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METRO

Agenda

MEETING: METRO COUNCIL
DATE: September 11, 2008
DAY: Thursday
TIME: 2:00 PM
PLACE: Metro Council Chamber

CALL TO ORDER AND ROLL CALL

1. INTRODUCTIONS

2. CITIZEN COMMUNICATIONS

3. INTEGRATING HABITAT PEOPLE'S CHOICE AWARD VIDEO — Harlan

4. ECONOMIC DEVELOPMENT DISTRICT PRESENTATION AND REQUEST — Drake

5. TRANSIT-ORIENTED DEVELOPMENT PROGRAM – Improve Transparency and Oversight — Flynn

6. CONSENT AGENDA

6.1 Consideration of Minutes for the August 21, 2008 Metro Council Regular Meeting.

6.2 **Resolution No. 08-3968**, For the Purpose of Confirming Calvin Smith and Stephanie Parish to the Metro 401(k) Employee Salary Savings Plan Advisory Committee.

6.3 **Resolution No. 08-3991**, For the Purpose of Confirming the Council President's Re-Appointment of Ray Leary to the Metropolitan Exposition Recreation Commission.

6.4 **Resolution No. 08-3992,** For the Purpose of Approving a Contract Amendment for Facilitation of the Urban and Rural Reserves Project.

6.5 **Resolution No. 08-3993**, For the Purpose of Proclaiming the Month of September 2008 Bike Commute Challenge.

7. ORDINANCES – FIRST READING

7.1 **Ordinance No. 08-1199,** For the Purpose of Annexing Lands on the East Side of NW Helvetia Road, South of West Union Road, and North of Jacobson Road to the Metro Jurisdictional Boundary.

7.2 **Ordinance No. 1198**, For the Purpose of Amending the Regional Solid Waste Management Plan, 2008-2018 Update, to include a Business Recycling Requirement.

7.3 **Ordinance No. 08-1200**, For the Purpose of Amending Metro Code Chapter 5.10, Regional Solid Waste Management Plan, by Adding Provisions to Implement the Business Recycling Requirement.

7.4 **Ordinance No. 08-1201**, For the Purpose of Adopting the Business Recycling Requirement Model Ordinance Pursuant to Metro Code Section 5.10.350 and the Regional Solid Waste Management Plan.

8. CHIEF OPERATING OFFICER COMMUNICATION

9. COUNCILOR COMMUNICATION

ADJOURN

Television schedule for September 11, 2008 Metro Council meeting

Clackamas, Multnomah and Washington counties, and Vancouver, Wash. Channel 11 – Community Access Network www.tvctv.org – (503) 629-8534 2 p.m. Thursday, September 11 (Live)	**Portland** Channel 30 (CityNet 30) – Portland Community Media www.pcmtv.org – (503) 288-1515 8:30 p.m. Sunday, September 14 2 p.m. Monday, September 15
Gresham Channel 30 – MCTV www.mctv.org – (503) 491-7636 2 p.m. Monday, September 15	**Washington County** Channel 30 – TVC-TV www.tvctv.org – (503) 629-8534 11 p.m. Saturday, September 13 11 p.m. Sunday, September 14 6 a.m. Tuesday, September 16 4 p.m. Wednesday, September 17
Oregon City, Gladstone Channel 28 – Willamette Falls Television www.wftvaccess.com – (503) 650-0275 Call or visit website for program times.	**West Linn** Channel 30 – Willamette Falls Television www.wftvaccess.com – (503) 650-0275 Call or visit website for program times.

PLEASE NOTE: Show times are tentative and in some cases the entire meeting may not be shown due to length. Call or check your community access station web site to confirm program times.

Agenda items may not be considered in the exact order. For questions about the agenda, call Clerk of the Council, Chris Billington, (503) 797-1542. Public hearings are held on all ordinances second read and on resolutions upon request of the public. Documents for the record must be submitted to the Clerk of the Council to be considered included in the decision record. Documents can be submitted by e-mail, fax or mail or in person to the Clerk of the Council. For additional information about testifying before the Metro Council please go to the Metro website www.oregonmetro.gov and click on public comment opportunities. For assistance per the American Disabilities Act (ADA), dial TDD 797-1804 or 797-1540 (Council Office).

Agenda Item Number 5.0

TRANSIT-ORIENTED DEVELOPMENT PROGRAM – Improve Transparency and Oversight

Auditor Report

Metro Council Meeting
Thursday, September 11, 2008
Metro Council Chamber

Metro

Transit-oriented Development Program

Improve transparency and oversight

August 2008

A Report by the Office of the Auditor

Suzanne Flynn

Metro Auditor

Audit Team:

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MEMORANDUM

August 20, 2008

To: David Bragdon, Council President
Rod Park, Councilor, District 1
Carlotta Collette, Councilor, District 2
Carl Hosticka, Councilor, District 3
Kathryn Harrington, Councilor, District 4
Rex Burkholder, Councilor, District 5
Robert Liberty, Councilor, District 6

From: Suzanne Flynn, Metro Auditor

Subject: Audit of the Transit-oriented Development Program

The attached report covers our audit of the Transit-oriented Development Program in the Planning Department. This audit was included in our FY07-08 Audit Schedule.

The TOD Program was transferred from TriMet in 1996 and is relatively new to Metro. It is also a fairly unique program nationally. The purpose of our audit was to review the oversight and selection processes.

Since its inception, the Program has undergone changes and has completed several projects. That makes this an opportune time to re-examine its objectives and tighten some of its procedures. We found that the role of the Oversight Committee needs clarification and that the Program could improve documentation and transparency of its selection and funding decisions.

We have discussed our findings and recommendations with Andy Cotugno, Planning Director, and Megan Gibb, Manager, TOD Program. A formal follow-up to this audit will be scheduled within 1-2 years. We would like to acknowledge and thank the management and staff in the Department who assisted us in completing this audit.

Suzanne Flynn

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Summary

Metro's Transit-oriented Development (TOD) Program was designed to provide incentives for developers to build mixed-use, higher density projects near public transit. These projects are intended to serve as examples to encourage private developers to build similar projects and assist the region in accommodating future housing and transportation needs. Organizationally part of the Planning Department, the Program was transferred to Metro in 1996 from TriMet. Its projects have won national and local awards. When adjusted for inflation, operating expenditures were approximately $273,600 in FY03 and increased to $457,900 in FY07. Expenditures on projects totaled $3.7 million in FY06 and $2.8 million FY07.

Because the TOD Program invests in areas that the financial community is not yet willing to invest, there is some risk involved. To its credit, the Program has been able to bring 14 projects to completion. While the Program needs to maintain some flexibility to operate successfully in the real estate market, we concluded that additional steps could be taken to improve Program administration and reduce unnecessary risks that might prevent objectives from being met.

Selecting projects to fund is an important element of the Program's effectiveness. We found the selection process to be somewhat ad hoc. Program objectives have broadened over time in response to market opportunities. The Program made repeat investments with some developers which have the potential of increasing dependence on one developer. With a growing assortment of completed projects, the Program could benefit from documenting the selection process and distributing this information.

The Program uses an economic model to assess the cost effectiveness of new projects. The results are considered when approving projects and funding amounts. The model avoided some sources of errors that are common in cost effectiveness models but has many assumptions that can be modified and have a large impact on project selection and funding decisions. We recommended that a template be developed to ensure consistency and accuracy.

Program transparency could also be improved. Recently, the Program completed an annual report and also improved financial tracking. However, the Program does not consistently report costs in addition to those of construction separately for each project. It is also difficult for the Program to demonstrate its effectiveness because it has no system for regularly and consistently monitoring results. It does contract for periodic reviews of projects but these reviews do not look at Program results in a comprehensive way. We also recommended that the Program follow Metro policies and procedures for personal services contracts more closely.

At the start of this Program, a Steering Committee was designated to provide oversight of the Program and approve project sites. We found that the role of this oversight committee needs to be clarified and the information it receives could be improved.

Background

Metro's charter gives Metro jurisdiction over planning for regional population growth and the transportation system. Metro plans to accommodate future growth with denser development near existing or future transit. This pattern of development is intended to reduce the amount of land needed to house the region's population, make the transportation system more efficient, reduce automobile use and air pollution from automobiles, and preserve natural areas and farmland from sprawl.

The Transit-oriented Development (TOD) Program was designed to provide incentives for developers to build mixed-use, higher density projects near public transit. These projects serve as examples to encourage private developers to build similar projects. To date, the Program has helped bring 14 projects to completion. It has 16 additional projects underway (See Appendix I for a complete list of TOD projects).

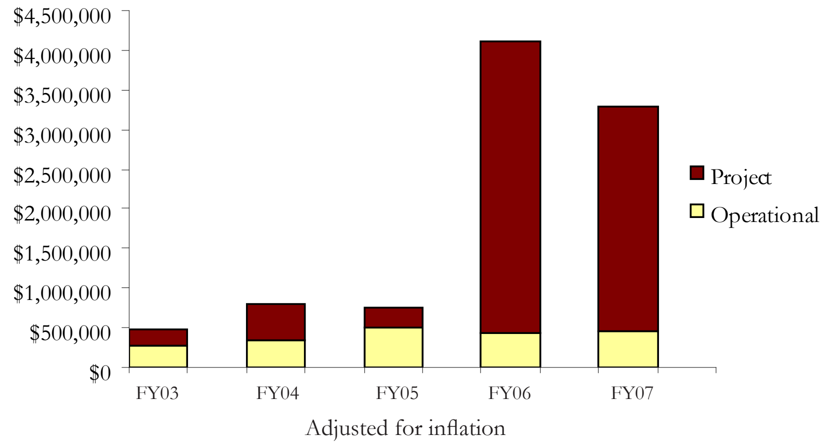
Organizationally part of the Planning Department, the TOD Program was originally part of TriMet and was transferred to Metro in 1996. The Program has a Steering Committee that is responsible for approving projects within criteria established by the Metro Council. The Metro Council regularly approves a work plan that outlines the types of projects that will be funded.

The projects get financial support from the TOD Program in one or more of the following ways:

- Metro buys the land and re-sells it to a developer at a lower cost (land value write-down).
- Metro provides a low-interest or zero interest loan.
- Metro purchases an easement from the developer, an agreement that the project will be used in a manner that supports high density and mixed use.
- Metro provides funding to make physical improvements to a building in order to attract urban amenities like grocery stores and restaurants to make higher density development in the area more feasible.
- Metro uses Business Energy Tax Credits to integrate sustainable elements (like energy and water conservation features) into buildings.

Most of the money used to fund the Program comes through an inter-governmental agreement with TriMet. When adjusted for inflation, the Program's operational expenditures were approximately $273,600 in FY03 and increased by 67% to $457,900 in FY07. Investments in projects varied over the past five years, with most of the expenditures occurring in the two most recent years ($3.7 million in FY06 and $2.8 million in FY07).

EXHIBIT 1
TOD program expenditures



SOURCE: Auditor's Office analysis of spreadsheet provided by Metro's Finance and Administrative Services Department

Metro's TOD Program has been recognized for its leadership in transit-oriented development. Its projects have won local and national awards. It is the first program of its kind in the United States to use flexible federal transportation funds for TOD implementation and the first to receive authorization to use federal transportation funding to acquire land adjacent to a light rail station for redevelopment. Its work has helped to shape the joint development policies of the Federal Transit Administration. In 2008, Metro's Transit-oriented Development Program received the National Planning Association's National Planning Award for Best Practice.

Scope and methodology

The objectives of this audit were:

- To determine whether the Program had adequate oversight over its use of public funds
- To determine whether the Program had an effective, transparent process for choosing projects
- To determine whether the Program had adequate processes to monitor projects
- To determine whether the Program had procedures to adequately administer and account for the use of funds

To meet these objectives, we reviewed TOD Program documents, Metro Council resolutions, professional literature and studies of the Program's projects. We conducted a five-year analysis of TOD Program expenditures, attended meetings of the Steering Committee and reviewed minutes of their meetings. To understand the goals and activities of the Program, we reviewed an audit of the Program conducted in 2001, interviewed the Metro Council President, Metro's Chief Operating Officer, Program staff and members of the TOD Steering Committee, and visited TOD project sites. We interviewed staff of Metro's Finance and Administrative Services Department, as well as developers who have worked with the TOD Program and other developers who have not. Project files were reviewed to assess compliance with Metro procurement policies and to identify the complete costs for each project.

This audit was included in the FY08 audit schedule and conducted under generally accepted government auditing standards.

Case study methodology

The audit team adopted a case study approach for this audit. We were interested in understanding whether the Transit-oriented Development Program was implemented in the way it was intended and in understanding the effects of the Program. To do this, we selected five projects in different jurisdictions and in different stages of development to examine in depth. The sample was limited to projects with a Metro investment of $200,000 or greater. The projects included in the case studies are listed in Exhibit 2.

EXHIBIT 2
Case study projects

Project	Description
 The Beranger	Four-story building with 24 one- and two-bedroom condominiums and 7,000 sq. ft. of retail space. • Jurisdiction: Gresham • Status: Completed 2007 • Other public partners: City of Gresham supported an Oregon Vertical Housing Tax Abatement (60% of the taxes on the value of the condominiums for 10 years)
 bside6	Seven story building on East Burnside Street and 6th Avenue with 3,800 sq. ft. of office space and 23,200 sq. ft. of retail space. This building design won the American Institute of Architects' Portland Chapter Unbuilt Merit Award. • Jurisdiction: Portland • Status: Under construction; to be completed in 2009 • Other public partners: None
 Gresham Civic Neighborhood Station & Plaza	Cornerstone of the Gresham Civic Neighborhood with five other TOD projects. The station is planned to include a platform (already built), a building and a plaza that integrates with the adjoining developments. • Jurisdiction: Gresham • Status: Design being developed; to be completed in 2009 • Other public partners: TriMet ($1.17 million), City of Gresham ($600,000)
 Milwaukie Town Center	This project is planned for the site of a former gas station owned by Metro and a parking lot owned by the City of Milwaukie. The developer withdrew from the project, citing concerns about the downturn in the housing market and a lack of local commitment to the project. • Jurisdiction: Milwaukie • Status: Developer being selected; to be completed in 2009 • Other public partners: City of Milwaukie (contributed portion of the land)
 Westgate	Former site of the Westgate Theater adjacent to the Round in Beaverton. Two developers were selected to submit proposals to develop the property through a Request for Qualifications process, but only one has submitted a proposal. • Jurisdiction: Beaverton • Status: Developer being selected; to be completed in 2010 • Other public partners: City of Beaverton ($2.25 million)

Source: Transit-oriented Development Program reports

Results

The TOD Program's projects are intended to encourage higher density, mixed-use development in areas where the financial community is not yet willing to invest in this type of development. Mixed-use buildings have higher costs than single use buildings for parking structures, fire safety features, elevators, steel frames for taller buildings and structural elements to separate retail space from offices and apartments. The financial community does not typically invest in projects unless costs can be recovered by anticipated apartment and office rents and condominium sale prices. As a result, the Program's involvement in transit-oriented developments poses some risk that funds will be expended without accomplishing Program objectives.

Assuming this type of risk may be necessary to meet the Program's goals. The Program has taken steps to reduce these risks. Development agreements we reviewed are structured to have developers assume financial risks, and developers are required to show that financing is available to them before TOD funds are provided. We found that the Program could take additional steps to minimize administrative risks.

We found that the TOD Program could benefit from:

- use of clear and consistent criteria to select projects and make funding decisions,
- clarification of oversight responsibilities, and
- stronger procedures for file management and to track performance.

Procedure for selecting projects needs to be standardized

Standardized and publicized procedures for selecting projects allow for fair competition among developers. It will also increase the likelihood that the best projects are selected. Such procedures can also provide for greater Program continuity when there is a change in the staff and increase the likelihood that Program objectives will be met. The TOD Program has few program materials available that accurately outline the criteria for project selection and funding levels. Project staff can orally describe the processes used and why decisions were made. Formalizing this information and making it available would improve program transparency.

Document and advertise selection criteria

It is important to ensure the existence and appearance of fair competition in the selection process. Developers should have easy access to information that would let them determine independently whether a project would be considered for funding.

Information about what types of projects would be considered is not readily available to developers. Developers for 26 TOD projects were interviewed and stated the most frequent way they heard about the Program (8 out of 26 projects) was through direct contact with TOD staff. Some of these direct contacts are likely the result of the Program's outreach effort. The Program could routinely broaden the potential base of projects by making project requirements available on the Program's web site and through periodic advertisements.

EXHIBIT 3
How developers heard about the TOD program

Information Source	No. of Developers
TOD Program staff	8
PDC	6
Other local government referral	4
Architect	2
Metro connection	2
Banker	1
Other developer	1
Does not recall	1
Realtor	1

Source: Auditor's Office developer interviews

Re-examine program criteria

The original objectives of the TOD Program were:

- Construction of higher density housing, mixed-use projects (i.e. apartments over retail, office over retail), and destination uses that have a physical and functional connection to transit, through partnerships with the private sector
- Developing suburban building types with the lowest reasonable parking ratios and highest reasonable floor area ratios (FAR's)
- Increasing the modal share of transit and pedestrian trips within station areas while decreasing reliance on personal automobiles
- Leveraging and focusing public expenditures within station areas to support Metro's 2040 Growth Concept

Subsequently, criteria for projects have broadened and need to be re-examined. Over the course of the Program, objectives have changed in response to market opportunities (see Exhibit 4). Changes in Program criteria have expanded the scope of the Program beyond its original mission of increased density and transit ridership. For example, TOD funding was used for roof-top gardens and for Leadership in Energy and Environmental Design (LEED) certification. With limited funds, expansion of the Program's criteria can dilute its ability to impact any one objective significantly.

EXHIBIT 4
Expansion of TOD Program criteria

Criteria	Council Action	Purpose	Project
Site improvements	March 9, 2000	Facilitate The Round and other projects (Metro Resolution 00-2906). Uses infrastructure improvements to support development	The Round
Urban centers	July 15, 2004	Support development in urban centers	Milwaukie North Main Village
Green buildings	July 15, 2004	Use revenues from Business Energy Tax Credits to integrate sustainable building practices into projects	Burnside Rocket, Milwaukie North Main Village, The Crossings, The Beranger
Frequent bus	May 19, 2005	Support development along frequent bus lines	North Flint and The Rocket
Unsolicited proposals	Sept. 13, 2005	Add a process for unsolicited proposals	Bruning proposal for Gresham Civic Neighborhood
Urban living infrastructure	Nov. 1, 2007	Expand the use of infrastructure improvements to support development	Hillsboro Town Theater, The Crossings

Source: Steering Committee minutes and Metro Council resolutions

Repeat investments with the same developer can make the TOD Program dependent on that developer's success. While the Program structures development agreements to limit Metro's risk, there are no established criteria to guide decisions related to repeat or concurrent investments in projects with the same developer. The Program has made repeated investments with three developers. One developer received support for three projects and has a commitment of support for two more. However, two earlier projects had not yet stabilized, and required additional investments from Metro. Management stated that project failure can have a negative impact on efforts to demonstrate market viability. As a result, the Program is willing to continue to support a troubled project. Explicitly stating a policy regarding this practice would increase program transparency.

Ensure consistency of assumptions used to measure cost effectiveness

The Program has developed an economic model to systematically examine the cost effectiveness of new projects. Results from these analyses are considered by the Steering Committee and Metro Council when approving projects and funding amounts. The model avoids some of the common errors found in transportation cost effectiveness analyses. However, we found that there are a number of assumptions in the model that can be varied. Inconsistent treatment of these assumptions might lead to over or underestimation of a project's benefits. As a result, the Program may select projects or funding levels that otherwise would not be chosen.

The Program calculates the cost effectiveness of Metro's investment using several factors. It computes:

- The number of new transit trips made per day ("induced ridership")
- The cost per trip (Metro's investment divided by induced trips)
- The dollar amount of transit fares over 30 years as a result of the project ("capitalized fare box revenue")

Results from cost effectiveness analyses are used as guides for how much Metro will invest in a project. The Program tries to keep Metro's investment below estimated capitalized fare box revenue. For example, The Beranger project's request for $250,000 is below its estimated capitalized fare box revenue of $252,000. The Program also compares cost per trip for new projects to that of previously funded projects.

The Program's cost effectiveness model avoids some sources of error that are common in analyses of transportation projects. The model compares the project to a base case, rather than assuming no alternative. Revenue and costs are discounted to adjust for the time value of money, because one dollar received today is worth more than one dollar received in the future. Transit use is based on actual travel behavior data.

Nonetheless, the model has many assumptions that can be modified and treatment of these assumptions can have a large impact on outcomes and potentially affect funding decisions. For example, the Program estimated capitalized fare box revenue of $354,000 to $425,000 for the bside6 project. The cost effectiveness analysis assumes that one floor of the building would be used for a sit-down restaurant. If this same space is used for retail, the suggested funding level would be less than one half this amount. Market conditions may change, making assumptions inaccurate. However, clearly outlining assumptions and their impact on proposed funding levels can assist in monitoring the success of the project and applying that information in future decisions.

Differences in assumptions can also create difficulties in comparing cost effectiveness across projects. One of the Program model's assumptions is the percentage of trips taken by transit. The analyses for two Portland area projects used different transit assumptions, even though they were similar projects and located five blocks from one another. One analysis assumes that 15% to 18% of trips will be made by transit, and the other assumes only an 8% to 12% transit share. These analyses were conducted several years apart, and Program staff stated that assumptions changed due to the availability of additional data regarding transit behavior. If these projects were compared, the one with the lower transit assumption might be at a disadvantage. Also, transit share assumptions for the base case are not always consistent. For three of four case study projects, cost effectiveness analyses assumed the same transit share for the base case and TOD case. For another, the transit assumptions were different.

The Program should also address consistency and accuracy of the model in three other areas:

1. The model applies a discount rate to revenue, which adjusts for the time value of money. The lower the discount rate, the higher the estimated fare box revenue. The Program has changed the discount rate it uses in the model and should use caution in comparing analyses with different discount rates.
2. Some TOD projects receive funding through loans. Management stated that short-term loans are not counted as part of project costs in the cost effectiveness analysis. The Program should determine how loans will be treated when calculating project costs, especially since some loans may not be repaid or have long repayment terms.
3. The cost effectiveness analysis for a new project is sometimes created by modifying the spreadsheet used for a previous project. In doing so, there is a chance that assumptions or errors are unintentionally transferred from one analysis to another.

In summary, Metro's cost effectiveness model for TOD projects allows it to adjust assumptions for many variables. Applying the methodology consistently will be a key to comparing results across projects. The Program should document key assumptions, including transit usage, discount rates, and how loans are treated, and continue to inform the Steering Committee and Metro Council when assumptions are changed. To prevent errors and promote consistency, the Program should consider using a template that locks the fields for assumptions that change infrequently, such as the discount rate and transit share. The Program is currently reviewing its cost effectiveness model to create procedures to improve the consistent use of key assumptions.

Transparency of funding could be improved

TOD Program documents state that the primary source of funding for the Program is federal funds distributed through the Metropolitan Transportation Improvement Program (MTIP). We reviewed the Program's funding process and found that the Program is actually funded not through federal MTIP funds but through TriMet general funds.

Metro is the lead agency responsible for the development of Portland's Regional Transportation Plan. MTIP determines which transportation projects included in the Regional Transportation Plan are given funding priority.

Metro applies for Federal Highway Administration regional flexible Surface Transportation Program funds for the TOD Program through MTIP. After these funds are awarded to the TOD Program, Metro and TriMet negotiate an agreement to exchange funds. TriMet agrees to use the federal funds for ongoing rail preventive maintenance. In return, TriMet agrees to provide Metro with an equal amount of TriMet general fund dollars for use in the TOD Program. The MTIP is amended and Metro gives funding authority for the regional federal funds to TriMet.

As a result, the federal funds that were originally requested by Metro for the TOD Program are provided to TriMet. TriMet, in turn, provides Metro with an equal amount of funds for the TOD Program. To improve the transparency of funding sources, the TOD Program should consistently report this exchange of funds and the actual source of funding.

Administrative procedures can be strengthened

Government programs and managers are required to be accountable for the use of public resources and to comply with applicable laws and regulations. The audit found weaknesses in reporting project costs, costs for services not directly related to construction, and file organization.

The Program has made improvements in the information it provides to the TOD Steering Committee and Metro Council by creating an Annual Report. This report includes information about the funding allocated to each project, but does not list actual expenditures. The Program can further improve reporting by including information about the total costs of each project in the report.

In addition to the funding the Program provides directly to developers for TOD projects, it also pays for services not related to construction. For example, the Program at times has paid to facilitate a community process or develop a community plan. The TOD Program did not report all of these costs associated with projects to the Steering Committee. Members of the Steering Committee asked to have these costs included in financial tracking sheets provided to them. An estimate of these additional costs is included in these tracking sheets as one line item, but they are not listed for each project. As a result, the Steering Committee did not get information about the total costs of individual projects.

Metro has policies and procedures in place intended to ensure public accountability regarding personal services contracts. During the course of the audit, we found it difficult at times to locate appropriate documentation to demonstrate that procedures were followed. There is generally no systematic approach to what documents are retained in contract folders. Management stated that turnover in the Planning Department had affected the quality of file management.

Oversight roles should be clarified

From our review of historical documents, we determined that additional Program oversight beyond that of the Metro Council and budgetary review was intended. In a resolution authorizing the start-up of the TOD Program, a Steering Committee was designated to provide oversight of the Program and to approve project sites and sites for implementation. The resolution also noted that approval of the Federal Transit Administration would occur which would also increase oversight. We found that oversight is not as strong as originally outlined.

Oversight that otherwise would be provided by the Federal Transit Administration did not occur because Federal Highway Administration (FHWA) funds for the Program were awarded to TriMet, who then funded the Program with TriMet resources. According to the Program, the arrangement came about because gaining approval by the FHWA was too cumbersome. However, it also effectively removed any oversight relative to federal funds, making Metro oversight more critical.

It is clear that the Steering Committee has the authority to act with the power of Metro Council to approve TOD project selection but any additional intended role is not as clear. The audit found that this oversight is limited by perceptions of the Committee's role and the quality of the information provided to it.

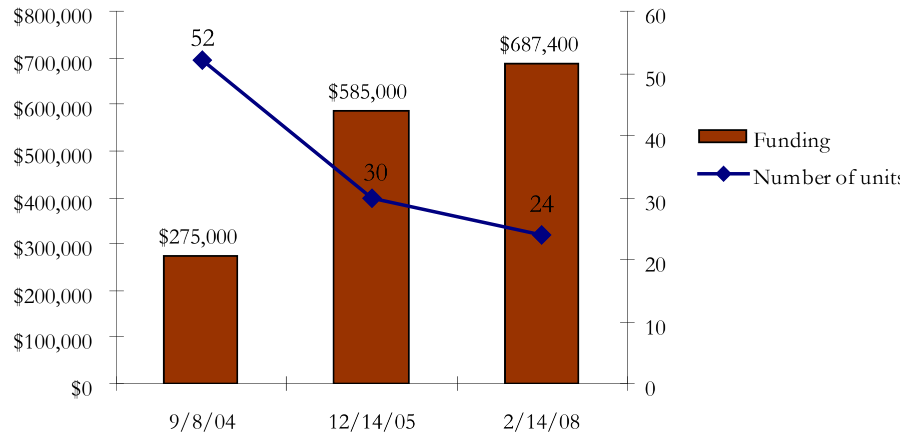
While most TOD projects were presented to the Steering Committee for approval, two of our case study projects were not. These projects were authorized by Metro Council as the regional transportation authority. According to the Program, these projects were placed in the Program for administrative purposes to manage the projects. The Program makes a distinction between project selection and program administration. It is staff's belief that oversight of Program administration is provided by Department management, the Chief Operating Officer, and the Metro Council, and not the Steering Committee.

We found that oversight of project selection by the Steering Committee can be strengthened. The Steering Committee's process for selecting recent TOD projects consisted of receiving information about a project to be funded about one week before meeting to discuss it, and then voting on the proposal. This is an improvement over the past practice of presenting proposals for new projects at Steering Committee meetings and having the Committee vote on them immediately but it may still not provide enough time for Committee members to consider their decisions completely.

Also, the information Committee members received did not allow them to compare the projects in terms of costs and effectiveness. The Committee was not always informed of all of the costs associated with the projects. Consulting costs are not consistently included in the accounting for project costs.

After a project is initially funded and approved, incremental changes can alter the scope. For example, The Beranger was originally designed as a 52 unit apartment building and received an original subsidy of $275,000. The size of the project was eventually reduced to 24 condominiums, while incremental funding increased the Metro investment to $687,400. As a result, Metro's cost per unit went from $5,288 to $28,542.

EXHIBIT 5
Metro's investment in The Beranger and number of housing units



Source: Steering Committee minutes and Auditor's Office analysis of TOD expenditures

The Steering Committee was informed by Program staff as these incremental changes occurred. However, a more comprehensive look at the changes in the aggregate could provide additional information to improve future decision-making and oversight.

The Program lacked procedures for reporting on project outcomes after construction. Program staff stated they are aware how a project is completed in comparison to the proposed outcome. As the Program gains more experience, regular reviews of this type of information can strengthen its ability to meet objectives. For example, The Rocket was initially described as having retail and restaurants on the first floor, but currently has no retail component. This kind of information is important to the Steering Committee to consider in future funding decisions.

The introduction of a budget tracking sheet has improved the information provided to the Steering Committee. Some Steering Committee members we interviewed expressed an interest in getting information presented in a way that makes it easier to compare projects and make decisions.

Improve ability to demonstrate effectiveness

The 2001 audit of the Transit-oriented Development Program recommended that the Program:

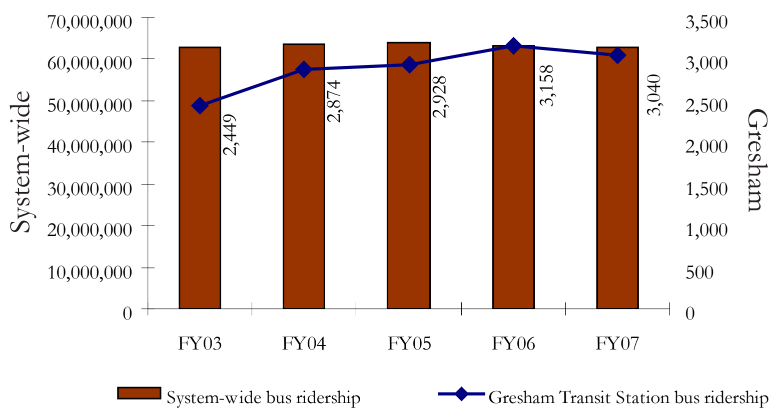
- Develop a clear and cohesive framework for service efforts and accomplishments measures that demonstrate program accomplishments
- Select a limited set of the performance measures that address the program's highest priorities
- Update data used to measure performance

The TOD Program has made progress in reporting its accomplishments since the 2001 audit. Some measures of success are presented to the Steering Committee and included in the TOD annual report, including the number of housing units built, the amount of commercial space created and increases in the number of daily transit riders. In addition, the Committee received a spreadsheet with project statistics. However, this information is not presented often enough and is difficult to interpret and analyze.

The Program had no system for regularly monitoring project results in terms of increased density, reduction in vehicle miles traveled or new private development stimulated by its efforts. Consequently, it is difficult for the Program to demonstrate its effectiveness. The Program has contracted for studies by external organizations and these have provided some information about the effectiveness of TOD projects. These studies did not consistently look at Metro's TOD projects in a comprehensive way. The projects that are reviewed vary in each study which does not allow for a complete comparison over a number of years so that trends can be noted.

There is currently data available that would add to the quality of information available. For example, we reviewed ridership data from transit stops near Metro's TOD projects and found that ridership near these projects increased faster than system-wide ridership for most projects. Exhibit 6 shows that ridership at the Gresham Transit Station that serves Central Point and The Beranger increased at a greater rate than overall ridership. Although this information is not necessarily conclusive, it is valuable to monitor.

