

**METRO**

DAY: Wednesday
DATE: September 24, 1993
TIME: 8:30 - 10:30
PLACE: Metro Headquarters, 600 N.E. Grand Avenue
Room 370A-B

Joint Meeting of Solid Waste Advisory Committee/Rate Review Committee**Assessment of Solid Waste Revenue System****Terry Petersen**

1. Announcement of Consultant Selection
2. September/October Work Schedule
 - A. Establish Work Group
 - B. Agree on General Policy Objectives
 - C. Develop List of All Possible Alternatives
3. Idea Session: Direction to Work Group and Consultant

Meeting of the Solid Waste Advisory Committee

1. Approval of Minutes **Roger Buchanan**
2. Metro Solid Waste Updates **Bob Martin**
3. 1995-2000 Waste Reduction Strategic Plan
 - A. Process and Schedule **Terry Petersen**
 - B. Waste Reduction Assessment: Recovery Potential **Scott Klag**
4. Other Business **Roger Buchanan**
5. Adjourn **Roger Buchanan**

Attachments:

1. Minutes (July 22 and August 15)

TP:clk

s:\share\pete\swac\swac0915.egd

SOLID WASTE ADVISORY COMMITTEE (SWAC)
Summary of the Meeting of 8/15/93

MEMBERS PRESENT:

Ruth McFarland, Vice Chairperson
Susan Kiel, City of Portland
James Cozzetto, Jr., MDC
Delyn Kies, Washington Co.
Pat Vernon, DEQ
Susan Ziolk, Clackamas Co.
John Drew, Far West Fibers
Chris Boitano, East Co. Cities
Emilie Kroen, City of Tualatin
Robin Kordik, Citizen Rep.
Bruce Broussard, Citizen Rep.
Gary Hansen, Councilor, Multnomah Co.
Brian Carlson, Clark Co.
Ralph Gilbert, ECR
Carol Ann White, Yamhill Co.
Estle Harlan, OSS/Tri-Co. Council
Jeanne Roy, Citizen Rep.
Kathy Kiwala, City of Lake Oswego

GUESTS:

Elenora Fielder, Citizen, Rate Review Committee
Carolyn Francis, Wastech, Inc.
Lexus E. Johnson, Oregon Hydrocarbon
Ray Phelps, Pacific/West Communications
Tom Zelenka, Schnitzer

METRO:

John Houser, Metro Council
Bob Martin
Terry Petersen
Debbie Gorham
Scott Klagg
Connie Kinney

The meeting was called to order by Vice Chairperson, Ruth McFarland.

Chair McFarland asked each of the Committee members and alternates to introduce themselves.

Chair McFarland asked for a motion for adoption of the 6/24/93 Minutes. The motion was made, seconded and unanimously adopted by the Committee.

Terry Petersen said the deadline for submittal of the RFP on the assessment of the system finance study is this week. Mr. Petersen said he would be assisted by Steve Schwab (hauling industry, joint membership on SWAC and RRC) and Pat Vernon (with DEQ, non-voting member of SWAC) on the selection of a consultant.

Mr. Petersen said he is interested in holding another joint meeting of the SWAC and RRC possibly in September. Mr. Petersen briefly discussed the work which has been done in Toronto towards financing their solid waste system. He mentioned Toronto had a severe financial problem when the tip fee rose to \$150/per ton. Their solution was to reallocate some fixed costs from the tip fee to a flat fee collected through property tax bills.

Chair McFarland said the solid waste department made a presentation to the Council Solid Waste Committee last night (Tuesday, August 17, 1993). As part of their presentation they attempted to explain why disposal rates must rise as a result of building a transfer station which was wholly funded by private financing. The projected rise of \$4.15 per ton is expected if the Wilsonville Transfer Station is allowed to be built.

Mr. Martin explained that there were three components involved with the \$4.00 per ton increase. 1) you will be taking waste out away from a transfer station that has lower per-ton costs. The new facility will not have "on-board" source-separation available on opening but will have the potential for source-separation at a time when it is financially able to do so; 2) Metro will have to hire new gatehouse people and purchase new equipment; and 3) the major portion of the remaining increase will be used to service the bond funding.

Ms. Keil asked Mr. Martin why it costs three times more to process garbage at Metro West (Wilsonville) than at Metro South.

