

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO)
CODE CHAPTER 5.01 TO DECREASE THE)
MINIMUM FACILITY RECOVERY RATE)
REQUIREMENT)

ORDINANCE NO. 02-952A
Introduced by Mike Burton,
Executive Officer

WHEREAS, Chapter 5.01 of the Metro Code specifies for certain solid waste recovery facilities a minimum recovery rate of 25 percent until July 1, 2002, and thereafter specifies a minimum recovery rate of 30 percent; and,

WHEREAS, pursuant to Metro Ordinance 01-919B the Metro Council established a work group of Metro staff and interested members of the Solid Waste Advisory Committee to make recommendations for improving regional recovery; and,

WHEREAS, the work group and the Solid Waste Advisory Committee recommended that Metro change the way it calculates Facility Recovery Rates by excluding from the calculation certain materials that do not count toward the regional recovery rate calculated by the Oregon Department of Environmental Quality and also by excluding an allowance for source-separated residual from the calculation; and,

WHEREAS, the recommended changes to the calculation of Facility Recovery Rates would effect a reduction in the average Facility Recovery Rate without any reduction in the amount of waste recovery; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

SECTION 1. Metro Code Chapter 5.01.125 is amended to read:

(a) A holder of a Certificate, License or Franchise for a Material Recovery facility, Reload or Local Transfer Station, or a holder of a Franchise issued after July 1, 2000 for a Regional Transfer Station shall perform Material Recovery from Non-Putrescible Waste accepted at the facility, or shall deliver Non-Putrescible Waste to a Solid Waste facility whose primary purpose is to recover useful materials from Solid Waste.

(b) A holder of a Certificate, License or Franchise for a Material Recovery facility or Local Transfer Station, or a holder of a Franchise issued after July 1, 2000 for a Regional Transfer Station, shall recover at least 25% by weight of Non-Putrescible waste accepted at the facility and waste delivered by public customers. ~~and by July 1, 2002, shall recover at least 30% by weight of Non-Putrescible waste accepted at the facility and waste delivered by public customers.~~ For the purposes of calculating the amount of recovery required by this subsection, recovered waste shall exclude both waste from industrial processes and ash, inert rock, concrete, brick, concrete block, foundry brick, asphalt, dirt, and sand, and any similar inert materials. Failure to maintain the minimum recovery rate specified in this section shall constitute a violation enforceable under Metro Code section 5.01.180 and 5.01.200.

(c) In addition to the requirements of (a) and (b) in this section, holders of a License or Franchise for a Local Transfer Station:

(1) Shall accept Putrescible Waste originating within the Metro boundary only from persons who are franchised or permitted by a local government unit to collect and haul Putrescible Waste.

(2) Shall not accept hazardous waste.

(3) Shall be limited in accepting Putrescible Waste during any fiscal year to an amount of Putrescible Waste equal to the demand for disposal of Putrescible Waste generated within a Service Area as specified in accordance with this chapter.

(4) Shall accept Solid Waste from any Waste Hauler who operates to serve a substantial portion of the demand for disposal of Solid Waste within the Service Area of the Local Transfer Station.

(d) In addition to the requirements of (a) and (b) in this section, holders of a Franchise for a Regional Transfer Station issued after July 1, 2000:

(1) Shall accept authorized Solid Waste originating within the Metro boundary from any person who delivers authorized waste to the facility, on the days and at the times established by Metro in approving the Franchise application.

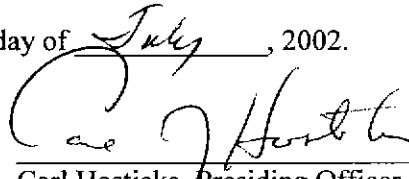
(2) Shall provide an area for collecting Household Hazardous Waste from residential generators at the Franchised Solid Waste Facility, or at another location more convenient to the population being served by the franchised Solid Waste Facility, on the days and at the times established by Metro in approving the Franchise application.

(3) Shall provide an area for collecting source-separated recyclable materials without charge at the Franchised Solid Waste Facility, or at another location more convenient to the population being served by the franchised Solid Waste Facility, on the days and at the times established by Metro in approving the Franchise application.

SECTION 2. Effective Date

The provisions of this Ordinance shall become effective on ~~October~~ ~~November~~ December 1, 2002.

ADOPTED by the Metro Council this 25th day of July, 2002.



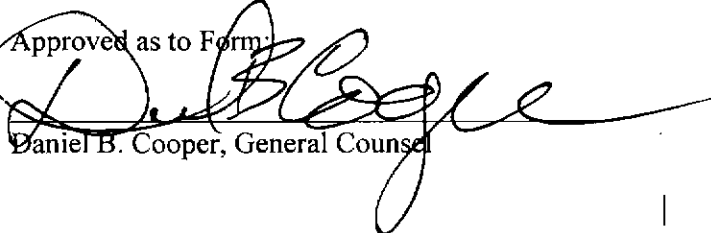
Carl Hosticka, Presiding Officer

Attest:



Christina Billington, Recording Secretary

Approved as to Form:



Daniel B. Cooper, General Counsel

SOLID WASTE AND RECYCLING COMMITTEE REPORT

CONSIDERATION OF ORDINANCE NO. 02-950A, FOR THE PURPOSE OF AMENDING METRO CODE CHAPTER 7.01 TO INCREASE THE CREDITS AVAILABLE AGAINST THE SOLID WASTE EXCISE TAX AND MAKING OTHER RELATED CHANGES