EXHIBIT 6
Bus ridership near Beranger and Central Point compared to system-wide ridership



Source: TriMet

The TOD Program did not dedicate enough resources to monitor the results of its work. Without information about the results of the projects, it is difficult to know that the projects are effective in increasing density, increasing transit use, and reducing automobile use. The Program is testing theories about development, but without looking closely at the results, it will be unable to learn from the results of these tests. With fourteen completed projects, this is a good point in the Program's evolution to test whether the assumptions are valid.

RECOMMENDATIONS

Recommendations

A. To improve project selection, the Transit-oriented Development Program should:

1. Develop a consistent and publicized process for selecting projects for TOD funding.
2. Advertise the Program's selection process and criteria periodically.
3. Re-examine selection criteria.
4. Develop a policy to address the risk of repeat investments in projects with the same developer.
5. Document key assumptions used in cost effective analyses, including transit mode share, discount rates and how loans are treated.
6. Standardize the template used for cost effectiveness analysis.

B. To improve transparency, the Program should:

1. Report the actual source of program funding.

C. To improve administrative procedures, the Program should:

1. Work with the Procurement Office to ensure that documentation required by Metro is maintained.

D. To improve Program oversight, the Program should:

1. Clarify the role of the TOD Steering Committee in oversight and selection of projects.
2. Develop a regular report that shows a comparison of projects in terms of the results they achieve.
3. Develop a method for tracking and reporting complete project costs by project.
4. Develop procedures to monitor projects after they are completed.

RESPONSE TO AUDIT

600 NE Grand Ave.
Portland, OR 97232-2736
503-797-1700
503-797-1804 TDD
503-797-1797 fax

www.oregonmetro.gov

Metro | *People places. Open spaces.*

August 18, 2008

The Honorable Suzanne Flynn
Metro Auditor
600 NE Grand Avenue
Portland, Oregon 97232

Dear Ms. Flynn:

Thank you for the opportunity to respond to your audit of the Transit Oriented Development (TOD) program. We appreciate the extensive amount of research undertaken for the audit, including interviews, document review, and site visits. We also appreciate the diligence and responsiveness of your office, particularly during the audit report review process, as we worked to clarify numerous issues.

Your review comes at a timely juncture in the evolution of the TOD program. Formerly a pioneering start-up program operated as an independent division for 12 years, Metro's TOD Program was recently integrated into the Regional Planning Division as part of a larger Metro strategy for place-making across the region. This change will allow for a more comprehensive understanding of real estate development and market dynamics in the Regional Planning Division, and it will allow for closer alignment of TOD Program goals and 2040 Growth Management strategies. We look forward to incorporating your recommendations into our management and budgeting practices.

As we have discussed, we have already taken steps to implement your recommendations concerning consistent and clear presentation of project cost-effectiveness analyses, costs and results. (Recommendations A5, A6, D2 and D3) For example, the program recently completed its first annual report documenting the history of the program and presented this report to both the Steering Committee and Metro Council. As you recommended, we will use this report as a basis for regular updates to the Steering Committee and Metro Council.

Other improvements that have been implemented include: the provision of regular budget updates including total project costs; staff reports with new tables to facilitate project comparison; annual updates of financial and travel behavior assumptions for use in cost-effectiveness calculations; and use of a standardized template for calculating induced transit rides and capitalized fare-box revenues. We will continue to refine and enhance information provided to Steering Committee members, the Metro Council and the public in order to ensure more effective decision-making.

It should be noted that Metro is in the process of developing performance measures agency wide. These measures will assist the TOD program in ensuring program investments are effective and will eliminate the need for duplicative studies which could reduce the amount of funds available to support projects.

We are addressing your recommendations concerning the provision of more easily accessible and understandable information about Program operations in order to ensure the development community and interested stakeholders are fully aware of program operations and funding availability. (Recommendations A1, A2, and B1) However, we believe improvements in outreach to the development community have been implemented over the last few years as evidenced by the fact that the program has partnered with ten new developers on projects initiated in the past 18 months.

When Metro began a complete redesign of its web site, the TOD Program immediately enhanced its web presence by adding narrative and images, streaming videos, slide shows, PowerPoint presentations and reports. The TOD Program web site illustrates its processes, results, innovations, and completed projects. The Program's 2007 Annual Report provides a comprehensive and data-rich history of the Program and each individual project investment. We receive numerous contacts directly through the Program's web site. Earlier this year, the Program's receipt of the American Planning Association's National Planning Excellence Award for Best Practice in the nation attracted local and national media coverage which increased awareness of the program and contacts through the Web site.

The program operates through a combination of federal grants, local funding from TriMet, interest income, Business Energy Tax Credits, and local government funding. To ensure understanding of program funding, we will add language to the Purchase and Sale Agreements for all development projects which states the various sources of program funds. We will clarify the source of funding on the web site and in the Work Plan when it is amended.

We are also implementing your recommendations to develop procedures to monitor projects after completion and address repeat investments with the same developer (Recommendations D4 and A4, respectively). Project monitoring will be undertaken more systematically on an annual basis as part of the research to prepare the TOD Program annual report. We are working with the Office of Metro Attorney to draft a policy regarding repeat investments for Metro Council consideration.

We acknowledge a need to streamline the project selection criteria. The numerous criteria reflect an incremental rather than comprehensive approach to program scope expansions. We anticipate initiating a Work Plan overhaul to address this issue. However, we would like to distinguish between selection criteria and changes to the scope of the Program. As the audit noted, the Metro Council has approved Work Plan amendments over time to include new program elements such as adding Urban Centers and Green Building. The recommendation to re-examine selection criteria (Recommendation A3) refers directly to the TOD Program's Green Building Program, which, to clarify, is not funded through TOD Program Funds as stated, but rather by Business Energy Tax Credit revenues raised through TOD projects that were supported by the program. The addition of Green Building to the TOD Program scope, approved by Metro Council, fully supports Metro's commitment to sustainability by providing built examples of green building elements.

One of the TOD Program's Green Building projects is The Rocket on East Burnside. This award-winning project with innovative geo-thermal heating and cooling system is slated to become the first LEED Platinum building developed by a small-scale developer in Portland. We believe this type of program shows Metro Council's ability to respond to changing conditions and adapt programs to address serious issues such as climate change. The TOD Steering Committee and Metro Council reassessed the TOD Program's strategic direction and policies one year ago that led to significant changes to the TOD Work Plan. The TOD Work Plan is a dynamic document that will continue to evolve as needs and conditions change over time.

The recommendation concerning contract documentation (Recommendation C1) will be implemented in cooperation with the Metro Procurement Department. We acknowledge the challenge with consistent filing practices and will take steps to ensure documentation is located properly.

Regarding the recommendation to clarify the role of the TOD Steering Committee (Recommendation D1), we believe that the recent integration of the program into the Regional Planning Division presents a good opportunity to revisit the TOD Steering Committee role. The charter and composition of the current committee, which is comprised predominantly of state agencies with the addition of representatives from TriMet, Metro and the Portland Development Commission (PDC), was established by the Department of Environmental Quality as a predecessor to Metro's program establishment in 1996. The program was initially funded through CMAQ (Congestion Management and Air Quality) funds. The program and funding source since that time has not only changed agencies (it was initially managed through PDC), but also the program scope and Metro's regional goals have changed as well. Metro's Planning Department has developed a broader mission regarding the development of centers and is committed to ensure its resources contribute to place-making region wide. In light of this new mission, consideration will be given to determine the most appropriate committee structure and we will work to ensure roles and responsibilities of both the committee and Metro are clarified.

We appreciate the work and research that went into the audit and believe many of the actions we take to respond to the audit recommendations as the program is fully integrated with the Regional Planning Division will serve to enhance the effectiveness of the TOD Program.

Sincerely,

Andy Cotugno
Planning Department Director

Michael Jordan
Chief Operating Officer

Table of Audit Recommendations and Staff Responses

A. To improve project selection, the Transit-oriented Development Program should:

A.1.	**Develop a consistent and publicized process for selecting projects for TOD funding.**
Staff response:	The TOD Workplan sets forth the policies and practices of the Program, including very specific selection criteria and approval processes; it is approved by the TOD Steering Committee and formally adopted by the Metro Council. The Program has consistently followed the Workplan procedures for project selection. The Program has conducted exceptionally well publicized, open, and competitive developer selection processes for Metro-owned properties. The Program is designed to be able to respond quickly when developers with site control approach the Program for assistance; developers are working in a market environment where time is money, and opportunities are fleeting. We use a variety of strategies to publicize the TOD Program so that developers are aware of our interest in supporting TOD development in emerging markets. The Get Centered! events, brown-bags, and tours attracted more than 1,500 people and the program earned the Urban Land Institute's Oregon-Washington Chapter "Best Program" award in 2007. Groundbreakings and grand-opening ceremonies are also well advertised. Earlier this year, the Program's receipt of the American Planning Association's National Planning Excellence Award for Best Practice in the nation attracted local and national media coverage which increased awareness of the Program and contacts through the Web site. The TOD Program web site has videos and a plethora of information regarding our processes, results, innovations, and completed projects. We will add information about our selection process to the web and continue to explore a variety of methods to publicize the Program.

A.2.	**Advertise the Program's selection process and criteria periodically.**
Staff response:	Improvements in the effectiveness of our outreach to the development community over the last few years is evidenced by the fact that the Program has partnered with ten new developers on projects initiated in the past 18 months. When Metro began a complete redesign of its web site, the TOD Program immediately enhanced its web presence by adding narrative and images, streaming videos, slide shows, PowerPoint presentations and reports. The TOD Program web site illustrates its processes, results, innovations, and completed projects. We receive numerous contacts directly through the Program's web site. The Program's 2007 Annual Report is also on the web and provides a comprehensive and data-rich history of the Program and each individual project investment.

A.3.	**Re-examine selection criteria.**
Staff response:	We acknowledge a need to streamline the project selection criteria. As the audit noted, the Metro Council has approved Work Plan amendments over time to include new program elements such as adding Urban Centers and Green Building. The numerous criteria reflect an incremental rather than comprehensive approach to program scope expansions. We anticipate initiating a Work Plan overhaul to address this issue. However, we would like to distinguish between selection criteria and changes to the scope of the Program. The auditors' recommendation to re-examine selection criteria refers directly to the TOD Program's Green Building Program, which it described as inconsistent with the primary mission of the Program and its funding. To clarify, the Green Building program is not funded through TOD Program Funds as stated but rather by Business Energy Tax Credit (BETC) revenues. The BETC revenues are generated from TOD projects that were supported by the program. The addition of Green Building to the TOD Program scope was approved by Metro Council and supports Metro's commitment to sustainability by providing built examples of green building elements.

A.4.	**Develop a policy to address the risk of repeat investments in projects with the same developer.**
Staff response:	We are in the process of implementing this recommendation. We are working with the Office of Metro Attorney to draft a policy regarding repeat investments for Metro Council consideration.

A.5.	**Document key assumptions used in cost effective analyses, including transit mode share, discount rates and how loans are treated.**
Staff response:	This recommendation has been implemented. We instituted a practice of annual updates to each of the financial and travel behavior assumptions used in cost-effectiveness calculations. These assumptions are reviewed with the TOD Steering Committee.

A.6.	**Standardize the template used for cost effective analysis.**
Staff response:	This recommendation has been implemented. Staff now works with a standardized blank template, rather than modifying one recently used for a different project.

B. To improve transparency, the Program should:

B.1.	**Report the actual source of Program funding.**
Staff response:	The Program operates through a combination of federal grants, local funding from TriMet, interest income, Business Energy Tax Credits, and local government funding. The Program already reports the actual source of funds to pertinent local, regional, state and federal public officials and to anyone else who expresses interest in the complex details of Program operation. Formal MTIP and STIP amendments to exchange funds are first approved by IGA between Metro and TriMet, are then reviewed by Transportation Policy Advisory Committee (TPAC), FHWA and FTA, and are then approved by ODOT. However, to ensure that our development partners are aware of Program funding, we will add language to the Purchase and Sale Agreements for all development projects which states funding sources. We will also explain all the various sources of funding, rather than summarize as we have in the past, on the web site and in the Work Plan when it is amended.

C. To improve administrative procedures, the Program should:

C.1.	**Work with the Procurement Office to ensure that documentation required by Metro is maintained.**
Staff response:	This recommendation will be implemented in cooperation with the Metro Procurement Department. We acknowledge the challenge with consistent filing practices and will take steps to ensure documentation is located properly.

D. To improve Program oversight, we recommend that the Program:

D.1.	**Clarify the role of the TOD Steering Committee in oversight and selection of projects.**
Staff response:	The recent integration of the Program into the Regional Planning Division presents a good opportunity to revisit the TOD Steering Committee role. The charter and composition of the current committee, which is comprised predominantly of state agencies with the addition of representatives from TriMet, Metro and the Portland Development Commission (PDC), was established by the Department of Environmental Quality as a predecessor to Metro's Program establishment in 1996. The Program was initially funded through CMAQ (Congestion Management and Air Quality) funds. The Program and funding source since that time has not only changed agencies (it was initially managed through PDC), but also the Program scope and Metro's regional goals have changed as well. Metro's Planning Department has developed a broader mission regarding the development of centers and is committed to ensuring its resources contribute to place-making region wide. In light of this new mission, consideration will be given to determine the most appropriate committee structure and we will work to ensure roles and responsibilities of both the committee and Metro are clarified.

D.2.	**Develop and report regularly a comparison of projects in terms of the results they achieve.**
Staff response:	This recommendation has been implemented by providing the TOD Steering Committee with staff reports that now present data in tables to facilitate project comparisons when new projects are recommended for funding. We will continue to refine and enhance information provided to Steering Committee members, the Metro Council, and the public. In addition, we will continue to provide program results information reported in the annual report and Metro's annual program-performance budget. We will continue to contract with Portland State University for travel behavior studies specific to our completed TOD Projects. These studies are designed to isolate the travel behavior changes that result from our TOD investments. The TOD Program is just one of Metro's tools to help local jurisdictions enhance their downtowns and main streets and implement the Region 2040 Growth Concept. Metro is in the process of developing performance measures agency wide. These measures will assist the TOD Program in ensuring program investments are effective and will eliminate the need for duplicative studies which could reduce the amount of funds available to support projects.

D.3.	**Develop a method for tracking and reporting complete project costs by project.**
Staff response:	This recommendation is being implemented. We are now providing the TOD Steering Committee with regular budget updates in addition to an annual report that details the full revenue and expenditure history of the program, by project. We will continue to refine and enhance information provided to Steering Committee members, the Metro Council and the public.

D.4.	**Develop procedures to monitor projects after they are completed.**
Staff response:	We are in the process of implementing this recommendation. In addition to the project monitoring now done during construction and on an as-needed basis thereafter, follow-up monitoring will be done more systematically on an annual basis as part of the research to prepare the TOD Program annual report.

APPENDIX

APPENDIX I: Metro TOD Projects

Project Name	Jurisdiction	Developer	Status	Year Completed	Total Housing Units	Retail sq. ft.	Office sq. ft.
Buckman Terrace	Portland	Prendergast (McNamara)	complete	2000	122	2,000	-
Center Commons	Portland	Lenar Affordable Housing (Tom Kemper, Project Manager)	complete	2000	288	1,500	
Central Point	Gresham	Peak Development	complete	2004	22	3,000	-
GCN (Gresham Civic Neighborhood) SE - The Crossings I	Gresham	Peak Development	complete	2006	81	20,000	-
North Flint	Portland	Jerry Nordquist	complete	2006	5	-	2,800
North Main Village	Milwaukie	KemperCo (Kemper)	complete	2006	97	8,000	-
Pacific University	Hillsboro	Pacific University	complete	2007	-	5,500	99,500
Russellville Commons I & II	Portland	Rembold Properties	complete	2002	283	15,000	-
The Beranger	Gresham	Peak Development	complete	2007	24	6,100	-
The Merrick	Portland	Trammel Crow	complete	2005	185	15,000	-
The Rocket	Portland	Kevin Cavenaugh	complete	2007	-	7,800	8,237
The Watershed	Portland	Community Partners for Affordable Housing	complete	2007	51	2,700	-
Venetian Theater	Hillsboro		complete		-	-	-
Villa Capri	Hillsboro	Tualatin Valley Housing Partners	complete	2002	20	-	-
82nd Avenue Place	Portland	Innovative Housing Inc.	design development	2009	58	5,000	-
GCN Anchor Tenant - project	Gresham	CenterCal	design development	2009	-	60,000	-
GCN NW	Gresham	CenterCal	design development	2009	160	70,000	-
GCN SE - The Crossings II	Gresham	Peak Development	design development		-	-	-
GCN Station & Plaza	Gresham	To Be Determined	design development	2009	-		-
GCN SW - project	Gresham	Peak Development	design development	2010	150	30,000	-
Killingsworth Station	Portland	Winkler	design development	2010	50	6,000	-
NW Miller & 3rd	Gresham	Tokola Properties	design development	2008	34	5,436	-
Salvation Army Site	Gresham	400 Roberts Place LLC	design development	2008	28	9,500	-
Hillsboro Main St.	Hillsboro	To Be Determined	developer selection	2010	75	10,000	-
Milwaukie Town Center	Milwaukie	Main Street Partners (Kemper-withdrawn)	developer selection	2009	76	15,000	-
Westgate Site	Beaverton	To Be Determined	developer selection	2010	90	30,000	200,000
bside6	Portland	Marrs & Faherty	under construction	2009	-	3,800	23,200
Nexus	Hillsboro	Simpson Housing	under construction	2007	422	7,100	-
Russellville Commons III	Portland	Rembold Properties	under construction	2007	139	20,000	-
The Round	Beaverton	Dorn Platz	under construction	2009	54	80,000	450,000

SOURCE: *Metro's Transit-Oriented Development Program*

Office of the Auditor
600 NE Grand Avenue
Portland, Oregon 97232
503-797-1892

Agenda Item Number 6.1

Consideration of Minutes of the August 21, 2008 Metro Council Regular Meeting

Consent Agenda

Metro Council Meeting
Thursday, September 11, 2008
Metro Council Chamber

MINUTES OF THE METRO COUNCIL MEETING

Thursday, August 21, 2008
Metro Council Chamber

Councilors Present: David Bragdon (Council President), Kathryn Harrington, Robert Liberty, Rex Burkholder, Rod Park, Carlotta Collette

Councilors Absent: Carl Hosticka (excused)

Council President Bragdon convened the Regular Council Meeting at 2:01 p.m.

1. INTRODUCTIONS

There were none.

2. CITIZEN COMMUNICATIONS

Sharon Nasset, 1113 N Baldwin St. Portland OR 97217 said she was talking once again about the Columbia River Crossing. Since the Crossing has gone forward, she wanted to make several points. Metro was the only elected officials in Oregon overseeing this project. The only Oregon entities in this situation were TriMet, Metro and Oregon Department of Transportation (ODOT). She said Metro had heard from her about National Environmental Protection Act. She noted some who had said there were more questions than answers. She talked about the salmon issue and the impact of the Crossing on fish. She said this agency should stop and request an Environmental Impact Statement (EIS). Metro itself will be the agency that would be going against Environmental Protection Agency. She did not know of one reputable group who had stood up for this project. She urged Council to reconsider their decision and asked for an EIS.

3 INTEGRATING HABITATS PEOPLE'S CHOICE AWARD

Councilor Collette introduced the Integrating Habitats People's Choice Award winner in Category 2- Commercial development and lowland hardwood forest habitat is: "Urban Ecotones" From: GreenWorks PC, Bruce Rodgers Design Illustration, Ankrom Moisan Associated Architects, ESA Adolfson, SWCA Environmental Consultants, Portland, Ore. Congratulations to team members: Jason King, Brett Milligan, Bruce Rodgers, Scott Thayer, Michael Great, Justin Hunt, John Gordon, Christie Galen, Coral Mirth Walker and Kim Gould.

4. CONSENT AGENDA

4.1 Consideration of minutes of the August 7, 2008 Regular Council Meeting.

Motion:	Councilor Burkholder moved to adopt the meeting minutes of the August 7, 2008 Regular Metro Council.
Vote:	Councilors Burkholder, Harrington, Liberty, Park, Collette and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

5. RESOLUTIONS

5.1 **Resolution No. 08-3971**, For the Purpose of Designating a Council Project and Lead Councilor for the Climate Change Action Plan.

Motion:	Councilor Burkholder moved to adopt Resolution No. 08-3971.
Seconded:	Councilor Park seconded the motion

Councilor Burkholder introduced the resolution. This project involved the entire Council with Councilor Burkholder being the lead councilor on the project. Councilor Burkholder provided a power point presentation on the Action Plan (a copy of which is included in the meeting record). He noted Vehicle Miles Traveled was one of the major causers of green house gas emissions. He shared that compact communities were greener. He noted the two strategies, which would impact climate improvement. He spoke of the partnerships involved in this effort including cities and counties, private and civic sector. He provided the elements of the Regional Climate Action. He felt this was the challenge of our generation. He urged approval of the project proposal.

Vote:	Councilors Park, Burkholder, Collette, Harrington, Liberty, and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

6. CHIEF OPERATING OFFICER COMMUNICATION

Michael Jordan, COO, was not present. Margo Norton, Deputy Chief Financial Officer said they had just received the draft report of their actuarial on self-insurance. She was pleased to report that Metro was doing very well. The actuarial report showed claims had dropped.

7. COUNCILOR COMMUNICATION

Councilor Liberty wanted to see if Council wanted a briefing on the Sellwood Bridge project. He spoke to cost ranges for the project and issues about the streetcar. Councilors agreed that they would like a briefing.

Councilor Collette reported on the High Capacity Transit workshops. She said the workshops were very interactive. She noted that they made an effort to talk about the fact that they were trying to make great places. She reminded the audience that they could go online and add their comments.

Councilor Liberty wanted to know if the Council would have the opportunity to do this exercise as well. He also suggested providing scenarios to those who had attended the workshops. Councilor Harrington felt the workshops were well done and that they included providing information about land use and transportation planning. She highlighted that there was good context information provided which helped engaged the citizens. She suggested using the words "interactive" workshops. Councilor Collette said another thing that helped was media attention. It encouraged people to engage.

Councilor Harrington said she had her quarterly exchange with the City of Hillsboro. They were appreciative of Metro's collaborative work going on with the communities. She had also met with Westside Economic Alliance. Every one seemed to be echoing their appreciation of Metro Council's efforts to be collaborative.

8. ADJOURN

There being no further business to come before the Metro Council, Council President Bragdon adjourned the meeting at 2:30 p.m.

Prepared by

Chris Billington
Clerk of the Council

ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF AUGUST 21, 2008

Item	Topic	Doc. Date	Document Description	Doc. Number
5.1	Exhibit A	8/21/08	**Resolution No. 08-3971**, For the Purpose of Designating a Council Project and Lead Councilor for the Climate Change Action Plan Exhibit A (revised)	082108c-01
5.1	Power Point Presentation	8/21/08	To: Metro Council From: Councilor Burkholder Re: Regional Climate Action	082108c-02

Agenda Item Number 6.2

Resolution No. 08-3968, For the Purpose of Confirming Calvin Smith and Stephanie Parish to the Metro 401(k) Employee Salary Savings Plan Advisory Committee.

Consent Agenda

Metro Council Meeting
Thursday, September 11, 2008
Metro Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF CONFIRMING CALVIN SMITH AND STEPHANIE PARISH TO THE METRO 401(k) EMPLOYEE SALARY SAVINGS PLAN ADVISORY COMMITTEE	)))))	RESOLUTION NO. 08-3968 INTRODUCED BY MICHAEL JORDAN CHIEF OPERATING OFFICER WITH CONCURRENCE OF COUNCIL PRESIDENT BRAGDON

WHEREAS, Metro established an Employee Salary Savings Plan and Trust originally effective July 1, 1981; and

WHEREAS, the Metro Council adopted Resolution No. 92-1596, “For the Purpose of Naming WM Trust Company as a non-discretionary Trustee of the Metro Salary Saving Plan”, on March 26, 1992, authorizing the Executive Office to appoint a five-person Advisory Committee to give instructions to the trustee with respect to all matters concerning the Plan; and

WHEREAS, the Metro Council adopted Resolution No. 96-2382, “For the Purpose of Confirming Appointments to the Employee Salary Savings Plan Advisory Committee”, on September 12, 1996 making initial appointments to the 401(k) Advisory Committee; and subsequent appointments to the Committee through Resolution Numbers 04-3453, “For the purpose of Confirming Brian Williams, Juli Johnson and Karen Hohndel to the Metro 401(k) employee Salary Savings Plan Advisory Committee”, adopted by the Council in May of 2004 and Resolution No. 06-3682, “For the Purpose of Confirming Jim Watkins, Kendal Walden, and Kim Bardes to the Metro 401(k) Employee Savings Plan Advisory Committee”, adopted by the Council on March 23, 2006 and Resolution No. 07-3827, “For the Purpose of Confirming Rachel Bertoni and Tom Bugas to the Metro 401(k) Employee Savings Plan Advisory Committee”, adopted by the Council on July 7, 2007; and

WHEREAS, two Committee member’s terms expired March of 2008 and require new appointments; and

WHEREAS, the 401(k) Advisory Committee Nominating Committee on behalf of the Chief Operating Officer has requested that interested applicants submit their names for consideration and the applicants requests were reviewed, now, therefore,

BE IT RESOLVED,

That the Council confirms the following members of the Metro 401(k) Employee Salary Savings Plan Advisory Committee appointed by the Chief Operating Officer:

Calvin Smith:	Term of Office: March 2008 -March 2010
Stephanie Parish:	Term of Office: March 2008 -March 2010

ADOPTED by the Metro Council this ________ day of _________________, 2008.

____
David Bragdon, President

Approved as to Form:

____
Daniel B. Cooper, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION 08-3968, FOR THE PURPOSE OF CONFIRMIMG CALVIN SMITH AND STEPHANIE PARISH TO THE METRO 401(K) EMPLOYEE SALARY SAVINGS PLAN ADVISORY COMMITTEE

Date: September 11, 2008 Prepared by: Michael Jordan, Chief Operating Officer

PROPOSED ACTION

Confirm Calvin Smith and Stephanie Parish to the Metro 401(k) Employee Salary Savings Plan Advisory Committee.

EXISTING LAW

Conforms with requirements established in Resolution No. 94-1985, "For the Purpose of Requiring Council Confirmation of Appointments to a Committee to Supervise Administration of the Metro Employee Savings Plan", adopted December 22, 1994 regarding appointments to the Metro Employee Salary Savings Advisory Committee and conforms with requirements of the 401(k) Advisory Committee Mission, Goals, By-Laws and Operating Procedures.

BACKGROUND AND ANALYSIS

Metro established an Employee salary Savings Plan and Trust, which was originally effective on July 1, 1981. The Metro Council adopted Resolution No. 92-1596, "For the Purpose of Naming WM Trust Company as a non-discretionary Trustee of the Metro Salary Saving Plan", on March 26,1992, authorizing the Executive Officer to appoint a five-member advisory committee to give instructions to the trustee with respect to all matters concerning the Plan.

Initial appointments of the five-member committee were made through resolution on September 12, 1996. Committee members each serve two-year terms as employee representatives of the Metro 401(k) Employee Salary Savings Committee.

Rachel Bertoni and Jim Watkins were members of the Committee; their terms expired March of 2008. In order to fill the vacant positions and in accordance with the 401(k) Advisory Committee Mission, Goals, By-Laws and Operating Procedures, a nominating committee was formed and applicants were asked to submit a letter of interest to the Committee.

After solicitation for nominations to the Committee, two applicants applied and were interviewed. The Committee is suggesting that Calvin Smith and Stephanie Parish be appointed to fill the Metro 401(k) Employee Salary Savings Plan Committee vacancies. These appointments will expire on February 28, 2010.

FISCAL IMPACT: None

RECOMMENDED ACTION

The Chief Operating Officer recommends Council confirmation of Calvin Smith and Stephanie Parish to the Metro 401(k) Employee Salary Savings Plan Advisory Committee.

Agenda Item Number 6.3

Resolution No. 08-3991, For the Purpose of Confirming the Council President's Re-Appointment of Ray Leary to the Metropolitan Exposition Recreation Commission.

Consent Agenda

Metro Council Meeting
Thursday, September 11 , 2008
Metro Council Chamber

METRO COUNCIL/COMMITTEE AGENDA PLACEMENT FORM

1	Number of proposed legislation: (check one, if not legislation, check "other") **RESOLUTION XX** ☐ **ORDINANCE** ☐ **OTHER** 08-3991	2	Action required: (check one) ☐ adoption of ordinance xx adoption of resolution ☐ informational item only ☐ committee review and approval only
3	Title of proposed legislation (as it reads on resolution/ordinance, *do not abbreviate*) OR title of report: For the Purpose of Confirming The Council President's Re-appointment of Ray Leary to the Metropolitan Exposition Recreation Commission.		
4	Drafted by: Lisa Brown	5	Council date requested: September 11, 2008
6	Initiating Department: Metro Council	7	Staff time needed to present: None
8	Presenter(s): Council President Bragdon	9	Executive session: (check one) ☐ **YES** **X NO**

10	Necessary materials checklist*: x resolution/ordinance (required) ☐ labeled exhibits to legislation (if any) x staff report (required) x labeled attachments to report (if any)	***NOTE:** ***legislation is not complete without all necessary materials***

DEPARTMENT HEAD REVIEW AND REQUIRED SIGNATURES	
11	Department Head (Program)
12	Chief Financial Officer: (budget impact)
13	Contracts Officer: (contracts)
14	Metro Attorney: (ordinances, major contracts)

MANAGEMENT APPROVAL AND REQUIRED SIGNATURE			
15	Chief Operating Officer:	16	Date:

COMMITTEE/COUNCIL ASSIGNMENT DISPOSITION			
17	Committee assignment:	18	Committee meeting date:
19	Council first reading:	20	Council consideration/2nd reading:

COUNCIL PRESIDENT AND COUNCILOR SIGNATURES			
21	Initiating (Councilor/Chair):	22	Date:
23	Council President:	24	Date:

COMMENTS: _____

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF CONFIRMING THE COUNCIL PRESIDENT'S RE-APPOINTMENT OF RAY LEARY TO THE METROPOLITAN EXPOSITION RECREATION COMMISSION	))))	RESOLUTION No. 08-3991 Introduced by David Bragdon, Council President

WHEREAS, the Metro Code, Section 6.01.030(a) provides that the Metro Council President shall appoint all members to the Metropolitan Exposition Recreation Commission; and

WHEREAS, the Metro Code, Section 6.01.030(b) provides that the Council President's appointments to the Commission are subject to confirmation by the Metro Council; and

WHEREAS, pursuant to Metro Code, Section 6.01.030(d)(2) the City of Portland has recommended the re-appointment of Ray Leary as a member of the Commission; and

WHEREAS, pursuant to Metro Code, Section 6.01.030(e)(1), the Metro Council President has the authority to concur with the City of Portland's re-appointment recommendation of Mr. Leary or reject it; and

WHERAS, the Metro Council President has concurred with the City of Portland's re-appointment recommendation of Ray Leary, and submitted his re-appointment of Mr. Leary to the Metro Council for confirmation; and

WHEREAS, the Council finds that Ray Leary has the experience and expertise to make a substantial contribution to the Commission's work; now therefore

BE IT RESOLVED, that the Metro Council hereby confirms the Council President's re-appointment of Ray Leary as a member of the Metropolitan Exposition Recreation Commission beginning on September 26, 2008 and ending September 25, 2012.

ADOPTED by the Metro Council this _____ day of _______________, 2008

____
David Bragdon, Council President

Approved as to Form:

____
Daniel B. Cooper, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 08-3991, FOR THE PURPOSE OF CONFIRMING THE RE-APPOINTMENT OF RAY LEARY TO A FOUR-YEAR TERM ON THE METROPOLITAN EXPOSITION RECREATION COMMISSION.

