the most efficient system, but there is a system in place today, that is accepting all the tons, right now.

Chair McLain: And the lines on the map may change depending on what we decide at the Council on the 65,000. So, it will look different, and it will be more status quo than it is in other parts of the region.

Mr. Kampfer: I just want to follow up with Lee, and I kind of touched on it before. It's not the most efficient flow of those tons, but they are going to a facility. And I think we need to build a system which makes the most sense and is the most cost effective toward the system as a whole.

Chair McLain: I appreciate those comments and we're saying when you have a status quo that is in existence, and we're not starting out with ten new facilities, we do have to make sure that we are being fair and equitable to all of the facilities that are also there. And we are trying to make sure that the system stays whole and not just part of it works. And not just part of it is efficient. So that's what we are trying to balance out there.

Mr. Raphael: This is a clarifying question, based on what Rick and Matt were asking about the time-line of this. I guess I don't see the concept for they're having to wait till July 1, 2002 for the balance of the package coming in. If their decision is tied to Metro's transfer station. It seems to me there is perhaps another facility that is waiting in the pipeline. The talk seems to be about new facilities coming into the pipeline. Is Metro inviting new applications for that other 65,000 tons?

Mr. Petersen: Tim, I'm not suggesting any change in our process that we've used to-date. I'm not suggesting any, say, formal procurement process that we would initiate. The current Code allows at anytime, for anyone, to submit an application for a facility. So, no change in our current system that we have in terms of how a new facility would come into the system. I'm not suggesting a formal procurement process that Metro's done in the past.

Mr. Raphael: But the delay in implementing the 130,000 presumably has a lot to do with whether you are trying to encourage that process.

Chair McLain: I think it has a lot to do with all of our policy objectives on that first sheet. One of them is the vehicle miles traveled, and that is just one. And we think that the other five or six are just as important, and we want to make sure that we balance those, and that means balancing the time-line. So we may not get to the objective on VMT as quick. It may not be as efficient, or as quick, but we've got other elements that we've got to balance.

Mr. Gilbert: Could a company that had the caps raised loose that cap raise if they drastically increase VMT?

Chair McLain: What are you describing? That they don't let the local haulers in, or

Mr. Vince Gilbert: Say for example that Mr. (inaudible), for some reason he doesn't want to go to Recycle America. Maybe he competes with him in a non-franchised area, and he just doesn't want his waste going to his competitor. And they have a 130,000 cap. And all of a sudden, waste that could be going to Metro Central, or somewhere else, starts coming through Recycle

America, and VMT has increased. Could the increase of VMT, which is one of the goals, could that increase of VMT cause somebody to have their cap scaled?

Mr. Petersen: It's my suggestion on that one that we not adjust the cap up and down based on where a local hauler chooses to go at this particular time. In part because that could change next year. I hear very clearly what Jeff is saying here. My impression is that it is hard for a facility owner/operator to constantly be operating under a varying cap that is going up and down. In theory, yes, the Council would have the authority at any time to adjust the caps. In practice, my take on it is that it would be very hard to grant it and then take it away.

Mr. Gilbert: I think you must be very careful – you know, you've got two years at one point, and then you are moving along slowly, which I would agree with.

Chair McLain: The thing is that you've got this public and private system and so you've got public bonds – that was the idea for two years, and that was the idea for a small administrative adjustment, but still be pragmatic about looking at the changes of the overall system. Usually something as big as buying over a part of a company or system, it takes a year or so to get it all together.

Mr. Vince Gilbert: Are we talking about the recycling rate yet?

Chair McLain: That's third, and I guess your right, lets do that, it's time. At the present time it is 25% for the minimum, and would be, with the suggestion of staff moved up to 35% for the minimum.

Mr. Petersen: Remember the recovery rate on dry waste.

Chair McLain: This also relates to the credit program.