CONSIDERATION OF ORDINANCE NO. 02-951A, FOR THE PURPOSE OF AMENDING METRO CODE CHAPTER 5.02 TO MODIFY THE REGIONAL SYSTEM FEE CREDIT PROGRAM

CONSIDERATION OF ORDINANCE NO. 02-952A, FOR THE PURPOSE OF AMENDING METRO CODE CHAPTER 5.01 TO DECREASE THE MINIMUM FACILITY RECOVERY RATE REQUIREMENT

Date: July 18, 2002

Presented by: Solid Waste and Recycling Committee

Committee Recommendation: At its July 17 meeting, the committee considered Ordinances No. 02-950, 02-951, and 02-952 and voted 3-0 to send the ordinances, as amended, to the Council for adoption. Voting in favor: Councilors McLain, Monroe, and Chair Atherton.

Background: Three ordinances (02-950, 02-951, and 02-952) recommend a package of code changes related to the solid waste system fee and excise tax credit programs. Ordinance No. 01-919B, adopted by the Council in October 2001, required the REM Department to establish a workgroup to review Metro Code provisions related to the regional system fee credit program and recommend changes designed to improve recovery and increase the region's recovery rate. A 12-member workgroup made up of SWAC representatives of the various sectors of the solid waste and recycling community represented on the committee examined all facets of the credit program and produced a series of recommended changes in late February 2002.

Changes related to the system fee credit program are addressed in Ordinances 02-951 and 02-952. Changes related to the excise tax credit program are addressed in Ordinance 02 950. The Council has not specifically requested an examination of the excise tax credit program. However, the REM staff believes that the proposed changes will result in greater conformity between the two credit programs.

Committee Discussion: At its June 19 meeting, the committee received a staff presentation on the package of ordinances, heard public testimony, and reviewed a series of amendments to the ordinances that had been prepared on behalf of Councilor Monroe.

There are six principal recommendations of the SWAC workgroup that are addressed in the package of ordinances. These are presented in great detail in the staff report accompanying the ordinances and are summarized briefly below:

SWAC Workgroup Recommendations:

- 1) For the purpose of receiving the system fee or excise tax credit, Metro will count only the materials that are counted by the DEQ toward meeting the state recovery goal of 62%. To implement this recommendation, language is included in Ordinance 02-951 and Ordinance 02-952 that outlines the specific materials that the DEQ has

excluded from counting toward the recovery goal. The principal effect of this change would be to no longer count "rubble" in the credit programs.

- 2) The current program permits facility operators to count 5% of the source-separated material that they receive toward the recovery rate needed to qualify for the credit program. This provision was based on that some source-separated loads could be contaminated by up to 5%. In practice, contamination of such loads is minimal. Therefore, it is recommended that this allowance be repealed. In order to insure that this change would not negatively facility recovery efforts, Ordinance 02-952 includes a code amendment that would reduce the minimum qualifying percentage for the system fee credit by 5%. An identical change is proposed for the excise tax program in Ordinance 02-950.
- 3) The combined fiscal impact of recommendations 1 and 2 would be to reduce credit payments by \$400-450,000. Because such a reduction would likely reduce facility-based recovery efforts, the workgroup also recommended that the dollar amount paid for the various levels of recovery rates should be increased to make total future annual payments about equal to the current level. Ordinance 02-952 would modify the current system fee credit payment schedule from the current range of \$8 to \$12 to a new higher range of \$9.92 to \$14.
- 4) The workgroup requested that Metro explore options for increasing recovery from loads that are delivered directly to dry waste landfills. Staff is currently exploring such options, but these are not addressed in the proposed package of ordinances.
- 5) Several landfills and disposal facilities located outside Metro's geographic boundaries have approached the REM staff concerning their ability to access the fee and tax credit programs. While these programs do not extend to programs outside of Metro's boundaries, the REM staff has been advised by the Office of General Counsel that such an extension could be made by amending a facilities Designated Facility Agreement. Staff is currently discussing this potential change with the affected facilities. Such a change would require Council approval, but is not addressed in this package of ordinance.
- 6) The workgroup recommended that the credit programs be sunsetted when the Metro tip fee reaches \$75/ton. Language to this effect was included in Ordinance 02-950 for the excise tax credit and in Ordinance 02-951 for the system fee credit program.

Monroe Amendments. Councilor Monroe had requested that several amendments to the proposed ordinances be drafted. These were presented to the committee by Councilor Monroe. The amendments address the following areas:

- 1) It was originally thought that Council action on the proposed package of ordinances would be completed by the end of June. Given that final action will now likely occur in early August, it is necessary to change the effective date of each of the ordinances from October 1 to December 1, 2002.
- 2) Based on the original wording of the ordinances, the REM department would be specifically prohibited from expending more funds on the credit programs than had been budgeted. Councilor Monroe contended that the semi-annual program review

process outlined in Code, and the normal budget amendment process would give the Council more than adequate opportunity to review the need for additional funding for these system without placing restrictive language directly into the Code. His amendment would remove the Code language restricting expenditures for the programs. Additional amendments will be prepared at Councilor McLain's direction. These will require that the REM staff advise the Metro Council in advance of circumstances that might result in the credit program exceeding the amount budgeted for it.

