

**Metro Solid Waste Advisory Committee (SWAC)
Meeting Minutes
October 20, 1999**

ATTENDEES

Voting Members

Ed Washington, Chair, Metro Council
Mike Borg, Clackamas County Haulers (alternate), Oak Grove Disposal
Vince Gilbert, (alternate), East County Recyclers
JoAnn Herrigel, City of Milwaukie
Tom Wyatt, Browning-Ferris Industries
Jeff Murray, (alternate), 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

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
Chuck Geyer, REM
John Houser, Metro Council

Meg Lynch, REM
Steve Apotheker, REM
Leann Linson, REM

Bob Hillier, REM
Connie Kinney, Clerk to the Committee

Doug Anderson, REM

Chair Washington opened the meeting.

There were no minutes

Terry

Waste Connections has filed lawsuit in federal court. No comments regarding that.
Exec Off has authorized non-system license to Pride for direct haul to Yamhill Co.
Up to 35,000 tons per year to Riverbend. Any questions. No.
Deq did issue statewide recovery report. Region is 43% up from the previous year of 42%. The statewide goal is 52% by 2000 which the region will most likely not meet.
REM will release a report comparing our expenditures to our revenue. Can get

SW and excise tax.

Terry said there are 3 ordinances that deal with SW and excise tax. Hope you all have seen the ordinances. I have heard from you that you want to discuss the material on those ordinances. We have a

Thanked Councilor Atherton for coming to the meeting

Powerpoint presentation:

Revenue certainty

Perceived as fair

Level playing field

Waste reduction

Readily understood and explained

Cost of administration

These are policy objectives we have been discussing with Council.

First reading on 10/7

Ordinance 99-825 Metro Tip Fee

99-824 Excise Tax on SW

99-823 SW fees

tip fee: establishes tip fee at two Metro Transfer Station. Reduces tip fee from 62.50 to 62.50. Requires 362,000 annually from contract cost reductions

\$1.0 million per year for SW programs

635,000 per year to maintain tip fee for 4 years

This is the "Bragdon" proposal

And it pulls the excise tax out of the solid waste fees. (\$1.10) excise tax is in the other column

99-824 captures some of the contract cost reductions for non-solid waste uses. Create level playing field among SW facilities. Create waste reduction incentive. (similar to the system fee credit we presently have). Captures \$3 million for other uses (60% of net savings of 5.2 million in FY00/01. Changes tax from \$4.40 to 8.23 of facility revenues to 8.23 per ton (Tier 1)
Credit #1 4.40 dry waste landfills \$8.23 8.5%

Impact on individual facilities

Av Raging increases/decreases tax at facilities Example: WM facilities pay 298,000 more in fees and taxes
Costs can be reduced with more recovery.

99-823

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

Exported waste increases cost

Cost increase equal to \$9.00 per ton for each ton

Example: if 7,000 in the system, 10,000 tons expored

\$90,000 increased disposal cost.

Takes the 9.00 and adds to the regional system fee from 12.90 to 21.90.

Direct haul charge drops from \$_____

10/14 proposed amendments

10/19 wac discussion

10/21 council public hearing

10/28 council

TBD other council meetings if needed

Jeanne what time on the 21st : 2:00 on Thursday (public hearing.)

Sue: meeting

Answer Yes.

To Jeanne:

Depending on how long it takes us to get through the other issues, at the latest 2:30, earliest 2:15.

Ed White: que on terrys pres: \$14 and \$12.90.

Terry: \$62. Does include the excise tax. Of \$8.23.

Diana godwin 99-823 that changes direct haul fees, \$16.78 paid to metro, and do they also pay the regional system fee because columbia ridge collects that from the haulers, then they get a credit back from Metro.

They wont actually collect 21.90 only 12.90.

The regional system fee is collected from the haulers.

Terry: also the excise fee is paid

Comments:

Gilbert: I endorse the program

White: on tip fee, it is currently 62.50, and the ordinance now says .50. and we have discussed that before. I havent heard a lot of support for .50. If there is no support and it reverts back to 62.50 or do you just not pass the ordinance.

Terry: that amendement would havbe to be made regardless

White: does that move the passing date to a later time.

Councilor Park: there is no formal amendment for the \$59 from the EO.

Houser: If ordinance 99-825 fails, we would need to make sure the correct version of the other two ordinances reflects the correct tip fee. Some of the proposed ordinances have placed the 62.50 in them. Tri county council has said they will try to stay neutral but if they don't raise the tip fee (we reject the 62.00).

