

SOLID WASTE ADVISORY COMMITTEE SUMMARY
MEETING OF 8/6/97

Committee Members Present:

Councilor Don Morissette, Chair
Councilor Susan McLain, Vice Chair

Recycling Industry Representative

Jeff Murray, Alternate EZ Recycling

Hauling Industry Representatives

Dean Kampfer, Alternate MDC

David White ORRA/Tri-County Council

Solid Waste Facility Representatives

Garry Penning Oregon Waste Systems

Ralph Gilbert East County Recycling

Merle Irvine Willamette Resources

Tom Wyatt BFI / Trans Industries

Citizen Representatives

Jeanne Roy Recycling Advocates

Michael Misovetz Clackamas County Citizen

Frank Deaver Washington County Citizen

Government Representatives

Lynne Storz Washington County

Rick Winterhalter Clackamas County Cities

Susan Keil City of Portland

Loreen Mills Washington County Cities

Non-Voting Members

Bruce Warner Metro REM Director

Carol Devenir-Moore Clark County

David Kunz, Alternate DEQ, Northwest Region

Metro—REM

Doug Anderson	Jim Watkins	Steve Kraten	Jan O'Dell
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Aaron Brondyke	Connie Kinney	Sarah Adams	Scott Klag
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Paul Ehinger	Terry Petersen		
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Metro—Other Departments

Marv Fjordbeck	John Houser	Leo Kenyon	Berit Stevenson
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Dennis Strachota

Guests:

Scott Bradley	Bruce Broussard	Easton Cross	Mike Leichner
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Todd Irvine	Ray Phelps	Doug DeVries	Ken Irish
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Howard Grabhorn	Susan Robinson	Doug Drennen	Shon Pahio
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Chair Morissette asked for a motion on the minutes from the meeting of July 16, 1997. Mr. Penning made a motion that the minutes be approved. Ms. Keil seconded the motion. The minutes were unanimously approved.

At the end of the last meeting, staff was asked to come back with a further clarification of the definitions of the following terms: 1) Reload Facility, 2) Material Recovery Facility, and 3) Transfer Station. Staff has done a considerable amount of work to identify what we think needs to be done to implement the language that this committee recommended earlier this year for the RSWMP. Mr. Warner said that the Metro Council has expressed a desire to become more informed on the issues, and to that end, have requested that Susan McLain attend the SWAC Meeting. Mr. Warner also wanted to express his appreciation for the feedback that Metro received from the following individuals: Tom Wyatt (BFI), Lakeside, Dave White, Doug Drennen, and Jeanne Roy. Mr. Warner also recognized those folks that called, including Garry Penning and Merle Irvine.

Mr. Warner said that Mr. Anderson would give a brief overview of the issues and proposals outlined in the staff report that was previously faxed to you. Mr. Warner will then request that the committee identify major policy issues and prioritize them. We will discuss each of these items for about 10 min. so they might be framed properly for presentation to the policy makers and to increase understanding of where our differences might be. Finally, Chair Morissette will give the committee direction and guidance on ultimate decisions.

Mr. Anderson referred to Tables 1 and 2 on pages 3 and 4 of the staff report. I will quickly walk through these tables to give you a sense of what we are trying to accomplish with this. This table has already suggested a number of policy issues that we've received through various phone calls and letters. What we are trying to lead to here is to understand what we've put on paper, why we've done it, what kind of policy issues that suggests that will launch into that discussion. If I'm not clear, please interrupt, but the idea is to get through this and then get into the dialogue that Bruce talked about a moment ago.

On Table 1, page 3 of the staff report, we've tried to set some of the important differences among five different types of facilities. We've broken reloads up into three different types of facilities, mostly to facilitate this discussion. As you'll see as we move through this, they're really distinguished by increasingly diverse types of activities that happen at these facilities, that have traditionally been called "reloads." We've also added to this table:

- Material Recovery Facilities; and
- Regional Transfer Stations (Metro Central and South, and Forest Grove)

to give you an idea of how these reloads lay out in our minds against the existing types of facilities. As we move through, the main focus is this thing we are calling Reload with Direct Haul (second column from the right). This facility would be a reload with limited

recovery activities that does both wet and dry processing, but also has direct haul to Columbia Ridge. That is a key, pivotal piece that we have talked about over the past couple of months. The first block, Block A, tries to lay out the main activities and how they differ among these facilities. I want to emphasize these are not exclusive, because in a moment we will be talking about how they relate to our regulations and our potential regulations. There are all kinds of other things that can go on here, now and in the future: truck _____, curbside recyclable depots, things like that.

I will be concentrating mostly on the reload, limited and full, and then reload with direct haul columns (the three center ones) and as you move right, the word activities -- there tend to be more of them available as you go from a limited to a full to a direct haul reload to a transfer station. Where we are going with this, for those of you that have glanced through the staff report, is that what we are calling "Limited Reloads" really are a low consolidation function, pretty much only an extension of the collection service. We will be talking about these, and they are pretty much outside Metro's purview. As being an exemption, nothing that we are particularly interested in getting into.

As you move to the Full Reload, however, the key distinction here is that there will be some processing of waste. And in fact, there will be some waste processed, particularly recovered, is where Metro may have an interest in giving some sort of regulation, but we are thinking that may be on a somewhat limited scale. That's part of what we want to talk about.

As we move to a Reload with Direct Haul, the key distinction here is direct hauling to Columbia Ridge as opposed to a reload to a transfer station. This direct-haul option has more system impacts, and they begin to get into financial impacts and so forth, that probably induce a higher level of oversight.