- 3) Councilor Monroe also proposed an amendment to delete the proposed language that would automatically sunset the programs if the Metro tip fee again reached \$75/ton. He noted that some recovery facilities were built during the early and mid 1990's when the Metro tip fee was \$75 in anticipation that the fee would only go higher. The credit program was developed, in part, to address the financial stability of these facilities when the tip fee actually dropped. However, in the current environment, a variety of factors could affect the need for a continuing credit system. Examples include inflation, the market for recyclable materials and facility operating costs.
- 4) Councilor Monroe also proposed an amendment to more directly tie the types of materials that would qualify for the credit program to what was perceived to be a "list" of materials that DEQ would allow to be counted toward the state recovery goal. Further research found that the DEQ "list" was not outlined in state law or by administrative rule, but rather as an attachment to a staff memo referred to as the "What Counts" document. Legal, REM and Council staff concluded that it would be questionable to link the Metro program to such a staff document.

Therefore, Councilor Monroe introduced a different amendment at the July 17 meeting that would retain the original language in the proposed ordinances relating To excluded materials which the exception that "brick" would be removed from the list. This was based on information provided by DEQ that indicated that "brick" from remodeling, construction and demolition projects would count toward the state goal.

One point of discussion related to item #2 above, was whether the Council was guaranteeing a 12-month program, or not. Councilor McLain said that the Council does not have an unlimited purse. While the intention is to support a 12-month program, if additional program revenues or expenditures are needed, she wants the Council to be in a position to make the decision.

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 02-952, FOR THE PURPOSE OF AMENDING METRO CODE CHAPTER 5.01 TO DECREASE THE MINIMUM FACILITY RECOVERY RATE REQUIREMENT

May 23, 2002

Prepared by: Tom Chaimov

BACKGROUND

Summary

This staff report summarizes recommendations on revising the Regional System Fee (RSF) credit program to improve recovery. The report discusses the changes to the Metro Code that would be required in order to implement those recommendations and to implement similar changes in the Excise Tax credit program. Also included are other recommendations beyond the confines of the RSF credit program that are critical to maximizing recovery in the region.

Implementing these recommendations and related changes would require amendments to three chapters of the Metro Code: 5.01, 5.02, and 7.01. This staff report accompanies three separate ordinances, to implement recommendations, one each for Metro Code Chapters 5.01, 5.02, and 7.01.

Recommendations

A 12-member work group, representing all the sectors of the Solid Waste Advisory Committee (SWAC), met almost weekly from December 2001 through February 2002 to debate the merits of a variety of options for improving post-collection recovery in the region. On February 25, 2002, the SWAC unanimously endorsed the work group's recommended changes to the Regional System Fee Credit program, as follows:

Recommendation 1. Count only materials that Oregon Department of Environmental Quality (DEQ) counts

The Metro region is required by State law to achieve a recovery rate of 62% by 2005. In the State's calculation of the regional recovery rate, certain materials are excluded, such as dirt, rock, and industrial waste; however, Metro has traditionally counted some of these materials for the purposes of calculating the individual facility recovery rates used in the RSF credit program. Counting only those materials that the State counts will now focus the program on recovery activity that boosts the region's recovery rate.

In the Metro region, rubble (concrete, asphalt, etc.) is the material most affected; however, high levels of rubble recovery currently occur at facilities that are not regulated by Metro and are not eligible for recovery incentives. SWAC believes that these high recovery levels will continue even if rubble does not count for the purposes of the recovery incentives.

Recommendation 2. Count only recovery from mixed loads

Material Recovery Facilities receive loads of both mixed waste (recoverable and non-recoverable wastes, e.g., from construction sites) and source-separated materials (such as recyclables from curbside collection programs). Recognizing that even source-separated loads could contain some contamination, in 1998 Metro designed the RSF credit program to allow 5% of all source-separated materials accepted at mixed waste processing facilities to count toward the Facility Recovery Rate. Actual contamination in these loads has typically been much less, about 0.5%. Therefore, the recommended action is to discontinue an

allowance for source-separated residual. Discontinuing the allowance will help to maintain the integrity of the source-separated system and will help focus facility recovery on the mixed waste stream.

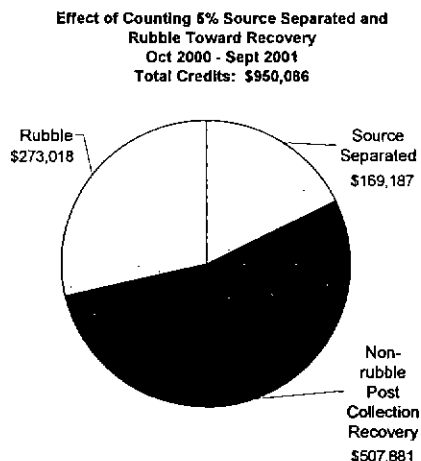


Figure 1. During the twelve months through September 2001, Metro granted approximately \$950,000 in Regional System Fee Credits; about \$440,000 of which rewarded facilities for recovering rubble (\$273,018), which does not count toward the regional recovery rate, and for accepting large amounts of source-separated recyclables (\$169,187).