Mr. Martin said Metro West is configured differently than Metro South and therefore it doesn't handle waste the same way. For instance it takes a much shorter time to dump everything into a pit and shove it into a compactor than it does to dump it on the floor and separate the pieces and then compact it. For another reason, Metro West will be handling a lot less waste than Metro South.

Chair McFarland asked if part of the reason the costs were higher at Metro West was because of the way it was constructed?

Mr. Martin said no, he was mainly talking about operating costs.

Ms. Harlan said part of the reason is that there will be more waste recovery at Wilsonville, and there is none at South. But if South were converted so they could recover more

materials, will that not also raise costs at South? She said it was her understanding that there is no diversion at South.

Mr. Martin said that present plans at Metro West do not include materials recovery in its current configuration (other than cardboard), but there are increased opportunities. Current construction and equipment allows for probably 1% of waste recovery in order to keep the building cost prices low. Metro West, however, is configured so that as market opportunities emerge, they have room and opportunity to take advantage of that. That is missing from Metro South. New facilities need to be cost effective.

Chair McFarland asked if there were any further comments or questions with regard to the Wilsonville facility. The discussion then led to the implementation of the Sheriff's Contract with Metro for flow control enforcement.

Mr. Martin said he had had two meetings with Sheriff's Office. Mr. Martin said they are currently looking at a start-up date of September 15. The Sheriff's office is recruiting new officers to replace the officers that will be placed in the flow control enforcement contract.

Mr. Broussard asked what type of investigation would the Sheriff's officers be making?

Mr. Martin said they would mostly be working in surveillance.

Ms. Keil asked if the program was geared to focus on haulers or self-haulers?

Mr. Martin said primarily enforcement would be focused on commercial self-haulers, but of course they would not limit their surveillance.

Mr. Boitano assured the Committee that the Multnomah County Sheriff's officers had state-wide police powers and they had surveillance aircraft available to them out of Troutdale.

Mr. Broussard commented that he was particularly concerned about those persons who were turned away at the landfills because they did not have the funds to dispose of their material so they just dumped it in a neighborhood on the way.

Chair McFarland introduced Scott Klagg who made a presentation of the Metro region's 1993 waste reduction assessment.

Mr. Klagg said the planning began with the 1988 System Management Study, the 1988 EQC Order, the 1989 Waste Reduction chapter to the Regional Solid Waste Management Plan (RSWMP), 1991 additional chapter on Special Waste and Yard Debris. He said that in 1993 Metro and this Committee will work on updating that 5-year plan. The original 5-year plan covered the period 1990 through 1995, and the update will cover the period 1995 through 2000. Mr. Klagg then continued to discuss where we (the region) were going; where are we now; and, where should we be going.

Mr. Klagg said the RSWMP called for reaching a goal of 56% recycling by the year 2010, but at the region's current recycling rate we will have to come up with some very innovative recycling schemes to reach that lofty goal.

Mr. Klagg said that lumber recovery has been the most dramatic with a total of 2.4% more recovered than anticipated. Single-family recycling has made a .3% better than expected rate while multi-family recycling was behind .1% less than expected. The recycling activity for yard debris was 2.3% less than anticipated recovery rate.

Mr. Klagg said that where we go from here will be largely due to the innovativeness of our programs. He said that prior to 1988 the infrastructure had not been developed for Metro to study the wastestream and since that time we have been developing expertise and experience that will hopefully benefit us in understanding and developing better programs in the future to promote the recycling trend.

Mr. Klagg said Metro had conducted a waste audit in 1992 to determine where the waste was being generated and found the following: Residential = 23%, Commercial = 47%, Construction/Demolition = 13%, Industrial Waste = 6%, Special Waste = 7% and Events = 4%.

Mr. Klagg suggested that goals be based on a per capita or per employee basis and develop target programs to reduce those wastestreams.

Ms. Keil asked Mr. Klagg how they charted the multi-family recycling levels, and that the total he reached in the survey seemed very low in comparison to the City of Portland.

Mr. Klagg said he used a 1 to 4 units as single family residential.

Several of the Committee members including Ms. Keil said they defined multi-family differently.