Schwab: I agree with Dave. We don't support the \$62.00. \$635,000 is feeding the Rate Stabilization Account that the RRC has

Ziolko: I pass

Joann Herrigel: Could see an increase

Sara: talk about some of the philosophical underpinnings of the (dry waste)

Terry: that's an interesting que. That is not linked to some of the facilities (contract savings) the tiers we have are trying to accomplish a blend of things. That \$4.40 cr on the dry waste keeps the facilities in the neighborhood of where they currently are. That's a pollicy que on how to structure that excise tax.

Sara: Our area shares the

Borg: pass

Tam Driscoll:

Flow control. We do have haulers who have gone to facilities where they do not pay metro fees and taxes. Under the current system our enforcement people go to the haulers and ask them to pay the system fee and the taxes.

Does mike lichner pay that tax.

Terry: the rational is not resulting in that thirteen cents.

Carol: no comments

Susan Keil: following up on Tams que. Sounds like an enforcement issue rather than something that would fit in a fee schedule. Weve had the discussion before asking what authority metro has to Why wouldn't we throw the book at them. Fine them, as opposed to building a business as usual fee structure.

Terry: my take is that we would do both. We would capture the full cost of that waste going someplace else and fees and tax.

Sue: In terms of an enforcement tool, I don't have the same concerns. It just doesn't see m to me an efficient way to do it. Other thing is trigged b y Lhynns que about Washington Co rate payers, and this other committee talking about facilities and where located, particularly as we look at how do we get "things" out of the landfills. Some of the waste traveling from those far away places, it is a "double-whammy" not only do they have to pay the new fees, but they have the collection costs associated with the traveling the greater distances to get to a transfer station. The incentives should be there to get people to do the things (this has nothing to do with politics). It is how should the system work and how do we arrange things to get that.

Terry: excise tax would be \$8.23, so the tax isn't higher, it is uniform. (on all regional transfer stations.) is that the right policy, or to have a change.

Sue: I would like to see some differentials, some creativity,

I would like you to look at the impacts on some of the facilities that are in the outlying areas. (the underserved) areas. Look at the equity in the purest sense, down to the ultimate customer.

Lynne : appreciates sues comments. I do feel very strongly there are some issues at the FGTS and that is a concern to us.

Washington: I am not interested in constraint, but what is on your mind. The council wants to know your feelings unrestrained.

Sue: In that light, I agree with Lynne. I don't think you have been taking shots in any way whatsoever. It is not useful to have a shooting match on who is using what money what way. I am personally offended about how some of the way COP is using sw funds.

Jeff Murray: lowering the tipping fee .50 does not really mean anything. Lower it or don't. If you keep money on the table, return it to the sw. I think metro is setting its self up to fall (the 9.00), I think there are two diff issues:

Councilor Park: Jeff uses the word tax but that's the wrong word. It is to level the playing field. So that people don't have to subsidize the system

Terry: Im ver sensitive to the in state . The point is the waste going out of the system.

Murray: my concern is when it does go out of state.

Washington: an enforcement tool, is that a concern around the table?

Sue: Jeff has it right, there are two dif things. Terry said it would do both. It's a management of the sw system and can be . this is the wrong way.

Atherton: don't like th bridge toll

Sue: right

Steve schwa: you just set up a regulatory punishment fee, not a gate fee.

Mike Leichner: I agree with dave and steve. To reduce the rate 50 is nothing but creating political turmoil with the rate payers. The assoc still fees the savings is the rate payers money and they should get it. It shoulwd stay in the sw dept. Not the general fund. There is quite a bit of surplus they can go after.

Scott: no comments

Winterhalter: On its face if you are going to a flate tax on the ton, whenever the materials go to the landfill, then it should pay the tax.

Michael Misovetz: recomment \$62.50. And yhou should entertain a motionthe other to that evfect from the SWAC. The other funding we are talking about should be passed on to the ratepayers.

Tom Wyatt: If tipping fee is reduced, there should be significnat reduction.

Merle: my concern for several years is the impact rates and taxes. In reducing 50 . We would loose about \$30,000 in revenue. It would impact our efforts. I would support the 62.50. With respect to the tiers of excise tax, if it is a flat tax bout \$113,00 per year which woujld be devestating to our operation. Looks like we are getting a lot of savings, but it is really revenue neutral. From a mrf standoint, I support what we have right here. With respect to how we divy up the money, I agree with the majority of the SWAC, that it should stay with sw.

Jeanne: I am generally in favor if the tiered credits, like th tip fee agt 62.50, and want exported waste to pay the full penalty. I have que about what is leaving the sw dept.

Terry: this ord would generate \$3 million dollars in excise tax. I prefer using a net of \$5.23 and pull that out automaticalloy, (60/40 split).

Jeanne: I would prefer that at least half of the net go to sw. a higher percentage than isin these ordinances. \$3 mil addnl excise (5.2 mil about 60%. In terms of gross it is 3 mil of the percent.

Keil: is what you have to do to get the savings.