Mr. Vince Gilbert: I would like to somehow, I brought this up last time, I would like to look at tons, also. I mean, we want to encourage recycling, not just our recycling rate. We want to encourage tons of recycling. So, if there is a way we could bring tons into it too. I mean, one facility does 10,000 tons, another facility does 100 tons. I think the guy who does the 10,000 should be getting more credit than the guy who does 100 tons recovery. I don't know, maybe they're at the same rate, but whose pulling the waste out of the wastestream? The guy with the 10,000 tons or the . . .

Chair McLain: Well, we did talk about focused tons, and we did talk about a criteria that would give more possible credit in one area versus another area because that's a hard stream. There is certainly a time in that criteria to do a percentage plus a ton, if that meets a criteria that is actually going to be benefiting more recycling. But I think there's this little subcommittee that was going to try and meet on the recycling details after we decided where we're going with the credits. We've said in this staff report that the sunset would be gone, we've said we'll increase the minimum to 35%, we've said we would try to focus on hard parts of the recycled stream. So that is the general big-picture, and then we will let the detail committee come up with some ways of handling that.

Mr. Barrett: I'd like to see the recovery rate increase, but there is a little bit of a conflict for me, and I think the 35% is probably a good compromise number. Because I'm afraid that if we were to push that rate too high that there is a potential for it to have an adverse affect on the source-separated commercial recycling program, in that facilities would be inclined to look for loads that are richer – dry loads that are richer and in theory might not necessarily encourage their commercial customers to recycle as well as they conceivably could..

Chair McLain: That's a good comment.

Mr. Barrett: And I would rather hold source-separated recyclable material, again, prior to what Vince said, this is – we can't solve our regional or our State's problems with one little requirement that facilities recover more dry waste. You've got to look at the whole picture, and if we get to 35% or 40% or whatever number the group comes up with, at the expense of the bigger picture of the source-separated material, that's not a good thing.

Chair McLain: Okay, that's a good comment.

Mr. Taylor: I'm concerned about the same thing, perhaps in a different way of getting at it. I think raising it is a good idea, but why wouldn't they want to put it on wet and dry? My concern is similar to Lee, but to put it just on dry waste – you tend to get confused on what's wet, what's dry. Seems tome your going to create a lot of potential for people to try (inaudible) the system. Is this wet, or is it dry – I would rather see it come with a more – and also the concern that Lee raised. With pushing people out of the source-separated recycling. I'd prefer to see a number, and I don't have access – I haven't looked at the data closely enough to propose that number right here right now. But I would suggest that this subcommittee look at the details. Should we come up with a universal number that encompasses both wet and dry. Because that's ultimately how the region's going to be measured. It is not measured on its recovery of dry waste alone. The region is measured on its recovery from all waste.

Chair McLain: Chris, that comment, I think the staff would agree with that. And if we put it into that small subcommittee, I think we've got statistics that we feel pretty comfortable with on dry waste. But as far as the wet waste, we think there needs to be a little bit more research and study and analysis done on that. But I would think that is a potential for that small committee.

Mr. Irvine: Well, at the last meeting, I think we talked at some length about a recovery rate, and I think we all agreed that it's probably time to bump it up and to hold our feet to the fire, and so forth. But if my memory serves me right, I felt we were talking about something like 30%. Which I supported. As well as changing the definition of what goes into how you calculate that 35 – 30%. As you know we made the recommendation to take out the concrete and the inert material, and things of this nature. And, let me give you an example of how that's going to impact our facility out there. Our six month average is around 38%