Ms. Harlan asked Mr. Klagg if he was measuring the wastestream in a different manner than what they were reporting (the hauling and landfill industry). Ms. Harlan asked what Metro means by "presenting to the public new and innovative programs for waste reduction and recycling". She said that every time Metro introduces new programs, the public gets the mistaken impression that they are going to save them money and it ends up costing them.

Chair McFarland said the reality is that Metro can only address what happens at the transfer facilities. Metro is not in a position of control over those responsibilities that are in the hands of the haulers, processors and local governments. But that Metro can help by being the regional coordinator for implementation of waste reduction and related programs. The region cannot reach their goal with the current Plan. Chair McFarland also pointed out that Metro sponsors many resource-recovery programs but when those

programs become profitable, Metro loses it. She said this Committee with the assistance of the Rate Review Committee need to look at the current attitude on granting money to recycling activities, and if we intend to continue funding how much we want to give them, as well as when we will let the businesses assume full control of the profits and/or losses.

Ms. Keil agreed that Metro, as the regional coordinator did need to nurture those waste reduction and recycling programs in their infancy, but to turn them loose when they became profitable. This was good business for the region.

Chair McFarland said the Council Solid Waste as well as the Metro Council found the advice of the Solid Waste Advisory Committee and the Rate Review Committee to be extremely valuable, and relied on them to make decisions such as social values of the proposed business, amount of subsidy, if any, etc.

Mr. Hansen said he was more interested in disposed pounds per person. Mr. Hansen noted it was easier to measure disposed waste over recovery. Mr. Hansen was especially pleased that Metro had contracted for flow control enforcement measures and feels that is the key to Metro's lost tonnage.

Brian Carlson echoed Mr. Hansen's comments. He said Clark County was focusing more on waste generation avoidance through measures such as smart shopping. He said Clark County felt it was important to separate residential and commercial because in their area single family were paying the same rates as commercial and generating much less.

Mr. Gilbert commented that energy recovery should be elevated on the recycling hierarchy. He said hog fuel is looked on as very low priority and he feels it has a very important contribution to the system.

Ms. Vernon commented that the State of Oregon, DEQ was in the process of holding public meetings to develop a Solid Waste Management Plan which will be updated every two years. There will be one public meeting this evening in McMinnville, at the Community College and the next evening (8/19/93) in Beaverton at the PGE building. Ms. Vernon said they will be writing chapters on: Source Reduction, Material Recovery, System Management, and Disposal.

Ms. Kroen suggested quantifying the long-term benefit of subsidizing some projects even though they do not have an economic value. She said you need to weight these programs on an individual basis as to the good of the region, not entirely on financial rewards.

Mr. Broussard said he felt it was important to not be so absorbed in attaining the 56% goal. He asked about privatization of garbage.

Ms. Kordik said that she was involved in a program in Seattle where they found that they counted per capita disposal rate and the information was skewed. She believes you have

to look at the factors in your study such as perhaps type of household, number of persons in household, etc.

Mr. Boitano said local governments had an opportunity to be leaders in waste reduction and recycling and that East County governments was striving to be a leader in this regard. They were not waiting for Metro and were implementing their own programs.

Mr. Drew said it was important to see that goal of 56% to be just that -- a goal. In the year 1988 it was reasonable to believe that such strides were being made and that 56% could easily be obtained, but after further assessment we realize that is not attainable, we should readjust our goal. A goal is just that, something we hope to attain, not all important. Mr. Drew asked Ms. Gorham if it was her intention to have a new plan under consideration before the end of the year.

Ms. Gorham said she believed they could have a plan within this fiscal year.

Ms. Roy said that Metro has had four years of experience with which to study the wastestream and hopes they will go back and study their results. In other words, see what they did that worked and what programs didn't work, and then come up with a plan that can make waste reduction happen. Ms. Roy felt it was important for Metro to look at the region and use regional input as opposed to seeing what is going on on the national level because it was important that local governments be able to implement these programs.

Chair McFarland commented that educating the region on waste reducing and recycling was a big part of minimizing the wastestream.

Mr. Martin said he hadn't heard anyone around the table mention a very important factor, especially in the commercial sector and that was disposal fees. He would like to see an analysis of the role of disposal costs. And, do we want to subsidize disposal?