Date: September 11, 2008 Prepared by: Lisa Brown

BACKGROUND

The Metro Code, Section 6.01.030(a), gives the Metro Council President sole authority to appoint all members of the Metropolitan Exposition Recreation Commission, subject to confirmation by the Council. Section 6.01.030(d)(2) of the Code allows the City of Portland to nominate a candidate for appointment for the Council President's consideration. Under Section 6.01.030(e)(1) of the Metro Code, the Metro Council President has the authority to concur with the City of Portland's nomination and submit it to the Council for confirmation, or reject it.

The City of Portland has recommended re-appointment of Ray Leary for continued membership on the Commission for an additional four-year term commencing September 26, 2008. A copy of Mr. Leary's résumé is attached hereto as Attachment 1.

ANALYSIS/INFORMATION

1. **Known Opposition.**

   None

2. **Legal Antecedents.**

   Metro Code, as referenced above.

3. **Anticipated Effects:** (identify what is expected to occur if the legislation is adopted)

   Appointment of Mr. Leary in the manner provided by the Metro Code

4. **Budget Impacts.**

   None

RECOMMENDATION

The Metro Council President recommends approval of Resolution 08-3991 to confirm the re-appointment of Ray Leary to the Metropolitan Exposition Recreation Commission for a four-year term beginning on September 26, 2008 and ending September 25, 2012.

Ellis Ray Leary
200 SW Market Street
Suite. 160
Portland, Oregon 97201
ph. 503.478.9808 / fax. 503.478.9809
ERLjr128@cs.com

Ellis "Ray" Leary, 50, is the principal officer of ERL, L.L.C. a local firm specializing in **Urban Real Estate Development, Marketing, and Workforce Development & Training.** Along with Dr. Joy DeGruy Leary, he is co-owner of Leary & Associates, a consulting firm specializing in **Diversity Training and Organizational Development**. He has served as a member of the Portland Oregon Sports Authority Board of Directors, the NAACP, NE Business Assoc., and the Interstate Light Rail Station Assessment Committee.

Mr. Leary joined adidas America in 1994, as manager of the Brand's National Urban Marketing Unit. He was nationally recognized for his efforts, and represented the Brand at numerous tradeshows, seminars and special events. In 1995, he was named Executive Assistant to the President / CEO of adidas America, as well as served as Project Manager for "adidas, The Store on MLK", the Brand's first full line retail store in the United States at MLK Jr. Blvd. and Alberta St.

Prior to joining adidas America, he was Co - Director of Self Enhancement, Inc. a nationally recognized youth program in N/NE Portland. As Executive VP of Development, he was responsible for all fundraising activities, and led the capital campaign to build the $10m. Center for Self Enhancement, a 60,000 sq. ft. youth facility in north Portland. In 1993, the Public Relations Society of America acknowledged him for his leadership on the capital campaign.

From 1983 to 1987, Mr. Leary served as Director of Development for the Urban League of Portland. He was responsible for all fundraising campaigns, membership drives and special events. In 1984, he re- established the Equal Opportunity Day Dinner, the League' largest annual fundraiser. In July of 1987, he was named Interim President of the Urban League of Portland and served in that capacity until May of 1988.

He is a native of Portland, and was captain of the 1972 State HS Basketball Champions, Jefferson HS. He attended San Diego State University on an athletic scholarship, and graduated with BA in Economics. He is married to Dr. Joy DeGruy Leary, and together with four of their seven children, reside in NE Portland. They have two grandchildren, Nya Nicole, 7 and Nasir, 10 months.

References Upon Request

Ellis Ray Leary
Owner, ERL Development

200 S.W. Market
Portland, Or 97201
503.478.9808 / Fax 503.478.9809
ERLjr128@cs.com

Education:

1968-1972 Jefferson High School — Portland, Ore.
Captain: 1972 Oregon HS Basketball State Champions

1972 – 1973 Arizona Western College — Yuma, Arizona.
- Deans List
- Athletic Scholarship to San Diego State University

1973 – 1979 San Diego State University — San Diego, California.
- 3 yr. Letterman - Basketball
- Captain 1975 – 1976
- B.A. Economics 1979

1976 Lumbleau Real Estate School — San Diego, California.
- California State Real Estate License

Professional Experience:

1983 – 1988 The Urban League of Portland — Portland, Oregon.

- Executive Assistant to the President/CEO
- Director of Development
- Interim President

1988 – 1994 Self Enhancement, Inc. — Portland, Oregon.

- Co-Founder
- Executive V.P. of Development
- Project Manager: Center for Self Enhancement
- Director: $10m Capital Campaign Center for Self Enhancement

1994 – 2000 adidas America — Portland, Oregon.

- Project Manager: adidas Urban Academy
- Project Manager: Renovation of Rotary Boys and Girls Club – Seattle
- Business Unit Manager: City Unit
- Executive Assistant to President/CEO
- Project Manager: “adidas The Store on MLK”

- Project Manager: Morehouse College/Grambling State University
- Project Manager: Habitat for Humanity

Awards:

Point of Light Foundation – Bush Administration
Ron Schmidt Award – PRSA Portland Chapter
Arthur Ashe Award – Port of Tacoma
National Association of Black Law Enforcement Executives
America Urban Radio Networks – Atlanta
NAACP Image Award - Portland
1996 Grammy Nomination – Songwriter/Producer
Les Femmes Sorority - Portland
Hip Hop Hall of Fame Award – New York City
Community Pride Award – Salvation Army, Portland
Paul Harris Fellow – Downtown Rotary Club, Portland

Associations and Organizations:

Portland Oregon Sports Authority - Board Member
N.E. Business Association - Member
NAACP – Member
Interstate Station Assessment Committee

Speaking Engagements:

National Association of Neighborhood Crime Prevention Summit
Washington, D.C.

Footwear Leadership and Marketing Conference
Tucson, Arizona.

University Of Oregon
Eugene, Oregon.

N.E. Business Association
Portland, Oregon.

AURN – Black College All American Weekend
Atlanta, Georgia.

Urban Bankers Association
Portland, Oregon.

White House Reception – Community Base Programs
Washington, D.C.

Agenda Item Number 6.4

Resolution No. 08-3992, For the Purpose of Approving a Contract Amendment for Facilitation of the Urban and Rural Reserves Project.

Consent Agenda

Metro Council Meeting
Thursday, September 11, 2008
Metro Council Chamber

BEFORE THE METRO COUNCIL CONTRACT REVIEW BOARD

RESOLUTION OF METRO COUNCIL, ACTING AS THE METRO CONTRACT REVIEW BOARD, FOR THE PURPOSE OF APPROVING A CONTRACT AMENDMENT FOR FACILITATION OF THE URBAN AND RURAL RESERVES PROJECT	))))))	RESOLUTION NO. 08-3992 Introduced by Metro Councilor Kathryn Harrington, with the concurrence of Council President David Bragdon

WHEREAS, pursuant to ORS 279A.060 and Metro Code 2.04.010, the Metro Council is designated as the Public Contract Review Board for the agency; and

WHEREAS, Metro Code 2.04.046 requires Council approval for contract amendments that exceed twice the amount of the original contract; and

WHEREAS, The Metro Council has determined that hiring an outside facilitator to assist with the Urban and Rural Reserves project is in the best interests of Metro; and

WHEREAS, under the direction of Planning Department staff, the outside facilitator will provide an unbiased, professional facilitator for Core 4 and Reserves Steering Committee meetings; and will provide strategic mediation and facilitation services to ensure that project goals are met within stipulated time limits; and

WHEREAS, the original contract (Contract No. 928432) with Kearns & West, Inc. was awarded as a result of an open competitive Request for Proposal (RFP) process; Kearns & West was the highest ranked proposer as determined by the evaluation committee; and

WHEREAS, the original RFP was estimated at $200,000.00, the initial contract amount awarded was $20,000.00 and the proposed contract amendment is $260,880.00. The additional work for an outside facilitator was identified by Metro in the RFP and also included in the proposal received by Kearns & West, Inc.; and

WHEREAS, the Metro Procurement Officer believes that amending the existing contract with Kearns & West, Inc. is appropriate and that such action is in the best interests of Metro; and

WHEREAS, Debra Nudelman, Senior Mediator for Kearns & West, who will serve as lead facilitator/mediator on this project, has nearly 18 years of experience providing neutral process support to diverse groups of stakeholders addressing highly controversial, complex technical, public policy, and natural resource issues; and

BE IT RESOLVED that the Metro Council acting as the Public Contract Review Board authorizes the Chief Operating Officer to negotiate and execute a contract amendment with Kearns & West, Inc. for the purpose of providing facilitation and mediation services for the Urban and Rural Reserves project.

ADOPTED by the Metro Council Contract Review Board this ____ day of September 2008.

____
David Bragdon, Council President

Approved as to Form:

____
Daniel B. Cooper, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 08-3992, FOR THE PURPOSE OF APPROVING A CONTRACT AMENDMENT FOR THE FACILITATION OF PUBLIC MEETINGS RELATED TO THE URBAN AND RURAL RESERVES PROJECT.

Date: August 27, 2008 Prepared by: Darin Matthews
John Williams

BACKGROUND

A Request For Proposals (RFP) was issued for professional facilitation and mediation services related to the Urban and Rural Reserves project, which is a combined effort of Metro, Clackamas County, Multnomah County and Washington County. The project is led by the "Core 4," which includes an elected official from each jurisdiction. The Metro Council representative is Councilor Kathryn Harrington. The Core 4 is advised by the Reserves Steering Committee, a group of 27 stakeholders from around the region that meets monthly.

The Reserves project requires an unprecedented level of regional and inter-jurisdictional cooperation. Facilitation services were sought to assist the Core 4 in developing consensus on this project; to provide an unbiased, professional facilitator for Core 4 and Reserves Steering Committee meetings; and to provide strategic mediation and facilitation services to ensure that project goals are met within stipulated time limits.

The published RFP included an initial cost estimate of $200,000. Project staff reviewed all proposals and the Core 4 elected officials conducted interviews with two finalists, selecting Kearns & West, Inc. as the preferred candidate. An initial contract for $20,000.00 was entered into to allow the work to begin shortly after the RFP was awarded. The initial contract was utilized for several months while the final scope of services was determined and while staff sought a grant from DLCD for the cost of the facilitation services and other project costs.

Negotiations with Kearns & West about the appropriate level of service for this project led to a final maximum cost of $280,880, which was approved by the Core 4. The two main reasons for the cost increase were higher-than-expected hourly costs for the contractor as well as the addition of several items added to the scope, including added availability for facilitation and mediation services and attendance at senior staff project management meetings.

It would be impractical and inefficient to conduct a competitive procurement process for the additional cost elements and is in the best interest of Metro to amend the existing agreement with Kearns & West. Therefore, it is recommended that a contract amendment for the full contract amount of $280,880.00 be awarded without an additional competitive RFP process. It now appears we will not be awarded the grant, so Metro's share of the cost ($70,220) will be covered through funds previously budgeted by Council for this project.

The Core 4 group has agreed to split costs evenly between the four jurisdictions. Metro will act as contract administrator for the Kearns & West contract and will be compensated by the three counties for their shares, per Core 4 discussions.

A summary of the scope of services to be performed and related costs is included as Attachment 1.

ANALYSIS/INFORMATION

1. **Known Opposition** None known.

2. **Legal Antecedents** Metro Code 2.04.046, 2.04.010, ORS 279A.060, ORS 279B.060.

3. **Anticipated Effects** Facilitation services will continue, ensuring that the Reserves project can continue moving forward on required timetables.

4. **Budget Impacts** The Core 4 group has previously agreed to split the cost of this contract evenly among the four jurisdictions. Therefore, Metro's share will be $70,220.00 spread over the three fiscal years that this contract will run through. The Council has previously budgeted materials and services funds for the Reserves project that are sufficient to cover these expenses.

RECOMMENDED ACTION

Metro Council, acting as Public Contract Review Board, approves the contract amendment with Kearns & West, Inc.

Kearns & West Proposed Budget
Consultant Services for Reserves Steering Committee Facilitator

TASK/HOUR ALLOCATION CHART (January 2008 - December 2009)

Task 1	**Initial Project Team Planning**	**Nudelman**	**Martin**
1.1	Prepare for initial project team meeting and review background materials	8	4
1.2	Convene initial project team planning meeting	6	6
1.3	Schedule and conduct introductory interviews with key participants (1 hour x 10 interviews)	10	4
		$ 5,280.00	$ 1,260.00
		Task 1 Subtotal:	**$ 6,540.00**

Task 2	**Meeting Facilitation**	**Nudelman**	**Martin**
2.1	Preparation for Reserves Steering Committee monthly meetings including logistics, agenda development and distribution, and managing meeting materials (6/8 hours x 24 mtgs)	144	192
2.2	Facilitate Reserves Steering Committee meetings (6/6 hours x 24 mtgs)	144	144
2.3	Follow up to Reserves Steering Committee meetings including meeting summaries (6/8 hours x 24 mtgs)	144	192
2.4	Attend Core 4 meetings (4 hours x 24 months)	96	96
2.5	Attend Core 4 Technical Team meetings (4 hours x 24 months)	96	96
2.6	Provide negotiation support (8 hours x 24 months)	192	192
		$ 179,520.00	$ 82,080.00
		Task 2 Subtotal:	**$ 261,600.00**

Task 3	**Project Administration**	**Nudelman**	**Martin**
3.1	Project Administration (.5/1 hour x 24 months)	12	24
		$ 2,640.00	$ 2,160.00
		Task 3 Subtotal:	**$ 4,800.00**

Kearns & West Proposed Budget
Consultant Services for Reserves Steering Committee Facilitator

TASK/HOUR ALLOCATION CHART (January 2008 - December 2009)

TOTAL LABOR COSTS	Hours	Rate	Subtotal
Debra Nudelman	852	$ 220.00	$ 187,440.00
Aurora Martin	950	$ 90.00	$ 85,500.00
		TOTAL LABOR COSTS	**$ 272,940.00**

OTHER DIRECT COSTS	Units	Cost/Unit	Subtotal
Transportation/Parking (Portland)	24	$ 25.00	$ 600.00
Postage	1	$ 140.00	$ 140.00
Meeting Expenses	24	$ 50.00	$ 1,200.00
Printing	24	$ 200.00	$ 4,800.00
Phone/Fax/Conference Calls	24	$ 50.00	$ 1,200.00
		TOTAL OTHER DIRECT COSTS	**$ 7,940.00**

BUDGET SUMMARY January 2008 - December 2009	
TOTAL BUDGET	**$ 280,880.00**

Agenda Item Number 6.5

Resolution No. 08-3993, For the Purpose of Proclaiming the Month of September 2008 Bike Commute Challenge

Consent Agenda

Metro Council Meeting
Thursday, September 11, 2008
Metro Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF PROCLAIMING THE MONTH OF SEPTEMBER 2008 BIKE COMMUTE CHALLENGE	)))	RESOLUTION NO. 08- 3993 Introduced by Councilor Rex Burkholder

WHEREAS, the bicycle is a viable and environmentally sound form of transportation, as well as an excellent form of recreation and physical activity; and

WHEREAS, Metro Councilors and staff will experience the joys of bicycling through our "Councilor Commute Challenge" in celebration of September being the month of Bicycle Transportation Alliance's "Bike Commute Challenge"; and

WHEREAS, during the month of September, Metro Councilors and staff, will be promoting bicycling as a healthier and more sustainable mode of transportation by hosting the "Councilor Commute Challenge"; and

WHEREAS, the bicycle offers a clean, quiet, affordable, and healthy alternative to automobile commuting; and

WHEREAS, Metro conducts the "Bike There" Campaign to raise awareness that bicycles are a viable option in commuting safely around the Portland metropolitan area; and

WHEREAS, to join the City of Beaverton and Hillsboro, and Washington County in proclaiming the positive uses and effects of commuting by bicycle.

BE IT RESOLVED:

The Metro Council hereby declares September a month to encourage our fellow elected officials, Metro employees, public servants, and citizens to use the bicycle for transportation, and to recognize the importance of the bicycle in creating a cleaner, healthier and greener world.

ADOPTED by the Metro Council this 11th day of September, 2008.

____
David Bragdon, Council President

Approved as to Form:

____
Daniel B. Cooper, Metro Attorney

Agenda Item Number 7.1

Ordinance No. 08-1199, For the Purpose of Annexing Lands on the East Side of NW Helvetia Road, South of West Union Road, and North of Jacobson Road to the Metro Jurisdictional Boundary.

First Reading

Metro Council Meeting
Thursday, September 11, 2008
Metro Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ANNEXING LANDS ON THE EAST SIDE OF NW HELVETIA RD. SOUTH OF WEST UNION RD. AND NORTH OF JACOBSON RD. TO THE METRO JURISDICTIONAL BOUNDARY	))))))))))	ORDINANCE NO. 08-1199 Introduced by Council President, David Bragdon

WHEREAS, the duty and authority to review and approve annexations to the Metro jurisdictional boundary is granted to Metro pursuant to Oregon Revised Statute 268.354 (3) (c); and

WHEREAS, Metro received a complete petition from the property owners and registered voters of a certain tract of land depicted on the attached map and described in Exhibit A to this ordinance, requesting that their property be annexed to Metro; and

WHEREAS, Metro received written consent from a majority of the electors in the territory to be annexed and owners of more than half the land in the territory proposed to be annexed, as required by ORS 198.855 (3); and

WHEREAS, Metro Council in Ordinance No. 02-1040B, For the Purpose of Amending the Metro Urban Growth Boundary, the Regional Framework Plan and the Metro Code in order to Increase the Capacity of the Boundary to Accommodate Population Growth to the Year 2022 adopted on June 24, 2004 to include the territory described in Exhibit A; and

WHEREAS, a report was prepared as required by law and Metro having considered the report and the testimony at the public hearing, does hereby favor annexation of the subject property based on the findings and reasons for decision attached hereto as Exhibit B; now therefore

THE METRO COUNCIL ORDAINS;

The territory described in Exhibit A and depicted on the attached map is hereby annexed to the Metro jurisdictional boundary.

ADOPTED by the Metro Council this _____ day of _______________ 2008.

____
David Bragdon, Council President

ATTEST:

____
Christina Billington, Recording Secretary

Approved as to Form

____
Daniel Cooper, Metro Attorney

Ordinance No. 08-1199
Exhibit A
Legal/Territorial Description of Property

City of Hillsboro
Annex 3-08: Baker et. al.
Proposed legal description
MF June 2, 2008

Exhibit 'A', page 1

PARCEL 1

A tract of land located in the northeast one-quarter and northwest one-quarter of Section 15, Township 1 North, Range 2 West, Willamette Meridian, Washington County, Oregon, being more particularly described as follows:

Beginning at the southwest corner Lot 14, Lennox Acres, a duly recorded subdivision in said county;

thence North 17°06'41" East, along the west boundary of said lot, a distance of 1198.76 feet to centerline of NW West Union Road;

thence South 86°30'55" East, along the centerline of said road, a distance of 1264.42 feet to a point of curvature therein;

thence, continuing along said centerline, along the arc of a 718.89 foot radius curve to the right, through a central angle of 20°38'30" an arc distance of 258.99 feet, the chord of which bears South 76°11'40" East, 257.59 feet to a point of tangency therein;

thence continuing along said centerline, South 65°52'25" East a distance of 261.18 feet to its intersection with the east boundary of the 500 foot wide Bonneville Power Administration power line right-of-way as described in Book 702,Page 303, in deed records of said county;

thence South 7°17'33" West, along said east boundary, a distance of 31.34 feet to the south right-of-way line of NW West Union Road;

thence along said south right-of-way line, North 65°52'25" West a distance of 270.25 feet to a point of curvature therein;

thence, continuing along south right-of-way line, along the arc of a 688.89 foot radius curve to the left, through a central angle of 20°38'30" an arc distance of 248.18 feet, the chord of which bears North 76°11'40" West, 246.84 feet to a point of tangency therein;

thence, continuing along south right-of-way line, North 86°30'55" West a distance of 119.22 feet to the east boundary Lot 12, Lennox Acres;

thence South 17° 06'10" West, along said east boundary, a distance of 1081.26 feet to the north right-of-way line of NW Pubols Road;

thence South 89° 38' 40" East, along said right-of-way line, a distance of 813.06 feet to its intersection with the east boundary of the 500 foot wide Bonneville Power Administration power line right-of-way as described in Book 702,Page 303, in deed records of said county;

thence South 7°17'33" West, along said east boundary, a distance of 20.15 feet to the centerline of NW Pubols Road;

thence North 89°38'40" West, along said centerline, a distance of 1986.52 feet to the place of beginning.

PARCEL 2

A tract of land located in the southeast one-quarter and southwest one-quarter of Section 15, Township 1 North, Range 2 West, Willamette Meridian, Washington County, Oregon, being more particularly described as follows:

Beginning at the northeast corner of Parcel 2, Partition Plat 1992-091, a duly recorded subdivision in said county;

thence tracing the boundary of said plat through the following seven courses:

South 0°20'08" West a distance of 490.17 feet to an angle point therein;
North 89°39'52"West a distance of 100.00 feet to an angle point therein;
South 0°19'25" West a distance of 150.35 feet to an angle point therein;
North 89°40'13" West a distance of 123.11 feet to an angle point therein;
North 81°59'17" West a distance of 396.08 feet to an angle point therein;
North 50°13'55" West a distance of 127.43 to a point;

thence, leaving said boundary, North 72°53'10" West a distance of 60.36 feet to the centerline of NW Helvetia Road (C.R. A-142);

thence along said centerline, tracing the arc of a 1432.40 foot radius non-tangent curve to the right, an arc distance of 126.10 feet, through a central angle of 5°02'38", the chord of which bears North 13°32'35" East, 126.06';

thence North 17°06'50" East, along the said centerline, a distance of 799.79 feet to the projection of the southerly boundary of that tract of land described in deed to Junhi and Haesoon Hong, recorded 12/06/1994 as document number 94109096 in deed records of said county;

thence South 72°53'10" East, along said projection and southerly boundary, a distance of 710.0 feet to the southeast corner of said Hong tract;

thence North 17°06'50" East, along the east boundary of said Hong tract, a distance of 621.68 feet to the northeast corner thereof an a point on the south boundary of Lennox Acres;

thence South 89° 39'30" East, along the south boundary of said Lennox Acres, a distance of 1697.18 feet to its intersection with the west boundary of the 500 foot wide Bonneville Power Administration power line right-of-way as described in Book 702, Page 303, in deed records of said county;

thence South 7°17'33" West, along said west boundary, a distance of 1425.33 feet to the north right-of-way line of NW Jacobson Road (C.R. 2579);

thence North 89°40'16" West, along said right-of-way line, a distance of 535.84 feet to a point of curvature therein;

thence, tracing said right-of-way line, along the arc of a 2035.0 foot radius curve to the left, through a central of 4°57'49", an arc distance of 176.29 feet , the chord of which bears South 87°50'49" West, 176.24 feet, to a point of reverse curvature;

thence, tracing said right-of-way line, along the arc of a 1965.0 foot radius curve to the right, through a central of 4°57'26", an arc distance of 170.01 feet , the chord of which bears South 87°50'38" West, 169.96 feet, to the east boundary of the Coan tract as described in document number 2003-079510, recorded 5-19-2003 in deed record of said county ;

thence North 0°20'08" East, along said east boundary, a distance of 640.05 feet to the northeast corner thereof;

thence North 89°38'42" West, along the north boundary of said Coan tract, a distance of 990.00 feet to the place of beginning.

ANNEXATION CERTIFIED
BY________
JUN 0 3 2008
WASHINGTON COUNTY A & T
CARTOGRAPHY

Ordinance No. 08-1199
Exhibit B

FINDINGS

Based on the study and the public hearing, the Council found:

1. The territory is located on the west edge of the District on the east side of NW Helvetia Rd. north of NW Jacobson Rd. and south of West Union Road. The territory contains 99.41 acres and 2 single family dwellings, two commercial structures and is valued at $255,630.

2. The annexation is being sought to continue the process which will lead to development of the property. The property has been included in the Urban Growth Boundary and annexed to the City of Hillsboro. The City developed the Concept Plan for the area (Helvetia Area Industrial Plan) and adopted it on February 5, 2008. The Metro Functional Plan requires that the entity responsible for the Concept Plan make annexation to the Metro jurisdictional boundary a requirement of the Plan. This annexation will meet that requirement.

3. Oregon Revised Statute 198.850 (2) directs the Council to consider the local comprehensive plan for the area and any service agreement executed between a local government and the affected district.

   A second set of criteria can be found in Chapter 3.09 of the Metro Code. That Code states:

   > (e) The following criteria shall apply in lieu of the criteria set forth in subsection (d) of section 3.09.050. The Metro Council's final decision on a boundary change shall include findings and conclusions that demonstrate:
   >
   > 1. The affected territory lies within the UGB;
   > 2. The territory is subject to measures that prevent urbanization until the territory is annexed to a city or to service districts that will provide necessary urban services; and
   > 3. The proposed change is consistent with any applicable cooperative or urban service agreements adopted pursuant to ORS chapter 195.

   Additionally Metro Code 3.09.050 (b) requires issuance of a report that addresses:

   > (1) The extent to which urban services are available to serve the affected territory, including any extraterritorial extensions of service;
   > (2) Whether the proposed boundary change will result in the withdrawal of the affected territory from the legal boundary of any necessary party; and
   > (3) The proposed effective date of the boundary change."

a. Tax Lot 300 abutting West Union Road slopes gradually to the south. The other properties adjacent to NW Jacobson Rd., slope towards the north west and contain agricultural fields.

To the south (across NW Jacobson) lies an industrial subdivision. To the east, inside the Urban Growth Boundary (UGB), is farmland. To the north and west, outside the UGB, lies farmland.

5. This territory abuts the Metro jurisdictional boundary on the south and east.

The law that requires Metro to adopt criteria for boundary changes specifically states that Metro shall " . . . *ensure that a boundary change is in compliance with the Metro regional framework plan as defined in ORS 197.015 and cooperative agreements and urban service agreements adopted pursuant to ORS 195."* ORS 197.015 says "Metro regional framework plan means the regional framework plan required by the 1992 Metro Charter or its separate components." The Regional Framework Plan was reviewed and found not to contain specific criteria applicable to boundary changes.

There are two adopted regional functional plans, the Urban Growth Management Plan and the Regional Transportation Plan.

The Urban Growth Management Functional Plan contains only one provision in its Title 11 component which speaks to annexations and prescribes a directly applicable standard or criterion for an annexation boundary change. Title 11, Section 3.07.1110.A, Interim Protection of Areas Brought into the Urban Growth Boundary, concerns "annexations" of land added to the UGB. It requires local comprehensive plan amendments for land added to the UGB to include "provisions for annexation to the (Metro) district and to a city or any necessary service district prior to urbanization of the territory . . . to provide all required urban services". By its terms, this Title 11 provision requires local comprehensive plans to assure the provision of adequate public facilities and services to land added to the UGB. This is to be accomplished through annexation of such lands to the Metro District, the affected city and/or any special service district responsible for providing such facilities and services to the land prior to its urban development. The land has been annexed to a City which can provide adequate urban services.

The Regional Transportation Plan was examined and found not to contain any directly applicable standards and criteria for boundary changes.

This area was added to the UGB by the Metro Council in 2004 (Metro Ordinance No. 04-1040B).

6. The territory was annexed to the City of Hillsboro on June 17, 2008. The territory has been designated HSID –Helvetia Area Special Industrial District. Because this area was only recently added to the Regional Urban Growth Boundary it was not included Urban Service Agreement adopted pursuant to ORS 195.

7. Water service is available from a Tualatin Valley Water district line in NW West Union Road 2000 feet west of the site. Sewer service is available from a City line along the western City limit line 1000 feet east of the site. The City has storm sewer lines adjacent in NW Jacobson Road and

2000 feet west in NW West Union Road. NW Helvetia Rd., West Union Rd. and Jacobson Road serve the site.

8. Metro provides a number of services on the regional level. Primary among these is regional land use planning and maintenance of the regional Urban Growth Boundary. Metro has provided this service to this site through the process of reviewing and approving the inclusion of this area in the UGB.

   Metro provides some direct park service at what are basically regional park facilities and has an extensive green spaces acquisition program funded by the region's voters. Metro is responsible for solid waste disposal including the regional transfer stations and contracting for the ultimate disposal at Arlington. The District runs the Oregon Zoo and other regional facilities such as the Convention Center and the Performing Arts Center. These are all basically regional services provided for the benefit of and paid for by the residents within the region. These facilities are funded through service charges, excise taxes and other revenues including a small tax base for operating expenses at the Zoo and tax levies for bonded debt.

   Metro has no service agreements with local governments that would be relative to district annexation in general or to this particular site.

CONCLUSIONS AND REASONS FOR DECISION

Based on the Findings, the Council concluded:

1. Oregon Revised Statutes 198 requires the Council to consider the local comprehensive plan when deciding a boundary change. The Council has reviewed the applicable comprehensive plan which is the Hillsboro Comprehensive Plan and finds that it contains no directly applicable criteria for making district boundary change decisions.

2. Oregon Revised Statutes 198 also requires consideration of "any service agreement executed between a local government and the affected district." As noted in Finding No. 6 the no Urban Service Agreement is in effect for this area.

3. Metro Code 3.09.070 (e) (1) establishes inclusion of the territory within the Urban Growth Boundary as one criterion for any annexation subject to the Metro rules. The Council has made such a determination as noted in Finding No. 5. Therefore the Council finds this proposed annexation to be consistent with that criterion.

4. The final criterion to be considered under the Metro Code 3.09.120 (e) (2) is “The territory is subject to measures that prevent urbanization until the territory is annexed to a city or to service districts that will provide necessary urban services.” As noted in Finding 6 the territory has been annexed to Hillsboro and as stated in Finding 7 the City has necessary urban services available. The Council concludes this criterion is met.

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 08-1199 FOR THE PURPOSE OF ANNEXING LANDS ON THE EAST SIDE OF NW HELVETIA RD. SOUTH OF WEST UNION RD. AND NORTH OF JACOBSON RD. TO THE METRO JURISDICTIONAL BOUNDARY

Date: August 28, 2008 Prepared by: Ken Martin, Annexation Staff

SECTION I: APPLICATION SUMMARY

CASE:	AN-0208, Annexation To Metro Jurisdictional Boundary
APPLICANT:	Owners of 100% Land Area of Three Properties
PROPOSAL:	The petitioners are requesting annexation to the Metro boundary following the Metro Council's addition of the property to the Urban Growth Boundary and the subsequent annexation of the property to the city of Hillsboro on June 17, 2008.
LOCATION:	The territory is located on the north edge of the District on the east side of NW Helvetia Rd. north of NW Jacobson Rd. and south of West Union Road. (See Figure 1).
PLAN/ZONING	City of Hillsboro HSID – Helvetia Area Special Industrial District.
APPLICABLE REVIEW CRITERIA:	ORS Chapter 198, Metro Code 3.09

SECTION II: STAFF RECOMMENDATION

Staff recommends adoption of Ordinance No. 08-1199 approving Boundary Change Proposal No. AN-0208, annexation to Metro.

SECTION III: BACKGROUND INFORMATION

Initiation: Proposal No. AN-0208 was initiated by a consent petition of the property owners and registered voters. The petition meets the requirement for initiation set forth in ORS 198.855 (3) (double majority annexation law), ORS 198.750 (section of statute which specifies contents of petition) and Metro Code 3.09.040 (a) (which lists minimum requirements for petition).

Site Information: The territory is located on the west edge of the District on the east side of NW Helvetia Rd. north of NW Jacobson Rd. and south of West Union Road. The territory contains 99.41 acres and 2 single family dwellings, two commercial structures and is valued at $255,630.

REASON FOR ANNEXATION

The annexation is being sought to continue the process which will lead to development of the property. The property has been included in the Urban Growth Boundary and annexed to the City of Hillsboro. The City developed the Concept Plan for the area (Helvetia Area Industrial Plan) and adopted it on February 5, 2008. The Metro Functional Plan requires that the entity responsible for the Concept Plan make annexation to the Metro jurisdictional boundary a requirement of the Plan. This annexation will meet that requirement.