Chair McLain: You've got 37.9%

Mr. Irvine: Excuse me, 37.9%. And I think our last month, our concrete, that we sent not to just an inert landfill, but to the recycler, was 2-2/2%. So I just take that off my 38% and now all of a sudden I'm down to 36 or 35-1/2% which is really close to my margin. And in this market, you will see what is going on today in our economy, and things that happened last week. I get really nervous and of course, I like to have a little cushion. So what does this say that I'm going to do? I'm going, in fact, I've already started looking at those loads that I'm going to send elsewhere. For example, I think we've talked about it before and I've used Nike tennis shoes. In Wilsonville, we get a drop box a couple times a week of shredded tennis shoes. And that's dry – zero recovery, and it goes against my recovery rate. And if I'm going to be that close to my recovery rate, I'm going to take that load and instead of hauling a mile roundtrip, I'm going to send that off, probably to Metro South or to the Grabhorn Landfill and I'm going from a mile roundtrip to about a 25-mile roundtrip. It's going to cost my customer a whole lot of money. I'm also looking at loads that aren't really good in recovery. Okay, and if they're going to be at 20-25% recovery, I'm sending them to the landfill. I really don't have any other option but to do that. I think you've looked at my residual pile out there. I don't have a whole lot of stuff out there that I can economically get out of that wastestream. So, I think with this 35%, coupled with all these others, and that was the comment I made at the last meeting – its in the minutes and with which you agreed with, that you look at this thing as a package. You can't look at one item, or one element in a vacuum, you have to see how this impacts that, that impacts this over here. You know, I guess I'd like to say from my standpoint, I think this would go the wrong way. It's going to say to us, we're going to start diverting materials. Its going to cost my customers more money, but I'm not going to have it at my MRF, I'm not going to be able to pull it out, so I might as well take it to the Grabhorn Landfill, or whatever. And this goes the other way from what we are trying to do here. My suggestion, what I'd like to see, is that to be 30%. A 10% increase – this is a major increase, and it seems to me, just like you'd want to do with some of these other timing issues. Let's see what the impact is, and if you raise it to say 30%, then you sit there and you look at it, and you see if, in fact, this material is going from a high recovery facility to a low recovery facility. And address that problem at that time, if in fact, there is a problem. Right now, you see, the staff going, I think blindly out here, anticipating a problem, and putting on a regulation that could backfire.

Chair McLain: Terry wants to ask you a question, but I just want you to know that the recovery rate information in the last six months, is that the highest facility was 49.2% and our lowest is 27.1% for an average of 41.4%. So, 35% seemed like it might make some facilities sweat if they were on the lower end, but you are not.

Mr. Irvine: But I'm right in the middle there, and I guess that's what I'm saying. That I'm right in the middle, and you put that minimum recovery right at the middle, then what it is going to do is – I need a cushion as an operator.

Chair McLain: You've got some good comments.

Mr. Petersen: If I could just follow up Merle. So, I'm hearing you say that you could support a 30% recovery rate if inerts were completely disallowed. Or a higher minimum recovery rate if there was some allowance for inerts being recovered from mixed waste? Either way?

Mr. Irvine: Well, the way I read this right now, it says that inerts are not allowed. They are completely out. And, again, to answer your question, I guess I'm getting kind of gun shy now after we've talked about things. And I can see things coming back – before I could comment on that, but I guess I'd have to ask what's going on – and before I could support it I have to see what's going on in total. Just like I think what Dave was saying. We need to have the ordinance, because the devil is in the details.

Chair McLain: Oh yes, I understand. But his (Terry's) question to you, I think was, the fact that maybe – he has in there a sort of a transition time for inerts too.

Mr. Petersen: We have in this package a refocus of these credits on to high priority materials. To be determined what that means. I'll tell you what my suggestion is on that. Last time you had a motion before you to completely eliminate – if I understood it correctly, was to completely eliminate any allowance for inerts in the credit program. I see that the person that presented the motion is shaking his head yes.

Mr. Vince Gilbert: No, he said what DEQ counts. All that DEQ counts.

Mr. Petersen: Okay, and because DEQ does not count, and thank you Vince. My suggestion on that would be that we would do it a little bit differently. I would suggest that we give some allowance for the recovery of inerts out of the mixed solid waste. Maybe that's capped at something like 5%, which is the typical amount of inerts that you find in mixed solid waste based on DEQ's latest waste sort data. But, there be some allowance for inerts that are pulled out of mixed solid waste.