Ms. Kies said she would like to see a measurement of what effect that would have on recovery.

Mr. Hansen said it might be worthwhile to have a differential in disposal value. It costs more in terms of effect whether you dispose of batteries or inert material. Charge more to dispose of those items you wish to keep out of the landfills.

Chair McFarland said the Committee had run out of time and we would conclude our meeting. She thanked everyone for their attendance and their input, and reminded them how valuable their input was to the Council.

The meeting was adjourned. The next meeting will be held on September 15, at 8:30 a.m. in room 370A-B.

**SOLID WASTE ADVISORY COMMITTEE (SWAC)
RATE REVIEW COMMITTEE (RRC)
Summary of the Meeting of 7/22/93**

MEMBERS PRESENT:

Roger Buchanan, Chair, SWAC
Ruth McFarland, Chair, RRC
Lynda Kotta, City of Gresham
Ken Spiegle, Clackamas County
Shirley Coffin, Citizen
Jeanne Roy, Citizen
Tom Miller, Washington County Haulers Assoc.
Pam Arden, Multnomah County
Steve Schwab, Clackamas County Refuse Disposal
Estle Harlan, Tri-County Counsel
James Cozzetto, Jr., MDC
Susan Keil, City of Portland
Bruce Broussard, Citizen
Ralph Gilbert, East County Recycling
Brian Carlson, Clark County
Merle Irvine, Citizen (Willamette Resources)
Bob Kincaid, City of Lake Oswego
Pat Vernon, DEQ
Doug Coenen, OWS
Emilie Kroen, City of Tualatin
Steve Miesen, Trans Industries
Delyn Kies, Washington County
Ralph Orrino, BFI
Brian Heibert, Tri-Counties

GUESTS

Brad Rafish, Talbot, Kukjola & Warwick
Ralph Phelps, OWS
Jack Polans, Citizen
Jerry Yudelson, RDC

METRO

Bob Martin
Terry Petersen
Roosevelt Carter
John Houser
Connie Kinney

Chair Buchanan called the meeting to order. Chair Buchanan noted that this was a joint meeting of the Rate Review Committee and the Solid Waste Advisory Committee and thereafter asked the members and alternates to introduce themselves and to indicate which of the two committees they represented.

The first order of business was an Assessment of the Solid Waste Revenue System presented by Terry Petersen.

Mr. Petersen explained that a joint meeting of the SWAC and RRC was called because the issue being discussed is closely linked to what the Rate Review Committee does. Mr. Petersen the Resolution which the SWAC recommended to the Council Solid Waste Committee was passed and forwarded to the Council who adopted the resolution. This resolution will allow the Solid Waste Department to set up the process to assess how we fund solid waste programs. Mr. Petersen said the Council members expressed their desire to stay completely informed as to the progress in this endeavor and he will put a strong effort into doing that.

Mr. Petersen reviewed the different roles of the RRC and SWAC. He said the SWAC is charged primarily with writing the final chapter of the Solid Waste Management Plan dealing with Rates. He said that because it is a Plan, it is a little more general, more policy oriented and a little longer term than the role of the RRC which, as Mr. Petersen views it is year-to-year implementation of Metro's rates -- making a recommendation on what the specific rate should be.

Chair McFarland said four of the six members of the RRC were present at this meeting at a time when the RRC membership is normally not available to meet. Chair McFarland said the RRC previously surveyed how the rates were set and concluded there were things which had not been addressed. She said even though their suggestion was not adopted, it made a statement to the Council that there were indeed inequities in the solid waste system in the region. Chair McFarland said she was delighted to see the two committees share in the responsibilities of the rate setting/policy tasks for the region.

Mr. Petersen said the last time the SWAC met, the members expressed the desire for more knowledge on Metro's programs, the cost of those programs, the process for rate setting and what some of the trends and implications of the status quo might be. Mr. Petersen said this entire meeting would be devoted to an education process. Mr. Petersen said to that end staff had put together a packet of information with regard to the Solid Waste Department which was provided in the agenda packet.

Ms. Harlan asked for an organizational chart and Mr. Petersen said he would try to get one before the end of the meeting.

Mr. Petersen then proceeded to go through each of the items as they appeared in the handout. Mr. Petersen asked the committee members if there was additional information they might require.