CRITERIA

Oregon Revised Statute 198.850 (2) directs the Council to consider the local comprehensive plan for the area and any service agreement executed between a local government and the affected district.

A second set of criteria can be found in Chapter 3.09 of the Metro Code. That Code states:

> (e) The following criteria shall apply in lieu of the criteria set forth in subsection (d) of section 3.09.050. The Metro Council's final decision on a boundary change shall include findings and conclusions that demonstrate:
>
> 1. The affected territory lies within the UGB;
> 2. The territory is subject to measures that prevent urbanization until the territory is annexed to a city or to service districts that will provide necessary urban services; and
> 3. The proposed change is consistent with any applicable cooperative or urban service agreements adopted pursuant to ORS chapter 195.

Additionally Metro Code 3.09.050 (b) requires issuance of a report that addresses:

(1) The extent to which urban services are available to serve the affected territory, including any extraterritorial extensions of service;
(2) Whether the proposed boundary change will result in the withdrawal of the affected territory from the legal boundary of any necessary party; and
(3) The proposed effective date of the boundary change."

LAND USE PLANNING

SITE CHARACTERISTICS

Tax Lot 300 abutting West Union Road slopes gradually to the south. The other properties adjacent to NW Jacobson Rd., slope towards the north west and contain agricultural fields.

To the south (across NW Jacobson) lies an industrial subdivision. To the east, inside the Urban Growth Boundary (UGB), is farmland. To the north and west, outside the UGB, lies farmland.

REGIONAL PLANNING

This territory abuts the Metro jurisdictional boundary on the south and east.

Regional Framework Plan

The law that requires Metro to adopt criteria for boundary changes specifically states that Metro shall " . . . *ensure that a boundary change is in compliance with the Metro regional framework plan as defined in ORS 197.015 and cooperative agreements and urban service agreements adopted pursuant to ORS 195."* ORS 197.015 says "Metro regional framework plan means the regional framework plan required by the 1992 Metro Charter or its separate components." The Regional Framework Plan was reviewed and found not to contain specific criteria applicable to boundary changes.

There are two adopted regional functional plans, the Urban Growth Management Plan and the Regional Transportation Plan.

The Urban Growth Management Functional Plan contains only one provision in its Title 11 component which speaks to annexations and prescribes a directly applicable standard or criterion for an annexation boundary change. Title 11, Section 3.07.1110.A, Interim Protection of Areas Brought into the Urban Growth Boundary, concerns "annexations" of land added to the UGB. It requires local comprehensive plan amendments for land added to the UGB to include "provisions for annexation to the (Metro) district and to a city or any necessary service district prior to urbanization of the territory . . . to provide all required urban services". By its terms, this Title 11 provision requires local comprehensive plans to assure the provision of adequate public facilities and services to land added to the UGB. This is to be accomplished through annexation of such lands to the Metro District, the affected city and/or any special service district responsible for providing such facilities and services to the land prior to its urban development. The land has been annexed to a City which can provide adequate urban services.

The Regional Transportation Plan was examined and found not to contain any directly applicable standards and criteria for boundary changes.

Urban Growth Boundary Change

This area was added to the UGB by the Metro Council in 2004 (Metro Ordinance No. 04-1040B).

CITY PLANNING

The territory was annexed to the City of Hillsboro on June 17, 2008. The territory has been designated HSID – Helvetia Area Special Industrial District. Because this area was only recently added to the Regional Urban Growth Boundary it was not included Urban Service Agreement adopted pursuant to ORS 195.

FACILITIES AND SERVICES

Public Services. Water service is available from a Tualatin Valley Water district line in NW West Union Road 2000 feet west of the site. Sewer service is available from a City line along the western City limit line 1000 feet east of the site. The City has storm sewer lines adjacent in NW Jacobson Road and 2000 feet west in NW West Union Road. NW Helvetia Rd., West Union Rd. and Jacobson Road serve the site.

Metro Services. Metro provides a number of services on the regional level. Primary among these is regional land use planning and maintenance of the regional Urban Growth Boundary. Metro has provided this service to this site through the process of reviewing and approving the inclusion of this area in the UGB.

Metro provides some direct park service at what are basically regional park facilities and has an extensive green spaces acquisition program funded by the region's voters. Metro is responsible for solid waste disposal including the regional transfer stations and contracting for the ultimate disposal at Arlington. The District runs the Oregon Zoo and other regional facilities such as the Convention Center and the Performing Arts Center. These are all basically regional services provided for the benefit of and paid for by the residents within the region. These facilities are funded through service charges, excise taxes and other revenues including a small tax base for operating expenses at the Zoo and tax levies for bonded debt.

Metro has no service agreements with local governments that would be relative to district annexation in general or to this particular site.

SECTION IV: ANALYSIS/INFORMATION

1. **Known Opposition -** There is no known opposition to this annexation. No one has contacted staff on this matter despite extensive notification which included posting and publishing of notices and notices to surrounding property owners.
2. **Legal Antecedents -** This annexation is a follow-up to the UGB change passed by the Council as Ordinance 04-1040B. The annexation is being processed under provisions of ORS 198 and Metro Code 3.09.
3. **Anticipated Effects -** No significant effect is anticipated. The uses allowed on this site will be under the control of the City of Hillsboro and as anticipated by the Metro UGB expansion.
4. **Budget Impacts -** None

SECTION V: SUMMARY AND RECOMMENDATION

This petition seeks to annex approximately 99.41 acres of land into the Metro Jurisdictional boundary in order to provide for future industrial development within the City of Hillsboro. Based on the study above and the proposed Findings and Reasons For Decision found in Attachment A, the staff recommends that Proposed Annexation No. AN-0208 be ***approved***. This approval should be implemented by adoption of Ordinance No. 08-1199 (attached).

Ordinance No. 08-1199 Attachment 2
FINDINGS

Based on the study and the public hearing, the Council found:

1. The territory is located on the west edge of the District on the east side of NW Helvetia Rd. north of NW Jacobson Rd. and south of West Union Road. The territory contains 99.41 acres and 2 single family dwellings, two commercial structures and is valued at $255,630.

2. The annexation is being sought to continue the process which will lead to development of the property. The property has been included in the Urban Growth Boundary and annexed to the City of Hillsboro. The City developed the Concept Plan for the area (Helvetia Area Industrial Plan) and adopted it on February 5, 2008. The Metro Functional Plan requires that the entity responsible for the Concept Plan make annexation to the Metro jurisdictional boundary a requirement of the Plan. This annexation will meet that requirement.

3. Oregon Revised Statute 198.850 (2) directs the Council to consider the local comprehensive plan for the area and any service agreement executed between a local government and the affected district.

   A second set of criteria can be found in Chapter 3.09 of the Metro Code. That Code states:

   > (e) The following criteria shall apply in lieu of the criteria set forth in subsection (d) of section 3.09.050. The Metro Council's final decision on a boundary change shall include findings and conclusions that demonstrate:
   >
   > 1. The affected territory lies within the UGB;
   > 2. The territory is subject to measures that prevent urbanization until the territory is annexed to a city or to service districts that will provide necessary urban services; and
   > 3. The proposed change is consistent with any applicable cooperative or urban service agreements adopted pursuant to ORS chapter 195.

   Additionally Metro Code 3.09.050 (b) requires issuance of a report that addresses:

   > (1) The extent to which urban services are available to serve the affected territory, including any extraterritorial extensions of service;
   > (2) Whether the proposed boundary change will result in the withdrawal of the affected territory from the legal boundary of any necessary party; and
   > (3) The proposed effective date of the boundary change."

a. Tax Lot 300 abutting West Union Road slopes gradually to the south. The other properties adjacent to NW Jacobson Rd., slope towards the north west and contain agricultural fields.

   To the south (across NW Jacobson) lies an industrial subdivision. To the east, inside the Urban

Growth Boundary (UGB), is farmland. To the north and west, outside the UGB, lies farmland.

5. This territory abuts the Metro jurisdictional boundary on the south and east.

The law that requires Metro to adopt criteria for boundary changes specifically states that Metro shall " . . . *ensure that a boundary change is in compliance with the Metro regional framework plan as defined in ORS 197.015 and cooperative agreements and urban service agreements adopted pursuant to ORS 195."* ORS 197.015 says "Metro regional framework plan means the regional framework plan required by the 1992 Metro Charter or its separate components." The Regional Framework Plan was reviewed and found not to contain specific criteria applicable to boundary changes.

There are two adopted regional functional plans, the Urban Growth Management Plan and the Regional Transportation Plan.

The Urban Growth Management Functional Plan contains only one provision in its Title 11 component which speaks to annexations and prescribes a directly applicable standard or criterion for an annexation boundary change. Title 11, Section 3.07.1110.A, <u>Interim Protection of Areas Brought into the Urban Growth Boundary</u>, concerns "annexations" of land added to the UGB. It requires local comprehensive plan amendments for land added to the UGB to include "provisions for annexation to the (Metro) district and to a city or any necessary service district prior to urbanization of the territory . . . to provide all required urban services". By its terms, this Title 11 provision requires local comprehensive plans to assure the provision of adequate public facilities and services to land added to the UGB. This is to be accomplished through annexation of such lands to the Metro District, the affected city and/or any special service district responsible for providing such facilities and services to the land prior to its urban development. The land has been annexed to a City which can provide adequate urban services.

The Regional Transportation Plan was examined and found not to contain any directly applicable standards and criteria for boundary changes.

This area was added to the UGB by the Metro Council in 2004 (Metro Ordinance No. 04-1040B).

6. The territory was annexed to the City of Hillsboro on June 17, 2008. The territory has been designated HSID –Helvetia Area Special Industrial District. Because this area was only recently added to the Regional Urban Growth Boundary it was not included Urban Service Agreement adopted pursuant to ORS 195.

7. Water service is available from a Tualatin Valley Water district line in NW West Union Road 2000 feet west of the site. Sewer service is available from a City line along the western City limit line 1000 feet east of the site. The City has storm sewer lines adjacent in NW Jacobson Road and 2000 feet west in NW West Union Road. NW Helvetia Rd., West Union Rd. and Jacobson Road serve the site.

8. Metro provides a number of services on the regional level. Primary among these is regional land use planning and maintenance of the regional Urban Growth Boundary. Metro has provided this service to this site through the process of reviewing and approving the inclusion of this area in the UGB.

Metro provides some direct park service at what are basically regional park facilities and has an extensive green spaces acquisition program funded by the region's voters. Metro is responsible for solid waste disposal including the regional transfer stations and contracting for the ultimate disposal at Arlington. The District runs the Oregon Zoo and other regional facilities such as the Convention Center and the Performing Arts Center. These are all basically regional services provided for the benefit of and paid for by the residents within the region. These facilities are funded through service charges, excise taxes and other revenues including a small tax base for operating expenses at the Zoo and tax levies for bonded debt.

Metro has no service agreements with local governments that would be relative to district annexation in general or to this particular site.

CONCLUSIONS AND REASONS FOR DECISION

Based on the Findings, the Council concluded:

1. Oregon Revised Statutes 198 requires the Council to consider the local comprehensive plan when deciding a boundary change. The Council has reviewed the applicable comprehensive plan which is the Hillsboro Comprehensive Plan and finds that it contains no directly applicable criteria for making district boundary change decisions.

2. Oregon Revised Statutes 198 also requires consideration of "any service agreement executed between a local government and the affected district." As noted in Finding No. 6 the no Urban Service Agreement is in effect for this area.

3. Metro Code 3.09.070 (e) (1) establishes inclusion of the territory within the Urban Growth Boundary as one criterion for any annexation subject to the Metro rules. The Council has made such a determination as noted in Finding No. 5. Therefore the Council finds this proposed annexation to be consistent with that criterion.

4. The final criterion to be considered under the Metro Code 3.09.120 (e) (2) is “The territory is subject to measures that prevent urbanization until the territory is annexed to a city or to service districts that will provide necessary urban services.” As noted in Finding 6 the territory has been annexed to Hillsboro and as stated in Finding 7 the City has necessary urban services available. The Council concludes this criterion is met.

AN-02-08

Attachment 2
Ordinance No. 08-1199

1N2W15 | **Annexation to Metro Boundary** | WASHINGTON COUNTY

METRO

Data Resource Center
600 NE Grand Ave
Portland, OR 97232-2736
(503) 797-1742
http://www.metro-region.org/drc

Metro Boundary
Areas to be annexed

Ken Martin Consulting
P.O. Box 29079
Portland, OR 97296-9079
(503) 222-0955

KMC

1:10,000

Agenda Item 7.2

Ordinance No. 1198, For the Purpose of Amending the Regional Solid Waste Management Plan, 2008-2018 Update, to include a Business Recycling Requirement.

First Reading

Metro Council Meeting
Thursday, September 11, 2008
Metro Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING THE REGIONAL SOLID WASTE MANAGEMENT PLAN, 2008-2018 UPDATE, TO INCLUDE A BUSINESS RECYCLING REQUIREMENT	)))))	ORDINANCE NO. 08-1198 Introduced by Michael Jordan, Chief Operating Officer, with the concurrence of David Bragdon, Council President

WHEREAS, on July 24, 2008, the Metro Council adopted Ordinance No. 07-1162A, For the Purpose of Adopting the Regional Solid Waste Management Plan, 2008-2018 Update (RSWMP), which when it is effective on October 22, 2008, will provide the Portland metropolitan area with policy and program direction for the next decade;

WHEREAS, ORS Chapter 459 requires Metro to prepare a Waste Reduction Program for the region and to submit the Waste Reduction Program to the Oregon Department of Environmental Quality for approval;

WHEREAS, Metro has included the Waste Reduction Program in the RSWMP;

WHEREAS, the Waste Reduction Program identifies businesses as holding the greatest potential for increasing material recovery in the Metro region;

WHEREAS, the opportunity to recycle has been provided to businesses for a reasonable period of time and a significant increase in business recycling is necessary to assist the Metro region in achieving waste reduction goals, conserving natural resources, and reducing greenhouse gas emissions;

WHEREAS, a program that requires businesses to recycle is an economically feasible and practical alternative to assist the Metro region in achieving waste reduction goals; and

WHEREAS, the Metro Council hereby approves of the amendment to the RSWMP to add a Business Recycling Requirement; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

The RSWMP Chapter VI, “Plan implementation, compliance and revision,” section I, “Plan compliance and enforcement” is amended to include a Business Recycling Requirement, as set forth in the attached Exhibit A.

ADOPTED by the Metro Council this _______ day of _______________ 2008.

____
David Bragdon, Council President

Attest:

____
Christina Billington, Recording Secretary

Approved as to Form:

____
Daniel B. Cooper, Metro Attorney

Exhibit A
Amendment to the Regional Solid Waste Management Plan 2008-2018, Chapter VI, Section I

The provisions of amended Section I, "Plan compliance and enforcement," located on pages 48 to 49 of the Regional Solid Waste Management Plan, are amended to include the text below.

Revisions to Section I., Plan compliance and enforcement (*shown in track changes*):

While the success of the Plan depends primarily on maintaining cooperative working relationships among Metro, the DEQ, local governments and the private sector, in order to fulfill the recycling provisions set forth in state law and Chapter 5.10 of the Metro Code, the Plan also requires local governments:

1. Maintain recycling services that are consistent with the Regional Service Standard, or have a Metro-approved alternative program.
2. Implement a Business Recycling Requirement

~~Both the regional service standard and the alternative program review proces~~These requirements are described below.

Addition of Section B., Compliance with the Business Recycling Requirement:

In addition to the regional service standard, all jurisdictions in the region must comply with the Business Recycling Requirement. The purpose of the Business Recycling Requirement is to provide an opportunity for businesses to work with local governments to provide recycling education, to create a consistent standard throughout the Metro region, and to increase recycling, thereby assisting the Metro region in meeting recovery goals, conserving natural resources, and reducing greenhouse gas emissions. The elements of the Business Recycling Requirement are summarized below. More detailed information on the requirement is provided in Metro Code Chapter 5.10 and the related Administrative Procedures.

(1) **Local Government Implementation:** Local governments must adopt code language that complies with the following:

(a) Businesses shall source separate all recyclable paper, cardboard, glass and plastic bottles and jars, and aluminum and tin cans for reuse or recycling;

(b) Businesses and business recycling service customers shall ensure the provision of recycling containers for internal maintenance or work areas where recyclable materials may be collected, stored, or both; and

(c) Businesses and business recycling service customers shall post accurate signs where recyclable materials are collected, stored, or both that identify the materials that the business must source separate for reuse or recycling and that provide recycling instructions.

(2) **Business Exemptions:** Local governments may exempt a business from some or all of the Business Recycling Requirement as determined by designated local government staff.

(3) **Business Compliance:** Local governments shall establish a method for ensuring business compliance or enter into an intergovernmental agreement with Metro that provides for Metro to provide compliance services for the local government. Metro will provide compliance services to interested local governments through an intergovernmental agreement.

Metro will provide a model ordinance for use by local governments. Local governments will provide information related to program adoption, implementation and performance as outlined in the related Administrative Procedures. Those programs that appear out of compliance will be reviewed with the local jurisdiction and subject to enforcement procedures identified in Metro Code 5.10.

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 08-1198, FOR THE PURPOSE OF AMENDING THE REGIONAL SOLID WASTE MANAGEMENT PLAN, 2008-2018 UPDATE, TO INCLUDE A BUSINESS RECYCLING REQUIREMENT

Date: August 18, 2008 Prepared by: Marta McGuire

BACKGROUND

Ordinance No. 08-1198 provides revisions to Chapter VI of the Regional Solid Waste Management Plan 2008-2018 to incorporate the Business Recycling Requirement (Ordinance No. 08-1200).

The Metro Council will consider adoption of the Business Recycling Requirement in Ordinance No. 08-1200. The staff report related to this ordinance provides the history and purpose of the Business Recycling Requirement.

The 2008-2018 Regional Solid Waste Management Plan (RSWMP or Plan) provides policy and program direction to the region's solid waste system for ten years and satisfies state requirements for a waste reduction program. Issues addressed in the Plan are resource conservation, toxicity reduction, sustainable operations and disposal system decisions.

The RSWMP is intended to guide all jurisdictions in the region, but some Plan content relates directly to decisions that will or may be made by Metro policy makers and staff. Over the past several years, Metro Council and regional stakeholders have been weighing the effectiveness of regulatory versus voluntary approaches to divert more highly recyclable materials from disposal in an effort to reach the region's waste reduction goal. Chapter II of the updated Plan identifies required business recycling as a program necessary to reach the region's 64 percent waste reduction goal. The adoption of the Business Recycling Requirement ordinance will implement this recommendation.

The Plan contains requirements that are binding on local governments as well as recommendations that are not binding. Chapter VI addresses the required elements of the Plan, and how the Plan's programs are implemented. The Business Recycling Requirement will be a required element of the Plan and must be enforceable to satisfy state law. Revisions to Chapter VI incorporate the compliance details of the Business Recycling Requirement. More detailed information on the Business Recycling Requirement will be provided in Metro Code Chapter 5.10 and the related Administrative Procedures.

INFORMATION/ANALYSIS

1. Known Opposition:

- The Wilsonville Chamber of Commerce adopted a resolution in opposition to the Business Recycling Requirement. The resolution cites that sufficient progress has been made on the statewide level and that emphasis should be placed on prevention, reuse and aggressive educational outreach efforts by local governments.

- At the July 2008 MPAC meeting, the representatives from Washington County, Lake Oswego and Oregon City voted against recommending adoption of the Business Recycling Requirement. Members of the Washington County Board of Commissioners have stated that adoption of the ordinance is beyond Metro's authority and impinges on local control of garbage collection.

2. **Legal Antecedents:** Ordinance No. 07-1162A, (For the Purpose of Adopting the Regional Solid Waste Management Plan, 2008-2018 Update), adopted July 2008; Ordinance No. 08-1183A, (For the Purpose of Amending the Metro Code Title V, Solid Waste, to Add, Chapter 5.10, Regional Solid Waste Management Plan, to Implement the Requirements of the 200-2018 Regional Solid Waste Management Plan), adopted July 2008; Metro Charter; Metro Code Title V Solid Waste; and ORS Chapters 268 and 459.

3. Anticipated Effects: Adoption of the Plan amendment will make the Business Recycling Requirement a required element of the RSWMP.

4. Budget Impacts: The Business Recycling Requirement calls for additional funding for expanded education, compliance and program evaluation. See staff report for the Business Recycling Requirement (Ordinance No. 08-1200).

RECOMMENDED ACTION

The Chief Operating Officer recommends adoption of Ordinance No. 08-1198.

Agenda Item Number 7.3

Ordinance No. 08-1200, For the Purpose of Amending Metro Code Chapter 5.10, Regional Solid Waste Management Plan, by Adding Provisions to Implement the Business Recycling Requirement.

First Reading

Metro Council Meeting
Thursday, September 11, 2008
Metro Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO CODE CHAPTER 5.10, REGIONAL SOLID WASTE MANAGEMENT PLAN, BY ADDING PROVISIONS TO IMPLEMENT THE BUSINESS RECYCLING REQUIREMENT	)))))	ORDINANCE NO. 08-1200 Introduced by Michael Jordan, Chief Operating Officer, with the concurrence of David Bragdon, Council President

WHEREAS, on July 24, 2008, the Metro Council adopted Ordinance No. 07-1162A, For the Purpose of Adopting the Regional Solid Waste Management Plan, 2008-2018 Update (RSWMP), which when it is effective on October 22, 2008, will provide the Portland metropolitan area with policy and program direction for the next decade;

WHEREAS, on July 24, 2008, the Metro Council adopted Ordinance No. 08-1183A, For the Purpose of Amending Metro Code Title V, Solid Waste, to Add Chapter 5.10, Regional Solid Waste Management Plan, to Implement the Requirements of the 2008-2018 Regional Solid Waste Management Plan, which will take effect on October 22, 2008;

WHEREAS, ORS Chapter 459 requires Metro to prepare a Waste Reduction Program for the region and to submit the Waste Reduction Program to the Oregon Department of Environmental Quality for approval;

WHEREAS, Metro has included the Waste Reduction Program in the RSWMP;

WHEREAS, Metro identifies the specific enforceable components of the Waste Reduction Program through changes to the Metro Code;

WHEREAS, the Metro Council adopted Ordinance No. 08-1198, For the Purpose of Amending the Regional Solid Waste Management Plan, 2008-2018 Update, to Include a Business Recycling Requirement, thereby identifying the Business Recycling Requirement as an enforceable component of the Waste Reduction Program; and

WHEREAS, the Metro Council hereby approves of the amendments to Metro Code Chapter 5.10 Regional Solid Waste Management Plan, attached hereto as Exhibit A, made pursuant to the RSWMP to implement the Business Recycling Requirement; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

Metro Code Chapter 5.10, is amended as set forth in the attached Exhibit A.

ADOPTED by the Metro Council this _______ day of _______________ 2008.

____
David Bragdon, Council President

Attest:

____
Christina Billington, Recording Secretary

Approved as to Form:

____
Daniel B. Cooper, Metro Attorney

Exhibit A
Metro Code Chapter 5.10 Amendments

5.10.010 Definitions

For the purpose of this chapter the following terms shall have the meaning set forth below:

(a) "Alternative Program" means a solid waste management service proposed by a local government that differs from the service required under Section 5.10.230.

(b) "Business" means any entity of one or more persons, corporate or otherwise, engaged in commercial, professional, charitable, political, industrial, educational, or other activity that is non-residential in nature, including public bodies and excluding businesses whose primary office is located in a residence.

(c) "Business Recycling Service Customer" means a person who enters into a service agreement with a waste hauler or recycler for business recycling services.

(~~b~~d) "Compliance" and "comply" shall have the meaning given to "substantial compliance" in this Section.

(~~c~~e) "Compost" shall have the meaning assigned thereto in Metro Code Section 5.01.010.

(~~d~~f) "DEQ" shall have the meaning assigned thereto in Metro Code Section 5.01.010.

(~~e~~g) "Director" means the Director of Metro's Solid Waste and Recycling Department.

(~~f~~h) "Local Government" means any city or county that is within Metro's jurisdiction, including the unincorporated areas of Clackamas, Multnomah, and Washington Counties.

(~~g~~i) "Local Government Action" means adoption of any ordinance, order, regulation, contract, or program affecting solid waste management.

(j) "Person" shall have the meaning assigned thereto in Metro Code Section 1.01.040.

(k) "Recyclable Material" shall have the meaning assigned thereto in Metro Code Section 5.01.010

(l) "Recycle" or "Recycling" shall have the meaning assigned thereto in Metro Code Section 5.01.010.

(m) "Residence" means the place where a person lives.

(~~h~~n) "RSWMP" means the Regional Solid Waste Management Plan adopted by the Metro Council and approved by the DEQ.

(~~i~~o) "RSWMP Requirement" means the portions of the RSWMP that are binding on local governments as set forth and implemented in this chapter.

(~~j~~p) "Standard Recyclable Materials" means newspaper, ferrous scrap metal, non-ferrous scrap metal, used motor oil, corrugated cardboard and kraft paper, aluminum, container glass, high-grade office paper, tin/steel cans, yard debris, mixed scrap paper, milk cartons, plastic containers, milk jugs, phone books, magazines, and empty aerosol cans.

(q) "Source Separate" or Source Separated" or "Source Separation" shall have the meaning assigned thereto in Metro Code Section 5.01.010.

(~~k~~r) "Substantial compliance" means local government actions, on the whole, conform to the purposes of the performance standards in this chapter and any failure to meet individual performance standard requirements is technical or minor in nature.

(~~l~~s) "Waste" shall have the meaning assigned thereto in Metro Code Section 5.01.010.

(~~m~~t) "Waste Reduction Hierarchy" means first, reduce the amount of solid waste generated; second, reuse material for its originally intended purpose; third, recycle or compost material that cannot be reduced or reused; fourth, recover energy from material that cannot be reduced, reused, recycled or composted so long as the energy recovery facility preserves the quality of air, water and land resources; and fifth, landfill solid waste that cannot be reduced, reused, recycled, composted or from which energy cannot be recovered.

(~~n~~u) "Waste Reduction Program" means the Waste Reduction Program required by ORS 459.055(2)(a), adopted by the Metro Council as part of the RSWMP, and accepted and approved by the DEQ as part of the RSWMP.

(~~o~~v) "Yard Debris" shall have the meaning assigned thereto in Metro Code Section 5.01.010.

Business Recycling Requirement

5.10.310 Purpose and Intent

The Business Recycling Requirement provides an opportunity for businesses to work with local governments to provide recycling education, to create a consistent standard throughout the Metro region, and to increase recycling. A significant increase in business recycling will assist the Metro region in achieving waste reduction goals.

5.10.320 Implementation Alternatives for Local Governments

(a) By February 27, 2009, local governments shall comply with this title by implementing the Business Recycling Requirement as follows:

(1) (a) Adopt the Business Recycling Requirement Model Ordinance; or

(b) Demonstrate that existing local government ordinances comply with the performance standard in Section 5.10.330 and the intent of this title; and

(2) (a) Establish compliance with the Business Recycling Requirement Model Ordinance or local government ordinance; or

(b) Enter into an intergovernmental agreement with Metro that provides for Metro to establish compliance for the local government.

(b) The local government shall provide information related to the local government's implementation of the Business Recycling Requirement at the Director's request or as required by the administrative procedures.

5.10.330 Business Recycling Requirement Performance Standard

(a) The following shall constitute the Business Recycling Requirement performance standard:

(1) Businesses shall source separate all recyclable paper, cardboard, glass and plastic bottles and jars, and aluminum and tin cans for reuse or recycling;

(2) Businesses and Business Recycling Service Customers shall ensure the provision of recycling containers for internal maintenance or work areas where recyclable materials may be collected, stored, or both; and

(3) Businesses and Business Recycling Service Customers shall post accurate signs where recyclable materials are collected, stored, or both that identify the materials that the Business must source separate for reuse or recycling and that provide recycling instructions.

(b) Local governments shall establish a method for ensuring compliance with the Business Recycling Requirement.

(c) Local governments may exempt a Business from some or all of the Business Recycling Requirement if:

(1) The Business provides access to the local government for a site visit; and

(2) The local government determines during the site visit that the Business cannot comply with the Business Recycling Requirement.

5.10.340 Metro Enforcement of Business Recycling Requirement

Upon a request by a local government under Section 5.10.320 to enter into an intergovernmental agreement, Metro shall perform the local government function to ensure compliance with the Business Recycling Requirement as follows:

(a) Provide written notice to a Business or Business Recycling Service Customer that does not comply with the recycling requirement. The notice of noncompliance shall describe the violation, provide an opportunity to cure the violation within the time specified in the notice, and offer assistance with compliance.

(b) Issue a citation to a Business or Business Recycling Service Customer that does not cure a violation within the time specified in the notice of noncompliance. The citation shall provide an additional opportunity to cure the violation within the time specified in the citation and shall notify the Business or Business Recycling Service Customer that it may be subject to a fine.

(c) Assess a fine to a Business or Business Recycling Service Customer that does not cure a violation within the time specified in the citation. The notice of assessment of fine shall include the information required by Metro Code Section 5.09.090. Metro shall serve the notice personally or by registered or certified mail. A Business or Business Recycling Service Customer may contest an assessment by following the procedures set forth in Metro Code Section 5.09.130 and 5.09.150.

5.10.350 Metro Model Ordinance Required

Metro shall adopt a Business Recycling Requirement Model Ordinance that includes a compliance element. The Model Ordinance shall represent one method of complying with the Business Recycling Requirement. The Model Ordinance shall be advisory and local governments are not required to adopt the Model Ordinance, or any part thereof, to comply. Local governments that adopt the Model Ordinance in its entirety shall be deemed to have complied with the Business Recycling Requirement.

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STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 08-1200, FOR THE PURPOSE OF AMENDING METRO CODE TITLE V, SOLID WASTE, TO IMPLEMENT THE BUSINESS RECYCLING REQUIREMENT OF THE 2008-2018 REGIONAL SOLID WASTE MANAGEMENT PLAN

Date: August 18, 2008 Prepared by: Marta McGuire

PURPOSE

The Metro Council's approval of this Ordinance would amend Metro Code to implement the Business Recycling Requirement of the 2008-2018 Regional Solid Waste Management Plan (Ordinance No. 08-1198).

BACKGROUND

For two decades, the Metro region has primarily used the "opportunity" model for recycling in the business sector. Under this model, local governments ensured that haulers would provide recycling collection services to their commercial customers, but did not require those customers to recycle. [1] Metro and local governments provided educational materials and technical assistance to businesses to help them recycle. Over the past eight years, Metro and local governments supported the opportunity model by spending more than $3.5 million to encourage more business recycling by providing free education and technical assistance through the Recycle At Work program.

Clear progress has been made as a result of these efforts, but businesses still dispose of more than 100,000 tons of recyclable paper and containers annually. After Council discussions, public outreach, and research and analysis, staff developed two program options for boosting business recycling: 1) Voluntary Business Recycling Standards; and 2) Required Business Recycling.

In November 2007, after reviewing the costs and benefits of potential approaches and input from Metro's Policy Advisory Committee (MPAC) and the Metro Solid Waste Advisory Committee (SWAC), Metro Council directed staff to develop a required business recycling program for formal consideration. The proposed program, Business Recycling Requirements (BRR), would require local governments to require businesses to recycle all types of recyclable paper and certain containers such as plastic bottles, aluminum cans and glass (see Exhibit A to Ordinance No. 08-1200).

Metro councilors and staff met with local business associations and elected officials to explain the proposal (see Attachment 1, Stakeholder Feedback Summary). Between February and August 2008, more than 300 business representatives and elected officials participated in the meetings. Overall, participants indicated that education and incentives are the best way to encourage businesses to recycle, but that requirements may be needed to make recycling a priority.

The proposed BRR Ordinance was presented to SWAC and MPAC in June and July 2008. SWAC recommended approval of the ordinance by a 9-7 vote, with two abstentions. MPAC recommended approval of the ordinance by a 10-3 vote. Those in favor believed that the program is a step in the right direction and that compliance would not be difficult. Those opposed would prefer more education and were concerned with required programs in general.