Recommendation 3. Boost recovery with higher incentives

Implementing recommendations #1 and #2 above would free up about \$400,000 that could be redirected to improve post-collection recovery. Capitalizing on these savings by offering a higher incentive for materials that do count could help to increase the regional recovery rate. Maintaining the current program policy of reducing the RSF on disposal, based on each facility's recovery rate, would reward each facility according to its individual recovery effort: the higher the facility recovery rate, the larger the facility benefit. By redeploying the above savings as higher credits such that facilities as a whole continue to pay about the same effective RSF, the following credit curve results:

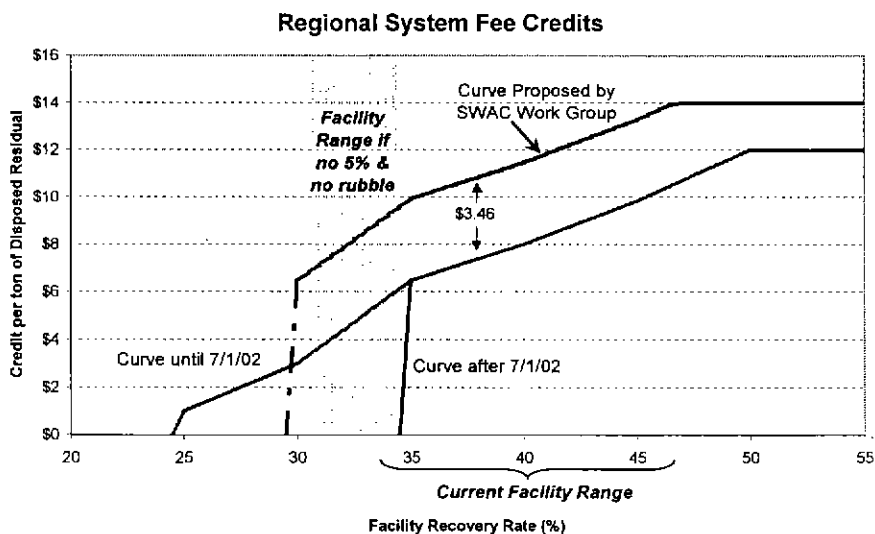


Figure 2. Regional System Fee credits available currently, until July 1, 2002; after July 1, 2002, pursuant to Ordinance 01-919B; and proposed. The higher proposed curve, recommended by SWAC because Facility Recovery Rates would be calculated differently, would ensure that facilities continue to pay about the same effective RSF as they are now.

Excise Tax Credits

Because a change in the way Metro calculates the Facility Recovery Rates would also affect Excise Tax credits, an analogous increase in the Excise Tax credit schedule is proposed as follows:

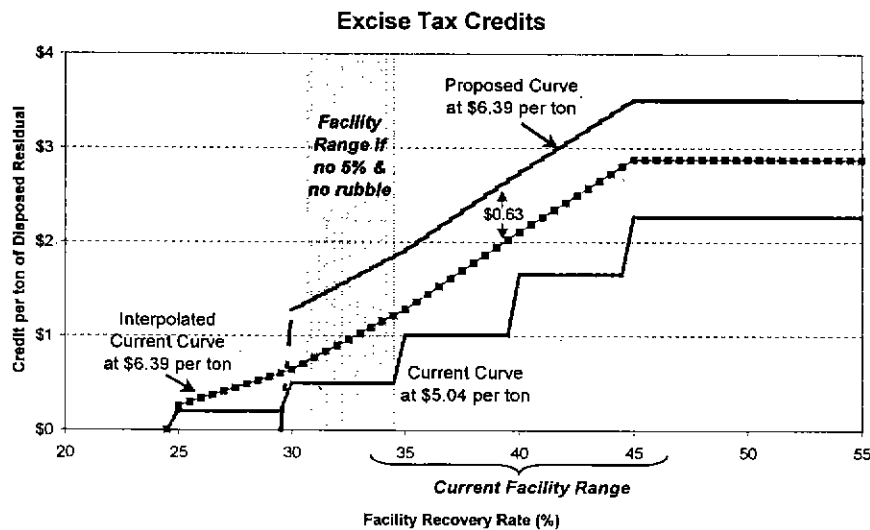


Figure 3. Excise Tax credits available currently and as proposed. The higher proposed curve, recommended by SWAC because Facility Recovery Rates would be calculated differently, would ensure that facilities continue to pay about the same effective Excise Tax as they are now. An oversight in the drafting of Ordinance 00-857, which established Excise Tax credits, prevented the agency from implementing a "smoothed" curve as shown. Ordinance 02-950 proposes to remedy that oversight.

Minimum Facility Recovery Rate

Currently, Metro-regulated facilities are required to maintain a minimum recovery rate of 25%, increasing to 30% July 1, 2002. The 5% increase was adopted by the Metro Council under the current formula for computing facility recovery rates. Counting neither rubble nor residual from source-separated recyclables for the purposes of calculating recovery rates would mean changing the formula that Metro uses to calculate Facility Recovery Rates.

The current formula, counting rubble and 5% of source-separated loads, results in a median Facility Recovery Rate of about 40% (see "Current Facility Range" in Figures 2 and 3). Changing the calculation as proposed (no rubble, no 5%) would result in a median Facility Recovery Rate of about 30%, with no change in recovered tonnage or in the regional recovery rate. For this reason, SWAC recommends that the minimum Facility Recovery Rate requirement remain at the current 25%, with eligibility for RSF and Excise Tax credits beginning at 30%. While this adjustment may give the impression that Metro is relaxing its recovery requirement, the opposite is true: a 25% minimum recovery rate under the proposed formula is actually more difficult to achieve than a 30% minimum under the current formula.

Additional Recommendations

In addition to specific changes to the RSF credit program, SWAC made the following recommendations to maximize recovery in the Metro region:

Recommendation 4. Increase recovery from currently landfilled loads

While some increase in the regional recovery rate may be achieved through the above adjustments to the RSF and Excise Tax credit programs, the greatest potential for boosting the regional recovery rate lies in waste that now is delivered directly to landfills.