By the time we get to Regional Transfer Stations, we are including hazardous waste options, and as you see below, we are adding public customers and a whole lot of other activities that are really more appropriate for a regional public, very large-scale transfer stations.

Under Block B, Users, some of our thoughts have to do, again, with, some of the highlighted points: we are contemplating that reloads would be, in most cases at this stage, anyway, probably initiated by haulers. So, these whole sheets probably don't contemplate a reload set up by a private entity just to take outside folks in. We don't see that on the horizon, but you can tell us if we are wrong about that. So when you read through this, the first line obviously, an affiliated hauler could be a user and probably the only user of a limited reload. I'll mention that some of our feedback has said: "Now you should consider non-affiliated haulers there, so that is an issue about a limited reload whether it should accept other haulers other than the "owner/operator." We see adding that as an option. That is, accepting haulers other than your own company, as the key user difference going from a limited to a full reload. It would be the owner's option whether to open his/her door to others. And again, the same thing with the direct-haul

reload. The difference here is that the public customers remain the province of regional transfer stations and material recovery facilities. By commercial customers we mean primarily roofers, janitorial services, property management firms, that kind of thing which are currently going to some MRFs and are going to the transfer stations. Public customers, again, are you and me, self-haul pickup, weekend loads, that kind of thing.

Under Destinations, I don't think there are any surprises in this block. Again, the reloads given their functions would go to a regional transfer station. A reload with direct haul would take its wet waste to Columbia Ridge. A regional transfer station's system remains pretty much the same. Dry waste, we talked about this over the past several months. The appropriate places for that is a Metro designated facility and there are a number of those available.

The last two lines on recyclables and inerts are there primarily to remind you that these are currently exempted from Metro's purview and this would continue. We are not trying to get into the business of limiting destinations for recyclables, inerts and other types of similar materials.

Entry conditions, the last block, is something we may want to discuss more down the road. It is really here more as a place holder to remind us that Metro's not at this time interested in initiating any facilities. Again, regional transfer stations are obviously a public initiative but any of the other facilities, MRFs, reloads, reloads with direct hauls, would all be private initiatives as far as our thinking this time, as opposed to public money or public dollars.

If, however, we have private initiative driving these, there may be conditions that we, as public body may want to consider in whether we let these things enter the system and so forth. That's a discussion that we don't need to get into today because there is nothing really firm in our proposal. There are some ideas in the staff report. We're not talking any particular options or proposals today.

Table 1: We're trying to define some of the characteristics between the facilities and among the facilities. Where we're going on Table 2 is in what would be the public response to this particular set-up, if in fact facilities had these activities, users and destinations, how would we regulate them, what some of the operational requirements we would require/not require, what is exempt, what the financial and fee arrangements were, and what the fiscal impacts are.

Table 2 of your staff report. Under block a) regulatory conditions. The class is simply intended to give you a sense, consistent with my comment earlier on, that, again looking at the reloads, as the activities have a greater system impact, the regulatory stance of Metro would tend to be greater. In other words, that would march along with other activity. So, again, MRF's are heavily franchised (first row), and we may or may not look at that (but that is not our focus just now), so that is status quo. A limited reload, one that is primarily a consolidation, a transportation feeder facility we're thinking would be

exempt from Metro regulation. But a full reload would have a limited form of licensing and permitting, not necessarily a full franchise. (Point of discussion). Reload with direct haul, we believe the system impacts are great enough that it's a franchisable issue. Anything with a regional transfer station, that would also be franchisable as opposed to being publicly owned.

The next row, with just two subheadings: Facility Tip Fee. Again, if one is dealing only with one's own company there is really no issue, it is your own issue, it's an internal price, and it would be exempt from any kind of a Metro fee issue. There is really no public tip fee anyway. A consideration is if the facility accepts non-affiliated haulers, we have for full and direct haul reloads, a uniform proposal here. That does not mean setting the fees, that does not mean setting the rates. That would be something that would be left with the province of the facility operator. Our concern here is that once you get a solid waste facility sited, it tends to be a valuable commodity; if it's nearby you'd like to use it, but we currently have a code provision that we do apply to MRFs. That they have a uniform pricing policy meaning that similar users that do apply there would be charged the same. I.e., you can give a preference to your own people. And that's all we're talking about here. And not that we even have one rate for everybody, but that if a rate is set and charged, it would apply to all similar types of users, that is what uniform policy is.

The next line: Facilities Records: there's really no difference here, again from current Metro Code which, for solid waste facilities we have at least accessibility to the books for auditing purposes and primarily this is for financial accounting purposes. And to a lesser extent Trucking Recovery Rates. Limits meaning limits on the size of the facility. Currently MRFs are looked at on a case-by-case basis, and typically a limitation is set on the tonnage that the facility can accept during the course of a year. This is primarily to give us -- not so much as a limit or a ceiling, but rather a trigger to say should we re-examine this thing. Is it bigger than we originally licensed it for, is it something that local governments would be concerned about in terms of traffic or other impacts. Again, not so much a limit to stop growth, but rather a trigger to re-examine whether there's been a change in status in that facility. And if you look across, there's different types of limits that apply to these limited reloads, maybe not _____, it can't be _____ we're not regulating it and I think you'll see that they have somewhat of a higher level of attention, the bigger the facility.

