

**Metro Solid Waste Advisory Committee (SWAC)  
Meeting Minutes  
September 22, 1999**

**ATTENDEES**

**Voting Members**

Ed Washington, Chair, Metro Council  
Mike Borg, Clackamas County Haulers (alternate), Oak Grove Disposal  
Vince Gilbert, East County Recyclers  
JoAnn Herrigel, City of Milwaukie  
Tom Wyatt, Browning-Ferris Industries  
Jeff Murray, Far West Fibers  
David White, Tri-County Haulers/ORRA  
Dean Kampfer, Multnomah County Haulers  
Frank Deaver, Washington County Citizen  
Mike Leichner, Washington County Hauler  
Rick Winterhalter, Clackamas County  
Mike Misovetz, Clackamas County  
Merle Irvine, Willamette Resources  
Lynne Storz, Washington County  
Sarah Jo Chaplen, Washington County Cities  
Mike Miller, Gresham Sanitary  
Sue Keil, City of Portland

**Non-Voting Members**

Terry Petersen, Acting REM Director  
Carol Devenir-Moore, Clark County  
Marti Roberts-Pillon, DEQ (alternate)  
Doug DeVries (Specialty Transportation Systems)

**GUESTS**

Dick Jones, Citizen/MCCI  
Ray Phelps, Consultant, WRI  
Easton Cross, Easton Cross Consultants  
Diana Godwin, Rabanco/Allied Waste  
Eric Merrill, Waste Connections  
Joe Wonderlick, Merina McCoy & Co.  
Tim Raphael, Celilo Group/WM  
Doug Drennen, DES/LRI  
Todd Irvine, Willamette Resources, Inc.  
Ken Gimpel, Waste Management

**METRO**

Steve Kraten, REM	Meg Lynch, REM
Chuck Geyer, REM	Steve Apotheker, REM
John Houser, Metro Council	Leann Linson, REM
Bob Hillier, REM	Doug Anderson, REM
Connie Kinney, Clerk to the Committee	

### **Call to Order, Announcements**

Chair Washington opened the meeting. Chair Washington thanked Councilor Park for sitting in on the last SWAC while he was on vacation. He gave a Barbados report, said he was fortunate that his two sons met him there, reported he was not hit by a hurricane and that it is a great place to sit on the beach, relax and do nothing.

Mr. Irvine moved to approve the minutes from the August 18<sup>th</sup> meeting. There were no corrections. The minutes were approved unanimously.

Chair Washington asked for an introduction of the new hauler members and alternates and welcomed them all. (See attached list.)

### **REM Director's Update**

Mr. Petersen introduced Aaron Brondyke as the new Facilities Inspector, a new position in REM. He also introduced Mark Foye as the temporary Assistant to the Director. Mr. Petersen thanked Mr. Irvine for helping in the selection process of the Facilities Inspector.

Chair Washington asked Mr. Brondyke to give a small explanation of what he would be doing in this new position. Mr. Brondyke said the main focus was to build relationships with the folks in the field and to get to know the players and operations better, and to oversee the facilities as to whether they are operating according to their regulatory agreements.

Mr. Petersen gave an update on the status of the Nonsystem License Applications:

- Approved: Willamette Resources to continue hauling waste to Marion County.
- Waste Connections -- to haul waste to Finley Buttes Landfill through the Vancouver Transfer Station (on hold waiting for response from City of Vancouver and Clark Co).
- Pride Disposal -- to haul waste through their recovery facility to Riverbend Landfill in Yamhill Co. Positive response from Yamhill County received on 8/23/99. Metro to resolve legal issues. Response to be delivered to Pride by October 29, 1999.

### **What to Do about "The 10 Percent"?**

Mr. Ehinger set forth the five parts of his presentation: Review what the 10% is; the impact of diverting 10% of the region's waste; the use of the 10%; the most important uses; Prioritize potential uses; and, the project schedule for putting forth some type of procurement package.

Metro agrees to deliver minimum of 90% of the acceptable waste delivered to any general purpose landfill owned by Waste Management. This provides Metro flexibility. Mr. Ehinger said there are financial impacts to diverting waste from WMO's landfills. He said one financial impact is the increase in the average disposal rate on the tons remaining in the Metro system due to the structure of our contract. For instance,

diversion of 1% of the waste makes an increase of \$0.10 cents per ton. If we send the waste to a non-Waste Management landfill, the financial impacts accrue; if they go to a MRF and waste is recovered, the financial impact is identical.

Mr. Murray pointed out that the impact would be larger if the waste was recovered because no Metro fees would be paid on the tonnage.