Ms. Harlan suggested showing the manager and how many FTE's were allocated to each project.

Mr. Petersen then directed committee members to turn to Exhibit 2 of the packet which set forth the costs associated with each one of the divisions, personal services and materials and services.

Ms. Harlan asked Mr. Roosevelt if there was much, if any, budget left in the 1% for recycling.

Mr. Carter said there was about \$6,000 budgeted for local government grants and 1% for recycling.

Mr. Carter said that historically rates were set based upon the amount of tonnage that has been disposed of in the region. He said that in FY1989-90 that process was changed because of inequities in the way monies were collected. Mr. Carter said the "regional user fee" is a fee charged region-wide to all disposers, whether your refuse is taken to a Metro facility or otherwise within the region. These fees are not tonnage related and are used to fund administration costs, engineering services, personal services, overhead, budget and finance, waste reduction programs, transfer costs, and some debt service costs. Interest earned from various funds are used to fund expenses incurred for a particular program, *i.e.*, interest earned from a fund for St. Johns Closure. The Metro System user fee include costs for debt service related to Metro Central Bond, costs for scalehouse services, fixed costs related to the disposal contract, etc. These are fixed costs that are not variable with tonnage. The distinction between Regional User Fee and the Metro User Fee and all of the other categories will be that the costs are spread only over tonnage that comes to Metro facilities. Regional Transfer charges do vary based on the amount of tons that come through the system and generally pay for station operations.

Chair McFarland said one of the questions which repeatedly comes up in the rate setting process is how many things will we put into the "basic user fee" in order to spread it over the total base and how many things do we rightly put into those other categories.

Mr. Carter said the Transport and Disposal Fee budget are costs that are directly related to costs for transporting and disposing of tonnage from the Metro facilities.

Mr. Carter said the tonnage forecast is something to be dealt with each year and is a variable. When the rate model was originally set up, the tonnage was increasing and the model worked well as long as the tonnage base was increasing. However, with tonnage decreasing, the costs must be spread over less and less tonnage and thus the unit cost is going up.

Mr. Carter was asked where the revenue from the excise tax went. He said they go to support the general government of Metro which have nothing whatsoever to do with solid waste, such as Metro Council, Finance, Public Affairs.

Ms. Keil asked what the revenue from Solid Waste represent of the total revenue of Metro.

Mr. Martin said about 70% to 80%. He said that was not Oregon Budget Law Revenue that is new revenue -- not counting contingency funds or reserve accounts.

Ms. Harlan asked if there was a way to see how the excise tax was used?

Ms. Kotta asked what was the total dollar amount generated by the excise tax?

Mr. Petersen said he would try to make a summary of how the solid waste budget fits into the overall Metro budget including things like the excise tax.

Mr. Carter said that in terms of tonnage forecasts, last fiscal year we came within minus 2% of the tonnage forecast.

Chair McFarland commented on the excellent job the solid waste forecasting team has done with realizing additional factors were needed to add to the tonnage predictions to establish an extremely credible forecast of the wastestream.

Ms. Coffin noted that it was not so much a decline of tonnage that was affecting the rates but a decline of tonnage from which Metro derives revenue, thus the need to extend the system's fees to a broader rate paying base.

Ms. Roy asked if it would be possible to charge different fees at each facility should the Committee decide to do so?

Mr. Martin said they had done that in the past but to do so again would require a change in the Solid Waste Policies which would be brought before the Council. Mr. Martin said Metro had made a conscious decision a long time ago to operate the facilities as a system and to calculate a rate for running the entire system. He said there are a lot of costs to operate the system that you cannot really allocate to one area, one county, one facility, or one city, so it is rather difficult to charge different prices for the same service.

Mr. Petersen said they were all discussing different rate theories and along that line they could consider rate variations at a specific facilities -- different rates for different types of materials based on the different cost of handling, etc.

Mr. Yudelso commented that approximately 70,000 tons of petroleum contaminated soils now go to processors which do not pay the Regional User Fee which amounts to about \$1.3 million of lost revenue for Metro, which was a policy decision made by Metro when it was thought that that would be a less costly method of disposal. Mr. Yudelso said he felt industrial generators who pay \$19.00 and basically do not tax the system are felt to be a hardship and believes that those industrial generators are seriously considering moving from the region.