Reporting: Again, really no change from the current status. All MRFs now provide us with transactions data. Meaning the scalehouse transactions. We would propose that also for direct-haul reloads as we do for transfer stations. For a full reload, the report here we are referring to is just keeping tabs on recovery materials and recovery rates. We're talking about the monthly report, something they can put together fairly simply. Not any kind of heavy reporting that the MRFs and the transfer stations give to us now, but rather mostly an accounting of tonnages, and disposed of and recycled.

Unacceptable Waste Indemnification: Let's note that and we'll talk about that a little more fully under Load Checks (Operational Requirements) below. They are very related.

Recycling and Recovery: We have two approaches, a hauler certification and a facility recovery rate. Right now all MRFs and MRFs that are proposed for renewal operate under a recovery rate currently set at 45% for most facilities. This is designed to do a number of things: to try to emphasize recycling at the facility and to a certain extent discourage very marginal loads that maybe should go to transfer stations or are showing up at a dry waste facility in the first place. And we've had a mixed track record on that. The asterisk says we are examining our policies on that. But nonetheless we do have a minimum required recovery rate at the facility. This means: how much do you recover out of your input?

We are not proposing that for a full reload -- for discussion we'll get into it in a moment, because we are proposing what we call a Hauler Certification program. And our current operating contracts at the transfer stations have _____ a minimum recovery rate so we're reflecting that in the transfer station _____.

Moving up to the Hauler Certification: This comes out of our bottom line: that we are very concerned and interested in ensuring that recovery and recycling rates remain in the system. We also recognize that this set of proposals is driving disposal costs down and that's good. We want to see disposal costs go down. But as disposal costs go down, we are concerned about the effect on recycling and in particular the impact on source-separated programs and the up-stream work. And that's getting to the bottom lines that we've talked about.

The thinking we have behind the Hauler Certification is that one of the things one has to do to use a reload or to be accepted to dispose at a reload, whether it's a full one or with direct haul, is that if you are a hauler, in order to demonstrate that you have a curbside program in place -- we're not talking about anything new, but rather demonstrating and making sure that our state, RSWMP and local waste reduction plan consistent program is in place. The idea here is that as disposal costs go down, the stuff we put in up-stream, we want to keep that intact. Make sure that people still commit to curbside, commercial and residential programs. So, with a certification program, we felt we could get away without a recovery rate at reloads because you all have told us as the RSWMPs implies that recovery at reloads is really an incidental thing -- it is an opportunistic thing that should be allowed to be flexible with markets. So we feel that if we have the upstream stuff in place, you can have at it at the reload.

Operational Requirements: We know there are a number of local land use and health department and other regulations that a facility operator has to abide by as well as DEQ, OSHA and other types of requirements. Metro has a lot of interest in a lot of things those agencies are regulating. We also have an interest in not duplicating their efforts. So if in fact, a facility operator says "yeah, we're in compliance" and you can show us, we are going to say okay, and step out. Just as long as you are doing the things that we need you to do. That doesn't mean there won't be issues that we have and we will want to impose,

but we are trying to come back a ways and letting the appropriate governments regulate where they do their business best and not try to get into each other's way.

Load Checks: Has to do with reloading -- direct haul at regional transfer stations. In the staff report, we describe the protocols that we go through to check loads to ensure that the waste we deliver to Columbia Ridge is consistent with our contract, with DEQ regs, with the landfill's permits and so forth. That is not a trivial operational requirement. And while a MRF, a limited reload, or a full reload are free to do that if they so choose, remember that a part of what happens when you bring a load to a transfer station is that we go through a 2% sampling of the waste, 100% check of all medical waste to check for radioactivity, hazardous waste and so forth. Again, that's protection of the waste in transport to accommodate the rules of the landfill, etc. If in fact, a reload is going to self-haul there is an expectation that they would be doing some sort of a load check regiment that would meet the performance standards of the landfill and of any transport. And that we would in fact, be privy to that because consistent with the indemnification line I asked you to jump over a moment ago, if in fact, waste from a reload hauled to Columbia Ridge shows up at Columbia Ridge, we stand in line, liable with Oregon Waste Systems if unacceptable waste gets into the landfill. So the issue here is: We'll give you the performance standards, you figure out how to do them on the load checks issue. There's an indemnification to us as well if in fact something happens at the landfill. We don't expect this to be a big issue because I think you are all very well aware of what it takes to handle waste, we just want to have it on the table.

Scales: This is primarily to have an accountability, a tracking system for waste in, waste out, mostly a financial issue.

Long Haul Transport Standards. If we're going to be doing long-haul, Metro has done a lot of work working with Friends of the Gorge, the highway department, others. I'll think we'll talk about what standards mean, but Metro is concerned from a public point of view, not only about direct impacts, but images as well -- too many trucks going up the gorge. Those of you who were around several years ago will remember that was a big discussion and raised a low of eyebrows and called attention a lot of attention throughout the region.

Fees. Under Metro Tip Fee -- the two types of reloads, limited and full, you'll see something called the large load rate. This is something we began talking about last time. We've had a couple of people in their letters write to us about as well. And we are continuing to work on recognizing that we have different costs at the transfer stations that depend on the type of the load, the size of the load and other factors about it. And it's pretty clear to us that if we roll up our sleeves and figure out how to do it, and if reload begin bringing in waste in, say 8, 10, 12 or even bigger reload size containers, we can perhaps have some pretty significant price breaks for you at the transfer station. We are talking about doing that. I don't know how much we're going to get into that this time, but this work will be on-going as we go through this with our councilors and as the engineers and operations people at the transfer stations work with that.