Mr. Cross posed the question: If one Waste Connections takes waste out of the region, does the contract speak to that?

Mr. Ehinger said there were a number of terms in the guarantee that persons have agreed not to argue about. He said that the term "Metro delivers" is the subject of some dispute and he can't tell you exactly what that means.

Mr. Ehinger said one of the uses for the 10% savings could go to reduce system costs. Or should it go to help build an organics system. What is the definition of system costs? What should the criteria be? Should it be directly disposal related impacts? Those are questions that staff would like some guidance on. Another thing to use the 10% for is a tool that could be used to help encourage some type of waste recovery, or a bonus for improved performance at MRFs, to help develop additional facilities or programs that wouldn't have been possible without funding.

Mr. Ehinger said one possibility that has been discussed is to use it to improve competition. But is it clear what exactly that means and how do you measure it. Mr. Ehinger asked the committee if they had any ideas.

Chair Washington asked the committee if the types of options Mr. Ehinger mentioned are options the committee believe should be on the list, or are there more, or even different, options? He said he would appreciate a recommendation from SWAC to the Council on whatever ideas it would like to see promoted.

Mr. Murray said he would like to see help with more recovery. He said the way the system exists today, it will take more dollars for recycling to compete with landfilling.

Ms. Keil said there are a lot of competing very significant items on Mr. Ehinger's options.

Mr. Irvine said he really needed time to weigh the impacts, what the facts are and how they relate to one another. Mr. Ehinger said this would be brought back to the committee, but he wanted them to have time to think about how Metro can leverage this savings into something that improves the system.

Ms. Godwin from the audience suggested another item to add to the list is to aid in system stability. She said there has been many changes in the solid waste system during the last five years, particularly if staff is worried about potential costs in the future, or disruptions to the system because of changes.

Ms. Devenir-Moore commented that Metro already has a set of goals for solid waste management and it seems that this particular 10% would not change the priority of those goals. The question then becomes "How can we implement the goals using the savings from the contracts?"

Ms. Herrigel suggested assembling the list of suggestions in some kind of hierarchy, and then asking for input from the stakeholders on whether the hierarchy as laid out is adequate. By doing so, she said, the question about whether or not an RFP should be developed.

Ms. Keil believes that Metro is rightly taking charge of the 10% and to not do so might, by default, see the savings "dribbled away." Ms. Keil said she would rather see a matrix instead of a hierarchy, where you look at the implications presented by various proposals against those criteria.

Mr. Petersen said he didn't know what type of device would be used, but he is suggesting a competitive process. He said then staff can evaluate them based on these criteria.

Mr. Ehinger said he was not sure how fast the process will go. Right now, we are still in the project definition period, which will run at least through this month [September] and probably most of the next month [October], at least until the next SWAC meeting. He hopes to have a draft procurement ready by late November. Assuming we are heading down the right path, we will be before the Metro Council asking for permission to proceed with our action in late December, early January. If we are lucky, we will actually let a contract in May or June.

Mr. Irvine asked if he would come back to this committee with something in writing so he can have some input? Mr. Ehinger said yes.

Chair Washington commented that he is at a different juncture than most of the SWA members. He views it from one perspective, but he is trying to understand 40 or 50 different perspectives. He doesn't have to deal with everything you deal with because you all have different interests, objectives, goals, competition. He asked the SWAC to give good strong information to the Council. He asked the committee if this 10% savings issue was more political than the \$60 million dollars? He stated that the input SWAC provided to Council has helped the Council to move forward with the \$60-million-dollar question. He asked for the same help and input on the 10%, because it impacts each SWAC member in a different way. It is essential for him to be able to take a strong recommendation from this committee to the Council.

Ms. Keil said that to answer Councilor Washington's question about which issue was more political, her opinion is that the excise tax is, by far, more political. She said that the committee really needed more time, however, before a strong recommendation could be achieved because some on the committee were hearing this for the first time.

Mr. White said he feels that in both of these issues, there is a conflict between disposal and recovery. As the prices go up and/or down, there will be an impact on recovery. He said the committee has also discussed keeping system costs down. Each of these elements – disposal, recovery and system costs – makes it hard to say whether the excise tax or the 10% issue is more important.

Chair Washington said the next SWAC meeting would be devoted entirely to the 10% issue if the committee felt that would be helpful. SWAC members all agreed that would be a good idea.