Mr. Murray: Merle mentioned the idea of treating this whole thing as a package. Vince is talking about the issues of what's wet and what's dry, and then we have the issue are we taking, you know, really good source-separated programs and maybe not advancing them anymore, and maybe they end up being – maybe not intentionally retreating. Could the committee possibly look at the bigger picture of recovery, period. Where the combination of those hauling companies feeding a facility, their recovery rate, source-separate (inaudible), taken into account with what the facility is doing, and let business take care of it. There is a good solid system out there for source-separated. Waste Management, as an example, has a very good source-separated program going. And at times, it is their own worst enemy. When it comes time for recovery at the facility, they're going to get better recovery if they expand that source-separated route, and especially now that (inaudible). Every time they expand it, then they, and Merle and everybody else is shooting themselves in the foot for expanding it. So, not to drag it out in this committee, but maybe give it to the subcommittee and let them look at it from outside the box, rather the whole system package.

Chair McLain: I like that, those are some good comments. I would not think that your going to get that in this package. I think your right that that is going to happen in the smaller committee when we're trying to have six months or whatever to get to some of those issues.

Mr. Kampfer: I think when you set that number, it definitely is going to be tacked on to source-separated programs. It's going to have a definite impact on marginal loads, and when we turn



them off. If the number is 25%, well if I have a 10% load, well, we'll probably take it. But if you raise that number higher, well that marginal load – we have to raise that percentage of what we turn over to the landfill. Make it too high – and that 15-20% load, we might not be able to process and get those small marginal loads. And the other impact of that number is what we do with the inerts. How we treat that in the equation.

Mr. Irvine: Well, following up on that and some of the other comments. This is a pretty dicey issue, and it is a very important issue. And maybe you go back and for this process right here, say for these ordinances, that you have in front of you, let's bring it up to say, 30% (change tapes). . . take a bigger step if that is necessary.

Chair McLain: I like your idea of putting it right up to the committee's spectrum though, that we are looking for a higher rate, but we want to do it the right way. And I can see that, and have your trial period of 30%, those are some good comments there.

Mr. Vince Gilbert: I'm leaning more toward what's Chris was saying, except I would take a facility like ours and require them to have a higher recovery rate then, say, Recycle America, or WRI. But with those two facilities and ones like them, I would take a number, but I would do it for all their waste. That way they have an incentive to open up the bags on the wet waste side and get whatever material they can out of it. Because there is a percentage in the wet wastestream that doesn't really get addressed when it should be. And so I go back to what Chris was saying. If you're a facility – and this would take care of those marginal 10% loads, get the number for that type of facility, whether it is 15% or 18% or whatever that it is – it's tailored for their facility. And a facility like ours should require a high percentage. I think, you know, there is a huge availability of recycled material on the wet side that just gets pushed out and goes to the landfill that is never addressed.

Ms. Matthews: Are you saying tailor the recovery rate?

Mr. Vince Gilbert: Tailor the expected rate at a facility to that facility. There is plenty of data available on what goes through each facility and there isn't that many facilities. And that gives them incentive for more recovery.

Chair McLain: Okay, I'm going to stop for just a moment. We've got about 20 minutes left. I'll go to Rick next. What I want to do right now – a lot of the information around here is that it is fairly positive for increasing the recycling rate, number one. Secondly, that between 30% and 35% (I've heard more at the 30% that have spoken up), and so if there is any comment about the percentage again, that's okay. Third, we've got a committee that we are starting to get a very long and detailed agenda to, so we need to talk a little bit more about what we really want to send to committee and what we want to have right here at this group at any given time. I did promise David that we would do a little bit on rates and so I'd like to do it now because I need to check on something I've given staff a 5:00 o'clock deadline on. I'm going to ask Terry to ask David for his issues on rates, and that we take 10 minutes, maybe 15 to talk a little about the rate, and then I'll be back for the conclusion and the summary. Ms. Matthews, would you please take notes on the rates as well?

Mr. Schwab: The credits portion is over?

Mr. Petersen: I believe the chair has said to make sure we reserve enough time for David to ask his question or any of you who might have questions. Before you get started David, Jeff has raised his hand.