I just want to put on the table that that is work that is on-going and we will be working to present that to you. Obviously Metro's tip fee is not applicable if you are not coming to the transfer station and I've just shown the \$70/per ton rate for the regional transfer stations. The asterisks under MRF's talk about the fact that MRF's have always had the ability to bring their residuals to the transfer stations. It's really not very economically viable right now, and it may never be viable, but the option is open, and they too might be eligible for a large load rate, and even an incentive rate. We talked about that in the recent past. All of the fee issues under MRF's are very wide open and very preliminary, but I just wanted you to know that that same thinking is on the table.

Tier II, the second line in on the Fee column. Right now in our rate of \$70/a ton, the amount that goes to pay on a per ton basis, fixed costs of operating the transfer station is about \$8/ton, and that includes the excise tax. What is included in addition to the excise tax is the costs of Metro's scalehouse people, the health and safety regiments we have there. There is a fixed payment to Jack Gray Transport, and the debt service on the transfer station bonds. Those are the big pieces in that. Now on the basis of round numbers, 700,000 to 750,000 tons per year, and that's about \$8/per ton. As the staff report points out, a lot of those costs are truly fixed and are driven by a regional commitment to having transfer stations. Specifically, the bonds went towards putting those facilities in place. They stand ready to serve as "disposal of last resort" on a contingent capacity, basically for all comers. Given that they are regional benefit, the issue about who pays for those bonds is something that we really need to talk about. And whether in fact by a company circumventing the transfer station, whether or not they have some obligations to continue to pay some or all of those. That's a part of the discussion we will get into, it will be a major policy issue.

Again, as the staff report indicates, the other part of our fixed costs which are fixed, but what I call "sticky" such as the scalehouse folk, obviously if we cut down our hours of operation, we can cut down that cost. So, they are not truly fixed like our bond payments are. But to a large extent those payments are set by our hours of operation which are dictated by our public customers and the fact they come in at various hours clear up through the weekends. There is a demand for that and that really determines our hours of operation which really sets, to a large extent, those other set or "sticky" costs for us. But, if in fact, MRF's limited and full reloads even reloads with direct haul, are taking frankly the more efficient loads, the hauler loads, who is left with the public customers, who is left with the commercial customers, the small guys, the lost leaders like hazardous waste, etc. We believe they should remain at the regional transfer station but it is a question of public policy about who should share in the costs of paying for that. So, in the second line Tier II, when we talk about reloads with direct haul, given that they would not be coming to the transfer station, we're saying, by this line, lets engage in a discussion about how much of those public costs should be borne by people that don't come into the transfer stations as opposed to letting the people that are either "captive" or remain using it holding that bag. As Jim Watkins presented some numbers last week, that number goes up and then begins going up exponentially as the tons fall away from the transfer station, and so it becomes an issue with us.

The Disposal Charge, the third line in fees: It is also included in the tip fees unless you direct haul. And \$26.14 is a revised number from last week. We've taken a new look at our tonnage and this is our best estimate right now, including excise tax. So the 8-1/2% is in there of the current average rate at Columbia Ridge under our contract for the region. What we're saying here is that in order to take advantage of change order 7 and in order to obtain this franchise to direct haul from Metro, and again, our bottom line and even our flow guarantees under the contract that reloads with direct haul would nonetheless come under contract to deliver to Columbia Ridge, and we would have a disposal charge of \$26.14/ton would be our current estimate.

DEQ and Enhancement Fees: We could engage in a dialogue here as to who collects those and who pays them. But I think it is appropriate that if in fact we have reload facilities that become out in the landscape and whether or not host fees become appropriate there, should they be collected, should we collect them and pass them on to the jurisdictions, is that a local collection issue or whatever? We wanted it on the table because that is part of the \$70.00 and communities in which these are sited might want to have some say in that.

Transfer and Transport and other Operations such as Recovery and Picking Line: Just reminding us all that it is included in the Metro Tip Fee and the operator again would pay on a reload with direct haul.

Regional User Fee: That portion of the Metro \$70. But it is also a fee that everybody fees when you tip at Metro designated facilities. Again, it would continue to be applied. MRF's pay \$15/ton on the residual; a reload with direct haul would pay \$15/ton as would any facility that delivers to a Metro designated facility.

Don Morissette asked, for the record, "Garry Penning, this \$26.14 fee, what is Oregon Waste System's position on negotiating special fees potentially lower than that with individuals outside of Metro?" Garry responded that OWS intends to honor that contract with Metro. There will be no special deals cut. OWS will charge reloads the same fee that Metro is charged.

Ms. Keil asked whether Metro has the ability to negotiate a different rate with those delivering waste directly. Chair Morissette responded that the more we fit in under the Change Order 7 that was approved, the more tons, the less the rate for the region. However, Sue clarified that hers was a legal question, since Waste Management does not have that ability, but Metro might.

Mr. Warner stated that if Metro wanted to encourage folks to recycle, we could have an incentive rate. It is just a point of discussion.

Ralph Gilbert asked whether non-system agreements protect us against material escaping through?

Marv: Do you mean designated facilities?

Ralph: We have two non-system licenses:

Marv: We have non-system and designated, which one do you mean?

Metro Legal Counsel Marv Fjordbeck expressed confusion over whether Mr. Gilbert was referring to non-system licenses or designated facility agreements.

McLain: Special needs requirement.

Doug: Are you asking about wet or dry waste?

Mr. Gilbert clarified that he was asking about all waste, although they try to limit it to dry waste. Mr. Anderson explained that nothing in this proposal would change that.