Mr. Petersen said Metro relies on a variable revenue source to cover both fixed and variable costs which produces a conflict between some of our objectives, e.g., promoting recycling, conservation compared to financial stability/revenue collection. However, these are problems which face all utilities. Mr. Petersen said that in the past, for every 10% increase in the tip fee, we experience a 1 to 1-1/2% drop in the tonnage revenue base. Secondly, a differentiation of the wastestream -- separation of dry waste from wet waste enables customers to take advantage of the lower tip fees of limited purpose landfills. But of course that also diminishes the revenues that Metro once received.

Mr. Petersen said that Council had granted approval to release a request for proposal for consulting services reviewing the rate setting methodology. He did not have a copy (of RFP) with him but outlined the scope of work as follows: 1) Help identify some of the general policies related to rate setting in an environment where you have the above-mentioned conflicting objectives; 2) develop some general alternatives without any specific details (which alternatives would be brought for discussion to SWAC and RRC). With the consultants help we would narrow those alternatives to a set of specific recommendations. Mr. Petersen asked for a couple of volunteers to review proposals received and to select a consultant. Steve Schwab who serves on both SWAC and RRC, Susan Keil, representing the City of Portland and Pat Vernon from DEQ volunteered (both the latter from SWAC).

Ms. Coffin asked Terry how this RFP would differ from the RFP recently conducted through the Rate Review Committee.

Mr. Petersen said this covered a much broader set of questions. It was also pointed out that past audits of Metro concluded that an RFP should be conducted to analyze the rate setting practices. The study concluded that the practices followed in Metro's rate setting process were adequate but also concluded that the rate payer base be enlarged because of revenue shortfalls. They also concluded that certain rate payers should be invited to the system because they were benefiting without contributing to the rate payer base.

Mr. Gilbert asked Mr. Petersen what the costs might be, and where do you find this type of consultant?

Mr. Broussard mentioned that planners already existed on the solid waste staff and why couldn't they perform this service?

Mr. Petersen said the cost should not exceed \$30,000 and that he had a mailing list of some 30 to 50 firms who would be interested and experienced enough to accomplish this task. He said that although we have accomplished staff they do not have as wide a range of experience as the utility consultants. Mr. Petersen said that after the consultant develops alternatives, the SWAC and RRC will make the final recommendations for submittal to Council.

Chair Buchanan advised the committee that they had to move to Agenda Item #5, the Yard Debris Evaluation which was an action item.

Mr. Kraten gave a brief overview on the changes to the evaluation which had been discussed at two prior SWAC meetings. A copy of the revised report was mailed to each SWAC member with the agenda packet.

Ms. Keil asked Mr. Kraten if the problems which were addressed from Washington County had been cleared up.

Ms. Kies was asked if the questions she had raised had been adequately addressed in the revisions of the Yard Debris Evaluation. Ms. Kies said she was comfortable with the revised report.

Ms. Harlan moved to accept the Yard Debris Evaluation and Ms. Keil seconded the motion. The motion carried unanimously.

Ms. Kinney reported the results on the survey which the Committee members received. She said that Wednesdays, from 8:30 to 10:30 seemed to be the best available time other than the fourth Thursday of each month. She said there were two other comments made to the survey: (1) they would like to see more subcommittee meetings and information brought back to the committee in the form of a report; and, (2) they would like to be able to add things to the agenda themselves.

The Committee meeting time was agreed upon to change to 8:30 -- 10:30, every third Wednesday of the month, to be held in Room 370A, 370B.

Mr. Reid briefly discussed the strategy by which we (the region) can handle the organic fraction of the wastestream. Mr. Reid said that because the compost facility which was located on Columbia Blvd is no longer in operation we must find a suitable alternative. Mr. Reid said two workshops on the subject will be held to review alternatives and formulate a strategy by selecting various alternatives and then will have one full day conference in which the public at large will be invited to study the efforts of the other two workshops. Mr. Reid anticipates being able to present a recommendation to the Council Solid Waste Committee on the 18th of January, 1994.

The meeting was adjourned at 10:45.

The next meeting will be held August 18, Room 370A-B, 8:30 a.m. to 10:30 a.m.