Mr. Murray: This goes back to (inaudible)

Mr. Petersen: Actually, we are turning to the third element of the four element package and that's the element that deals with our rates. There is a small summary here of what the numbers are, in your package. I think we had Tom Chaimov from the REM department here at SWAC several meetings back that talked about the reasons for the rate increase. About why staff believes we need a rate increase. We have dispensed with the credit program for now, let's get to the rate issue, and if we have time left, we will resume the credit program discussion. Please remember we have another meeting scheduled for Monday. You will see our actual language soon. So, David, your question?

Mr. Hamilton: I'm concerned when I hear of rate increases because business and the customer are the ones that pay the rate. Bottom line. Everybody passes everything downline. The customer is the one that pays the rate. Whether it is residential, or commercial, my concern is the customer because what I do is on the commercial avenue of the thing. Looking at the rates being increased, has you know we're going into a reclining economy which we are all aware of and which we've been going into for the last 11 months. We've seen a moderate increase in CPI. And I know that the CPI was a factor that was brought out by you, Terry, as one of the reasons. And using 1999, as you did as the base year, 2.2%, for 2000, we're 1.17% over that – 2.2%. And for year-to-date, 2001, we're 1.09% over that 2.2%, over 1-1/2% increase averaged out for the last 18 months. Looking at that as a factor to be raising the amount that we are raising, doesn't make a lot of sense. So, the other factors that you had in your comments were fuel, which everybody's had to deal with. And staffing. People on staff. And my concern is with going into an economic situation that were doing, Metro needs to take the bull by the horns and be prudent and frugal as to what they do. And raising the rates may not be the direction to go. We've gotten minimum CPI increase impact. We do have the cost of fuel impact to look at and personnel and other things that we are involved in. And, sometimes cutting back may have to be the direction that is taken by a governmental agency to be in the reality of what's going on in the world. You can't keep growing when things are slowing. Now, you're projecting smaller than normal, or smaller than projected amounts of waste because of the slowdown. I think we need to take a look at what's going to happen with these rates. I mean business is going to eat this and the impact that business is having today is tremendous. We have been very fortunate with electricity. You know we were going to see 200%, 300%, 400% increases and now we're only going to see 50% increase. Everybody is doing their part to see this through. And I think we need to here, do our part to see what can be done to keep these rates down, and not go out in the economic times that we're looking forward to. For the next couple of years is what I'm hearing.

Mr. Petersen: I certainly hear you loud and clear. And Councilor Atherton – I don't know from the Council's perspective whether Councilor Atherton wants to add anything, but I can guarantee you David, that it's a real strong ethic in the department to try and conserve our costs wherever

we can. We've been lucky – not lucky, but we have been able to keep our rates where they are, partly because we've reduced our staffing, doing things like automating our scalehouse so we can reduce our staffing needs at our scalehouse. That saved us quite a bit in terms of our FTE there. Far and away, the biggest cost in our program is of course our major contracts for transfer and transport of disposal. We were able to do some things to renegotiate those contracts to get those costs down. Short of cutting into the heart of some of our programs, which is certainly an option if the Council would like to keep those rates where they are. I believe we are going to begin cutting into the heart of some of our programs and that's the tradeoff that you are talking about. I'm not able to find, at least not yet, other ways to preserve our operating cost to the level that we need to without a rate increase.

Mr. Hamilton: I don't believe in cutting at the heart of any programs is wise or prudent, in cutting and reducing costs and keeping a cap on things, and not going into rate increases. But there are the peripherals around that prime core program that can be addressed, can be modified. I'm not saying slash and burn, I'm saying be careful on the direction that you go because you're visible targets to everybody out there who pays the bill at the end of the day; I'm the one that writes the check and pays the bill at the end of the day, and they're big checks. Because I've got a lot that goes through the system.

Councilor Atherton: The only thing I can tell you Dave, is that portion of that rate increase is the fact that we have spent down fund balances that were subsidizing the lower rates. We knew that was coming down several years ago.