Mr. Warner explained that there are many issues involved, but that right now, we are trying to address those which might set us up with some challenges or dire consequences.

Merle Irvine requested that someone on Metro staff explain how they interpret "license, permit, or franchise." Mr. Anderson explained that obtaining a license or permit would be less of an application procedure than it would be to get a franchise.

Jeff Murray asked how we would make this equitable with reloads and wet waste. "Will Metro collect tip fees for the landfill?" Mr. Warner responded that the group still has to figure how that will be done. Since it would go against our contract, it would be collected by Metro from the direct-haul.

Don Morissette: The discussion we have with the individual or the collective with the additional tons going to that area.

David White: Are we just clarifying right now?

Bruce: Right.

Bruce Warner confirmed for Mr. Irvine that the enhancement fee is the host community fee, for the transfer station.

David White commented that this is an excellent summary. He asked whether the difference between a 'full reload' and a 'reload with direct-haul' was merely that there is an opportunity to transport to Columbia Ridge. Mr. Anderson responded that yes, this is the basic distinction.

Mr. White then commented that 1A is one option and one is limited, if you are talking about where it is going. He did not understand that distinction. He asked whether Metro was talking about traffic coming in the front end. Mr. Anderson replied that the term

'traffic impact' addresses the fact that direct-hauling operations will have much bigger trailers than reloads. Therefore, this would be a back door issue. He stated that the wet waste issue is a nuance that we want to get discussion on. The question is: should we require some level of recovery, or should it be 'hands off?'

The proposal was opened to debate. Mr. Warner said that Bill Metzler would summarize the major issues on the board, and prioritize them as the dialogue progresses. The SWAC Members presented the major issues as follows:

Connie: Here's the summary of the material from the chartpak that I put together for Doug:

Priority Policy Issues:

A. Regulatory

- RSWMP should be clear
- Do any of these effect flow control issues?

B. Operational Requirements

- Who monitors long haul standards (and additional overhead involved with that)?
- Reload with direct-haul--consistency with long-haul transport (weather conditions). (under C. also?) [constant vs. periodic flows--could they use the transfer stations in bad weather, for example, and then direct-haul in fair weather?]
- Performance standards.

C. Fees/Fiscal impact/Rate payer equity

- Who collects fees on direct haul?
- Which of these activities would interfere with our ability to hit the lower rate tier?
- Impacts on regional rate payer? Tier 2: \$ breakdown of categories, and how much should reloads owe.
- Which options provide best deal for region's rate payers?
- Discourage self-haul?

- Self-haulers (small volume) have higher fees and reduced rate for large loads?
Transaction fee idea.
- Enhancement fees?

D. Recycling/Recovery/Source separation

- Would reloads inhibit source-separated organics recovery?
- Which options are best to protect the source-separation system (priority)?
- Will reloads have an impact on the cost-effectiveness of recycling?

E. New Ideas/Options

- Direct haul reloads--Jack Gray Trucking compatible trucks to transfer stations?
- Direct haul reloads basically equal transfer stations.

F. Entry/Government roles

- Who makes entry approval criteria?
- RSWMP should define roles, goals, and responsibilities of local government, state, Metro, etc.
- Entry conditions (pg. 6 - staff report) (under A. also?)

Now, back to the original notes:

Jeff Murray asked who would collect the fees on direct-hauled waste. (26.14

Sue Keil(?) asked, "which of the activities that are proposed, if any, would inhibit our ability to get to the lower rate? Would it impinge upon volume going to Columbia Ridge? Secondly, is there anything within any of these proposals that would inhibit a source-separated organics reload operation?"

Garry: Full instead of going to Columbia Ridge, deliver to transfer station and then be hauled by Jack Gray to landfill. That will help with cutting down on traffic, and help Jack Gray's fixed costs, and relieve some. (Consolidate at reload, transfer to Jack Gray truck.)

Chair Morissette asked whether Mr. Penning was talking about the large-load discount. Mr. Penning responded that he was discussing a hybrid of that concept. It would be in a form that is acceptable to go to Jack Gray.

Mr. Gilbert stated that the definition of reload with direct haul sounds to him to be the definition of a transfer station. He stated that he doesn't see any difference between the two. He suggested that this is a big issue.

Mr. White asked what are the approval criteria for establishing a reload, and who makes that decision. He stated that in the past, it has been based on need, and that is an arbitrary measurement.

Mr. Irvine stated that at the bottom Line No. 3, "Effect on Regional Ratepayers," especially b) should not benefit one ratepayer at the expense of another.

Mr. Irvine stated that in relation to the Tier 2 rate, it would be interesting to see how many dollars are really outstanding in debt service (i.e., how much of the 8.00 of the scalehouse operations represent Jack Gray fixed costs?). Furthermore, he asked, on the debt service, how many dollars do we have outstanding?

Ms. Keil asked which of these options provides the lowest cost for the ratepayer (i.e., what is the best combination?). Mr. Warner clarified, "or how do we determine that?"

Carol Devenir-Moore asked who would be enforcing the long-haul standards to ensure that direct-haulers were meeting all of the requirements. She asked who pays for the enforcement and the liability. Mr. Gilbert followed up on Ms. Devenir's question, asking what are the costs of the overhead on the monitoring.

Jean Roy asked which structure and facility definitions would best protect the source-separation priority.