The prepayment is already done.

Primarily the cpi adj

Park: under the ordinances: that is drawing down on those capital reserve funds to get to the dollars you are talking about.

Terry: ord before yhou would set the rate. The qu that park is asking is how long we would hold that rate. One of th issues council will look at is should we only hold the rate for three years. The draw down of the reserve acts is how long and how long in terms of the council

Sue: a year or so ago, we werein the situation metro was sitting on a reserve fund that was too large, and we prepaid some transportation expenses that brought the level down to where it should be. What percentate needs to be returned or what amount to bring it back to a prudent amount (10% of an annual years operating expense).

Terry: councilor wash

The undesignated fund balance; the fund that was brought up

At the end of last fy, after the sts prepayment was 4.2 million. Our plan is to use that money over the next three years to keep the rate at 62.00. it will be at zero at the end of three years. Renewal and replacement is that we following the 20 years projection. Every 3 years we do an outside audit. We need to keep capital reserve at 3 million (a 2-year contingency) It is currently 6 mill . I did show the councilors a scenario that if we kept the rate at 62. There would be a more significant reduction to our accounts. I don't recommend that we let the capit fund go to zero.

White: I applaud discussing this now. I want to continue this discussion and not the 10%.

(the philosophical underpinnings of the \$4.40) and her agreement with wht Lynne said. (sarah jo chaplen)

small break

Chris deq: im having a hard time understanding the part that says landfills, is that all landfills. (pg 2 top left hand corner) all landfills or dry landfills.

The charts indicate 4 million in excise tax, and the ord gnerates 3 mil.

Chris: what are the purposes for sw funds. Explain to me why you would want to charge les for sw that is not

Terry: new waste reduction incentives. H2w uses, Atherton's use is to pay off the outstanding money we have on our bonds.

White: rate stabilization

Terry: the fifth is to use some of the savings to reduce the rate.

Chris: explain why the dry waste credit.

Terry: this is trying to make xome connection where there are contract savings, and where the new excise tax. (not increase the tax rate). There were no contract savings at those facilities. Try to match up where the savings and where the contract

Chris: if not separated and go into the landfill, to charge a lower price on that is

Terry: on average it is about the same. Should be no impact . some of you said you wanted to increase the tax rate on dry waste. Option #3 would have done that, other than keeping people whole, it seems like it is creating

Keil: related to chris que. This looks like we are tryiong to fix a problem with the rate structure. Instead of speaking plainly, eo's raising the bar (fixing the structure)(that we have put in place and we thought the incentives would do the job, but hasn't at the mrf facilities. But raising the bar to the 35% level is something that I would be supportive of. How do incentives get paid, and If you put these cr and extra costs it would be revenue neutral.

Jeanne: raising the bar, is that where they would start, or

Keil: where they would start.

Washington: if those of you that did not speak now wish to speak.

Ziolko: don't know whether the comments have been effective. I would like to seesome type of motion.

Wash: I think that the strong point have been written down and will be shared. They will be typed up. Is there further discussion on this. Do you want to

White: want to hear from atherton.

Washington: after this discussion. There has been an issue of the funds. This comm has discussed the various funds we have. Seems to be a lingering problem. I want that on our next agenda. After the 10%. Any other comments from anyone at the table.

Doug Drennen: lakeside reclamation :

62.50 or whatever rate established. I think the one thing that grabs me is the long term stability of rates. I think metro should keep stable for 5 years. Difficult for me as a consultant, to understand how we talk about funding other things when we have liabilitys within the sw system. The debt, and you cannot divorce those two items. I hope the committee thinks in terms of long-term stability.

Atherton: we are building a govt based on garbage: garbage in govt out.

The taking care of business option. There is good reason. In my model for the future of this agency, we don't tax garbage rate payers to take care of other processes. As a young man I would accept taxes easier, but now I like good bookkeeping. There is a great deal of value to have user pay. Sw is a function we have to keep whole. There are significant liabilities in the system. Not only is it the debt, but liabilities like the landfill (st johns in particular). Also the legal issues to flow control is one. I think we should keep the vast amount of the money in the sw system.

8 mill in sazvings annually.

No not annual. It would have to be delayed (over 4 or 5 fiscal years.

Keil: what amt is in the rate currently for the debt repymt

In reg syhstem fee is close to \$2.00 per ton.

Keil: when bonds are paid off it could buy down the rate by \$2.00 per ton.

Atherton: self explanatory

Rate stabilization, maintaining reserve accts, long term rainy day fund. Sw business. In terms of the proposals to enhance reuse recovery, manufacturing and so forth, we will look to your advice for that, and how much profitably can be set aside to do that and otherwise use it to pay off debt

Keil: after you have set aside the money to pay off the debt, and you have set aside enough for the capital reserves and other reserves you feel is necessary, how much is available for other purposes

Terry: my understanding is that the bonds could be paid off without penalty by 2004, and 2-1/2 mil per year for the next 4 years, the next piece is 1-1/2 mil per year contribution to the capital fund.