Mr. Hamilton: But from what I was reading earlier, that doesn't come into effect until after 2003.

Councilor Atherton: It comes into effect July 1, 2002. That is when that fund balance is spent off.

Chair McLain: David, I appreciate your comments, because I think two good rules of thumb that we tried to do, or I've done since I've been on the Council and that is to keep rates constant. And to give some certainty to the industry and to the public on what those rates would be. And so we will try to make sure that that is still a pillar of whatever foundation we have on our rates. As far as the piece of information Mr. Atherton gave you. It depends on how you look at the material you are given. Because we had the same conversation in the Rate Review Committee where some folks thought it wasn't going to be until 2003 or 2004 and other recognized that it just depended on much subsidy we maintain before we actually would have to buy some more subsidy if we're going to keep the programs we had in place.

Mr. Hamilton: The information that I have in front of me that is provided by Metro, was 2002-2003 fiscal year. And I'm not sure when your fiscal year starts. And secondly, Mr. Petersen indicated that that subsidy is approximately \$1.00 per ton. So, now the subsidy is going away, and on top of this, as the rate increase your talking about – your also going to get from the minutes, another dollar per ton on the (inaudible)

Mr. Petersen: In FY 02-03, we do have about –I don't know if Tom is still here, but we have about one million dollars left in our Rate Stabilization Account that we would be – about four million dollars in there. Our target is to try to keep that Rate Stabilization Account at about three million dollars. A million dollars would be applied to buying down the rate in 02-03. So, even this \$65/\$50 rate is a partially subsidized rate that doesn't reflect our whole cost. It is not a fully subsidized rate, but it is partially subsidized rate, to about \$1.00 per ton.

Chair McLain: So, your point is well taken and again, its how much we're going to subsidize and for how much longer. So, those choices have to be made. How much, a dollar or more. A dollar only. And, how long – 18 months, 6 months a year. How much longer are we going to buy down that account?

Mr. Hamilton: Well, you also have to take a look at the aspect, you know. Your looking at reduced waste. But the goal is to have reduced waste, so your fighting your own purpose with that. We are having a slow down which may or may not have some impact on that. But, with the goal of reducing waste by recycling, you are going to have that fall anyhow. So, if it falls, and you raising rates to take care of it. You've got some inconsistencies in what the goal is. You're going to drop it, but your going to raise rates because of dropping. So, I have some real concerns with that.

Chair McLain: Well there is some difference between the two type of dropping that you are talking about. The first type of dropping is how much recycling is done, you know, generally speaking. And then there is the dropping of a certain part of the waste to a certain private system. So, there are two different parts of that conversation that we do have to complete.

Mr. Hamilton: No, I understand that. But we're also looking at – I'm talking with people here – there is growth in the region. With new people coming in. So things slow down, So the trash slows down or is less per business or household, but increases in population would balance itself out. So that should be pretty negligible. Hopefully, you guys at Metro, because of what your doing region-wide, have the growth levers, have the trash numbers, and can run programs to know where your going to be. It's not like throwing in the dark at a dartboard.

Chair McLain: We do that every year. And on the forecasting of tonnage, we've got it down to within 2% difference than actuals. And it really is much better than a dart board. But it is still an estimate. So there are differences. Including what continues to happen in the next month or so. So, you are right on, and

Mr. Hamilton: But I would like to see what Metro can do to make these rates – if you take one line item at a time – it don't amount to a whole lot. But you take all of the line items that are involved here, and then calculate them into the whole system, and it's not just a few pennies. It's gotten to serious dollars now. And business and residential are the ones that pay the bill. The end user pays the bill. Most everybody sitting here – it all runs through their system that is paid by the commercial customer. And that's what I'm concerned about.

Chair McLain: Okay, I'm not going to react to that – I've got a garbage can too. But, it is a situation where I think that your main philosophy is very sound and we want to make sure you

understand how that formula was made. And so I think we'll take more time and on the next agenda, I'll make sure we have something that lays it out a little more clearly for you. And we can have some more reaction at that time. We've got about four minutes and I'm going to ask if David has anything else, and then we'll let that issue stand.