Mr. White stated that Metro's responsibility to (destination where wet waste to go) what is an appropriate

Garry Penning wondered whether reload facilities with direct-haul would be able to take advantage of favorable weather conditions by direct-hauling in the fair summer months, and then, in winter, take advantage of the regional transfer stations. He wondered whether there should be a review of constant vs. periodic use of direct-haul.

Susan McLain stated that we have a 13-year contract with the trucking situation. What does that do to the overall

Chair Morissette asked, "Could they or not entertain direct-haul?" Mr. Fjordbeck responded that it is not prohibited by our contract with Jack Gray. What impact would it have.

Mr. White stated that the RSWMP defines roles and responsibilities. He suggested that we need to do that here, with the reload issues. You've got siting, etc. What are the limitations by Metro and local government?

Susan (?) stated that she had a couple of issues with the staff report. She asked, do we want to encourage self haul, and what is the cost of that. Questions you raised on pg. 6, in the entry area about will private initiatives . . . the whole thing about entry. She also stated that the public process questions that you raised, are all good ones and should be discussed.

Susan (?) asked whether any of these issues impinge upon or have relationship to the flow control issues.

Mr. Murray asked about the proposed reduced rate for consolidated loads. He wondered about small self-haulers, the higher fee on that.

Ms. Devenir asked about the impact on the cost effectiveness of recycling. Whether it is influenced. Mr. Warner clarified, "because of reloads, right?"

Mr. Warner offered a few more suggestions for priority issues as follows:

- Enhancement fees--should we collect them from reloads?
- Performance Standards and load checks, is that a non-issue?

Mr. Gilbert responded that yes, it was an issue that he had raised.

After a 10-minute break, the comments were put into categories as follows:

- Regulatory
- Operational Requirements
- Fees/Fiscal Impact
- Recycling/Recovery/Source-separation
- New ideas/Options
- Entry/Government Roles

Tier 2

Scalehouse	\$1,312,000
Health & Safety	\$256,000
Transport Fixed	\$829,400
Renewal & Replace	\$587,000

Debt Service	\$2,673,426
Interest Offset	\$(312,000)
Excise Tax	\$0.63/ton

The group decided that the fee issue was the top priority (who collects the fees):

Mr. Murray asked whether a reload facility that is direct-hauling would be paying fees to Waste Management or to Metro. He asked for the feeling of the group as to who receives the money.

Jim Watkins stated that as the tons come in, we won't necessarily know how much comes in for the whole year. We do not receive the benefit until the end of the year.

Sue (?) wondered how we would know what Waste Management is charging if Waste Management collects? Mr. Murray responded that in order to spread out the fairness to all the different facilities, Waste or Metro might have to rebate at the end of the year.

Tom tried to explain to Sue, because she did not understand the issue.

Mr. Murray asked whether Metro expected to collect those fees. Mr. Warner responded that the issue is, depending on the tonnage, the average rate will change. But who sets that rate? Staff thought that since we set the annual rate tonnage,

Dean Kampfer stated that Metro should assure that the contract is maintained, and that no different deals are cut. Secondly, control or accounting for tonnage. Preferably, Metro does not get involved with billing, because it increases the costs. Ms. Devenir wondered, isn't Metro going to be collecting user fee anyhow? Mr. Warner responded that yes, they would. Mr. Gilbert stated that it has to be Metro, because they are the only ones that know what the price is.

Mr. Penning reminded the group that Metro does its SWIS report, upon which they base their budget, and that is a fairly conservative projection. They are usually low.

Chair Morissette stated that the issue isn't so much who collects the fees, but whether there is a rebate. Mr. Irvine stated that if any excess ends up in their pockets at end of the year, we want to make sure that it goes toward buying down the rate. Sue (?) added, or that there is some sort of rebate.

Don Morissette: There is a conclusion: rebate or buy down the rate?

Sue added that this could be Council decision at the time what is the best choice.

Here is where I stopped on 8/29—AB.

Don: So that is a conclusion. Anyone a problem with that conclusion.

Metro is collecting fees: if estimate is high, that goes into a rate that can be refunded, go to rate stabilization (something to benefit the ratepayer),

Next: Which activities would interfere with lower rate

Sue: This is fairly complex, bottom line question, is there anything that really interferes with us getting to the lower rate tier at Columbia Ridge.

Dean: I think that is a staff question.

Merle Irvine: I do not see anything here that would negatively impact that. Seems to me whether it is ____, it goes to Waste Management, and if it goes toward the 90% or Change Order 7, then it works.

Don Morissette: Yamhill question and Forest Grove question as well. If you are talking volume, you have a big area. A discussion about something that was brought into Metro from outside the region, and would cause a lower rate overall, so there are two additional issues.

Sue: if we precluded anything going to Riverbend, or through Forest Grove, we could force volume

Don: Tons is the driver and an option of additional ways to look at it.

Sue: One thing that would move additional tons there would be the lower rate for tons coming from MRFs. If Metro could cut separate deal, lower rate for material from MRFs, with municipal solid waste, that would de facto but more volume in there, but you would step on the toes of the other providers. That is not an inherent part of this. I think that I agree with Merle, there isn't something here to inhibit us.

Dave White: I agree.

Tom Miller: The only thing that might have impact, would be he improved or additional recovery that would take place at some of these facilities.

Bruce: that's an impact that we want

Tom: That's an A impact. (3a).

Don: Do you want to broaden your question, or wait till later to have a discussion about that?

Sue: I think it is a worthwhile discussion, but not now.

Bruce: Consensus on this one.

Don: Catalog down the road for future waste stream.