[1] The City of Portland enacted recycling requirements for businesses in 1996.

Feedback from the stakeholder outreach and advisory committees has been incorporated into the BRR Ordinance. The major provisions of the ordinance are as follows:

- Local governments must adopt code language to implement the Business Recycling Requirement by February 27, 2009.

- The requirement specifies that businesses shall ensure the provision of containers for recycling; post signs and instructions on how to recycle; and recycle paper and certain containers such as plastic bottles, aluminum cans and glass.

- Local governments will be responsible for establishing a method to ensure business compliance with the recycling requirement, or enter into an intergovernmental agreement with Metro to perform the compliance duties on their behalf.

- Local governments may provide exemptions to businesses for circumstances beyond their control.

SUMMARY OF BUSINESS RECYCLING REQUIREMENTS CODE LANGUAGE
Following is a summary of the proposed code provisions to implement the Business Recycling Requirement:

5.10.010 Definitions: This section contains definitions specific to Chapter 5.10.

5.10.310 Purpose and Intent: This section provides the background on the purpose of the requirement.

5.10.320 Implementation Alternatives for Local Governments: This section contains the implementation options of the Business Recycling Requirement for local governments, including adopting code language to implement the requirement or demonstrating their existing code complies.

5.10.330 Business Recycling Requirement Performance Standard: This section outlines the performance standard of the business recycling requirement, including the recycling requirement, compliance element and exemptions provision.

5.10.340 Metro Enforcement of the Business Recycling Requirement: This section contains the Metro compliance program and procedures if a local government opts to have Metro perform enforcement of the requirement on its behalf.

5.10.350 Metro Model Ordinance Required: This section recognizes the Business Recycling Requirement model ordinance as one method of complying with the requirement.

ANALYSIS/INFORMATION

1. Known Opposition:

- The Wilsonville Chamber of Commerce adopted a resolution in opposition to the Business Recycling Requirement. The resolution cites that sufficient progress has been made on the statewide level and that emphasis should be placed on prevention, reuse and aggressive educational outreach efforts by local governments.

- At the July 2008 MPAC meeting, the representatives from Washington County, Lake Oswego and Oregon City voted against recommending the ordinance. Members of the Washington County Board of Commissioners have stated that adoption of the ordinance is beyond Metro's authority and impinges on local control of garbage collection.

2. Legal Antecedents:

Ordinance No. 07-1162A, (For the Purpose of Adopting the Regional Solid Waste Management Plan, 2008-2018 Update), adopted July 2008; Ordinance No. 08-1183A, (For the Purpose of Amending the Metro Code Title V, Solid Waste, to Add, Chapter 5.10, Regional Solid Waste Management Plan, to Implement the Requirements of the 2008-2018 Regional Solid Waste Management Plan), adopted July 2008; Metro Charter; Metro Code Title V Solid Waste; and ORS Chapters 268 and 459.

3. Anticipated Effects:

In July 2007, staff presented Metro Council with a white paper on required business recycling and an alternative program (see Attachment 2). This section presents highlights from the white paper and reviews the anticipated effects of the proposed Business Recycling Requirement on business operations, local governments, recycling commodity markets and the environment.

Generator Effects

The City of Portland's experience with required business recycling requirements, adopted in 1996, indicates that increased business recycling would have a minimal impact on day-to-day business operations. The impact would range, based on a business' current operations and recycling programs. For most businesses, the program would require employees to recycle additional items in existing recycling containers. For other businesses, the program may require businesses to change their level of garbage service and acquire additional recycling containers.

Generator garbage rates should not be impacted significantly. Franchised garbage rates include recycling services and are structured to encourage recycling, with different levels of services based on container size. Businesses that recycle more could save money by reducing garbage container size or collection frequency.

Local Government Effects

Local governments responsible for local waste reduction planning and education have been major stakeholders in identifying and evaluating program options since discussions began in 2003. Metro has informed local solid waste management staff of the resources that would be involved in implementing the Business Recycling Requirements. Elected officials have been informed through presentations to local councils and boards, and through the MPAC and SWAC discussion.

The program requires a one-time demand on local government staff and elected officials to adopt the ordinance. Additional staff time will be required for education, compliance and reporting. Recycle at Work education and technical assistance services will continue to be provided to the business community by those jurisdictions currently receiving direct program funding from Metro. If the Business Recycling Requirements and accompanying local ordinances are enacted, total Metro funding to support these services will equal $1 million in fiscal year 2008-09.

Local Market Effects

Given the strength of domestic and international demand for recyclable materials, and the range of marketing options, the long-term indicators for successful marketing of business-generated paper and containers are positive.

<u>Paper:</u> There are six paper mills located in Oregon that have the combined capacity to produce 10.5 million pounds of recycled-content newsprint, corrugated cardboard, and toilet and facial tissue a day. The paper mills in Oregon can use more paper from the Portland metropolitan region to produce new products. The newspaper, corrugated cardboard, magazines and office paper collected for recycling in the

Metro region provide less than 11 percent of the mills' total paper mill requirements; the rest of the paper must be shipped in from outside the region.[2]

Plastics: There is a demand of 5.5 million pounds per month for mixed rigid plastic and commingled bottles and containers from buyers that purchase material from Oregon.[3] The business sector in the Metro region generated 9,000 tons of plastic containers in 2005, while recycling only 24 percent.

Glass: Approximately 64,000 tons of glass are purchased annually in Oregon, but the capacity exists to purchase more.[4] Oregon's main glass recycling facility, the Owens-Brockway plant in Portland, manufactures new glass products using local materials. Excess or unsorted glass is shipped to glass plants in California and other states.[5] Plants in Seattle and in California have the potential to use additional container glass from Oregon. Recycled glass products include bottles, containers, fiberglass insulation, aggregate substitute, reflective highway paint and sandblasting material.

Metals: Global demand for recycled metals continues to increase. The Steel Recycling Institute notes that the recycling rate for steel increased to 75.7 percent in the United States in 2005, the highest rate for any material.[6]

Environmental Effects

The Business Recycling Requirements will result in an estimated 80,000 tons of new recovery of paper and containers each year. This newly recovered material will serve as manufacturing feedstock in most instances and supply local mills. As shown in Table 1, the recyclable paper and containers diverted from landfill disposal and recovered will result in a reduction in greenhouse gases, energy consumption and natural resource savings.

Table 1. Environmental Effects of Business Recycling Requirements*

Action	Quantity	Equivalent to…
Reduce greenhouse gases by	218,000 MTCE (Metric tons of carbon equivalent)	Keeping 42,000 cars off the road for a year
Reduce energy consumption by	1.3 trillion BTU (British thermal units)	The energy used by 15,000 average households during a year
Reduce tree extraction	80,000 tons	1.2 million trees a year

*These benefits are projected by the National Recycling Coalition Environmental Benefits Calculator.

The net economic value of the environmental benefits of the Business Recycling Requirement is estimated to be $10.22 million for 80,000 tons of new recovery. The largest factor contributing to the environmental benefits is the reduction of 218,000 tons of greenhouse gas emissions (valued at $36 per ton of carbon dioxide equivalent). Many of the environmental benefits would be shared beyond Metro's jurisdictional boundary and extend to communities where recycled commodities are remanufactured into products.

[2] Andover International Associates, Market Opportunities for Additional Tonnage of Scrap Paper from Businesses in the Metro Region, June 2003.
[3] Moore & Associates, Inc., Feasibility of Adding Plastic Containers and Film to Curbside Recycling, prepared for Metro, November 2005.
[4] Hammond, Steve, Owens Illinois Glass Market Report, Association of Oregon Recyclers, April 2006.
[5] Oregon Department of Environmental Quality, Container Glass Recycling, 1998. http://www.deq.state.or.us/wmc/solwaste/glass.html
[6] Steel Recycling Institute, Steel Recycling in the U.S. Continues its Record Pace in 2005, April 25, 2006. http://www.recycle-steel.org/PDFs/2005Release.pdf

4. Budget/Fiscal Impacts:

In November 2007, staff presented a detailed cost-analysis to the Metro Council on the proposed program as a follow-up to the white paper (see Attachment 3). This section highlights the main budget and fiscal impacts and provides a cost comparison to other programs.

Budget Impact

Budget Item		Cost
FY 08-09	Local government assistance	$400,000 (annual)
FY 10-11	Program evaluation	$75,000

The program includes an annual increase of $400,000 to support local government implementation of the expanded education and compliance components of the Business Recycling Requirements. The additional funds are included in the FY 08-09 budget and will be distributed to local governments based on the number of employees in the jurisdictions that adopt the ordinance. The program includes an option to local governments to enter into an agreement with Metro to perform the compliance duties on their behalf. If the demand for assistance exceeds current staff work load, additional Regulatory Affairs staff may need to be budgeted in future fiscal years. An evaluation to measure the program's progress is proposed for FY 10-11 at a cost of $75,000. Future evaluations may occur on a two-year schedule, depending on the program performance.

Fiscal Impact

The diversion of 80,000 tons of recyclables, as a result of this program, is projected to increase the unit (per-ton) cost of disposal across the region by about $2.56 per ton[7], as summarized below (see Attachment 3 for a full analysis).

Some unit cost impacts occur because there is less waste overall from which to collect regional disposal charges (e.g., the Regional System Fee). Such universal effects occur anytime waste is diverted from disposal to recycling. A projected 96¢ increase in the Regional System Fee would be an example of this type of effect.

Other unit cost increases result from shifts of tonnage away from specific disposal facilities, such as Metro's two transfer stations, or from tonnage shifts that impact contractual payment terms between two parties. The agreements between Metro and Waste Management for disposal at Columbia Ridge Landfill, and between Metro and Allied/BFI to operate Metro South and Central are examples of the latter. An increase of $1.25 per ton is expected due to these facility-specific or contract-specific effects.

The remaining 36¢ per ton increase stems from recovery through the Regional System Fee of the $475,000 of program-specific costs noted above.

Summary of Unit (per-ton) Cost Impacts

Universal impacts	$ 0.96	
Facility- and contract-specific	$ 1.25	
Budgeted program costs	$ 0.36	
TOTAL:	*$ 2.57*	*per ton*

[7] Cost projections have been updated from the 2007 cost analysis to reflect the current Regional System Fee rates and the revised program design.

Cost Per Ton and Program Comparison
The per-ton program costs of Business Recycling Requirement (BRR) compare favorably to existing waste reduction programs, such as Enhanced Dry Waste Recovery Program (EDWRP) and Regional System Fee credits (see Table 2) because of the relatively low cost of administration for the tons recovered and the collection, recycling and disposal system infrastructure is largely already in place to provide the needed services.

Table 2. Program Cost Impact Comparison*

	Tons Recovered	Equivalent cost per ton recovered
Existing Programs		
Bottle Bill	35,000	*$34*
Commercial Organics	12,000	*$48*
RSF Credits	30,000	*$52*
EDWRP	42,250	*$89*
Prospective Program		
Biz Recycling Require.	80,000	*$36*

*Full analysis and underlying assumptions are provided in Attachment 3.

RECOMMENDED ACTION
The Chief Operating Officer recommends approval of Ordinance No. 08-1200.




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Proposed Business Recycling Requirements
Stakeholder Feedback Summary
Updated: August 18, 2008

BACKGROUND

Businesses generate almost half of the region's garbage and each year dispose more than 100,000 tons paper and containers that could otherwise be recycled. Over the past eight years, Metro and its local government partners have invested $3.5 million to encourage more business recycling by providing free technical assistance. Now, Metro is considering mandatory recycling of paper and containers for all businesses in the region.

Metro explored options for increasing business recycling by convening public/private work groups and conducting stakeholder outreach from 2003 to 2007. More than 1,000 people provided advice on approaches for increasing business recycling.

The proposed program, Business Recycling Requirements, would make it mandatory for local businesses to recycle all types of paper and certain containers such as plastic bottles, aluminum cans and glass. If the Metro Council approves this proposal as currently drafted, all local governments in the region would be responsible for formally adopting these business recycling requirements by February 27, 2009.

STAKEHOLDER OUTREACH

In an effort to solicit input on the proposed program, Metro councilors and staff conducted meetings with local business associations and elected officials. Metro staff coordinated outreach efforts with the City of Portland, which was expanding its commercial recycling program at the same time.

Between February and August 2008, councilors and staff met with 14 business groups and seven elected councils and boards (Table 1). The outreach efforts were supported by article submissions in local chamber newsletters, a survey and a web page. The program also received coverage in the Oregonian and other local publications.

The outreach efforts attracted a wide array of business representatives from across the region. More than 300 business representatives and elected officials participated in the meetings, and 110 surveys were completed at the meetings and online.

Table 1. Stakeholder Outreach Summary

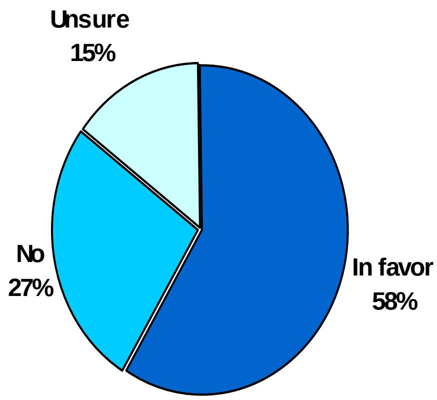
Organization	Outreach Format	Date
Building Owners and Managers Association	Breakfast forum	Feb. 6
Wilsonville Chamber of Commerce Governmental Affairs Committee	Membership meeting	Feb. 6
Oregon Lodging Association Board Members	Special meeting	Feb. 13
Westside Economic Alliance	Membership meeting	Feb. 20
Lake Oswego Chamber Governmental Affairs Committee	Membership meeting	Feb. 21
Recycling Advocates	Membership meeting	Feb. 29
Clackamas County Board of Commissioners	Work session	Feb. 26
Gresham Chamber of Commerce Governmental Affairs Committee	Membership meeting	Feb. 28
Wood Village City Council	Work session	March 11
Oregon City Chamber of Commerce Economic Development Committee	Membership meeting	March 13
North Clackamas Chamber of Commerce	Membership meeting	March 17
Milwaukie City Council	Work session	March 18
Lake Oswego City Council	Work session	April 1
Hillsboro Chamber Public Policy Committee	Membership meeting	April 2
Wilsonville Chamber of Commerce	Lunch forum	April 9
Hillsboro City Council	Work session	April 15
Sustainable Business Network	Lunch forum	April 16
Forest Grove Chamber of Commerce	Lunch forum	May 19
Beaverton City Council	Work session	July 21
Beaverton Chamber of Commerce	Membership meeting	August 7
Multnomah County Board of Commissioners	Board meeting	August 7

KEY FINDINGS

Overall, participants agree that business recycling efforts can be improved. Both elected officials and business representatives expressed support for the overall objective of the program.

Although participants support increasing business recycling through expanded education and economic incentives, support for a regulatory approach varied. Some viewed a regulatory approach as a contingency strategy if economic incentives and education fail to increase participation, while others felt a mandate was necessary to make recycling a priority for businesses. This was reflected both in the meetings and in the survey responses. As shown in Figure 1, survey results show that 58 percent of the respondents support required recycling, while 27 percent did not and 15 percent were unsure (see Attachment A for full survey).

Figure 1. Business Support for Proposed Requirements



Source: Proposed Business Recycling Requirements Survey, Metro, August 2008.

Key items identified by the participants during the meeting discussions and in survey comments included:

- Recycling is a benefit to businesses. Practicing waste reduction attracts customers, and employees want to recycle.
- Education and economic incentives are the best way to encourage businesses to recycle. Some businesses, however, will not make it a priority unless it is mandatory.
- Education efforts should be tailored to the needs of businesses and should be directed at the owner, manager and employee level. Educational materials should also be available for multi-tenant businesses and janitorial companies. Recycling messages need to be simple and consistent across the region.
- Government regulation should be used only if education and economic incentives fail to increase participation.
- Regulations should be implemented gradually. Six months is a sufficient amount of time for businesses to improve their recycling programs to meet the requirements. Consider delaying fines until after the requirements have been in effect for one year.

NEXT STEPS
Metro Council is scheduled to review the proposed Business Recycling Requirements on September 11th and 18th. To learn more about the proposal, visit: www.oregonmetro.gov/businessrequirements. For free recycling assistance and resources for your workplace, visit www.RecycleAtWork.com or call (503) 234-3000.

Attachment A:
Proposed Business Recycling Requirements
Survey Response Summary

1. What type of business are you in?		
Answer Options	**Response Percent**	**Response Count**
Office-related such as financial, medical, or professional service	52.0%	53
Personal services such as hairdresser or plumber	2.0%	2
A retail store selling goods	2.9%	3
Restaurant, fast food, or grocery	4.9%	5
School, library, or educational institution	5.9%	6
Hotel or motel	0.0%	0
Hospital or medical clinic	8.8%	9
Manufacturer	2.9%	3
Wholesaling or warehousing business	2.9%	3
Government agency	5.9%	6
Non-profit organization	11.8%	12
	Other (please specify)	8
	answered question	**102**
	skipped question	**8**

2. What materials do you currently recycle?		
Answer Options	**Response Percent**	**Response Count**
Cardboard	90.7%	98
Office paper	92.6%	100
Newspaper	85.2%	92
Magazines, catalogs, phone books	81.5%	88
Plastic bottles	73.1%	79
Aluminum cans	78.7%	85
Steel cans	38.9%	42
Glass bottles	63.9%	69
	Other (please specify)	22
	answered question	**108**
	skipped question	**2**

3. Do you think businesses in the region should be required to recycle paper and containers?		
Answer Options	**Response Percent**	**Response Count**
Yes	58.9%	63
No	27.1%	29
Unsure	14.0%	15
Comments: ▪ YES! ▪ How could you enforce this? Unless you lock trash bins, anyone could throw recyclables in the trash. ▪ Use public award notifications that businesses can post. ▪ Make stronger voluntary program first. ▪ But encourage them with incentives. ▪ Education should do the trick. ▪ What a shame it needs to be a requirement! ▪ Reward system. ▪ Yes, if voluntary compliance is tried with renewed vigor and it still doesn't work. ▪ My company's recycling program is handled by someone other than me. ▪ The mandatory aspect is concerning. Just an example of poor communications & partnerships. ▪ I think they would recycling-I think they want to....I don't think a hard mandate is necessarily the best idea. ▪ This is a hostile idea to businesses, not very measurable, & will have unintended consequences. ▪ As long as the charge is nominal to get small business booked in. Education is also key. ▪ I don't like the idea of mandating it, but I don't understand shy more businesses aren't recycling. It's so easy! ▪ Absolutely NO mandatory recycling. ▪ More could be done to teach recycling, should not be mandatory yet. How will code enforcement officers be paid? ▪ Not sure if this will do anything other than cost us for what we already do. If you use a cleaning service, will you be fined if THEY dump recyclable bins into general trash? How to monitor? ▪ I think there needs to be more specific info on the cost added with this service.		21
	answered question	**107**
	skipped question	**3**

4. Does six months provide adequate time for your business to get its recycling program in compliance with the proposed requirements?

Answer Options	Response Percent	Response Count
Yes	79.6%	82
No	6.8%	7
Unsure	13.6%	14
Comments: ▪ Already done ▪ Already doing it. ▪ Already recycling ▪ We already do it. ▪ No mandatory. ▪ I don't think that requiring recycling would be effective. Incentives and awareness of recycling programs would be much more effective.		6
	answered question	**103**
	skipped question	**7**

5. Has your waste hauler offered to provide your business with recycling services?

Answer Options	Response Percent	Response Count
Yes	52.0%	53
No	10.8%	11
Unsure	37.3%	38
Comments: ▪ Not a proactive ""ask"" from the waste haulers. ▪ Probably because we recycle a lot. ▪ Home-based. ▪ My apartment complex has recycling. ▪ We have a large mixed recycling bin but nothing for glass. ▪ Seasonal businesses, we don't currently have regular trash service.		6
	answered question	**102**
	skipped question	**8**

6. Are you aware of the free technical assistance and resources provided by the Recycle at Work program?

Answer Options	Response Percent	Response Count
Yes	52.9%	54
No	47.1%	48
	answered question	**102**
	skipped questio	8

7. Would you like a Recycling Specialist to follow up with your organization to provide free resources and assistance?

Answer Options	Response Percent	Response Count
Yes	21.3%	20
No	78.7%	74
	answered question	94
	skipped question	16

8. Do you have any questions you'd like us to answer for you regarding the proposed recycling requirements?

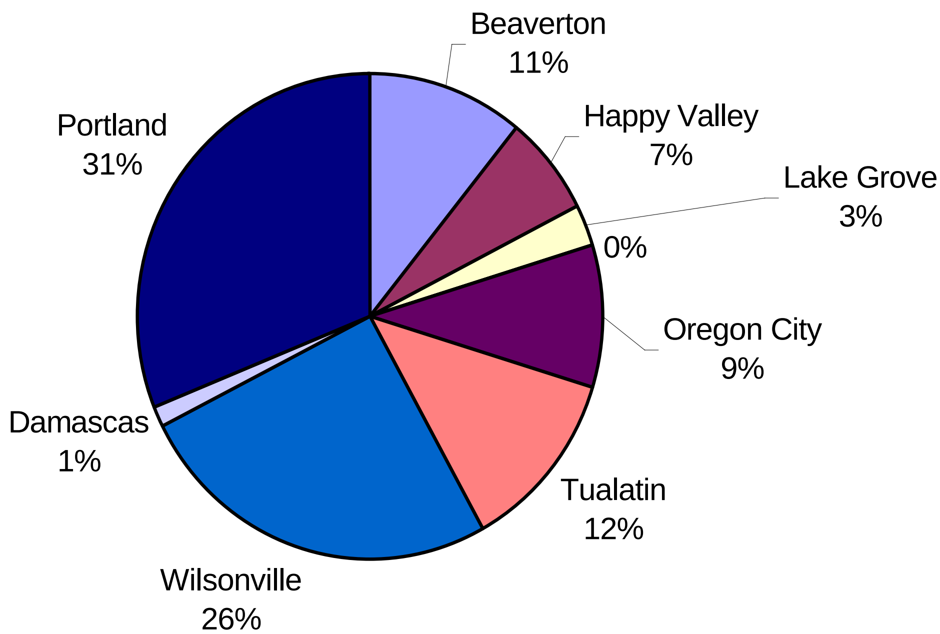
Answer Options	Response Percent	Response Count
Yes	9.8%	9
No	90.2%	83
Questions: ▪ RE: E-waste 1) get co's to reduce their waste, help my clients w/recycling resources (I'm a professional organizer). ▪ Don't feel that Metro should be requiring property owner to enforce recycling if tenant does own trash disposal service. ▪ Would Metro consider a partnership w/businesses to get out into schools & work w/recycling in schools & looking into ways that we can support each others efforts & educate ourselves? (This was clearer in my head than when I actually wrote it out!) ▪ Shred-It takes our paper recycling from our locations. Are they recycling this paper? ▪ I have a business that has no need to recycle. My biggest waste is the gas I burn. ▪ We haul our cardboard to local facility-office cleaning crew handles the rest. Hopefully "mandatory" won't give recycling a bad name. ▪ Is there a way to get schools set up with a composting program.		8
	answered question	92
	skipped question	18

9. Please provide your contact information so we may follow up with your request for assistance and/or any questions you may have.

Answer Options	Response Percent	Response Count
Name	95.4%	62
Title	83.1%	54
Organization	90.8%	59
Phone	83.1%	54
Email Address	81.5%	53
	answered question	65
	skipped question	45

10. Please share any additional comments you may have regarding the proposed Business Recycling Requirements.	
	Response Count
Comments: ▪ This program should be national! ▪ Businesses and individuals need to get moving and recycle some more. ▪ I think mandated recycling is important. Our company has only very recently started doing any recycling, and it only happened because myself & co-worker made it a priority. Before I was employed here, I didn't realize businesses that don't recycle still existed! People need to push. ▪ We have a RecycleWorks Award. Great work - keep it up! ▪ We should dialog with manufacturers and get them to make products that lend themselves toward being recycled (eg: cradle to cradle manufacturing). Thank you much. ▪ I am very much in favor of recycling but I don't think you should require recycling. Business has economic incentive to do so-it lowers the garbage bill. Education is the key-educate business, show how it is economically better to recycle & they'll do it. There is enough government regulation without a recycling requirement. If you require recycling-make it apply only to large businesses with over a certain # of employees or waste. ▪ Recycling Rocks! ▪ Let's find a way to help get education out there instead of a hard mandate (with financial consequences) on businesses....tenants only have so much control over their waste programs. ▪ Your target is arbitrary. ▪ As a chamber, we would be happy to partner with Metro to educate our businesses. ▪ I wasn't aware that shredded paper wasn't recyclable. ▪ #8, unless you have ideas on what else we might recycle. ▪ The answers I gave are primarily for our home. The guild is made up of individual artists and currently we have no location for recycling. ▪ I'm just a tenant in the executive suites, so I don't have a lot to do with recycling. ▪ You have not provided the regulations which are enforced on a business for this program. Please do not propose a program without complete regulations which will be enforced on a business. We are not interested on a proposal which does not give full information to the subject of your plan(a business).We are in Wahington County and we have Waste Management in Forest Grove. ▪ Perhaps a gradual/stepped method of charging fees. ▪ Need boxes for recycling & info on segregating shredded paper from other recyclables. ▪ No need to legislate. educate instead. ▪ Very glad to hear about the potential for Styrofoam. ▪ Is there an alternative recycle outside of Metro or can I have this in any color as long as I want black. ▪ Very interesting 1st-time info. I would think it's better to require education w/fines than recycling w/fines. ▪ Recycling is vital for our state and our world. However, I believe much more could be done to motivate before we have to regulate it. ▪ Why does glass have to be separate from paper & plastic? ▪ An interesting idea for businesses would be to provide shred-boxes at a competitive price that would be serviced by waste haulers... By the way, the new recycling containers provided by WM are great! ▪ Don't waste your money on this attempt to impose more regulation on business. ▪ Already working with someone on Recycle At Work. Thanks!	
answered question	28
skipped question	82

11. Survey Respondent by City



answered question 110

Attachment 2 to Staff Report to Ordinance No. 08-1200

Options for Increasing Business Recycling White Paper

Updated: September 25, 2007

METRO
PEOPLE PLACES • OPEN SPACES

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Options for Increasing Business Recycling

SUMMARY

Strong collaboration among Metro, local governments and service providers has ensured an array of programs and services are available to encourage business recycling. Too many businesses, however, are under performing or not utilizing current services at all. Without a significant increase in business recycling, the region will be unable to meet the state-mandated 64 percent waste reduction goal.

Metro Council recognized this impediment in 2003, and directed staff to develop program options to increase business recycling. Two approaches Metro could take to achieve this significant boost in business recycling are: 1) require all local jurisdictions in the region to implement mandatory business recycling, as Portland has done; or 2) set a 90 percent standard for paper and container recycling from the business sector, and each of the region's jurisdictions responsible for solid waste collection would determine how to achieve the target.

INTRODUCTION

This paper describes the region's current business recycling system, and details two proposals to increase business performance and participation in recycling programs. Information contained in these pages should assist interested parties and policymakers in understanding the problem, the proposed program options, and the potential implications of the approaches.

PROBLEM STATEMENT

Businesses in this region have easy access to an effective recycling system. This system includes recycling services with garbage collection, free education and technical assistance, plenty of processing capacity for business recyclables, and stable material markets. While many businesses are participating in the recycling system, at least 14 percent do not recycle or only recycle cardboard. As a result, more than 114,000 tons of recyclable resources (paper and containers) from this sector are disposed annually.

The regional Recycle at Work program, which Metro began in partnership with local governments in 2000, provides a wide range of free resources and technical assistance to help businesses with recycling. Despite the services provided by Recycle at Work, some businesses still choose not to recycle or utilize the services. Lack of business entry for Recycle at Work specialists and information on businesses needing help with recycling are the major barriers to the delivery of Recycle at Work services. New programs are needed to overcome these barriers and improve business recycling efforts.

To help reach the state-mandated 64 percent regional waste reduction goal, businesses must recycle an additional 80,000 tons of paper and containers. This requires a 90 percent recycling rate for paper and containers, rather than the 80 percent paper and container recycling rate that exists today.

SUMMARY OF PROGRAM OPTIONS

To explore options for increasing business recycling, Metro convened work groups and conducted stakeholder outreach from 2003 to 2007. More than 1,000 people provided input on the proposed program options. Appendix A highlights the outreach activities conducted and associated reports developed to date.

Because Metro is accountable for the waste reduction goal, Metro Council will consider new policy direction to increase business recycling levels in the region. Two approaches Metro could take to achieve this significant boost in business recycling are:

Option #1: Mandatory Business Recycling Program- This program would require all local jurisdictions in the region to implement mandatory business recycling, as recommended by the Regional Solid Waste Management Plan Contingency Plan Work Group. Businesses would be required to separate paper and containers for recycling.

Option #2: Business Recycling Standards- This program would set a 90 percent standard for paper and container recycling from the business sector, applicable to each of the region's jurisdictions responsible for solid waste collection. Local governments would be responsible for developing new or enhanced programs to achieve a higher level of recovery. Each local government would be individually accountable to meet the target, similar to land-use planning requirements.

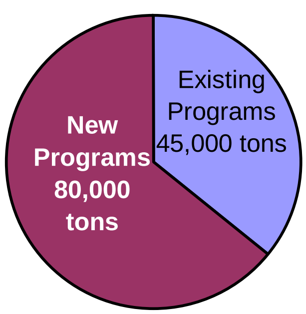
Both the proposed programs address the need to increase the capture of recyclables and increase the delivery of the Recycle at Work services.

CURRENT BUSINESS RECYCLING

Business Recovery

Businesses are currently recycling over 300,000 tons of paper and containers annually. In order to achieve the 64 percent waste reduction goal, the business sector must recycle an additional 125,000 tons of paper and containers by 2009. Existing business recycling programs are expected to yield 45,000 tons, while a new program must capture an additional 80,000 tons and meet a 90 percent recycling rate for business-generated paper and containers[1].

Figure 1. Additional Business Recovery Projected for 2009



[1] Source: Oregon Department of Environmental Quality, 2005 Recovery Survey, Oregon Department of Environmental Quality, 2005 Waste Composition Study, Metro program analysis (unpublished), 2007.

Recovery rates vary for business-generated paper and containers. Overall, the average recovery rate in 2005 was 76 percent for recyclable paper and 42 percent for recyclable containers. Cardboard and Kraft paper were recovered at a rate of 87 percent in 2005, while mixed waste paper was recovered at a rate of 27 percent (see Figure 2). Businesses in the region are recovering between 19 and 58 percent of recyclable containers generated; aluminum cans and foil are recovered at the lowest rate[2]. (See Figure 3.)