Last year almost as many tons of mixed dry waste were delivered to the two out-of-district Washington County landfills as were delivered to in-Metro Material Recovery Facilities. Processing these landfilled loads at current recovery rates could almost double post-collection recovery and could add up to two full points to the regional recovery rate. Figures 4a and 4b compare the materials available for recovery in landfilled loads with materials in the dry residual typically disposed of by MRFs (data from Oregon Department of Environmental Quality.)

SWAC is asking Metro to investigate a range of potential means to process loads now delivered directly to landfills.

Waste Delivered to Washington Co. Landfills

MRF Residual

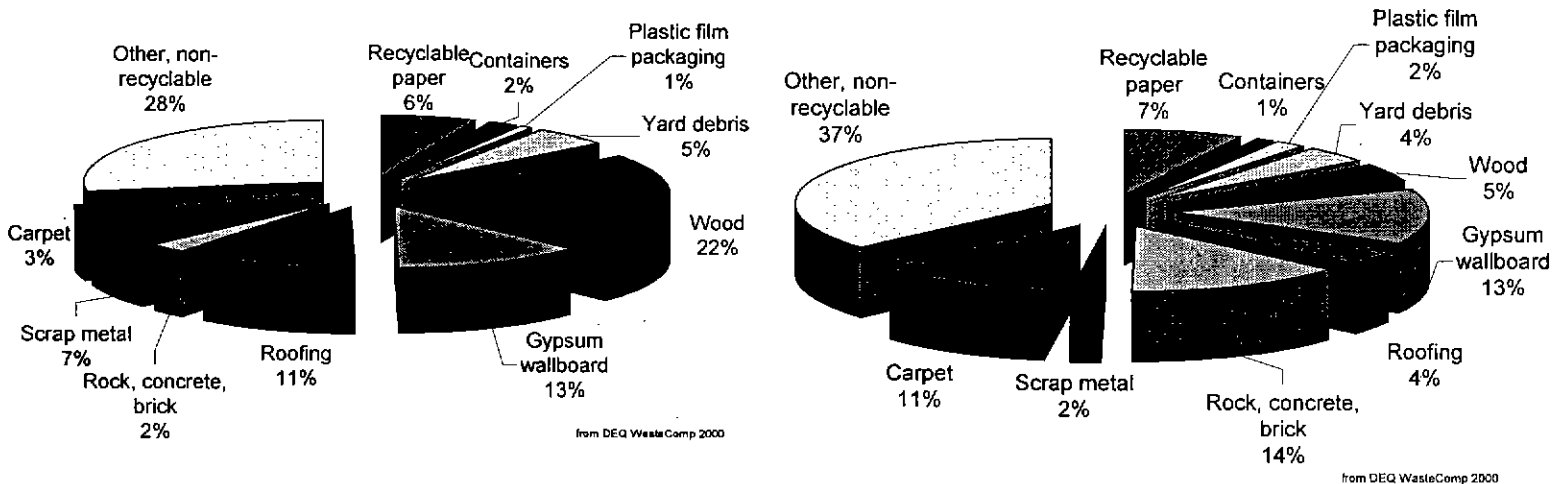


Figure 4. Dry waste loads delivered to Lakeside and Hillsboro landfills in Washington County are rich in recoverable materials. (a) 2000 DEQ waste characterization of loads delivered to Washington County landfills; (b) For comparison, the 2000 DEQ waste characterization of loads delivered to in-Metro Material Recovery Facilities. Note the apparent recovery potential, particularly of wood, at the landfills.

Recommendation 5. Provide credit access to out-of-district facilities

Currently, there are five Metro-regulated facilities that participate in the RSF credit program: East County Recycling, Pride Recycling, Recycle America, Wastech, and Willamette Resources, Inc. SWAC recommends that facilities outside Metro’s jurisdiction, but whose recovery helps the region meet its recovery goals, should have access to RSF credits, provided that they satisfy the same eligibility requirements as in-Metro facilities, and provided that they grant Metro auditing and inspection authority comparable to its authority at in-Metro facilities. Metro’s Office of the General Counsel has found that no change to Metro Code is required to enable Metro to grant credits to Designated Facilities. Regional

System Fee and Excise Tax credits may be granted via a Designated Facility Agreement. Accordingly, no change to the current Metro Code has been proposed in this regard.

Recommendation 6. Monitor program effectiveness

Semi-annual updates and a comprehensive program review in 2004 provide the Metro Council with periodic opportunities to evaluate the effectiveness of the RSF credit program and to make timely adjustments accordingly. Concurrent review requirements have been proposed for the Excise Tax credit program. In addition, a proposed program sunset for both RSF and Excise Tax credits if the Metro tip fee reaches historic pre-RSFC highs of \$75.00 per ton provides a signal to facilities that it is not Metro's intention to provide this economic incentive indefinitely.

ANALYSIS/INFORMATION

1. Known Opposition

None. The Solid Waste Advisory Committee voted unanimously to support the recommendations implemented by these ordinances.

2. Legal Antecedents

Ordinance 01-919B, "For the Purpose of Amending Metro Code Chapter 5.02 to Improve the Effectiveness of the Regional System Fee Credit Program and to Remove the Program Sunset Date", adopted by the Metro Council in October 2001, established a work group to make recommendations implementing the new focus of the Regional System Fee Credit program, namely to improve recovery and boost the region's recovery rate.