Bruce: Jim do you want to explain what you put on the board

Jim: (see table above). The bonds expire at different intervals. Major in 2007, but some go to 2011. Interest rates vary. Question that Merle asked. We looked at that, and we have enough to pay all but 10 million. Interest offset, we allocated a portion to each tier.

Sue: Fixed costs on transport what does that mean

Jim: They are guaranteed a fixed amount to cover their capital. Not inflated during the year.

Dave: If they do not carry one load, they will still get the money.

Bruce: on Merle's question

Merle: What portion of tier 2 would be assessed to the region. Want discussion on paying down some of that debt with some of your reserve funds. Some of that debt service is interest.

Jim: That's not all the interest, just what is associated with Tier 2.

Merle: Interesting review of that if you could pay down some of those bonds, that would lower the regional rate some more.

Sue: essential question is what is the best financial management on what you are earning on that reserve fund. In your scalehouse number, that's all staffing for transfer station.

Terry: Yes,

Sue: any variable

Bruce: question is if tons went down, transactions went down, then that number would go down. Majority of transactions would not go away because they are self-haul

Sue: They might go down if you raised the rate, or diverted by direct haul, there would be reductions on that price.

Ralph: If you are open so many hours, and you reduce tons, you can reduce hours.

Bruce: Might have personnel impacts.

Terry: If we lost significant no of transactions, we ought to be able to reduce those costs.

Bigger issue, is if we continue to have those costs, the commercial haulers would be automated. You should ask who should pay, public or commercial.

Dave White: Costs analysis of where is your costs. I understand that 65% are self haul, maybe they should pay more, might cause more illegal dumping, but we are prepared to take care of some of that costs. Point no. 5 in our memo is important on addressing that 2 million dollars.

Don: We have addressed that.

Bruce: If you read our staff report, the discussion of the large load rates, 3-5.

Jeff How much is to the transfer station (answer all of it).

Don: Contingency fund: you have flexibility to cover an emergency.

Bruce: Strachota has that chore on what to do with the reserve money. We will have something to bring forward that provide the options on what to do with the money.

Don: Are we using our money as wisely as we should.

Bruce: There are things you can do with the fund balance, and that is what our finance folks are looking at.

Sue: My preference, to understand our costs to have a cost of service rate. Takes into account illegal dumping. C of P, our costs of service has gone down.

Bruce: I agree with you, there should be some differential rates, to deal with some of the things we are talking about.

Garry: Other public utilities, those large users of that commodity, because their volumes are steady, they get a break.

Marv: If there is universal service.

Jeanne: That can work against public policy desire. The breaks going to the large users, can go against techniques for recycling.

Garry: Curbside programs, and recycling programs, source-separating, its easier to get it into the system.

Susan McLain: Do not forget that self-haul is not served any other way. Western Wash Co.,

Sue: Pricing itself will discourage the less attractive of the self-haul people.

Bruce: I am hearing you think we should look at options to minimize the tier to reloads.

2) we ought to look at variable rates.

3) What is the level of service we choose to provide

Don: We don't have a consensus on level of service.

Sue: Variable rate has to be married to the public service level. We can't just deal with business, we have to deal with public.

Sue: Susan raised another issue. We have under-served areas, that would be a strong role for Metro. That service should be available to the extent the community desires it.

Bruce: Let's eat lunch.

Miller: Collection of fees, the only way to

Susan McLain: We did not meet the projection, and we needed to have some of that put towards buying down for those types of years. I understand that it has to come back to the ratepayers.

Dean: Need more teeth that it needs to go back to those responsible for those creating

Sue: Aren't you just saying be clear that it goes to ratepayer.

Dean: Wants it to go back to the generator.

Miller: Wants it to go back to the original user.

Morissette: Doesn't want it to go to non-solid waste uses.

Dean: To reduce disposal fees, not somewhere else.

Jeanne: No. 2, does not want that to mean that we want to move to cost-of-service rates. I do not want us to do that.

Bruce: So you want us not to endorse it just look at it.

White: Lots of people thought that is the way we should head. Maybe we should vote on it. We should be moving towards that cost-of-service rate.

Susan McLain: There has to be a definition of the service then.

White: It is not conceptual.

Bruce: This group is correct. But Jeanne is not in total consensus.

Don Morissette: No. 1, is there consensus there.

Miller: Is that jeopardizing service?

Don: Let's clarify that. Current quality of service.

Bruce: Other area of consensus: Nothing in the list of options keeps us from getting lower rate; and b)

Susan: On the Forest Grove 10% issue, as it relates to the contract. And you need another Council stand on this. We need to balance, there are other factors there that I hope would be part of that study. I do not think that the lower rate, you have to balance

that with service. There are transportation issues, and a number of other issues, including the site itself. You need to have it more than a dollar amt.

Don: We do not have a conclusion here.

Susan: It cant just be a dollar amt. It has to be the service,

White: Consider the benefits and disadvantages,

Don Morissette: Lower Rate, maintaining or improving quality of service.

Merle: Another part of impacts of regional rate. Looking at bottom line with respect to the ratepayer. You have a conflict, you have a 3a that says: and then you have 3b that says one group should not benefit, etc. Are we talking about system costs, or Metro costs?

Dean: I think its a lower system cost. It not the disposal cost, which is a component of that rate that the citizen or business sees.

Sue: If the reload lowers the system cost then that is good.

Jeff Murray: Those same people haven't benefited for a previous no of years the money spent for the facilities. It catches them up.