### **Solid Waste Rate and Excise Tax Structure**

Mr. Petersen gave a short PowerPoint presentation on options available for capturing the savings, as well as raising the excise tax. (See attached.) Mr. Petersen reminded the committee that if any of the contract savings are to go to non-solid waste functions, that money has to be raised through the excise tax, not the solid waste fees. Some of the issues involved include the best way to structure the tax, and whether it should be a percent or a per ton tax. Mr. Petersen said if there is an interest in the per ton tax, there are some options available that he shared with the committee.

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Agenda Item III

Introduction of New Hauler Members & Alternates  
Regional Solid Waste Advisory Committee  
September 22, 1999

Clackamas County:

Steve Schwab, [Returning] Member (Sunset Garbage Collection)  
Mike Borg, Alternate (Oak Grove Disposal)

Multnomah County:

Mike Miller, Member (Gresham Sanitary Service)  
Bryan Engleson, Alternate (Eastside Recycling)

Washington County:

Mike Leichner, [Formerly Alternate] Member (Pride Disposal)  
Tim Hamburg, Alternate (Don's Garbage Service)

At-Large:

David White, [Returning] Member (Tri-County Council Chair, ORRA)  
Brian Heiberg, Alternative (Heiberg Garbage and Recycling)



**Solid Waste  
Rate & Excise Tax  
Ordinances  
SWAC  
October 20, 1999**

***Policy Objectives***

- ✓ Revenue certainty
- ✓ Perceived as fair
- ✓ Level playing field
- ✓ Waste reduction
- ✓ Readily understood & explained
- ✓ Cost of administration

***Ordinances  
First Reading October 7, 1999***

- ✓ Ordinance 99-825: *Metro Tip Fee*
- ✓ Ordinance 99-824: *Excise Tax on Solid Waste*
- ✓ Ordinance 99-823: *Solid Waste Fees*

***Ordinance 99-825  
Metro Tip Fee***

Key Objective:

- ✓ Establish tip fee at two Metro Transfer Stations

***Summary of 99-825***

- ✓ Reduces tip fee from \$62.50 to \$62.00
- ✓ \$0.50 tip fee reduction requires \$362,000 annually from contract cost reductions
- ✓ \$1.0 million per year for solid waste programs
- ✓ \$635,000 per year to maintain tip fee for four years
- ✓ Excise tax not included as part of solid waste fees

***Ordinance 99-824  
Excise Tax***

Key Objectives:

- ✓ Capture some of the contract cost reductions for non-solid waste uses
- ✓ Create level playing field among solid waste facilities
- ✓ Create waste reduction incentive

**Per Ton Excise Tax Options**  
( Discussed at REM Committee on 9/22/99 )

FY 00/01  
\$4.0 Million Additional General Fund Revenue

	Current 8.5%	#1 Flat	#2 Metro	#3 2-Rate	#4 3-Rate
Transfer Stations	\$5.05	\$7.63	\$9.96*	\$8.15	\$9.38
Reloads/Wet	\$4.78	\$7.63	\$4.78	\$8.15	\$9.38
Landfills	\$3.83	\$7.63	\$3.83	\$8.15	\$3.83
MRF/Dry	\$2.72	\$7.63	\$2.72	\$2.72	\$2.72

\*Metro Transfer Stations Only

**Summary of 99-824**

- ✓ Captures \$3.0 million for other uses ( 60% of net savings of \$5.2 million in FY00/01 )
- ✓ Changes tax from 8.5% of facility revenues to \$8.23 per ton (Tier 1)
- ✓ Credit #1: \$4.40 dry waste landfills  
\$8.23 - \$4.40 = \$3.83 effective rate (Tier 2)

**Credit #2 for Recycling at  
Material Recovery Facilities**  
(Tier 3)

Recovery Rate	Tax Credit	Tax Rate
0-20%	\$0.00	\$3.83
20-25%	\$0.15	\$3.68
25-30%	\$0.50	\$3.33
30-35%	\$1.00	\$2.83
35-40%	\$1.25	\$2.58
>40%	\$1.50	\$2.33

**Impact on  
Individual Facilities**

- ✓ Averaging increases / decreases tax at facilities
- ✓ Example: Waste Management facilities pay \$298,000 more in fees and taxes
- ✓ Costs can be reduced with more recovery

**Ordinance 99-823**

**Regional System Fee/Direct Haul Charge**

Key Objectives:

- ✓ "Exported" waste pays full costs; not the region's citizens
- ✓ Reduces direct haul charge to reflect new contract price

**Metro/WMI Disposal Contract  
Price Schedule**

Quarterly Tonnage	Price
<137,500	\$22.31
137,501 to 148,125	\$10.34
148,126 to 158,750	\$9.82
158,751 to 169,375	\$9.31
169,376 to 180,000	\$8.79
180,001 to 190,625	\$8.28
>190,625	\$7.76