Regional System Fee Credits

Metro Code Chapter 5.02 provides Material Recovery Facilities with an opportunity to pay a reduced Regional System Fee for the disposal of dry waste processing residual (i.e., the waste left over after recyclables have been recovered from loads of mixed dry waste.) This program is referred to as the Regional System Fee (RSF) credit program.

Excise Tax Credits

Metro Code Chapter 7.01 provides Material Recovery Facilities with an opportunity to pay a reduced solid waste Excise Tax for the disposal of dry waste processing residual.

Minimum Recovery Rate

Metro Code Chapter 5.01 requires that Metro-regulated facilities recover a minimum of 25% of non-putrescible waste until July 1, 2002 and 30% thereafter.

3. Anticipated Effects

The anticipated effect is that recovery of targeted waste materials will increase.

4. Budget Impact

Solid Waste Fund

The Fiscal Year 2002-03 proposed budget appropriation for Regional System Fee credits is \$900,000, and pursuant to Ordinance 01-919B, effective July 1, 2002, the credit program will be capped at that amount.

With current recovery, about \$870,000 would be paid out in Regional System Fee Credits during FY 2002-03 if the proposed changes were in effect for the entire fiscal year.

General Fund

With a \$6.39 per-ton solid waste Excise Tax and assuming current waste generation and recovery, the total Excise Tax credits granted for Fiscal Year 2002-03 would be about \$210,000. The proposed changes to the Recovery Rate definition and to the Excise Tax credit schedule would lower that expectation to about \$170,000. Ordinance 02-950 proposes to limit the total Excise Tax credits granted in any fiscal year to the dollar amount budgeted for that year, currently \$170,000.

Other

Authorizing broader participation in the Regional System Fee and Excise Tax Credit programs itself causes no budget impact; however, there may be negative impacts to both the solid waste and general funds in the future, especially if the exemption from collecting Metro fees and excise tax currently granted to Material Recovery Facilities is extended to additional facilities.

RECOMMENDED ACTION

The Executive Officer recommends approval of Ordinance No. 02-952.

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BEFORE THE METRO COUNCIL

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ADOPTED by the Metro Council this _____ day of _____, 2002.

Carl Hosticka, Presiding Officer

Attest:

Approved as to Form:

Christina Billington, Recording Secretary

Daniel B. Cooper, General Counsel

STAFF REPORT

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May 23, 2002

Prepared by: Tom Chaimov

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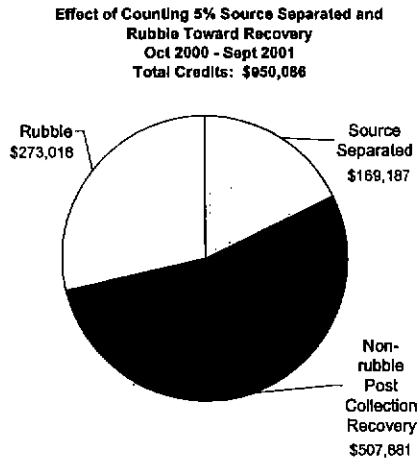


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Recommendation 3. Boost recovery with higher incentives

Implementing recommendations #1 and #2 above would free up about \$400,000 that could be redirected to improve post-collection recovery. Capitalizing on these savings by offering a higher incentive for materials that do count could help to increase the regional recovery rate. Maintaining the current program policy of reducing the RSF on disposal, based on each facility's recovery rate, would reward each facility according to its individual recovery effort: the higher the facility recovery rate, the larger the facility benefit. By redeploying the above savings as higher credits such that facilities as a whole continue to pay about the same effective RSF, the following credit curve results:

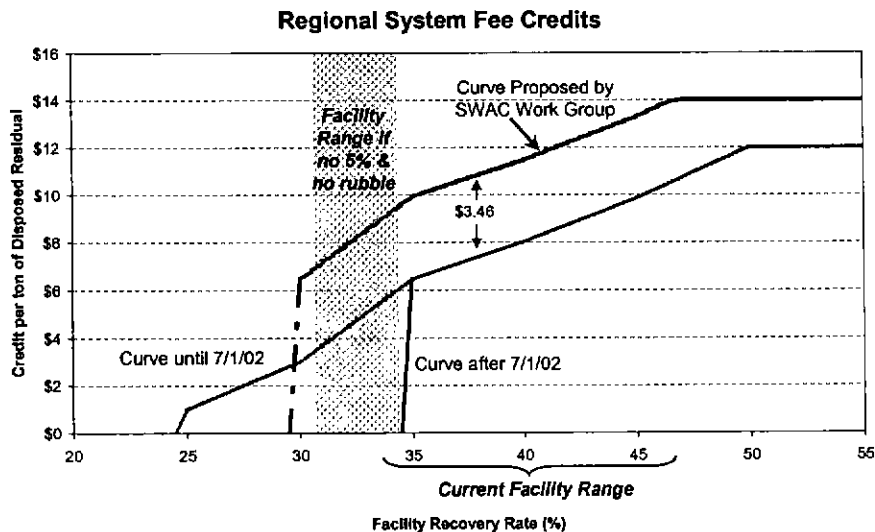


Figure 2. Regional System Fee credits available currently, until July 1, 2002; after July 1, 2002, pursuant to Ordinance 01-919B; and proposed. The higher proposed curve, recommended by SWAC because Facility Recovery Rates would be calculated differently, would ensure that facilities continue to pay about the same effective RSF as they are now.