Keil: that takes care of all the reserve requirement,

Terry: yes.

Atherton: if you take care of all sw business there is not much left over.

Keil: but you would have 2-1/2 mil that you might have left over for other programs

Terry: 1-1/2 mil per year for existing programs that increase about 1 mil per year. If you fund those kinds of sw activities, there isn't much left.

Ziolko: there is a donation to the food bank.

Atherton: that is a sw proposal, I haven't had a chance to go through the nature and extent of this program. It is contingent upon getting the matching funds. This is

Ziolko: reuse of food?

Atherton: yes.

Washington: any further discussion on what you were talking about

Before we ask for a motion, there were a couple of people outside, I asked for input from the audience. Is there any? No.

White: for purposes of this

I make a motion that the tip fee be kept at 62.50. seconded misovetz.

Kiil: one opposed.

Mike Leichner: opposed

(18 minus 2)

are there any other advisory votes to send to the council.

Keil: I think something needs to be said about the long-term financial stability of the system. I understand the variations of these proposals get to the reserves, that is for me part and parcel of this discussion. If the rate remains at 62.50 and funds go to other things that not allow the reserve funds to be maintained at the correct level, we have not taken care of the rate payers business. It is not a simple question of keeping the rate at that level, but rather that the proper level of reserve be maintained for the sw activity that we are responsible for at a regional basis and that adequate money be available for
Move that any decision made by the council have as a part of it a proper maintenance of reserve funds (be specific capital and renewal) renewal and replacement and capital, as well as the operating contingency reserves be made (for a period of at least 5 years consistent with the RSWMP

Steve: if you leave it at 62.50, I like the Atherton amendment of 90/10.

I have a city council that has all kinds of suggestions on how any money that doesn't go to sw would be used. I certainly can make a recommendation that business be done in the interest of the rate payers. I am saying that any proposal that is dealt with by the council needs to maintain the proper funds for the proper maintenance of the sw system. To fund our contractual agreements and reserve funds (Terry: metro should maintain specific reserves to pay for future sw costs and liabilities for the next 5-years (Keil moved, Gilbert seconded). No opposition motion passed.

Gilbert: one to add one word. Liabilities.

Responsibilities and liabilities.

Washington: I've heard from several people at the table, trying to deal with short term versus long term. Is there a need by this body to fill in the proper term either long or short. Is that important

Keil: yes

I think you need to be looking at least 5-years.

Giolberg: may I ask Terry a question. What is our SWAC plan

Jeanne I'm not clear.

Washington: I've heard people talk about 2, 5, or longer.

Gilbert: I think we are talking about forecasting. That goes back to Atherton's word bookkeeping. That relates to Susan's amendment. That we work within the plan. Councilor Park is at a 4-year horizon.

Keil: I think we need to keep within

Sara Jo: how long would you look at maintaining the reserves. Appropriate reserves for 1 year or 5 years. What kind of planning timeline are you looking at.

Washington: just don't do it for one year and then try to change it.

Jeanne: state of the plan that said we were not making adequate

As to the recycling rate. I want to know what is going to happen.

Councilor Wash: what has gone on at this table this morning has taken all of our attention. Other things will come back after these issues are resolved.

Jeanne I am just making a request.

Wash: has not disappeared.

Susan: thank you for the discussion here today. This helps me with the amendment implications and a better understanding of some of the financial issues.

Wash: thank you all for the discussions. And I appreciate your recommendations, and it will be shared with the council. I will try to get these major points and any other things we can get out. I will ask that the min get out now.

Mjunroe: thank each one of you for your input. One of the reasons we wanted to delay for a week was to get your input.; one of my primary purposes for this discussion is that we want to see stability in the system and to be able to tell the citizens that the tip fee is not going up in the near future and we will maintain a stable rate at least for the next 4 years. The other primary goal is not to hurt recycling, but to enhance it and not do any significant harm to the stakeholders. There will be winners and losers, but you are all good partners.

Wash: I want to thank you all for your patience. What I've tried to do as chair and in dealing with the council is to provide the input based on what we have heard from citizens, and you all. If it is not put together the way it should be there will be no ordinance passed. We try to bring the best package that we can take into consideration all of your thoughts.

My decision last week that every bit of the money goes back to the ratepayers. That has to be on the table whether you agree with me or not. I have some idea of where that could go, and in fairness to the citizens in the region, that has to be on the table.

Atherton: I want to thank you all for listening to my thoughts on that. I still haven't heard from you nor do I have any idea of your thoughts on paying off the debt faster.