Figure 2. Business Paper Recovery and Disposal

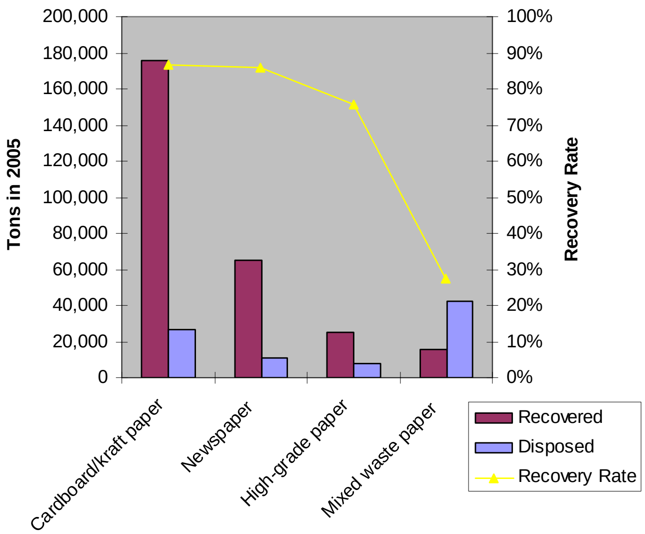
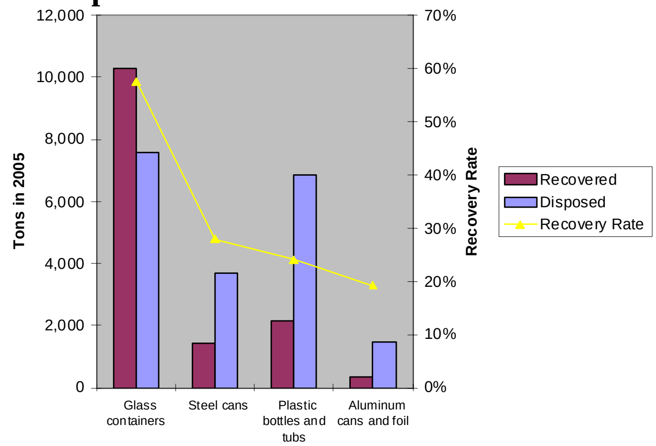


Figure 3. Business Container Recovery and Disposal



Current Programs

The region's business recycling program includes recycling services with garbage collection, free education and technical assistance, plenty of processing capacity for business recyclables, and stable material markets. However, many businesses are under performing and not utilizing current services. There are a number of perceived barriers to recycling by the business community including:

- Time
- Cost
- Lack of knowledge
- Convenience
- Employee communication
- Space
- Corporate norms and policies

In many instances, people are busy and recycling may not be a priority given time constraints at work. Some businesses are concerned that there will be increased costs associated with recycling. In franchised jurisdictions, recycling is included in the rates. With recycling, businesses have the potential to reduce overall collection cost with increased recycling and also have the potential for recyclables sale revenue. The lack of information on what is recyclable or how to train employees can also prevent a business from recycling as much as they can. Additionally, if is not convenient to

[2] Oregon Department of Environmental Quality, 2005 Recovery Survey, Oregon Department of Environmental Quality, 2005 Waste Composition Study, Metro program analysis (unpublished), 2007.

recycle, employees will often not take time out to make it happen. Businesses may also perceive they have container space constraints in their building that will prevent them from starting a program. Finally, businesses are not aware of how to best communicate recycling practices with their employees, janitorial staff, or property manager, which can be a perceived barrier to making a change.

Recycle at Work is a collaborative effort between Metro and local governments and was designed to address specific barriers to recycling by providing the following resources:

- Assisting with program set up through free on-site technical assistance catered to the specific business' needs.
- Ensuring recycling bins are in convenient location.
- Identifying solutions to space constraints.
- Assisting with communication to employees including training, signage, and prompts to improve recycling knowledge and reminders.
- Assisting businesses in understanding the garbage and recycling bill, services available, and how to communicate with the hauler.
- Providing free deskside and central area recycling collection containers
- Communicating with haulers, janitorial staff, property managers, and decision-makers.
- Providing tools to assist with waste reduction and sustainable purchasing efforts.
- Providing on-going accessibility to a recycling specialist.

The program began in 2000 and more than 10.0 FTE serve as recycling specialists and provide the Recycle at Work services to the business community. More than 1,000 businesses receive on site technical assistance from recycling specialists annually. More than 30,000 deskside recycling containers have been distributed since 2003. Annual outreach campaigns target specific business sectors with key messages and strategies to increase recycling participation.

Partnerships with business trade organizations, business media, and sustainability groups are strategic components of the program's marketing plan. Recognition of business efforts takes place on a local level and has been an effective tool for recruitment in specific jurisdictions. Partners, award recipients, and other businesses that participate in the Recycle at Work program have given high scores to the quality of assistance received. Participants have also increased their recycling at much greater rates than businesses that have not utilized the program's resources[3].

Despite the free services provided by Recycle at Work, some businesses still choose not to recycle or utilize the services. The primary barriers to the delivery of Recycle at Work services are lack of business entry for recycling specialists and information on businesses needing assistance improving their recycling efforts. New programs are needed to address these barriers and increase the effectiveness of Recycle at Work services.

PROPOSED PROGRAMS

Metro Council directed staff to develop program options for increased business recycling. With technical analysis and input gathered from stakeholders, two approaches are being proposed for

[3] Portland State University Community Environmental Services, Metro Recycle at Work Campaign and Assistance Survey, prepared for Metro, May 2007.

consideration: 1) require all local jurisdictions in the region to implement mandatory business recycling, as Portland has done; or 2) set a 90 percent standard for paper and container recycling from the business sector applicable to each of the region's jurisdictions responsible for solid waste collection. See Appendix B for program development background. The proposed programs are outlined in the following pages.

Program Option 1: Mandatory Business Recycling

Program goal: Achieve a 90 percent recycling rate for paper and containers from businesses to help reach the region's 64 percent waste reduction goal.

Target generators: Small, medium and large businesses, institutions and public agencies. Approximately 56,000 businesses in the region fall into this category.

Target materials: Cardboard, mixed paper, and mixed containers (glass, plastic bottles, aluminum cans).

Program description: Businesses in the region would be required to separate paper and containers for recycling. No more than 10 percent of recyclable materials would be allowed in garbage. Random business inspections would be conducted to encourage participation, and violators would be referred to a recycling specialist. Education, technical assistance, and warnings would precede the enforcement. Implementation of the requirements would be supported by $100,000 for increased education and resources. Fines would be used as a last resort.

Enforcement measures: Local government enforcement staff or a Metro staff (under terms of an intergovernmental governmental agreement) would conduct random business inspections. Any business disposing of a "significant amounts" of recyclable materials, defined as 10 percent by volume determined by visual inspection, would be subject to the following:

1. A warning by the enforcement officer and referral to a regional recycling specialist. The business in violation will receive a visit by a recycling specialist to provide education and assistance for setting up a recycling program. The recycling specialist will follow up with the business to ensure that a recycling program for paper and containers is implemented.

2. If a recycling program for paper and containers is not implemented within 90 days of the original inspection, a fine of up $500 will be issued by the enforcement officer for noncompliance.

Enforcement staff would complete random business inspections, issue warnings and penalties. Two enforcement staff positions would complete approximately 8,400 inspections per year[4].

Adoption process:
Option 1: Metro would adopt an ordinance to require local jurisdictions to adopt business recycling requirements. Metro would develop a model ordinance outlining requirements for

[4] City of Seattle Recycling Program, Seattle Public Utilities, 2007.

business recycling. Each jurisdiction in the Metro region would use the model to adopt business recycling requirements.

Option 2: Under Oregon Revised Statue 459A.065, Metro Council could request Environmental Quality Commission (EQC) action to determine if a mandatory business recycling program is necessary to meet the regional waste reduction goal. Based on findings, EQC could mandate the program in the tri-county wasteshed.

Regional compliance: Local governments that do not adopt business recycling requirements would not receive per capita and Recycle at Work program funding.

Evaluation: To determine progress towards the 90 percent target, Metro would conduct annual evaluations and analyze waste composition and disposal data.

Implementation timeline:

- FY 2006-2007: Baseline evaluation completed.
- FY 2007-2008: Metro and local governments adopt requirements.
- FY 2008-2009: Requirements take effect July 1, 2008. Outreach campaign and expanded Recycle at Work efforts to support roll-out. Enforcement staff hired.
- FY 2009-2010: Evaluate program effectiveness and determine if program revisions are needed.

Program Option 2: Business Recycling Standards

Program description: Metro would set a 90 percent standard for business paper and container recycling applicable to each of the region's jurisdictions responsible for solid waste collection. Data from a baseline evaluation of the business waste stream would determine how much additional recovery is needed in each jurisdiction to reach the 90 percent target. Local governments would develop new or enhanced business recycling programs to achieve the target rate. Metro would provide a list of best practices as options for new programs, and $100,000 would be distributed among local governments to assist with program implementation. Local programs would be reviewed annually to determine progress and assess whether additional action is needed.

Targeted materials: Cardboard, paper and mixed containers (glass, plastic bottles and steel and aluminum cans).

Targeted generators: Small, medium and large businesses, institutions and public agencies. Approximately 56,000 businesses in the region fall into this category.

Baseline evaluation: A business waste study was conducted by Metro in Spring 2007 to determine the amount of paper and containers that remain in the business waste stream. The study set a baseline for current disposal rates for these materials by jurisdiction. Local governments would use this data to determine the needed reduction to meet a 90 percent recycling rate and help ascertain their level of effort.

Best management practices: Local jurisdictions would identify best management practices for increasing business paper and container recovery (see Appendix C). The practices selected would be further defined in the program application submitted to Metro.

Adoption process: Metro would adopt an ordinance that sets a 90 percent standard for business paper and container recycling applicable to the region's jurisdictions. The ordinance would require local governments to develop new or enhanced programs to achieve this target and establish an annual program review process.

Local governments would submit a program plan to Metro that demonstrates how their program would generate the needed level of recovery. The plan would contain a description of the proposed program and implementation strategy that would include, as appropriate, the following:

- A clear project purpose and goal statement.
- The specific business best management practices to be implemented.
- Baseline information on current recovery rates and services.
- A clear description of intended results (effectiveness).
- Technical feasibility.
- Economic feasibility.
- Funding request.

Regional compliance: Local governments that do not submit and implement program plans would not receive per capita and Recycle at Work program funding.

Evaluation: Metro would conduct annual evaluations, using business waste composition data, to determine progress toward the 90 percent target. The evaluation results and local program plans would be reviewed annually. At the conclusion of the second year of the program, any jurisdiction that has not made significant progress toward meeting the 90 percent standard would undergo a formal review process, reporting on their program efforts and results to Metro's Chief Operating Officer, Metro Council and the Metro Policy Advisory Committee. Metro Council would determine whether there has been good faith effort and substantial compliance or whether additional action is needed.

Implementation Timeline:

- FY 2006-2007: Baseline evaluation completed.
- FY 2007-2008: Metro adopts standards. Local governments develop and implement new programs. Metro provides financial and technical assistance for program implementation.
- FY 2008-2009: Evaluate program effectiveness.
- FY 2009-2010: Evaluate program effectiveness, and for any jurisdiction not making significant progress in meeting the standard, conduct a formal review process.

ANALYSIS OF POTENTIAL PROGRAM IMPACTS

This section reviews the estimated impacts on business recovery levels, operations, local markets, program costs and environmental benefits resulting from the implementation of proposed programs.

Figure 4. Key Outcomes from Proposed Programs

Anticipated Outcome	Program #1: Mandatory Recycling	Program #2: Business Recycling Standards
New Recovery	• 80,000 tons	• 35,000 to 80,000 tons
Generator Impact	• Minimal impact on day-to-day business operations. • Potential for recyclables sales revenue. • Business savings with smaller garbage container size.	• Minimal impact on day-to-day business operations. • Potential for recyclables sales revenue. • Business savings with smaller garbage container size.
Environmental Benefits	• Greenhouse gas emissions savings of 218,000 tons of carbon dioxide equivalent. • GHG emissions reductions equivalent to nearly 42,000 cars driving one year • +1.3 trillion BTUs of energy savings – enough to power nearly 15,000 homes for one year. • Save the equivalent of nearly 1.2 million trees a year, almost 1.2 Forest Parks.	• Greenhouse gas emissions savings of 95,000 tons of carbon dioxide equivalent. • GHG emissions reductions equivalent to 18,500 cars driving one year. • 600 billion BTUs of energy savings– enough to power nearly 6,500 homes for one year. • Save the equivalent 500,000 trees a year, or about half of the trees in Forest Park.
Local Markets	• Market demand for paper and containers • Sufficient processing capacity	• Market demand for paper and containers • Sufficient processing capacity

Recovery Potential
The 2007 recovery rate for business-generated paper and containers is 80 percent. The mandatory recycling program is projected to achieve a 90 percent recycling rate for paper and containers, capturing an additional 80,000 tons. This projected recovery is based on capture rates from municipalities that implemented mandatory programs.[5]

[5] Moore & Associates, Inc., Impact of Mandatory Recycling Ordinances and Disposal Bans on Commercial Fiber Recycling, prepared for Metro, April 2003.

Under the business standards program, local governments would have a range of options to choose from for developing new or enhanced programs to achieve the 90 percent target. It is difficult to project the potential recovery because it is unknown what new or enhanced program local governments would implement. At a minimum, the new or enhanced local programs would recover an additional 35,000 tons by 2009.

Generator Impacts

The City of Portland's experience with mandatory business recycling requirements, adopted in 1996, indicates that increased business recycling would have a minimal impact on day-to-day business operations. The impact would range, based on a business' current operation and recycling program. For most businesses, the program would require employees to recycle additional items in current recycling containers. For other businesses, the program may require businesses to change their level of garbage service and acquire additional recycling containers.

Generator garbage rates should not be impacted significantly. Franchised garbage rates include recycling services and are structured to encourage recycling, with different levels of services based on container size. Businesses that recycle more could save money by reducing garbage container size or collection frequency. Businesses may also get paid for recycling paper, depending on the quantity and quality of the material to be recycled.

Local Government Impacts

Under mandatory business recycling, requirements would be formally adopted at the regional and local level. Cities and counties responsible for solid waste collection would adopt the requirements through an ordinance. See Appendix D for list of jurisdictions that would require legislation. Metro would provide a model ordinance for use by local governments. The legislation process would require staff time on the local level to file the staff report and present the ordinance to their elected bodies. Local staff may see an increase in demand for recycling assistance from the business community. There would be no additional staff time required for program reporting and monitoring.

The business standards program would require significantly more staff time than the adoption of requirements. Staff time at the Metro level would be required to administer the program including fund distribution, review and approval of program plans and review of annual reports. At the local level, additional staff time would be needed to develop and implement the new programs.

Local Markets

Given the strength of domestic and international demand and the range of marketing options, the long-term indicators for successful marketing of business-generated paper and containers are positive.

<u>Paper</u>

There are six paper mills located in Oregon that have the combined capacity to produce 10.5 million pounds of recycled-content newsprint, corrugated cardboard, and toilet and facial tissue a day.
The paper mills in Oregon can use more paper from the Portland metropolitan region to produce new products. The newspaper, corrugated cardboard, magazines and office paper collected for recycling in the Metro region provide less than 11 percent of their total paper mill requirements; the rest of the paper must be shipped in from outside the region.[6]

[6] Andover International Associates, Market Opportunities for Additional Tonnage of Scrap Paper from Businesses in the Metro Region, June 2003.

Recent energy upgrades at local recycling plants and paper mills are reducing energy costs, increasing capacity for paper recycling, and improving product quality. The Energy Trust of Oregon, Inc., is providing financial incentives through its Production Efficiency program to SP Newsprint and Blue Heron Paper Company. Energy costs at SP Newsprint will be reduced by $2.7 million annually, while energy consumption will go down 55 million kilowatt hours. An additional 90 tons of recycled pulp will be produced each day by SP Newsprint, increasing its demand for local paper.[7]

Blue Heron plans to increase its paper recycling capacity by 100 tons per day with the upgrades. In addition, over 100 million-kilowatt hours of electricity will be saved each year along with 63,744 tons of greenhouse gases.[8]

These projects are in line with Metro Council's goals for environmental health and economic vitality. The upgrades improve the global competitiveness of the local mills as they are able to provide more job security and job growth opportunities. They also reduce waste and emissions, while increasing the demand for recyclable paper in the Portland metropolitan region.

Plastics

There is a demand of 5.5 million pounds per month in total for mixed rigid plastic and commingled bottles and containers from buyers that purchase material from Oregon.[9] The business sector in the Metro region generated 9,000 tons of plastic containers in 2005, while recycling only 24 percent (see Appendix A).

Glass

Approximately 64,000 tons of glass are purchased annually in Oregon, but the capacity exists to purchase more.[10] Oregon's main glass recycling facility, the Owens-Brockway plant in Portland, manufactures new glass products using local materials. Excess or unsorted glass is shipped to glass plants in California and other states.[11] Plants in Seattle and in California have the potential to use additional container glass from Oregon. Recycled glass products include bottles, containers, fiberglass insulation, aggregate substitute, reflective highway paint and sandblasting material.

Metals

Global demand for recycled metals continues to increase. The Steel Recycling Institute notes that the recycling rate for steel increased to 75.7 percent in the United States in 2005; the highest rate for any material. This reflects a five-percentage point increase in the recycling rate and the highest rate ever recorded in the United States. Seventy six million tons of domestic steel scrap was charged into furnaces, both in the United States and abroad, to make new steel products.[12]

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[7] Energy Trust of Oregon, Inc., SP Newsprint reaps multiple benefits from energy upgrade, June 7, 2006.
[8] Energy Trust of Oregon, Inc., Blue Heron Paper creates jobs, builds competitiveness by saving energy, Feb. 4, 2005.
[9] Moore & Associates, Inc., Feasibility of Adding Plastic Containers and Film to Curbside Recycling, prepared for Metro, November 2005.
[10] Hammond, Steve, Owens Illinois Glass Market Report, Association of Oregon Recyclers, April 2006.
[11] Oregon Department of Environmental Quality, Container Glass Recycling, 1998. http://www.deq.state.or.us/wmc/solwaste/glass.html
[12] Steel Recycling Institute, Steel Recycling in the U.S. Continues its Record Pace in 2005, April 25, 2006. http://www.recycle-steel.org/PDFs/2005Release.pdf

Schnitzer Steel's Oregon operation receives scrap metal from sources located throughout the Pacific Northwest. It recently purchased a shredder that will nearly double the operation's metal shredding capacity, currently 250,000 tons per year, to approximately 480,000 tons per year.

This section addresses the *economic* costs that would be borne by waste generators within the region as a result of implementing the Business Recycling Program. "Economic costs" refer to money payments for goods and services such as collection of recyclables and disposal of waste. "Economic costs" do not capture external (environmental) benefits of the program, such as improvements in health due to reduced air emissions. Environmental benefits are addressed in a later section.

For analytical purposes, economic effects on two groups are examined: the businesses targeted by this program, and all other regional generators—single family, multi-family, construction/demolition projects, *etc*.—that are not targeted by this program.
Unless specifically noted in the text that follows, all cost and tonnage figures are region-wide totals.

Program Costs
The costs associated with the proposed programs will be discussed in three parts:

1. *Financial Impacts of Recycling (Universal vs. Specific).* An explanation of general concepts to distinguish between impacts that are universal to any recycling program and those impacts that arise due to specific implementation details;
2. *Affected Parties (Targeted Generators vs. Other Generators).* Which costs impact the targeted generators and which affect others in the system;
3. *Comparison With Other Programs.* A comparison of the Business Recycling costs and outcomes to a selection of other existing and future waste reduction programs. Net economic benefits as well as net environmental benefits are addressed in this section.

Cost figures in the discussion that follows are couched in terms of the *change* in cost relative to the status quo. For example, as always, doing nothing different is always an option. By definition, the *change* in cost of doing nothing is zero. The cost of the two business program options (standards vs. mandatory) are presented in terms of the change in costs relative to doing nothing. In this case, cost impacts are highly dependent on the number of tons recovered. Throughout, the analysis is based on 80,000 new tons of recovery; fewer tons recovered would mean lower total cost impact, roughly proportional to the number of tons recovered.

<u>Financial Impacts of Recycling: Universal vs. Specific</u>
The financial impacts of recycling can be grouped into two categories: 1. Impacts that arise anytime garbage is diverted to recycling; and 2. Impacts that arise in response to the specific program at hand. For example, any waste diverted to recycling will avoid the costs associated with disposal and could generate revenue as a valuable market commodity. These effects are universal and independent of the specific program or action that caused the recycling to occur. Program-specific impacts, on the other hand, can be attributed to a particular program. Examples of program-specific impacts are the public cost of enforcing new requirements, program oversight, and changes in collection service for the targeted generators. Appendix E shows a breakdown of the universal vs. program-specific costs for mandatory business recycling.

One source of program-specific costs bears special discussion, costs that are fully internalized by the generator. Unlike avoided disposal costs and recyclable material sales, whose magnitudes can be relatively well known, internalized costs are problematic to quantify.

Take the bottle bill as one well-known program that has both associated market costs that are relatively easy to quantify as well as internalized generator costs that are difficult to know. Easy-to-estimate market costs include avoided disposal costs (tons x tip fee) and material sales (tons x sales price). Sources of hard-to-quantify costs include, for example, the value of the consumer's time and transportation resources to sort out bottles at home and (usually) drive them back to the grocery store for deposit redemption. Additionally, floor space almost always has a value, or opportunity cost. Most homeowners reserve space in the kitchen and/or garage for container storage, at perhaps a seemingly small cost; however, across all homeowners in the region, the total value of that floor space is significant. And, while not a generator consideration per se, grocers give up business floor space for empty bottle storage and redemption machines.

More commonly than not, it becomes impractical to try to place a dollar value on these non-point-sources of cost. Nevertheless, internalized generator costs are real and can be substantial. In the case of business standards or requirements, there certainly will be internalized generator costs, ranging from making office space changes, to appointing a corporate recycling coordinator, to making capital and staff-time investments in reconfiguring recycling areas and internal business practices. The next section quantifies market cost effects and attempts to characterize the internalized cost effects of the business recycling program.

Affected Parties: Targeted Generators vs. Other Generators

This section addresses the *economic* costs that would be borne by waste generators within the region as a result of implementing the Business Recycling Program. "Economic costs" refer to money payments for goods and services such as collection of recyclables and disposal of waste. "Economic costs" do not capture external (environmental) benefits of the program, such as improvements in health due to reduced air emissions. Environmental benefits are addressed in a later section.

For analytical purposes, economic effects on two groups are examined: the businesses targeted by this program, and all other regional generators—single family, multi-family, construction/demolition projects, *etc*.—that are not targeted by this program. Unless specifically noted in the text that follows, all cost and tonnage figures are region-wide totals.

Business Generators

The change in the cost to business participants stems from three basic sources: (1) internal implementation and management (see discussion above), (2) changes in garbage and recycling services provided by haulers, and (3) changes in the per-ton cost of disposal due to diversion of 80,000 tons to source-separated recycling. The latter also includes changes in Metro's rates to recover Metro's new costs for the Business Recycling Program.

- *Internal Implementation and Management Costs*. As discussed above, internalized costs are generally difficult to quantify. Metro staff estimates that businesses that need to make improvements to their internal recycling systems in response to a new program may spend a minimum of $1 million (in aggregate) annually for those improvements. This conservative estimate is based on anecdotal reports from a few businesses that currently have recycling procedures in place. Some other businesses who have not yet fully developed their recycling processes believe that $1 million per year may be too low, perhaps by an order of magnitude. Changes in internal business costs would need to be internalized. Within estimation error, this cost is not expected to vary significantly under the standards vs. the mandatory program.

- *Collection Costs.* Assuming that the targeted businesses set aside an extra 80,000 tons of new recyclables, then their cost for collecting recyclables will increase by about $7.4 million per year, as more collection time will be required to pick up the additional recyclables. At the same time, collection costs for garbage will decrease slightly, perhaps by as much as $1.2 million, for those 15% or so of businesses that can reduce the frequency of their garbage service due to better recycling. Overall, the net $6.2 million annual collection cost increase will be largely offset by about $6.7 million in avoided disposal costs ($4.7 million in tip fees) and revenue ($2 million) from sales of additional recyclables. The small ($530,000) net decrease over the status-quo cost of providing collection services represents only a fraction of a percent change in total solid waste service costs (out of perhaps $150 million per year), and almost certainly would not of itself warrant a rate adjustment by local governments. Hence, not counting fiscal impacts of tonnage diversion discussed in the next bullet, Metro staff estimates that all businesses combined would pay about the same, on average, for collection with or without a new business recycling program.[13] Disposal costs, on the other hand, are almost certain to rise, as discussed next.

- *Disposal Costs.* The per-ton cost of disposal (tip fee) is projected to rise for three reasons: (i) the diversion of waste from disposal facilities will raise Metro's contract rate at Columbia Ridge landfill by approximately 90¢ per ton; (ii) diversion leaves less tonnage from which to recover fixed costs, with a 35¢ per ton effect at the transfer stations and 85¢ on the Regional System Fee; and (iii) staff assumes that Metro's cost of the Business Recycling Program—including revenue sharing to pay for the cost of program elements implemented by local governments—will be recovered by an increase in the Regional System Fee of 46¢. If these changes are recovered through Metro's standard rate model, they mean a $1.25 increase in the tonnage charge component of the tip fee (90¢+35¢), and a $1.31 increase in the Regional System Fee (85¢+46¢). In addition, private facilities will have similar cost effects and, if past is precedent, will match Metro's prices, making these disposal increases a region-wide event. Due to these changes, totaling $2.56/ton, participants in the Business Recycling Program will see a $1.84 million increase in the cost of disposing of waste that continues to be landfilled.

The following table summarizes the cost effects described above.

Table 1. Total Change in Costs for Business Recycling Program Participants

Cost Component	Net Cost
Internal management	$1,000,000 *
Collection	(530,000)**
Disposal	1,843,000
Total	$ 2,313,000

* See discussion above regarding uncertainty in internalized costs
** Collection services net of material sales revenue & avoided disposal cost on recycled materials.

- *Effect on Garbage Bill.* A number of factors influence how these net cost increases would impact a specific business's bill from its garbage hauler. Individual businesses will experience different impacts because business size varies, as do waste generation characteristics, solid waste service levels and service providers (hauler). In addition, rate-setting processes are not uniform among jurisdictions in the region. With those caveats, Metro staff believes that most businesses should expect a rate increase of less than 2% given the cost assumptions above, mainly due to the increase in per-ton

[13] These figures do not reflect any increase in hauler-provided education for customers, which could be significant during the early phase of implementation.

charges for disposal. Those few businesses that significantly reduce their need for disposal may even enjoy an overall decrease in their bill for solid waste services; however, other businesses that, because of space limitations or the characteristics of their waste, cannot reduce their need for disposal (e.g., restaurants) may experience an increase higher than 2 percent.

Other Generators (Single Family, Multi-Family, Construction, etc.)
As indicated in the "Disposal Costs" bullet above, tip fees could rise throughout the region by approximately $2.56 per ton. All generators would be affected by this change in disposal costs, including generators who do not participate in the Business Recycling Program. Metro staff estimates that increased disposal costs for these generators would run approximately $1.54 million per year.

Cost Comparison of Business Recycling with Other Programs
In order to make the numbers in the previous section useful for decision-making, the Business Recycling Program costs can be compared with the cost and performance of other programs. The following table shows a comparison of key costs and statistics for the prospective Business Recycling and Enhanced Dry Waste Recovery ("EDWRP") programs versus several existing waste reduction programs, including the well-known Bottle Bill program, and Metro's Regional System Fee Credit Program, and Food Waste Composting Program.

Table 2. Comparison of program-related cost impacts for several waste reduction initiatives.

		Cost Changes due to…			
	Tons Recovered	Tonnage Diversion *	Govt. Oversight & Enforcement **	Service Changes***	Equivalent cost per ton recovered
		costs shared among all generators		*costs borne by target generators*	
Existing Programs					
Bottle Bill	35,000	$1,205,000	$0	unknown	*$34*
Commercial Organics	12,000	$438,000	$140,000	unknown	*$48*
RSF Credits	30,000	$1,558,000	$10,000	$0	*$52*
Prospective Programs					
Enhanced Biz Recycling	80,000	$2,772,000	$607,000	($530,000)	*$36*
EDWRP	42,250	$1,358,000	$0	$2,407,000	*$89*

* The per-ton cost of disposal rises as fixed costs are recovered from fewer disposed tons and as Metro's contract disposal price increases with diminishing tonnage. Tonnage diversion alone accounts for about $35/ton recovered, regardless of the of the waste reduction program specifics (except for RSF credits, which historically have cost more--$52/ton recovered--due to the operating subsidy).

** Government costs include locally- & regionally-administered education and outreach, enforcement, coordination, and associated overhead. The magnitude of these ongoing government costs is less well-known, typically representing amalgamation of many fractional FTE. Some local governments also may choose to supplement this, e.g., through franchise fees, to support their businesses' recycling.

*** This column includes costs related to changes in collection services, but does not include systems improvements costs (internalized), whose estimation is highly uncertain, as they are dependent on generators' behavior, local governments' rate setting, and haulers' operational choices.

A note on internalized costs: Table 2 includes no estimate of internalized costs caused by the respective programs, as quantitative estimates are so uncertain as to be marginally useful for decisionmaking. That said, Table 3 tries to characterize the order of magnitude of the various internal systems costs for each program.

Table 3. Annual internalized cost estimates for the programs shown in Table 2.

Program Name	Sources of Internalized Generator Costs	Order of Magnitude
Bottle Bill	Homeowner space, time	$1 to $10 million
Commercial Organics	Restaurant or grocer space, time	$0 to $100,000
RSF Credits	None. Disposal-oriented program.	$0
Enhanced Biz Recycling	Space improvements, staff time	$1 to $10 million
EDWRP	None. Disposal-oriented program.	$0

Program Benefits

Economic Benefits

Avoided disposal costs and sales of recyclable materials would be the direct economic benefits accruing to businesses participation in recycling. With more recyclables being separated out by business generators, less waste will go to a landfill, reducing landfilling cost. In addition, recyclables have a value to recyclers, so any increase in source separation should generate a revenue opportunity for the solid waste system. These savings are included as revenue offsets to the direct collection costs calculations described in the previous section.

Environmental Benefits

Additional benefits can be calculated by evaluating the external environmental costs and benefits associated with the handling and disposal of waste that are not counted in the price/cost of the activity. These benefits are calculated in terms of trees saved, improved air quality and energy savings and monetized into savings by material. These types of benefits are for the public at large and some may go beyond the Metro boundary.

> **Trees Saved.** Achieving a 90 percent recycling rate for paper has the potential to recover more than 60,000 tons of paper, which would save the equivalent of nearly 1.2 million trees. If the lower tonnage scenario for business recycling is assumed (35,000 tons recovered), the program would recover more than 26,000 tons of paper, which would save the equivalent of nearly 500,000 trees.
>
> **Air emissions.** Recycling 60,000 tons of paper reduces air emissions equivalent to that produced by nearly 42,000 cars driving one year. Recycling 26,000 tons of paper reduces air emissions equivalent to more than 18,500 cars driving in one year. However, the airshed that benefits from these reduced emissions is not entirely coincident with the Metro region, but rather with the location of the paper mills, which are spread throughout the Pacific Northwest and overseas.
>
> **Energy Savings**. Achieving a 90 percent recycling rate for paper and containers would save more than 1.3 trillion British Thermal Units (BTU's) of energy, enough to power nearly 15,000 homes for one year. If the lower tonnage scenario for the business program is assumed, the program would save more than 600 billion BTU's of energy, enough to power nearly 6,500 homes for one year.

The environmental benefits are monetized by material for the recovery of 80,000 additional tons of paper and containers. Table 4 shows the tons by material type, unit value and total savings.

Table 4. Monetized Environmental Benefits by Material for 80,000 tons

Recyclables	2005 Tons	Unit Value	Total Value
Newspaper	6,135	$163	$1,002,234
Mixed waste paper	28,275	$129	$3,648,579
Cardboard/kraft paper	26,201	$141	$3,683,992
High-grade paper	4,876	$100	$486,039
Glass containers	5,405	$19	$101,020
Steel cans	2,346	$50	$118,176
Aluminum cans and foil	1,123	$621	$697,804
Plastic bottles and tubs	5,639	$86	$484,325
Total	**80,000**	**$128**	**$10,222,169**

Source: TRACI, Decision Support Tool, Environmental Protection Agency, 2007.

The largest factor contributing to the environmental benefits is the reduction of 218,000 tons of greenhouse gas emissions (valued at $36 per ton of carbon dioxide equivalent).

CONCLUSION

Achieving the state-mandated waste reduction goal for this region requires new programs targeting commercially-generated waste. This proposal outlined two approaches for achieving higher levels of business recycling. There are many common elements and distinctions between the two programs detailed below.