Excise Tax Credits

Because a change in the way Metro calculates the Facility Recovery Rates would also affect Excise Tax credits, an analogous increase in the Excise Tax credit schedule is proposed as follows:

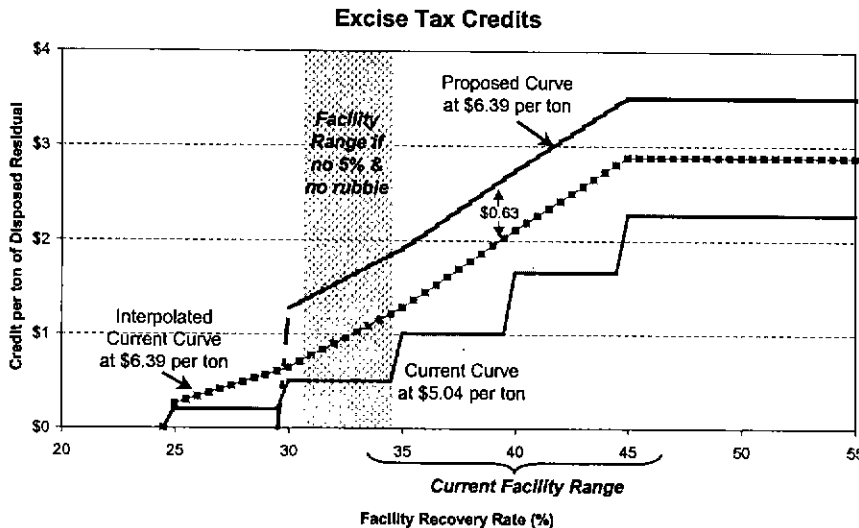


Figure 3. Excise Tax credits available currently and as proposed. The higher proposed curve, recommended by SWAC because Facility Recovery Rates would be calculated differently, would ensure that facilities continue to pay about the same effective Excise Tax as they are now. An oversight in the drafting of Ordinance 00-857, which established Excise Tax credits, prevented the agency from implementing a "smoothed" curve as shown. Ordinance 02-950 proposes to remedy that oversight.

Minimum Facility Recovery Rate

Currently, Metro-regulated facilities are required to maintain a minimum recovery rate of 25%, increasing to 30% July 1, 2002. The 5% increase was adopted by the Metro Council under the current formula for computing facility recovery rates. Counting neither rubble nor residual from source-separated recyclables for the purposes of calculating recovery rates would mean changing the formula that Metro uses to calculate Facility Recovery Rates.

The current formula, counting rubble and 5% of source-separated loads, results in a median Facility Recovery Rate of about 40% (see "Current Facility Range" in Figures 2 and 3). Changing the calculation as proposed (no rubble, no 5%) would result in a median Facility Recovery Rate of about 30%, with no change in recovered tonnage or in the regional recovery rate. For this reason, SWAC recommends that the minimum Facility Recovery Rate requirement remain at the current 25%, with eligibility for RSF and Excise Tax credits beginning at 30%. While this adjustment may give the impression that Metro is relaxing its recovery requirement, the opposite is true: a 25% minimum recovery rate under the proposed formula is actually more difficult to achieve than a 30% minimum under the current formula.

Additional Recommendations

In addition to specific changes to the RSF credit program, SWAC made the following recommendations to maximize recovery in the Metro region:

Recommendation 4. Increase recovery from currently landfilled loads

While some increase in the regional recovery rate may be achieved through the above adjustments to the RSF and Excise Tax credit programs, the greatest potential for boosting the regional recovery rate lies in waste that now is delivered directly to landfills.

Last year almost as many tons of mixed dry waste were delivered to the two out-of-district Washington County landfills as were delivered to in-Metro Material Recovery Facilities. Processing these landfilled loads at current recovery rates could almost double post-collection recovery and could add up to two full points to the regional recovery rate. Figures 4a and 4b compare the materials available for recovery in landfilled loads with materials in the dry residual typically disposed of by MRFs (data from Oregon Department of Environmental Quality.)

SWAC is asking Metro to investigate a range of potential means to process loads now delivered directly to landfills.