Doug Anderson: If a reload were to benefit a group of ratepayers in one area, we want to recognize that there are fewer tons to dilute these fixed costs. There will be an impact. People in an area that do not have that reload, will see a rise in the tip fee. We have chosen to provide a level of service, should the reload facility reap the benefits and the others have to pay the fixed costs. Should there be some transfer part of the tier dollars offset those in the rest of the region.

Merle: Your bottom line here in the staff report says that one reload should not benefit at the expense of another. But your staff report says we have to meet (I see that as a conflict).

Tom Miller: I want to see clearer definition of the rate paid by the consumer, the differential that will occur as a result of these facilities coming on line. Its not a huge amount, its a small amount. Do we have to have the same rate across the board.

Doug: We wont say no to a

Does all the system costs come down, how are those benefits going to be distributed.

If a reload gets ½ million (don't understand this argument – ask Doug).

David White: Do you react to the darkest premise that you have outlined , yes there will be some impact. If there are savings by the self-hauler, what is the complete whole picture.

Doug:

White: We look at the composite,

Sue: I do not think Metro ought to do is have a self-preservationist relative to the revenue. Do not avoid looking a options because it might impact the revenue side of the equation.

Susan: Two different bottom lines. Is it going to affect the (listen to this).

Sue: Doug is saying assume these are fixed costs, and you pull out of the system, that may impact the others, should that be borne by those ratepayers, or those that remain in the system.

Susan: You have people in the pocket and out of the pocket. Even if your scenario works out and those jurisdictions benefit, the others don't, how

Don Morissette: In the beginning, I said overall we don't want to stifle the entrepreneurial,

White: If you paint the worst case scenario, you have to respond to that. It may not be as devastating as projected. Its hard for a local rep to go back to their jurisdiction and say we could have reduced the fees by .50, and we cant because the impact to Metro,

Don Morissette: We are not running scared, we are looking for solutions and try not to hurt other people.

Miller: What if we bring greater equity to things that are out of line.

Don: I think that's what I'm looking for too.

Garry: If I put my ratepayer
A

Don: Without the fear of debating more aggressively, what is your consensus.

White: The recommendation is there, the group here is saying here is an opportunity to have a positive impact on the system. We are saying there is a positive impact.

Sue : I think all of the focus goes toward he direct haul. Its going to be through the limited or full, not the direct haul that we will see most of the change. That does not mean avoidance of the transfer station, It should be an operational savings.

Dean Kampfer: If you do not pass on the savings to local jurisdictions, how do you get them involved in helping to site one of these reloads. I'm saying you have to let the local jurisdictions benefit from some of these facilities.

(Consensus of the group with Dean)

Merle: Interesting discussion, because before we went to this topic, we were looking at diverting the Forest Grove to Arlington to get a better rate Arlington. If we look at Metros bottom line, you divert those tons to go to Arlington.

Jeff Murray: Were the Change Order that is not building a reload, we are in the recycling business. \$5 change in disposal fee is nominal. It helps, it spreads out over the cost of service. Summarizing, supporting the reloads as long as they function within the local rules, could be a good thing. They shouldn't be so restricted.

Garry: I think there are enough options to fit almost 80-90 percent of the business. I do not think we are that far from a recommendation. The hang-up is what about the fixed costs: and I think the volume over time will get that

Bruce: SWAC is saying that we are shooting for a lower system cost. Debate is, are you saying that reloads should help support the region and fixed costs, or reloads should not pay any fixed costs, or minimize that and bring it down to some level.

Sue: The only one in your charts is the direct haul.

Garry: I dot see a problem with reloads picking up some of the costs, but they cant be too high.

Bruce: People are saying reloads if they do direct-haul should help pay for some of fixed costs.

Question is what is that SOME.

Miller: Other nonusers should be considered of paying tier 2 costs. Other people who haul direct should pay also.

Tier 2: sludge, PCS users, Schnitzer

Merle: The waste goes back to the transfer station and ----- Minimize Tier 2 costs.

Sue: Minimize costs, but make sure it is put in the right place.

Bruce: I understand what they are saying: You are telling us to examine these fixed costs, and make sure they are allocated to the right tier. And the dollar amount per ton,

Sue: System to me means whatever it costs to get it from the generator to ultimate disposal. The whole spectrum. You would be lowering the component of the rate to get it from the hauler to the transfer station.

In the sake of not trying to change the schedule, want to modify the schedule.
The normal meeting date is

Connie: here's some more material from my writeup for Doug:

Consensus:

On category C. above: *Fees/Fiscal impacts/Ratepayer equity*

- 1) Options to minimize transfer station fixed costs (without jeopardizing current quality of service)
- 2) Cost-of-service rates (majority, not consensus).
- 3) Metro collects Oregon Waste Systems disposal charge. Council decides yearly:
 - a) rebate differences
 - b) buy down next year's rate
 - c) rate stabilization fund to balance high/low tonnage years
 - d) gets back to generator/rate payer/user
- 4)
 - a) Nothing in list of options keeps us from getting lower rate except recycling/recovery--but that's an impact that we want.
 - b) REM staff to examine options outside the list for other ways to lower rate while maintaining or improving the quality of service:
 - incentive rate for MRFs
 - Forest Grove/Riverbend/10% issue
- 5)
 - a) Lower system cost
 - b) Direct-hauling reloads should pay for "some" of the fixed costs.
 - c) Examine fixed costs/and where they are appropriated.
 - d) Extend these costs to other non-users (not just direct-haul reloads).

Consensus to be determined:

Level and type of services offered at transfer stations vs. reloads.