## ***Ordinance 99-823***

- ✓ Exported waste increases cost
- ✓ Cost increase equal to \$9.00 per ton for each exported ton
- ✓ Example

700,000	system tons
10,000	exported tons
\$ 90,000	increased disposal cost
\$ 0.13	per system ton
\$ 9.00	per exported ton

## ***Summary of 99-823***

- ✓ Regional System Fee changes from \$12.90 to \$21.90
- ✓ Credit of \$9.00 for waste in system
- ✓  $\$21.90 - \$9.00 = \$12.90$  effective rate (same as current)
- ✓ Direct haul charge drops from \$24.93 to \$16.78

## ***Policy Objectives***

- ✓ Revenue certainty
- ✓ Perceived as fair
- ✓ Level playing field
- ✓ Waste reduction
- ✓ Readily understood & explained
- ✓ Cost of administration

## ***What's Next ?***

- ✓ 10/14 Proposed Amendments
- ✓ 10/19 SWAC Discussion
- ✓ 10/21 Council Public hearing
- ✓ 10/28 Council
- ✓ TBD Other Council Meetings If Needed

# REM Council Committee

September 22, 1999

## Policy Issues Regarding Contract Savings

1

## Goal of Today's Meeting

*REM Committee directions regarding:*

1. Savings to solid waste/general fund?
2. Percent or per ton excise tax ?

*Depending on direction regarding above:*

3. Per ton tax options?

2

## Outline of Presentation

1. Savings: Where & How Much
2. Solid Waste/General Fund?
3. Percent or Per Ton Tax?
4. Per Ton Tax Options
5. Pros/Cons of Options
6. Interactive Spreadsheet

3

## How Much Savings? In FY00/01:

1. *Contract Cost Reductions* = \$6.7 million
  - ✓ Compared to old contract prices
2. *Gross Savings* = \$6.1 million
  - ✓ Lost interest after STS deal
  - ✓ Other WMI CO#8 costs
3. *Net Savings* = \$5.2 million
  - ✓ Less offsets to revenue requirements

4

## Where Are Contract Savings?

WMI DISPOSAL PRICE (\$6.36 per ton):

- ✓ Metro disposal fee
- ✓ Metro transfer stations, direct haul

STS TRANSPORT *FIXED* PRICE (\$0.61 per ton):

- ✓ Regional System Fee
- ✓ All facilities

STS TRANSPORT *VARIABLE* PRICE (\$1.00 per ton):

- ✓ Metro Disposal Fee
- ✓ Metro Transfer Stations only

5

## Policy Question #1 Savings To Solid Waste & General Fund?

Solid Waste Options:

- ✓ Waste Reduction
- ✓ Pay for growing hazardous waste service
- ✓ Rate Stability (3 years)
- ✓ Rate Predictability (no "spikes")
- ✓ Retire bond debt
- ✓ Other?

6

**Policy Question #2**  
**Percent or Per Ton Excise Tax?**

Why is this an important question now?

- ✓ System continues to diversify
- ✓ More tonnage to non-Metro facilities
- ✓ Not all facilities rate regulated

7

**Policy Question #2**  
**Percent or Per Ton Excise Tax?**

Policy Objectives:

- ✓ Revenue certainty
  - perceived as fair
- ✓ Level playing field
- ✓ Waste reduction
- ✓ Readily understood and explainable
- ✓ Cost of administration
- ✓ Other?

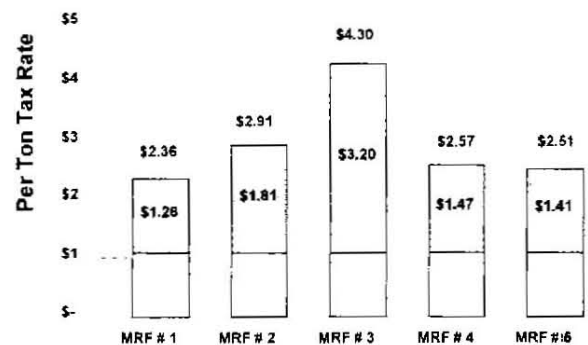
8

**Tip Fee Is Different**  
**Therefore, Per Ton Tax Varies**

	Current 8.5%
Transfer Stations	\$5.05
Reloads/Wet	\$4.78
Landfills	\$3.83
MRF/Dry	\$2.72

9

**Tip Fee Is Different**  
**Therefore, Per Ton Tax Varies**



**Policy Question #2**  
**Pros/Cons of Percent or Per Ton Tax**

Percent Tax:

- ✓ Status Quo is known
- ✓ "Ability to Pay" theory
- ✓ Unregulated facilities can pay less
- ✓ Tax on revenues ( tons x tip fee )

Per Ton Tax:

- ✓ Equalizes regulated & unregulated facilities
- ✓ Creates change
- ✓ Tax on tons

11

**Policy Question #3**

*IE Council wants to change from a percent excise tax to a per ton tax, what is "best" way to structure the per ton tax?*

12

**Policy Question #3.  
IE per ton tax, how to structure?**

*Where will tax be increased to  
"capture" savings?*

- Option #1. Flat
- Option #2. Metro Only
- Option #3. 2-Tier (MRFs, All Others)
- Option #4. 3-Tier (Wet, Dry, MRFs)

13

**Per Ton Tax Options  
EXAMPLE**

- ✓FY00/01
- ✓Using NET savings of \$5.2 million total
- ✓\$1.2 million to solid waste (Regional System Fee)
- ✓\$4.0 million to general fund (Excise Tax)

14

**Per Ton Excise Tax Options**

FY 00/ 01  
\$4.0 Million Additional General Fund Revenue

	Current 8.5%	#1 Flat
Transfer Stations	\$5.05	\$7.63
Reloads/Wet	\$4.78	\$7.63
Landfills	\$3.83	\$7.63
MRF/Dry	\$2.72	\$7.63

15

**Policy Question #3  
Pros/Cons of Per Ton Tax Options**

- Option #1 FLAT TAX:
  - ✓Simple
  - ✓Not linked to Savings
  - ✓Increased tax at MRFs
- Option #2 METRO ONLY
- Option #3 MRFs, ALL OTHERS
- Option #4 WET, DRY, MRFs

16

**Per Ton Excise Tax Options**

FY 00/ 01  
\$4.0 Million Additional General Fund Revenue

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Reloads/Wet	\$4.78	\$7.63	\$4.78
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MRF/Dry	\$2.72	\$7.63	\$2.72

\*Metro Transfer Stations Only

17

**Policy Question #3  
Pros/Cons of Per Ton Tax Options**

- Option #1 FLAT TAX:
- Option #2 METRO ONLY
  - ✓Tax not shared region-wide
  - ✓Linked only partially to savings
- Option #3 MRFs, ALL OTHERS
- Option #4 WET, DRY, MRFs

18

## Per Ton Excise Tax Options

FY 00/ 01  
\$4.0 Million Additional General Fund Revenue

	Current 8.5%	#1 Flat	#2 Metro	#3 2-Rate
Transfer Stations	\$5.05	\$7.63	\$9.96*	\$8.15
Reloads/Wet	\$4.78	\$7.63	\$4.78	\$8.15
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\*Metro Transfer Stations Only

19

## Policy Question #3 Pros/Cons of Per Ton Tax Options

Option #1 FLAT TAX:

Option #2 METRO ONLY

Option #3 MRFs, ALL OTHERS

✓ Broad Waste Reduction Incentive

✓ Not linked to Savings

✓ No increase at MRFs

Option #4 WET, DRY, MRFs

20

## Per Ton Excise Tax Options

FY 00/ 01  
\$4.0 Million Additional General Fund Revenue

	Current 8.5%	#1 Flat	#2 Metro	#3 2-Rate	#4 3-Rate
Transfer Stations	\$5.05	\$7.63	\$9.96*	\$8.15	\$9.38
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\*Metro Transfer Stations Only

21

## Policy Question #3 Pros/Cons of Per Ton Tax Options

Option #1 FLAT TAX:

Option #2 METRO ONLY

Option #3 MRFs, ALL OTHERS

Option #4 WET, DRY, MRFs

✓ Most closely linked to savings

✓ Tax more equally shared region-wide

✓ Most complex

22

## Goal of Today's Meeting

*REM Committee directions regarding:*

1. Savings to solid waste/general fund?
2. Percent or per ton excise tax ?

*Depending on direction regarding above:*

3. Per ton tax options?

23

## Interactive Spreadsheet

✓ Committee changes split between solid waste and general fund

✓ Per ton tax at different facilities calculated for each option

24

## A Shift from a Percentage to a Per-Ton Tax:

- ✓ Removes revenue variations due to tip fee variations
  - Reduces downside risk
  - But also eliminates upside potential
- ✓ "Unlevels" the playing field
  - Penalizes lower-cost operators
  - The lower the tip fee, the higher the effective rate of tax
  - Raises the "fairness" issue
- ✓ Administration
  - Administration of different tip fees eliminated
  - Might have to administer differential rates
  - More likely to require annual tax adjustments to capture savings