Elements Common to Both Programs:

- Target materials
- Target generators
- $100,000 in program funding
- Increased efficiency of Recycle at Work program
- Evaluated annually
- Environmental benefits

Key Distinctions of Mandatory Program:

- Most likely to achieve higher level of recovery, system cost savings and environmental benefits
- Precedent for achieving 90 percent recycling rate through requirements
- Follows programs developed by City of Portland and City of Seattle
- Creates uniform standards for recycling collection across Metro region
- Staffing for enforcement program
- Requires legislation to be adopted by Metro and local governments
- Less flexible in local approach

- Recommended by Regional Solid Waste Management Plan Contingency Plan Work Group stakeholder work group

Both the proposed programs address the need to increase the participation and the capture of recyclables in regional programs. A mandatory approach was recommended by a stakeholder work group and creates a consistent standard for recycling collection across the region. Public surveys have indicated support for business recycling requirements from both households and businesses. Mandatory business recycling programs around the nation perform better than voluntary programs. The implementation of a regional mandatory program is anticipated to recover an additional 80,000 tons of paper and containers.

Local government partners, with the exception of City of Portland, favor the Business Recycling Standards program. This approach would provide flexibility among the jurisdictions to meet the targets by using programs that would work best in the various communities. However, it is difficult to determine if a much higher level of recovery can be achieved with this approach. The Business Standards program is expected to achieve a minimum of 35,000 tons of paper and containers.

TIMELINE/NEXT STEPS

April to June 2007

Solid Waste Advisory Committee Review

Outcome: Analyze program options and make recommendation to Metro Council.

July 2007

Metro Council Review and Direction (work session scheduled for 7/3/07)

Outcome: Analyze program options. Review SWAC recommendation and determine direction for formal program development.

July 2007

Metro Policy Advisory Committee Review (scheduled for 7/25/07)

Outcome: Review proposed programs and make recommendation to Metro Council.

Fall 2007

Metro Council Communication and Direction

Outcome: Councilor Harrington will present her recommendation to Metro Council for consideration. Council may select program for formal development.

APPENDIX A
Business Recycling Policy Development History

Progress to Date:

- **Regional Solid Waste Management Plan (RSWMP) Contingency Plan Work Group**
  August- December 2003
  A stakeholder work group was convened to evaluate strategies to increase progress toward the regional recovery goal.

- **RSWMP Contingency Plan Report**
  December 2003
  A summary report was prepared on the work group's recommended Contingency Plan, which comprised four strategies to increase recovery in the construction and demolition, business and organics sectors.

- **Local Government Outreach and Summary Report**
  February 2004
  Individual meetings were held with eight jurisdictions in the Metro region to discuss the Contingency Plan and next steps. A report summarizing the feedback that was gathered and recommended next steps was released following the meetings.

- **Metro Policy Advisory Committee**
  March 2004
  Metro staff presented the Contingency Plan to the Metro Policy Advisory Committee (MPAC) for consideration on March 10, 2004. MPAC supported the next steps outlined by Metro staff to further develop select contingency strategies, including mandatory business recycling and C&D processing requirements.

- **Council Liaison Briefing**
  May 2004
  Staff met with Council Liaisons Park and Monroe to gather feedback on the Contingency Plan. The councilors recommended staff conduct additional outreach and analysis on Contingency Strategy #3 (mandatory business recycling) and combine the evaluation of Contingency Strategies #1 and #2 (C&D and dry waste processing requirements).

- **RSWMP Contingency Plan Resolution**
  May 2004
  Metro Council adopted a resolution to formally acknowledge the RSWMP Contingency Plan and direct staff to conduct additional outreach and analysis on select contingency strategies.

- **"Let's Talk Recycling" Business Outreach**
  August-November 2004
  In coordination with local governments, Metro hosted two breakfast forums and made several presentations to solicit input on options to increase business recycling including mandatory requirements at business chamber meetings.

- **"Let's Talk Recycling" Summary Report**
  January 2005
  The summary report was prepared and released detailing the feedback collected from more than 70 business representatives on mandatory recycling and alternative approaches to increasing business recycling.

- **RSWMP Public Involvement Summary Report**
  January 2005
  The summary report was prepared and distributed on the public input collected from the "Let's Talk Trash" series of public meetings conducted in support of the Regional Solid Waste Management Plan Update.

- **Business Recycling Budget Amendment**
  April 2005
  In response to feedback gathered at the "Let's Talk Recycling" forums for increased education, the FY 05-06 Waste Reduction budget was increased by $200,000 for the business assistance program.

- **Waste Reduction Program Comparison**
  January 2005-December 2005
  Staff were directed to conduct an alternative analysis to compare the projected performance of select program options using a uniform set of evaluation criteria. Programs evaluated included the strategies identified by the Contingency Plan Work Group and from public involvement activities. Based on the results of the analysis, Metro Council directed staff to develop two of the proposed programs: 1) a mandatory dry waste recovery program and 2) mandatory business recycling options.

- **Waste Reduction Program Cost Work Group**
  December 2005
  To develop the cost component of the Waste Reduction Program Comparison, Metro convened a group of key external stakeholders, chosen by Metro for their specific expertise in the solid waste industry. The group identified and estimated the costs associated with five potential new regional waste reduction programs.

- **Interim Waste Reduction Plan Public Comment Report**
  June 2006
  During Spring 2006, Metro invited public comment on the draft Waste Reduction Plan through an online survey. More than 400 people provided input on the Plan, either through the online survey or in writing. The survey asked respondents to show their level of support for various strategies related to solid waste management. A summary report was prepared and distributed at the conclusion of the survey.

- **Local Government Business Recycling Meetings**
  August 2006 to January 2007
  Metro staff conducted a series of meetings with local government representatives to identify an alternative to a mandatory approach. As a result, staff developed the Business Recycling

standards program that provides a more flexible approach to increasing business recycling performance.

- **Business Recycling Survey**
  February 2007
  Metro conducted a study of business recycling practices throughout the region. Five-hundred and seventy-eight random businesses were surveyed and provided input on effective policies to increase business recycling.

- **Metro Solid Waste Advisory Committee**
  May – June 2007
  Metro's Solid Waste and Recycling staff presented and discussed program options with the Solid Waste Advisory Committee during three Committee meetings and one technical analysis meeting. The Committee voted to recommend Option 2 to Council with the additional request to revisit mandatory business recycling if the 90 percent goal is not achieved within two years of implementation.

- **Metro Council Work Session**
  July 2007
  Metro's Solid Waste and Recycling staff presented and discussed program options with Metro Council on July 3rd, 2007. Council discussed the need for a regional approach and standardized recycling practices, the level of impact on local governments and businesses, the difference and similarities between the City of Portland's mandatory recycling program, results from mandatory programs across the country, and overall system and environmental costs/benefits. Council would like to get input from MPAC members regarding the preferred option to increase business recycling in the region. Council did not reach a consensus on their preferred program option at this meeting.

APPENDIX B
PROGRAM DEVELOPMENT NARRATIVE

As the entity responsible for achieving state-mandated waste reduction goals in the tri-county region, Metro works with its local government partners to accomplish these goals. In 2003, the Contingency Plan Work Group found that the tri-county wasteshed would be unlikely to meet its recovery goal without increased recovery efforts in the business sector. Existing programs would only recovery 36 percent of the tons needed to meet the business recovery goal.

To explore options for increased business recycling under the guidance of the Regional Solid Waste Management Plan, Metro formed the Contingency Plan Work Group in 2003. This group, comprising local governments, businesses, construction industry representatives, haulers, dry waste recovery facilities and landfill operators, reviewed several program options for increasing recycling. The group determined that requiring businesses to recycle would be the option most likely to help the region attain its recovery goal for the business sector.

Based on the work group's recommendation, additional input was solicited on the proposed program from governments and businesses. Outreach included business breakfast forums, business association presentations, special meetings, and online surveys. Overall, stakeholders agreed that business recycling efforts could be improved.

A 2006 public survey of more than 400 residents revealed that more than 90 percent of the respondents felt businesses should be required to recycle to help meet the regional waste reduction goal.[14] However, some respondents viewed a regulatory approach as a contingency strategy if and when incentives and education failed to increase participation and recovery levels. When Metro surveyed the business community in February 2007, over 700 businesses provided input on the effectiveness of various strategies to increase recycling. Over 70 percent of businesses thought a standardized collection system throughout the region and increased education and assistance would be most effective, while 49 percent thought recycling requirements would be effective.[15]

Support for business requirements at the local government level varied. Instead of recycling requirements, staff recommended that jurisdictions individually be held to recovery goals. This approach would provide flexibility among the jurisdictions to meet the targets by using programs that each felt would work best within its community.

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[14] Cogan Owens Cogan, Interim Waste Reduction Plan Public Comment Report prepared for Metro, June 2006.

[15] Portland State University Community Environmental Services, Metro Recycle at Work Campaign and Assistance Survey, prepared for Metro, May 2007.

APPENDIX C
Proposed Best Management Practices for Business Recycling

Awareness

1. New businesses are identified from business licenses or business list (in accordance with Recycle at Work Intergovernmental Agreement).
2. Haulers provide list of accounts to local government and indicate businesses that are:
    a) Not recycling anything with the hauler;
    b) Not set up for a targeted material (i.e., do not have a container for glass).
3. Survey of business awareness of recycling services, practices, and assistance.
4. Increase baseline level of direct mail contact with businesses.

Service

1. Adopt comprehensive and uniform recycling service levels and material preparation for all business customers. Include commingling.
2. Provide deskside boxes to all businesses that want them through door-to-door.
3. Provide other central collection containers and stickers.

Financial incentive

1. Summarize current rates for different garbage levels in jurisdiction. Increase the charge on higher levels of garbage generation to provide greater incentive to recycle.
2. Tie franchise fee to hauler recycling rate or number of customers that are recycling with them.

Mandatory

1. Adopt and enforce mandatory recycling.
2. Enforce existing mandatory recycling rules.

Innovation

1. Innovative practice that local government believes will achieve goals.

APPENDIX D
Local Government Program Authority and Funding Overview

Local Government Program Authority and Funding Overview

					Option 1: Mandatory Recycling		Option 2: Business Recycling Standards				
Jurisdiction	**Solid Waste Authority**	**Designated Waste Reduction Planning Agency**	**Direct Funding**	**Pass thru Allocation**	Adopt legislation	Maintain current Recycle at Work services	Maintain current Recycle at Work services	Develop new programs	Implement Program	Year 1 progress report	Year 2 progress report
Clackamas County	X	Clackamas County	X		X	X	X	X	X	X	X
Unincorporated Clackamas County	NA	Clackamas County		X	X			X	X	X	X
Barlow*	X	Clackamas County		X	X			X	X	X	X
Damascus*	X	Clackamas County		X	X			X	X	X	X
Gladstone*	X	Clackamas County		X	X			X	X	X	X
Happy Valley*	X	Clackamas County		X	X			X	X	X	X
Lake Oswego*	X	Clackamas County		X	X			X	X	X	X
Milwaukee*	X	Clackamas County		X	X			X	X	X	X
Estacada*	X	Clackamas County		X	X			X	X	X	X
Molalla*	X	Clackamas County		X	X			X	X	X	X
Oregon City*	X	Clackamas County		X	X			X	X	X	X
Sandy*	X	Clackamas County		X	X			X	X	X	X
West Linn*	X	Clackamas County		X	X			X	X	X	X
Canby*	X	Clackamas County		X	X			X	X	X	X
Wilsonville*	X	Clackamas County		X	X			X	X	X	X
Gresham	X	Gresham	X		X	X	X	X	X	X	X
Wood Village*	X	Gresham		X	X			X	X	X	X
Fairview	X	Fairview	X		X	X	X	X	X	X	X
Troutdale	X	Troutdale	X		X	X	X	X	X	X	X
Portland	X	Portland	X		X	X	X	X	X	X	X
Beaverton	X	Beaverton	X		X	X	X	X	X	X	X
Washington County	X	Washington County	X		X	X	X	X	X	X	X
Unincorporated Washington County	NA	Washington County		X	X			X	X	X	X
Hillsboro	X	Washington County		X	X			X	X	X	X
Tigard*	X	Washington County		X	X			X	X	X	X
Tualatin*	X	Washington County		X	X			X	X	X	X
Forest Grove*	X	Washington County		X	X			X	X	X	X
Banks*	X	Washington County		X	X			X	X	X	X
Cornelius*	X	Washington County		X	X			X	X	X	X
King City*	X	Washington County		X	X			X	X	X	X
North Plains*	X	Washington County		X	X			X	X	X	X
Sherwood*	X	Washington County		X	X			X	X	X	X
Durham*	X	Washington County		X	X			X	X	X	X
Gaston	X	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Maywood Park	X	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Definitions and Notes:

Solid Waste Authority: Local government responsible for designing and administering waste reduction programs; regulating and managing solid waste and recycling collection services within their jurisdictional boundaries; and reviewing collection rates and services standards.

Designated Waste Reduction Planning Agency: Local government responsible for designing and implementing the waste reduction programs including Recycle at Work Services. Cities may designate the county agency to implement a program on their behalf.

Direct Funding: Receive direct funding from Metro to implement waste reduction programs.

Pass thru Allocation: Local government is eligible for direct funding from Metro, but designates funding to county to implement waste reduction programs on their behalf.

**Under Option 2, may choose to have designated waste reduction planning agency develop and implement the new program plan and reporting on their behalf.*

APPENDIX E

Table E1 below summarizes the costs projected for an 80,000-ton diversion of garbage to recycling due to implementation of a required business recycling. Note that only the figures in the right half of the diagram (labeled "Program-specific") would be unique to this specific program. All the cost changes in the "Universal" left half are dependent solely on the number of tons diverted to recycling and would occur *regardless of how the tons were diverted from the waste stream.*

TABLE E1. Cost changes unique to the proposed business recycling program (specific), and changes that would occur due to any diversion of tonnage to recycling (universal).

	Universal		Program-specific		
	per-ton	total	per-ton	total	
Internal management	-	-	$12.50	$1,000,000	
Solid waste service					$472,300
Avoided coll., tfr., transp. disp.	($60.00)	($4,800,000)	-	-	*businesses pay*
Avoided govt. fees	($14.00)	($1,120,000)			
Sales of recyclables	($24.00)	($1,920,000)	-	-	
Collection service	-	-	$91.40	$7,312,300	
Tip Fee impacts					
Regional programs	$0.85	$1,120,000	-	-	
Fixed costs (e.g., scalehouse)	$0.35	$462,000	-	-	
Contract payments	$0.90	$1,188,000			$3,376,700
					all generators pay
Program oversight	-	-	$0.33	$441,300	
Enforcement	-	-	$0.13	$165,400	
TOTAL		*($5,070,000)*	+	*$8,919,000*	= $3,849,000

Note: Whereas Table E1 is based on an 80,000-ton diversion, for a business program that achieves only 35,000 tons of diversion, e.g., the standards approach, per-ton amounts would remain roughly the same, and the dollar totals would be cut by about half.

APPENDIX F
Frequently Asked Questions

Achieving the state-mandated regional waste reduction goal requires new programs targeting commercially generated waste. Metro Council directed staff to develop business recycling program options. This worksheet provides information about the proposed programs for increasing business recycling.

BACKGROUND

Q: What is the issue?
A: While many businesses recycle, an estimated 14 percent do not recycle or recycle only cardboard. As a result, more than 100,000 tons of recyclable resources (paper and containers) from this sector are disposed of annually. To reach the state-mandated waste reduction goal, businesses must recycle an additional 80,000 tons of paper and containers.

Q: What are the benefits of increasing business recycling?
A: More business recycling sends less garbage to the landfill, conserves energy and natural resources and helps prevent pollution. Recycling 80,000 tons of paper and containers each year saves:

- 71 metric tons of carbon equivalents
- 1.7 trillion BTUs of energy – enough to power nearly 17,000 homes for one year
- Greenhouse gas emissions equivalent to nearly 54,000 cars driving one year
- The equivalent of nearly 1.4 million trees a year-- almost 1.4 Forest Parks.

Q: What are the barriers to business recycling?
A: Many businesses are under-recycling and not utilizing current services. Some reasons include:

- **Lack of business will.** In many instances, recycling is not a business priority. Businesses are busy and recycling isn't part of their business plan.
- **Lack of information/expertise**. Some businesses are confused about what is recyclable. Others are unsure how to communicate and train their staff about proper recycling.
- **Lack of space/convenience.** Businesses may believe space constraints prevent them from recycling. Also, if recycling is not easy or convenient, employees will often not do it.
- **Lack of cost/savings information**. Some businesses are concerned about increased costs if they recycle. (In franchised jurisdictions, recycling is included in the rates.) However, if businesses increase recycling, they may reduce overall collection costs and may increase revenue through the sale of recyclable materials.

Q: What services are currently being offered to businesses?
A: Recycle at Work (RAW) provides free resources and onsite technical assistance customized to each business's needs, including:

- **Program set up**.
- **Space planning**, including identifying solutions to space constraints and ensuring recycling bins are conveniently located.
- **Communication**, including staff training, signage and prompts. RAW also communicates with haulers, janitorial staff, property managers and decision-makers.
- **Invoice interpretation** to help businesses understand their garbage/recycling bill, the services available, and communicate more effectively with their hauler.
- **Containers**, including free deskside and central area recycling collection containers, and other tools.
- **Technical support**, including on-going assistance from recycling specialists.

Q: Who partners with the RAW program?
A: The Recycle at Work program partners with more than 200 businesses, including the Building Owners and Managers Association, Portland Metropolitan Association of Realtors, Portland Business Alliance and several local chambers of commerce.

Q: What are the results of current services and programs?
A: Businesses who have participated in the RAW program have increased their recycling at much greater rates than businesses that do not utilize the program's resources *. Since its inception in 2000, RAW's 10 recycling specialists have:

- Provided onsite technical assistance to more than 1,000 businesses each year. Businesses and business partners have rated RAW highly for the quality of technical assistance.
- Distributed 30,000 deskside recycling containers (since 2003).
- Helped institute local business recognition programs.

[*Further quantified data not available.]

Q: What are current program challenges?
A:

- Lack of access to businesses for Recycle at Work specialists. Many businesses lack firm motivation to recycle ('must do' versus 'nice to do').
- Inconsistent region-wide recycling services.
- Limited information on businesses needing help with recycling are challenges to delivering Recycle at Work services.

PROPOSED PROGRAMS

Q. What are the proposed business recycling program options?
A. There are two proposed options:

- **Option 1: Mandatory Business Recycling Program** - Requires local jurisdictions to implement mandatory business recycling. Businesses would be required to separate paper and containers for recycling. No more than 10 percent of these recyclable materials would be allowed in the garbage. Program comes with a $100,000 pool of funds from Metro to be shared by jurisdictions for implementation.

- **Option 2: Business Recycling Standards Program -** Sets a voluntary 90 percent standard for paper and container business recycling. Local governments develop new or enhanced programs to achieve this level of recovery and would be accountable for the target and for reporting annual progress. Program comes with a $100,000 pool of funds from Metro to be shared by jurisdictions for implementation.

Q: What are the main differences between the two programs?
A: Both the proposed programs are expected to increase business recycling and enhance delivery of Recycle at Work services.

Mandatory business recycling:

- recommended by a Council-authorized stakeholder work group.
- creates a consistent, region-wide recycling collection standard.
- is supported by households and businesses.
- would likely perform better than a voluntary approach (based on similar programs around the country).
- would likely achieve a 90 percent business recycling rate and help meet the regional recovery goal.

Voluntary business recycling:

- would likely be supported by most local jurisdictions (City of Portland is a possible exception).
- provides program flexibility within each community.
- is likely to boost recycling from businesses, but not meet recovery goal.

Q: How does the proposed mandatory program differ from the City of Portland's business recycling requirements?

A: The City of Portland's program requires businesses, multi-family residences and construction projects (valued at more than $50,000) to recycle at least 50 percent of their waste.

- **More recycled paper/containers.** The proposed program requires business to recycle 90 percent of their paper and containers.
- **More enforcement.** The proposed program places more emphasis on enforcement (two enforcement staff positions versus Portland's >.25 enforcement staff).
- **Same penalties**. The penalty for non-compliance is $500 for both programs. (Portland has issued only one fine since 1996.)

Q: How do the proposed programs affect the local governments?

A:

Mandatory business recycling

- **No additional program development or reporting.** The mandatory program does not place additional program development or reporting requirements on local government. Because the program would be standardized region wide, less local government time would be spent on program development and evaluation. Additional staff time may be needed to coordinate the ordinance adoption.
- **Increased delivery of services.** Currently, local government Recycle at Work staff spend up to 40 percent of their time trying to "get in the door" at businesses. Only about 60 percent of staff time is spent helping businesses improve recycling. Mandatory recycling would increase staff time available to assisting businesses in their recycling efforts.

Voluntary business recycling

- **Increased staff time.** Local governments will have to spend more time developing individual programs, creating plans, tracking progress and reporting results to Metro.

Q: How will increased recycling impact businesses?

A: Minimally. Research from 15 cities, including the City of Portland's mandatory business recycling program (adopted in 1996), indicates that increased business recycling would have a minimal impact on day-to-day business operations.

- For most businesses, either proposed program would require employees to recycle additional items in current recycling containers.
- For some businesses, the program may require businesses to change their level of garbage service and acquire additional recycling containers.

MEMORANDUM

600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736
TEL 503 797 1700 | FAX 503 797 1797

METRO

DATE: November 2, 2007

TO: Metro Councilors

FROM: Michael Hoglund, SWR Director

SUBJECT: Options for Increasing Business Recycling

Enclosed for your review is background material prior to a Council work session on Business Recycling Options November 13, 2007. This material addresses key questions asked by Council and by MPAC.

At the July 3, 2007 Metro Council work session on Options for Increasing Business Recycling, Council members requested further information on the goals, costs and benefits of the two proposed programs. Attached is the additional analysis and case studies prepared by Solid Waste & Recycling Department staff. This memorandum reviews the program options and summarizes the key findings of the new analysis for Council review.

Achieving the state-mandated waste reduction goal for this region is dependent on new programs to increase business recycling. In order to reach the 64 percent waste reduction goal, businesses must recycle an additional 80,000 tons of business paper and containers. Metro Council recognized this impediment, and directed staff to develop program options for consideration. In July, staff presented two approaches for Metro Council consideration:

- **Option #1: Mandatory Business Recycling Program-** This program would require all local jurisdictions in the region to implement mandatory business recycling. This would require businesses to recycle only paper and containers.
  Recovery projection: 80,000 tons of paper and containers

- **Option #2: Voluntary Business Recycling Standards-** This program would set a 90 percent standard for paper and container recycling from the business sector, applicable to each of the region's jurisdictions responsible for solid waste collection. Local governments would be responsible for developing new or enhanced programs to achieve a higher level of recovery. Each local government would be individually accountable to meet the target, similar to land-use planning requirements. *Recovery projection: 35,000 tons-80,000 tons of paper and containers*

Although the program options have common goals, the costs, benefits, and local government implications vary greatly between the two programs. The key points of the new analysis highlight the shared goals and major differences and are detailed below.

Business Recycling Program Options Goals
Both of the proposed programs aim to achieve the regional waste reduction goal, while addressing Metro Council's goals and objectives, and the prioritized values of the Metro Policy Advisory Committee and the Solid Waste Advisory Committee. Specific goals and objectives include:

1. Meet the regional solid waste reduction goal of 64 percent by 2009.
2. Achieve a 90 percent recycling rate for paper and containers (80,000 additional tons).
3. Reduce energy consumption and reliance on virgin materials.
4. Supply quality products to recycling markets.
5. Align with Metro Council's Objective 2.3: The region's waste stream is reduced, recovered and returned to productive use, and the remainder has a minimal impact on the environment.
6. Address current business recycling obstacles including lack of entry to businesses by recycling specialists, lack of information on who is not recycling, and inconsistent standards throughout the region.
7. Address stakeholder values beyond cost and tons recovered, including environmental benefits, ease of implementation and consistency with the waste reduction hierarchy.

Business Recycling Program Options Cost
The cost analysis examines the financial impacts of recycling (universal and specific), affected parties and comparison with other programs. Table 1 summarizes the costs projected for an 80,000-ton per year diversion of garbage to recycling due to implementation of mandatory business recycling. Universal costs are dependent solely on the number of tons diverted to recycling and would occur *regardless of how the tons were diverted from the waste stream*. Program-specific costs would be unique to this specific program and include program management, enforcement and collection services costs.

Table. 1. Annual Program Cost Summary

Universal costs:	($5,070,000)
Program-specific costs:	$8,919,000
Total	$3,849,000

Cost changes associated with different tonnage diversion would vary proportionally. For example, if the Voluntary Business Recycling Standards approach achieved 35,000 tons of new recovery, then the above totals would be reduced by about half. See Attachment A for complete cost analysis.

Effects on the Business Garbage Bill
Translating these costs to the effects on the garbage bill indicates that most businesses could expect a service charge increase of less than two percent, mainly due to the increase in per-ton charges for disposal. Local business case studies that evaluate the service charge impacts under the proposed programs are highlighted in Attachment B. It is important to note that while some businesses may see a slight service cost increase, others may see disposal costs decrease as they recycle more.

Cost Comparison of Business Recycling Options with Other Programs
The proposed business recycling options maintains a lower cost per ton when compared to several existing waste reduction programs as detailed in Table 2.

Table 2. Annual Program Cost Impact Comparison

	Tons Recovered	Equivalent cost per ton recovered
Existing Programs		
Bottle Bill	35,000	*$34*
Commercial Organics	12,000	*$48*
RSF Credits	30,000	*$52*
Prospective Programs		
Increased Biz Recycling	80,000	*$36*
EDWRP	42,250	*$89*

Local Government Impact

Designated solid waste planning agencies, which are responsible for local waste reduction planning and education, have been a major stakeholder in the identification and evaluation of program options since discussions began in 2003. Planning agency staff are aware of the resources that would be involved in implementing either of the business recycling program options. Attachment D outlines local government responsibility for solid waste programs and role in new programs.

Mandatory Business Recycling requires a one-time demand on local government staff and elected officials to adopt the ordinance versus Voluntary Business Recycling Standards, which requires on-going program management and evaluation. Under both options, Recycle at Work services would continue to be provided to the business community by those jurisdictions currently receiving direct program funding from Metro.

Under both program options, local governments estimate they will need additional resources. On average, local governments that currently receive Recycle at Work funding estimated a cumulative need for an additional $400,000 (4 FTE and additional program tools) to implement either program, while recovery results are expected to vary greatly between the two options. See Attachment C for detailed local government impact summary.

Business Recycling Program Options Benefits

As a result of increased business recycling, additional benefits, not counted in economic costs and benefits, accrue to the environment. Metro staff estimates the net environmental benefits of the mandatory business recycling program to be $10.22 million for 80,000 tons of new recovery collected annually. The Business Recycling Standards program is projected to achieve approximately $5 million for 35,000 tons (see Attachment A). The largest factor contributing to the environmental benefits is the reduction of 218,000 tons of greenhouse gas emissions (valued at $36 per ton of carbon dioxide equivalent). Many of the environmental benefits would be shared beyond Metro's jurisdictional boundary and extend to communities where recycled commodities are re-manufactured into products.

Next Steps

At the November 13th Council Work Session, staff will provide an overview of this information and the worksheet will identify the key questions for Council consideration. Council will be asked to provide direction on which program option to develop for formal consideration.

Attachment A
Cost Impact Analysis Excerpted from
White Paper on Options for Increasing Business Recycling
Updated: September 25, 2007

Discussion of Costs

The costs associated with the proposed new business recycling program options will be discussed in three parts:

1. *Financial Impacts of Recycling (Universal vs. Specific).* An explanation of general concepts to distinguish between impacts that are universal to any recycling program and those impacts that arise due to specific program implementation details;
2. *Affected Parties (Targeted Generators vs. Other Generators).* A description of costs that impact the targeted generators and costs that affect others in the system;
3. *Comparison with Other Programs.* A comparison of the business recycling costs and outcomes to a selection of other existing and future waste reduction programs. Net economic benefits as well as net environmental benefits are addressed in this section.

Cost figures in the discussion that follows are couched in terms of the *change* in cost relative to the status quo. For example, as always, doing nothing different is always an option. By definition, the *change* in cost of doing nothing is zero. The cost of the two business program options (standards vs. mandatory) are presented in terms of the change in costs relative to doing nothing. In this case, cost impacts are highly dependent on the number of tons recovered. Throughout, the analysis is based on the goal of 80,000 new tons of recovery from businesses; fewer tons recovered would mean lower total cost impact, roughly proportional to the number of tons recovered.

Financial Impacts of Recycling: Universal vs. Specific

The financial impacts of recycling can be grouped into two categories: 1. Universal impacts that arise anytime garbage is diverted to recycling; and 2. Specific impacts that arise in response to the program at hand. Regarding universal costs, any waste diverted to recycling will avoid the costs associated with disposal and could generate revenue as a valuable market commodity. These effects are universal and independent of the specific program or action that caused the recycling to occur. Program-specific impacts, on the other hand, can be attributed to a particular program. Examples of program-specific impacts are the public cost of enforcing new requirements, program oversight, and changes in collection service for the targeted generators.

One source of program-specific costs bears special discussion, costs that are fully internalized by the generator. Unlike avoided disposal costs and recyclable material sales, whose magnitudes can be relatively well known, internalized costs are problematic to quantify.

Take the bottle bill as one well-known program that has both associated market costs that are relatively easy to quantify as well as internalized generator costs that are difficult to know. Easy-to-estimate market costs include avoided disposal costs (tons x tip fee) and material sales (tons x sales price). Sources of hard-to-quantify costs include, for example, the value of the consumer's time and transportation resources to sort out bottles at home and (usually) drive them back to the grocery store for deposit redemption. Additionally, floor space almost always has a value, or opportunity cost. Most homeowners reserve space in the kitchen and/or garage for container storage, at perhaps a seemingly small cost; however, across all homeowners in the region, the total value of that floor space is significant. And, while not a generator consideration per se, grocers provide business floor space for empty bottle storage and redemption machines.

More commonly than not, it becomes impractical to try to place a dollar value on these non-point-sources of cost. Nevertheless, internalized generator costs are real and can be substantial. In the case of business standards or requirements, there certainly will be internalized generator costs, ranging from making office space changes, to appointing a corporate recycling coordinator, to making capital and staff-time investments in reconfiguring recycling areas and internal business practices. The next section quantifies market cost effects and attempts to characterize the internalized cost effects of proposed business recycling options.

Affected Parties: Targeted Generators vs. Other Generators

This section addresses the *economic* costs that would be borne by waste generators within the region as a result of implementing the Business Recycling Program. "Economic costs" refer to money payments for goods and services such as collection of recyclables and disposal of waste. "Economic costs" do not capture external (environmental) benefits of the program, such as improvements in health due to reduced air emissions. Environmental benefits are addressed in a later section.

For analytical purposes, economic effects on two groups are examined: the businesses targeted by these program options, and all other regional generators—single family, multi-family, construction/demolition projects, *etc*.—that are not targeted by this program.

Unless specifically noted in the text that follows, all cost and tonnage figures are region-wide totals.

Business Generators

The change in the cost to business participants stems from three basic sources: (1) internal implementation and management (see discussion above), (2) changes in garbage and recycling services provided by haulers, and (3) changes in the per-ton cost of disposal due to diversion of 80,000 tons to source-separated recycling. The latter also includes changes in Metro's rates to recover Metro's new costs associated with these business recycling program options.