Waste Delivered to Washington Co. Landfills

MRF Residual

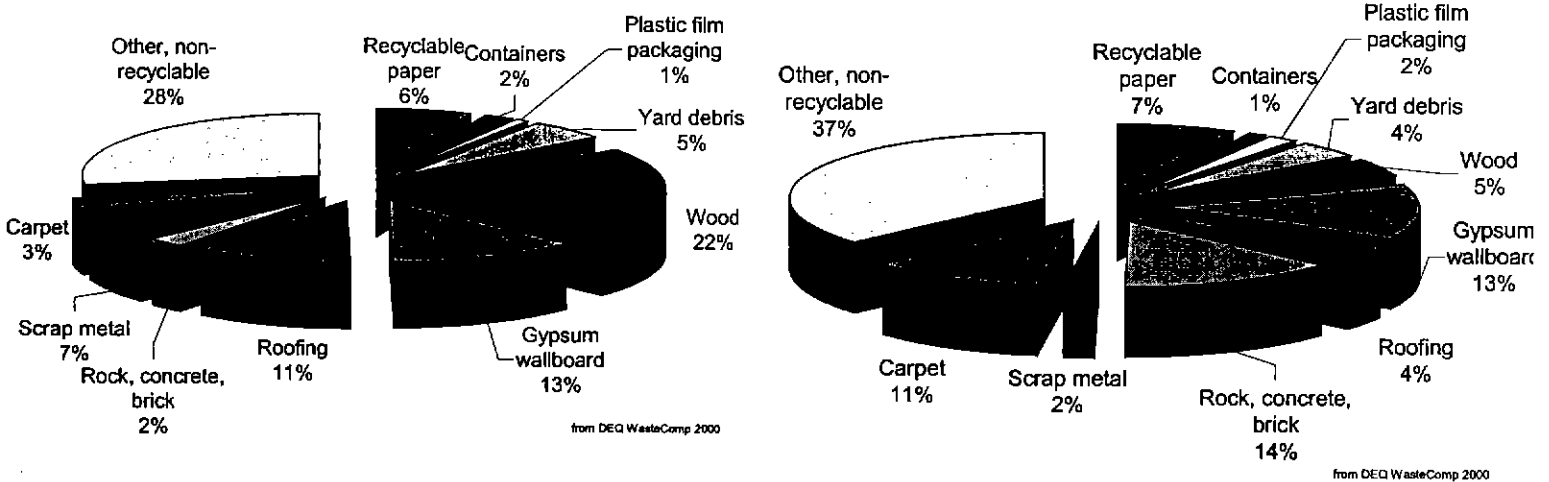


Figure 4. Dry waste loads delivered to Lakeside and Hillsboro landfills in Washington County are rich in recoverable materials. (a) 2000 DEQ waste characterization of loads delivered to Washington County landfills; (b) For comparison, the 2000 DEQ waste characterization of loads delivered to in-Metro Material Recovery Facilities. Note the apparent recovery potential, particularly of wood, at the landfills.

Recommendation 5. Provide credit access to out-of-district facilities

Currently, there are five Metro-regulated facilities that participate in the RSF credit program: East County Recycling, Pride Recycling, Recycle America, Wastech, and Willamette Resources, Inc. SWAC recommends that facilities outside Metro’s jurisdiction, but whose recovery helps the region meet its recovery goals, should have access to RSF credits, provided that they satisfy the same eligibility requirements as in-Metro facilities, and provided that they grant Metro auditing and inspection authority comparable to its authority at in-Metro facilities. Metro’s Office of the General Counsel has found that no change to Metro Code is required to enable Metro to grant credits to Designated Facilities. Regional

System Fee and Excise Tax credits may be granted via a Designated Facility Agreement. Accordingly, no change to the current Metro Code has been proposed in this regard.

Recommendation 6. Monitor program effectiveness

Semi-annual updates and a comprehensive program review in 2004 provide the Metro Council with periodic opportunities to evaluate the effectiveness of the RSF credit program and to make timely adjustments accordingly. Concurrent review requirements have been proposed for the Excise Tax credit program. In addition, a proposed program sunset for both RSF and Excise Tax credits if the Metro tip fee reaches historic pre-RSFC highs of \$75.00 per ton provides a signal to facilities that it is not Metro's intention to provide this economic incentive indefinitely.

ANALYSIS/INFORMATION

1. Known Opposition

None. The Solid Waste Advisory Committee voted unanimously to support the recommendations implemented by these ordinances.

2. Legal Antecedents

Ordinance 01-919B, "For the Purpose of Amending Metro Code Chapter 5.02 to Improve the Effectiveness of the Regional System Fee Credit Program and to Remove the Program Sunset Date", adopted by the Metro Council in October 2001, established a work group to make recommendations implementing the new focus of the Regional System Fee Credit program, namely to improve recovery and boost the region's recovery rate.

Regional System Fee Credits

Metro Code Chapter 5.02 provides Material Recovery Facilities with an opportunity to pay a reduced Regional System Fee for the disposal of dry waste processing residual (i.e., the waste left over after recyclables have been recovered from loads of mixed dry waste.) This program is referred to as the Regional System Fee (RSF) credit program.

Excise Tax Credits

Metro Code Chapter 7.01 provides Material Recovery Facilities with an opportunity to pay a reduced solid waste Excise Tax for the disposal of dry waste processing residual.

Minimum Recovery Rate

Metro Code Chapter 5.01 requires that Metro-regulated facilities recover a minimum of 25% of non-putrescible waste until July 1, 2002 and 30% thereafter.

3. Anticipated Effects

The anticipated effect is that recovery of targeted waste materials will increase.

4. Budget Impact

Solid Waste Fund

The Fiscal Year 2002-03 proposed budget appropriation for Regional System Fee credits is \$900,000, and pursuant to Ordinance 01-919B, effective July 1, 2002, the credit program will be capped at that amount.

With current recovery, about \$870,000 would be paid out in Regional System Fee Credits during FY 2002-03 if the proposed changes were in effect for the entire fiscal year.

General Fund

With a \$6.39 per-ton solid waste Excise Tax and assuming current waste generation and recovery, the total Excise Tax credits granted for Fiscal Year 2002-03 would be about \$210,000. The proposed changes to the Recovery Rate definition and to the Excise Tax credit schedule would lower that expectation to about \$170,000. Ordinance 02-950 proposes to limit the total Excise Tax credits granted in any fiscal year to the dollar amount budgeted for that year, currently \$170,000.

Other

Authorizing broader participation in the Regional System Fee and Excise Tax Credit programs itself causes no budget impact; however, there may be negative impacts to both the solid waste and general funds in the future, especially if the exemption from collecting Metro fees and excise tax currently granted to Material Recovery Facilities is extended to additional facilities.

RECOMMENDED ACTION

The Executive Officer recommends approval of Ordinance No. 02-952.

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