Mr. White: Well, not on Mr. Hamilton's issue. But it is the same thing, it's rates. I've been to the REM committee meeting, I've been to the Rate Committee meetings, and I was at the SWAC meeting on August 20<sup>th</sup> when we talked about a \$14.60 Regional System Fee. And now, the document in front of me says it's going to be \$15.00, so what's forty cents? Without a staff report, again, there is no explanation of how we got an extra forty cents. I've also got . .

Chair McLain: Okay, could we stop at that for just a minute?

Mr. White: Let me just get to excise tax for a minute and put them both in the same package. I know that Metro Council decides what the excise tax is going to be but this is staff recommendation, and it's gone from \$5.10 to \$5.22 without any Council action. So it could even go higher. So my math is at fifty-two cents now and we'll round it off to fifty cents. And here we have this rate, and no explanation as to how we arrived there, and so I know you're not going to do it today, but we need to understand how you got to this number.

Chair McLain: That's a perfectly legitimate issue. I am going to let Terry try to respond. But you know, feel very secure that you are going to have a little section on the next agenda about rates, at this next meeting in October.

Mr. White: That's why I wanted to say it today so that they will be well prepared to deal with my question.

Mr. Petersen: Unless, Councilor McLain, I can answer his question today, and then we don't have to deal

Chair McLain: We're going to give him some back-up too Terry.

Mr. Petersen: Yes, you'll have my staff report by the time we meet next time on this. And the main difference is we have made this piece of this package consistent with the earlier pieces of the package. The earlier piece of the package says keep the \$900,000 in the Regional System Fee Credit program. And you'll remember, David, at those earlier meetings that we had at our Rate Review Committee meeting, we were very clear to say that for the placeholder, an assumption that we were building in, was that the Regional System Fee Credit program would be reduced by half. So, the increase that you are seeing here is reflecting – keeping the Regional System Fee Credit program, where it is.

Mr. White: Well, I missed that, because I don't remember us talking about keeping it – I thought it was getting cut in half.

Mr. Petersen: No, no there was a discussion.

Chair McLain: I'm sorry.

Mr. Barrett: Just to clarify. So were going to talk about rates not at the September 24<sup>th</sup> meeting, but at the October meeting?

Chair McLain: No, I really want to concentrate on the ordinances, and the written work on these two pieces first. I certainly, if we have time, we will cover – but from what I'm seeing here is that we've got some time that even if we went over to the October meeting, I think that's going to be timely. But we're going to spend our time next Monday on the transfer stations and on the credit program and really look at the language, look at the legal work and see what they've got done so you can feel comfortable with that. So the 24<sup>th</sup> of September, 3:00 p.m., here, we will be having our next meeting. And we will be working off of the written work. And we will also have a staff report that pretty much lays out exactly what the ordinances are, and I think we will get more of the direct response that you've asked for today. Any more comments or questions before I close the meeting today.

Mr. Barrett: Are we going to get this information in advance of the meeting.

Chair McLain: Yes, in advance of the meeting. As far as when you're going to get it, it's going to be 9:00 o'clock tomorrow, or 3:30 p.m. tomorrow, or you can come in and pick it up yourself. I don't have all that worked out. Just be assured that your going to get it in writing, and you will get it sent to you, and it will be before the meeting, but it should be very shortly.

Mr. Taylor: Can you tell me a little about the creation of the small subcommittee.

Chair McLain: Let me have a proposal to bring to you, and you can look at it and make some suggestions, is that okay?

Mr. Taylor: I'm just curious.

Chair McLain: And I think we're going to try and do that on the October meeting also, versus the special meeting next Monday.

Ms. Matthews: I just want to remind you that REM's Strategic Plan has been moved to a place by the door if you want to pick one up on your way out.

Chair McLain adjourned the meeting.