- *Internal Implementation and Management Costs*. As discussed above, internalized costs are generally difficult to quantify. Metro staff estimates that businesses that need to make improvements to their internal recycling systems in response to a new program may spend a minimum of $1 million (in aggregate) annually for those improvements. This conservative estimate is based on anecdotal reports from a few businesses that currently have recycling procedures in place. Some other businesses who have not yet fully developed their recycling processes believe that $1 million per year may be too low, perhaps by an order of magnitude. Changes in internal business costs would need to be internalized. Within estimation error, this cost is not expected to vary significantly under the business standards vs. the mandatory program.
- *Collection Costs.* Assuming that the targeted businesses set aside an extra 80,000 tons of new recyclables, their cost for collecting recyclables will increase by about $7.4 million per year, as more collection time will be required to pick up the additional recyclables. At the same time, collection costs for garbage will decrease slightly, perhaps by as much as $1.2 million, for those 15% or so of businesses that can reduce the frequency of their garbage service due to better recycling. Overall, the net $6.2 million annual collection cost increase will be largely offset by about $6.7 million in avoided disposal costs ($4.7 million in tip fees) and revenue ($2 million) from sales of additional recyclables. The small ($530,000) net decrease over the status-quo cost of providing collection services represents only a fraction of a percent change in total solid waste service costs (out of perhaps $150 million per year), and almost certainly would not of itself warrant a rate adjustment by local governments. Hence, not counting fiscal impacts of tonnage diversion discussed in the next bullet, Metro staff estimates that all businesses combined would pay about the same, on average, for

collection with or without a new business recycling program.[1] Disposal costs, on the other hand, are almost certain to rise, as discussed next.

- *Disposal Costs.* The per-ton cost of disposal (tip fee) is projected to rise for two reasons: (i) the diversion of waste from disposal facilities will both raise Metro's contract rate at Columbia Ridge landfill by approximately 90¢ per ton and leave less tonnage from which to recover fixed costs, with a 35¢ per ton effect at the transfer stations and 85¢ on the Regional System Fee; and (ii) staff assumes that Metro's cost of these business recycling program options—including revenue sharing to pay for the cost of program elements implemented by local governments—will be recovered by an increase in the Regional System Fee of 46¢. If these changes are recovered through Metro's standard rate model, they mean a $1.25 increase in the tonnage charge component of the tip fee (90¢+35¢), and a $1.31 increase in the Regional System Fee (85¢+46¢). In addition, private facilities will have similar cost effects and, if past is precedent, will match Metro's prices, making these disposal increases a region-wide event. Due to these changes, totaling $2.56/ton, participants in a new business recycling program will see a $1.84 million increase in the cost of disposing of waste that continues to be landfilled.

The following table summarizes the cost effects described above.

TABLE 1. Total change in costs for business recycling program participants

Cost Component	Net Cost
Internal management	$1,000,000*
Collection	(530,000)**
Disposal	1,843,000
Total	$ 2,313,000

* See discussion above regarding uncertainty in internalized costs
** Collection services net of material sales revenue & avoided disposal cost on recycled materials.

- *Effect on Garbage Bill.* A number of factors influence how these net cost increases would impact a specific business's bill from its garbage hauler. Individual businesses will experience different impacts because business size varies, as do waste generation characteristics, solid waste service levels and service providers (hauler). In addition, rate-setting processes are not uniform among jurisdictions in the region. With those caveats, Metro staff believes that most businesses should expect a rate increase of less than 2% given the cost assumptions above, mainly due to the increase in per-ton charges for disposal. Those few businesses that significantly reduce their need for disposal may even enjoy an overall decrease in their bill for solid waste services; however, other businesses that, because of space limitations or the characteristics of their waste, cannot reduce their need for disposal (e.g., restaurants) may experience an increase higher than 2%. See Attachment B for case study examples of how individual businesses could be impacted.

Other Generators (Single Family, Multi-Family, Construction, etc.)

As indicated in the "Disposal Costs" bullet above, tip fees could rise throughout the region by approximately $2.56 per ton. All waste generators would be affected by this change in disposal costs, including generators

[1] These figures do not reflect any increase in hauler-provided education for customers, which could be significant during the early phase of implementation.

who do not participate in a business recycling program. Metro staff estimates that increased disposal costs for these generators would run approximately $1.54 million per year.

Cost Comparison of Business Recycling with Other Programs

In order to make the numbers in the previous section useful for decision-making, the costs of business recycling program options can be compared with the cost and performance of other programs. The following table shows a comparison of key costs and statistics for the prospective Business Recycling and Enhanced Dry Waste Recovery ("EDWRP") programs versus several existing waste reduction programs, including the well-known Bottle Bill program, and Metro's Regional System Fee Credit Program, and Food Waste Composting Program.

TABLE 2. Comparison of program-related cost impacts for several waste reduction initiatives.

		Cost Changes due to…			
	Tons Recovered	Tonnage Diversion *	Govt. Oversight & Enforcement **	Service Changes***	Equivalent cost per ton recovered
		costs shared among all generators		*costs borne by target generators*	
Existing Programs					
Bottle Bill	35,000	$1,205,000	$0	unknown	*$34*
Commercial Organics	12,000	$438,000	$140,000	unknown	*$48*
RSF Credits	30,000	$1,558,000	$10,000	$0	*$52*
Prospective Programs					
Enhanced Biz Recycling	80,000	$2,772,000	$607,000	($530,000)	*$36*
EDWRP	42,250	$1,358,000	$0	$2,407,000	*$89*

* The per-ton cost of disposal rises as fixed costs are recovered from fewer disposed tons and as Metro's contract disposal price increases with diminishing tonnage. Tonnage diversion alone accounts for about $35/ton recovered, regardless of the of the waste reduction program specifics (except for RSF credits, which historically have cost more--$52/ton recovered--due to the operating subsidy).

** Government costs include locally- & regionally-administered education and outreach, enforcement, coordination, and associated overhead. The magnitude of these ongoing government costs is less well-known, typically representing amalgamation of many fractional FTE. Some local governments also may choose to supplement this, e.g., through franchise fees, to support their businesses' recycling.

*** This column includes costs related to changes in collection services, but does not include systems improvements costs (internalized), whose estimation is highly uncertain, as they are dependent on generators' behavior, local governments' rate setting, and haulers' operational choices.

A note on internalized costs

Table 2 includes no estimate of internalized costs caused by the respective programs, as quantitative estimates are so uncertain as to be marginally useful for decision-making. That said, Table 3 tries to characterize the order of magnitude of the various internal systems costs for each program.

TABLE 3. Annual internalized cost estimates for the programs shown in Table 2.

Program Name	Sources of Internalized Generator Costs	Order of Magnitude
Bottle Bill	Homeowner space, time	$1 to $10 million
Commercial Organics	Restaurant or grocer space, time	$0 to $100,000
RSF Credits	None. Disposal-oriented program.	$0
Enhanced Biz Recycling	Space improvements, staff time	$1 to $10 million
EDWRP	None. Disposal-oriented program.	$0

Benefits of Business Recycling Program Options

Economic Benefits

Avoided disposal costs and sales of recyclable materials would be the main direct economic benefits accruing to businesses participating in the Business Recycling Program. With more recyclables being separated out by business generators, less waste will go to a landfill, reducing landfilling cost. In addition, recyclables have a value to recyclers, so any increase in source separation should generate a revenue opportunity for the solid waste system. As indicated in the second bullet, “Collection Costs,” above, these savings are included as revenue offsets to the direct collection costs calculations described in the previous section. It is by this mechanism that sales revenue becomes an economic benefit accruing to businesses.

Environmental Benefits

Additional benefits, not counted in economic costs and benefits, accrue to the environment. Recycling reduces the need for raw material extraction, processing, and transport, thus reducing air emissions and resource usage. These types of benefits are for the public at large and some will accrue beyond the Metro boundary. The following table shows the results of the monetized environmental benefits if 80,000 tons are recovered.

Table 4. Monetized Environmental Benefits by Material for 80,000 tons

Recyclables	2005 Tons	Unit Value	Total Value
Newspaper	6,135	$163	$1,002,234
Mixed waste paper	28,275	$129	$3,648,579
Cardboard/kraft paper	26,201	$141	$3,683,992
High-grade paper	4,876	$100	$486,039
Glass containers	5,405	$19	$101,020
Steel cans	2,346	$50	$118,176
Aluminum cans and foil	1,123	$621	$697,804
Plastic bottles and tubs	5,639	$86	$484,325
Total	**80,000**	**$128**	**$10,222,169**

Source: TRACI, Decision Support Tool, Environmental Protection Agency, 2007.

The largest factor contributing to the environmental benefits is the reduction of 218,000 tons of greenhouse gas emissions (valued at $36 per ton of carbon dioxide equivalent for a total savings of $7.8 million). Additional upstream benefits from using recycled versus virgin materials in the manufacturing process include reduced acidification (sulfur dioxide), eutrophication (nitrogen), and ecological toxicity (chemicals) at an economic value of $1.3 million. Pollution prevention has a positive impact on human health, which is measured via disability-adjusted life years (DALYs). DALYs account for years of life lost and years lived with disability, adjusted for the severity of the associated unfavorable health conditions. We measured the economic value of improvements in human health to be over $1 million.

Overall, the reduced need to extract natural resources results in saving nearly 1.2 million trees, air emissions equivalent to taking 42,000 cars off the road, and enough energy to power 15,000 homes for one year.

Attachment A

Business Recycling Program Options - Cost and Benefit Summary

The analysis has outlined the net economic costs that would accrue to generators within the region for 80,000 tons of new business recycling:

- Business Participants: $2.313 million per year (including $1 million internalized cost)
- Other Generators: $1.536 million per year
- Total $3.849 million per year

Cost changes associated with different tonnage diversion would vary roughly proportionally. For example, if the Business Standards option achieved only 35,000 tons of new recovery, then the above totals would be reduced by about half.

In addition, Metro staff has estimated the net environmental benefits of the program to be $10.22 million for 80,000 tons of new recovery, or less than $5 million for 35,000 tons. The environmental benefits would be shared over a wide geographic area that extends beyond Metro's jurisdictional boundary.

Table 5 below summarizes the costs projected for an 80,000-ton diversion of garbage to recycling due to implementation of the mandatory business recycling option. Note that only the figures in the right half of the diagram (labeled "Program-specific") would be unique to this specific program. All the cost changes in the "Universal" left half are dependent solely on the number of tons diverted to recycling and would occur *regardless of how the tons were diverted from the waste stream*.

Table 5. Cost changes unique to the proposed business recycling program (specific), and changes that would occur due to any diversion of tonnage to recycling (universal).

	Universal		Program-specific		
	per-ton	total	per-ton	total	
Internal management	-	-	$12.50	$1,000,000	
Solid waste service					$472,300
Avoided coll., tfr., transp. disp.	($60.00)	($4,800,000)	-	-	*businesses pay*
Avoided govt. fees	($14.00)	($1,120,000)			
Sales of recyclables	($24.00)	($1,920,000)	-	-	
Collection service	-	-	$91.40	$7,312,300	
Tip Fee impacts					
Regional programs	$0.85	$1,120,000	-	-	
Fixed costs (e.g., scalehouse)	$0.35	$462,000	-	-	
Contract payments	$0.90	$1,188,000			$3,376,700
					all generators pay
Program oversight	-	-	$0.33	$441,300	
Enforcement	-	-	$0.13	$165,400	
TOTAL		*($5,070,000)*	+	*$8,919,000*	= $3,849,000

Note: Whereas Table 5 is based on an 80,000-ton diversion, for a business program that achieves only 35,000 tons of diversion, e.g., the standards approach, per-ton amounts would remain roughly the same, and the dollar totals would be cut by about half.

Attachment B
Recycle at Work Business Case Studies

Adopting one of the proposed programs to increase business recycling is projected to result in less than a two percent increase on the average garbage and recycling service bill. To understand how businesses of various sizes with different levels of garbage and recycling services will be affected, staff looked at recent recycling improvements at specific businesses that have received Recycle at Work assistance, the price of those changes, and the projected increase in the monthly service bill with the passage of a new program. Costs vary by service frequency, location, and material quantity.

Small Business - New Recycling	
Business Type	Community Park
Employees	2
Location	Unincorporated Washington County
Previous Garbage Service	1-3 yard garbage container serviced once a week
Previous Recycling Service	None
Previous Monthly Price of Service	$160.96
Change in Service	*Added 1-3 yard recycling container serviced once a week*
New Materials Recycled	Paper, cardboard, containers
New Monthly Price of Service	$160.96
Price Change to Increase Recycling	**$0**
Projected Monthly Price Increase with proposed Business Recycling Program (<2% due to increased disposal costs)	**$3**

Small Business - Enhanced Recycling	
Business Type	Frame Shop
Employees	5
Location	Beaverton
Previous Garbage Service	1 yd garbage container
Previous Recycling Service	90 gallon recycling cart
Previous Monthly Price of Service	$83.36
Change in Service	*Switched garbage and recycling container sizes to 1 yd recycling and 90 gallon garbage*
New Materials Recycled	Increased capture of recyclables
New Monthly Price of Service	$36.00
Price Change	**($47)**
Projected Monthly Price Increase with proposed Business Recycling Program (<2% due to increased disposal costs)	**$0.49**

Medium Business - New Recycling	
Business Type	Restaurant
Employees	20+
Location	Beaverton
Previous Garbage Service	4 yd garbage serviced 4 times/week
Previous Recycling Service	None
Previous Monthly Price of Service	$520
Change in Service	*Added commingling container, reduced garbage service to 2 times/week*
New Materials Recycled	Paper, cardboard, containers, and glass

New Monthly Price of Service	$270
Price Change	**($250)**
Projected Monthly Price Increase with proposed Business Recycling Program (<2% due to increased disposal costs)	**$5**

Attachment B

Medium Business - Enhanced Recycling	
Business Type	Athletic Club
Employees	40
Location	Sandy
Previous Garbage Service	4 yd garbage serviced 1 time/week
Previous Recycling Service	1 90 gallon cart
Projected Monthly Price Increase	$266
Change in Service	*Added 2 90-gallon carts for commingling, 1 35-gallon for glass; Reduce garbage container size to 3 yd*
New Materials Recycled	Paper, cardboard, containers, and glass
New Monthly Price of Service	$206
Price Change	**($60)**
Projected Monthly Price Increase with proposed Business Recycling Program (<2% due to increased disposal costs)	**$3.33**

Large Business - New Recycling	
Business Type	Large businesses usually recycle at least cardboard, thus we do not have a case to share at this time.

Large Business - Enhanced Recycling	
Business Type	Suburban Lifestyle Shopping Center
Employees	88 tenants, 2000 employees
Location	Tualatin/Tigard
Previous Garbage Service	2 Trash compactors pickup 3 times/week
Previous Recycling Service	1 Cardboard-only compactor pickup 3 times/week
Previous Monthly Price of Service	~$12,000
Change in Service	*Added 14 32-gallon glass totes (4 of which are being serviced 2x week) and commingled materials to compactor*
New Materials Recycled	Paper, containers, and glass
New Monthly Price of Service	Varies based on tonnnage - no additional service fees
Price Change	**Unknown, likely decrease**
Projected Monthly Price Increase with proposed Business Recycling Program (<2% due to increased disposal costs)	**$223**

Notes

Recycling services are included in garbage service rates. In some jurisdictions, businesses may have to pay for recycling separately from garbage due to service levels (e.g. compactor or drop box service).

Although the Recycle at Work technical assistance program has been successful in initiating change at interested businesses, challenges still exist with businesses that will not allow recycling specialists "in the door."

Attachment B

Business Case Studies
Perceived Barriers to Recycling

Business Type	Testing Lab
Location	Hillsboro
Perceived Barriers to Recycling	Hauler resistance
Issue	The business explained that the hauler for their business site initially refused to provide them with recycling services. Employees demanded recycling, but it was a challenge to get service.
Business	Multi-Tenant Commercial Property
Location	Forest Grove
Perceived Barriers to Recycling	Cost
Issue	Multi-tenant property managers would like to add recycling to their hauling services, but are deterred by the additional cost for each recycling container. The solid waste hauling rates currently do not include recycling services, thus businesses must pay an additional fee for each recycling container they want to add.
Business	Property Management Co.
Location	Unincorporated Washington County
Perceived Barriers to Recycling	Lack of information, time
Issue	Tenants have requested recycling services, but have met resistance from the property manager. The hauler provided the property manager with unclear information regarding recycling services, rate of service, and the type of material that can be recycled, thus the property manager was unwilling to commit time to initiating change.
Business	Retail Pharmacy
Location	Regional
Perceived Barriers to Recycling	Corporate direction, cost, lack of information
Issue	A third party contractor manages the pharmacy's waste contracts. The contractor has direction from the corporate office of the retail pharmacy not to initiative costly changes and is likely unaware that recycling services are included with the garbage rates in the Metro region. Pharmacy local management has expressed frustration with the lack of recycling services, but defers all changes to their contractor. A letter was sent to the contractor from the Recycle at Work Program Coordinator explaining the rate structure and encouraging recycling at regional stores.
Business	Property Management Co.
Location	Portland, regional
Perceived Barriers to Recycling	Convenience, cost
Issue	A large property management firm hauls their own garbage and contracts out their recycling services. Because they are not paying garbage hauling rates, recycling services are not included and they must pay for additional recycling containers. They did not want to pay for this service and thus, were not recycling. The City of Portland sent an enforcement letter to the firm regarding the City's mandatory recycling requirement. The property management company has since initiated paper recycling, but continues to be unwilling to add bottle and can recycling.

Attachment C
Local Government Impact

Below is a summary on the impact of the proposed program options on local governments. The summary responds to the following questions:

1. Who will conduct the additional work?
2. Are the local governments are ready to implement a new program?
3. What is the cost to local governments?

Local Government Responsibility
Under Option 1, Mandatory Business Recycling, all local cities and counties acting as a solid waste authority would be responsible for adopting legislation requiring businesses to recycle paper and containers. Metro would provide the model ordinance language, while local jurisdictions would each be responsible for adopting the requirements.

Under Option 2, Voluntary Business Recycling Standards, these same jurisdictions would be required to develop and implement new programs to meet a 90 percent recycling rate for paper and containers. It is likely that many of the cities in Clackamas and Washington Counties would defer the program development and reporting to their county, the designated waste reduction planning agency, but they have a role in local implementation.

Mandatory Business Recycling requires a one-time demand on local government staff and elected officials to adopt the ordinance versus Voluntary Business Recycling Standards, which requires on-going program management and evaluation. Under both options, Recycle at Work services would continue to be provided to the business community by those jurisdictions currently receiving direct program funding from Metro.

Attachment D outlines local government authority, responsibility for solid waste programs and role in new programs.

Local Government Readiness
Local governments have been a major stakeholder in the planning and identification of program options since discussions began in 2003. Their staff input has been critical to program development. While awareness does not always equal readiness, local government staff are aware of the resources that would be involved in implementing either of the business recycling program options. Metro staff would assist with ordinance adoption, enforcement needs, targeted outreach, and Recycle at Work resources and services to support local governments.

If Metro adopts a Mandatory Business Recycling ordinance:

- Local staff would be provided with a model ordinance for implementing the mandatory program.
- Local jurisdictions would need to adjust their administrative rules.
- Enforcement staff would either be provided by Metro, under the terms of an IGA, or local Code enforcement staff would be utilized to inspect business compliance at the local government level.
- Local Recycle at Work outreach and assistance to businesses that need help setting up or improving their recycling programs would intensify with local passage of mandatory business recycling, and additional staff may be needed for a time, in order to respond to that increased demand for assistance.

If Metro adopts the Voluntary Business Recycling Standards program:

- More planning, plan reviews and program coordination between both Metro and local governments would result.

-
- Counties would coordinate with their cities and franchisees to develop implementation plans and create consistent commercial recycling service standards.
- Larger cities like Portland, Gresham and Beaverton would establish their own plans and submit them directly to Metro.
- Additional Metro resources would be needed to coordinate program review and approval, fund distribution, and annual waste characterization studies to assess performance.

Local Government Costs

To implement a new business recycling program, local governments estimate they will need additional resources. Under Option 1, Mandatory Business Recycling, local governments expect to spend most of their time up front assisting their councils and commissions in passing the new ordinance. Staff would also be needed at a few jurisdictions to respond to increased demand for Recycle at Work assistance. Those jurisdictions that provided estimates suggested an additional $356,000-$456,000 would be sufficient to implement Mandatory Business Recycling requirements.

Most jurisdictions were uncertain what practices they would implement under Option 2, Voluntary Business Recycling Standards, and thus they found it challenging to accurately identify additional funds needed. Overall, an estimated $329,000-$484,000 was requested for additional staff to develop, implement, and evaluate Business Recycling Standards programs.

On average, local governments estimated a cumulative need for $400,000 (4 FTE) to implement either program, while recovery results are expected to vary greatly between the two options.

Attachment D- Local Government Program Authority and Funding Overview

					Option 1: Mandatory Business Recycling			Option 2: Business Recycling Standards				
Jurisdiction	**Solid Waste Authority**	**Designated Waste Reduction Planning Agency**	**Direct Funding**	**Pass thru Allocation**	**Adopt legislation**	**Likely to defer enforcement to Metro**	**Maintain current Recycle at Work services**	**Maintain current Recycle at Work services**	**Develop new programs**	**Implement Program**	**Year 1 progress report**	**Year 2 progress report**
Clackamas County	X	Clackamas County	X		X	Yes	X	X	X	X	X	X
Unincorporated Clackamas County*		Clackamas County		X	X	Yes			X	X	X	X
Barlow*	X	Clackamas County		X	X	Yes			X	X	X	X
Rivergrove*	X	Clackamas County		X	X	Yes			X	X	X	X
Johnson City*	X	Clackamas County		X	X	Yes			X	X	X	X
Damascus*	X	Clackamas County		X	X	Yes			X	X	X	X
Gladstone*	X	Clackamas County		X	X	Yes			X	X	X	X
Happy Valley*	X	Clackamas County		X	X	Yes			X	X	X	X
Lake Oswego*	X	Clackamas County		X	X	Yes			X	X	X	X
Milwaukie*	X	Clackamas County		X	X	Yes			X	X	X	X
Estacada*	X	Clackamas County		X	X	Yes			X	X	X	X
Molalla*	X	Clackamas County		X	X	Yes			X	X	X	X
Oregon City*	X	Clackamas County		X	X	Yes			X	X	X	X
Sandy*	X	Clackamas County		X	X	Yes			X	X	X	X
West Linn*	X	Clackamas County		X	X	Yes			X	X	X	X
Canby*	X	Clackamas County		X	X	Yes			X	X	X	X
Wilsonville*	X	Clackamas County		X	X	Yes			X	X	X	X
Multnomah County*	X	Portland		X	X	Yes			X	X	X	X
Unicorprated Multnomah County*		Multnomah County			X	Yes			X	X	X	X
Gresham	X	Gresham	X		X	Yes	X	X	X	X	X	X
Wood Village*	X	Gresham		X	X	Yes			X	X	X	X
Fairview	X	Fairview	X		X	Yes	X	X	X	X	X	X
Troutdale	X	Troutdale	X		X	Yes	X	X	X	X	X	X
Portland	X	Portland	X		X	No	X	X	X	X	X	X
Beaverton	X	Beaverton	X		X	Yes	X	X	X	X	X	X
Washington County	X	Washington County	X		X	Yes	X	X	X	X	X	X
Unincorporated Washington County*		Washington County		X	X	Yes			X	X	X	X
Hillsboro*	X	Washington County		X	X	Yes			X	X	X	X
Tigard*	X	Washington County		X	X	Yes			X	X	X	X
Tualatin*	X	Washington County		X	X	Yes			X	X	X	X
Forest Grove*	X	Washington County		X	X	Yes			X	X	X	X
Banks*	X	Washington County		X	X	Yes			X	X	X	X
Cornelius*	X	Washington County		X	X	Yes			X	X	X	X
King City*	X	Washington County		X	X	Yes			X	X	X	X
North Plains*	X	Washington County		X	X	Yes			X	X	X	X
Sherwood*	X	Washington County		X	X	Yes			X	X	X	X
Durham*	X	Washington County		X	X	Yes			X	X	X	X
Gaston	X	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Maywood Park	X	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Defintions and notes:

Jurisdiction Listing- All jurisdictions listed are in the regional wasteshed. Juridictions in bold are within the Metro region boundary.

Solid Waste Authority: Local government responsible for designing and administering waste reduction programs; regulating and managing solid waste and recycling collection services within their jurisdictional boundaries; and reviewing collection rates and services standards.

Designated Waste Reduction Planning Agency: Local government responsible for designing and implementing the waste reduction programs including Recycle at Work Services. Cities may designate the county agency to implement a program on their behalf.

Direct Funding: Receive direct funding from Metro to implement waste reduction programs.

Pass thru Allocation: Local government is eligible for direct funding from Metro, but designates funding to county to implement waste reduction programs on their behalf.

***** *Under Option 2, the jurisdiction may choose to have their designated waste reduction planning agency develop and implement the new program plan and reporting on their behalf.*

Agenda Item Number 7.4

Ordinance No. 08-1201, For the Purpose of Adopting the Business Recycling Requirement Model Ordinance Pursuant to Metro Code Section 5.10.350 and the Regional Solid Waste Management Plan.

First Reading

Metro Council Meeting
Thursday, September 11, 2008
Metro Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING THE BUSINESS RECYCLING REQUIREMENT MODEL ORDINANCE PURSUANT TO METRO CODE SECTION 5.10.350 AND THE REGIONAL SOLID WASTE MANAGEMENT PLAN, 2008-2018 UPDATE	))))))	ORDINANCE NO. 08-1201 Introduced by Michael Jordan, Chief Operating Officer, with the concurrence of David Bragdon, Council President

WHEREAS, on July 24, 2008, the Metro Council adopted Ordinance No. 07-1162A, For the Purpose of Adopting the Regional Solid Waste Management Plan, 2008-2018 Update (RSWMP), which when it is effective on October 22, 2008, will provide the Portland metropolitan area with policy and program direction for the next decade;

WHEREAS, on July 24, 2008, the Metro Council adopted Ordinance No. 08-1183A, For the Purpose of Amending Metro Code Title V, Solid Waste, to Add Chapter 5.10, Regional Solid Waste Management Plan, to Implement the Requirements of the 2008-2018 Regional Solid Waste Management Plan, which will take effect on October 22, 2008;

WHEREAS, the RSWMP includes the Waste Reduction Program required by ORS Chapter 459;

WHEREAS, the Metro Council has identified the specific enforceable components of the Waste Reduction Program through changes to the Metro Code;

WHEREAS, the Metro Council adopted Ordinance No. 08-1198, For the Purpose of Amending the Regional Solid Waste Management Plan, 2008-2018 Update, to Include a Business Recycling Requirement;

WHEREAS, the Metro Council adopted Ordinance No. 08-1200, For the Purpose of Amending Metro Code Chapter 5.10, Regional Solid Waste Management Plan, by Adding Provisions to Implement the Business Recycling Requirement; and

WHEREAS, Metro Code Section 5.10.350, adopted by Ordinance No. 08-1200, requires Metro to adopt a Business Recycling Requirement Model Ordinance that includes a compliance element; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

As required by Metro Code Section 5.10.350, the Business Recycling Requirement Model Ordinance, attached as Exhibit A, is hereby adopted.

ADOPTED by the Metro Council this _______ day of _______________ 2008.

David Bragdon, Council President

Attest:

Approved as to Form:

Christina Billington, Recording Secretary

Daniel B. Cooper, Metro Attorney

Exhibit A to Ordinance No. 08-1201
BUSINESS RECYCLING REQUIREMENT MODEL ORDINANCE

Section 1. Intent

The purpose of this ordinance is to comply with the Business Recycling Requirement set forth in Metro Code Chapter 5.10. A significant increase in business recycling will assist the Metro region in achieving waste reduction goals, conserving natural resources, and reducing greenhouse gas emissions.

Section 2. Applicability

This ordinance applies to all Businesses and Business Recycling Service Customers. A Business is any entity of one or more persons, corporate or otherwise, engaged in commercial, professional, charitable, political, industrial, educational, or other activity that is non-residential in nature, including public bodies. A Business Recycling Service Customer is a person who enters into a service agreement with a waste hauler or recycler for business recycling services.

This ordinance does not apply to Businesses whose primary office is located in a residence. A residence is the place where a person lives.

Section 3. Business Recycling Requirement

Businesses shall source separate all recyclable paper, cardboard, glass and plastic bottles and jars, and aluminum and tin cans for reuse or recycling.

Businesses and Business Recycling Service Customers shall ensure the provision of recycling containers for internal maintenance or work areas where recyclable materials may be collected, stored, or both.

Businesses and Business Recycling Service Customers shall post accurate signs where recyclable materials are collected, stored, or both that identify the materials that the Business must source separate for reuse or recycling and that provide recycling instructions.

Section 4. Exemption from Business Recycling Requirement

A Business may seek exemption from the Business Recycling Requirement by providing access to a recycling specialist for a site visit and establishing that it cannot comply with the Business Recycling Requirement.

Section 5. Compliance with Business Recycling Requirement

A Business or Business Recycling Service Customer that does not comply with the Business Recycling Requirement may receive a written notice of noncompliance. The notice of noncompliance shall describe the violation, provide the Business or Business Recycling Service Customer an opportunity to cure the violation within the time specified in the notice, and offer assistance with compliance.

A Business or Business Recycling Service Customers that does not cure a violation within the time specified in the notice of noncompliance may receive a written citation. The citation shall provide an additional opportunity to cure the violation within the time specified in the citation and shall notify the Business or Business Recycling Service Customer that it may be subject to a fine.

A Business or Business Recycling Service Customer that does not cure a violation within the time specified in the citation may be subject to a fine.

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 08-1201, FOR THE PURPOSE OF ADOPTING THE BUSINESS RECYCLING REQUIREMENT MODEL ORDINANCE PURSUANT TO METRO CODE SECTION 5.10.350 AND THE REGIONAL SOLID WASTE MANAGEMENT PLAN

Date: August 18, 2008 Prepared by: Marta McGuire

BACKGROUND

Ordinance No. 08-1201 provides model code language to implement the Business Recycling Requirement (Ordinance No. 08-1200) of the Regional Solid Waste Management Plan 2008-2018.

The Metro Council will consider adoption of the Business Recycling Requirement in Ordinance No. 08-1200. The staff report related to this ordinance provides the history and purpose of the business recycling requirement.

The purpose of this Model Ordinance is to provide a specific example of provisions approved by the Metro Council that can be used by a local government to comply with the performance standards for Metro Code Section 5.10.330 – Business Recycling Requirement Performance Standard. This section describes specific performance standards and practices for local governments. Metro Code Section 5.10.350 requires Metro to adopt a Business Recycling Requirement Model Ordinance for use by local governments to comply with the Metro Code. This Model Ordinance fulfills this requirement. It is also consistent with Metro policies in the 2008-2018 Regional Solid Waste Management Plan.

The purpose of the Business Recycling Requirement is to provide an opportunity for businesses to work with local governments to provide recycling education, to create a consistent standard throughout the Metro region and to increase recycling, thereby assisting the Metro region in meeting recovery goals, conserving natural resources and reducing greenhouse gas emissions. This Model Ordinance addresses those purposes.

This Model Ordinance provides only one method of complying with the Business Recycling Requirement. The Model Ordinance shall be advisory and local governments are not required to adopt the Model Ordinance, or any part thereof, to comply with this title. Local governments that adopt the Model Ordinance in its entirety shall be deemed to have complied with the Business Recycling Requirement.

ANALYSIS/INFORMATION

1. Known Opposition: There is no known opposition to the model ordinance.

2. Legal Antecedents: Ordinance No. 07-1162A, (For the Purpose of Adopting the Regional Solid Waste Management Plan, 2008-2018 Update), adopted July 2008; Ordinance No. 08-1183A, (For the Purpose of Amending the Metro Code Title V, Solid Waste, to Add, Chapter 5.10, Regional Solid Waste Management Plan, to Implement the Requirements of the 200-2018 Regional Solid Waste Management Plan), adopted July 2008; Metro Charter; Metro Code Title V Solid Waste; and ORS Chapters 268 and 459.

3. Anticipated Effects: The Model Ordinance provides one method of complying with the Business Recycling Requirement. The Model Ordinance is advisory and local governments are not required to adopt the ordinance.

4. **Budget Impacts:** No direct budget impacts; however, there are budget impacts related to the Business Recycling Requirement (Ordinance No. 08-1200) identified in the related staff report.

RECOMMENDED ACTION

The Chief Operating Officer recommends approval of Ordinance No. 08-1201.