

Metro Solid Waste Advisory Committee (SWAC)
Meeting Minutes
February 23, 2000

Members

Councilor Ed Washington, Chair
Jeff Murray, Far West Fibers
Glenn Zimmerman, Wood Waste Reclamation
Steve Schwab, Sunset Garbage Collection
Mike Miller, Gresham Sanitary Service
Mike Leichner, Pride Disposal Co
David White, ORRA, Tri-County Council
*Dean Kampfer, Waste Management
Mike Misovetz, Clackamas County Citizen
Rick Winterhalter, Clackamas County
JoAnn Herrigel, Clackamas County Cities
Susan Keil, City of Portland
Lynne Storz, Washington County
Sarah Jo Chaplen, Washington County Cities
Chris Taylor, DEQ
John Lucini, SP Newsprint
*Tam Driscoll, East Multnomah County & Cities
*Vince Gilbert, East County Recycling
Frank Deaver, Washington County Citizen
*Tom Wyatt, Browning-Ferris Industries

Non-voting Members Present

Kathy Kiwala, Clark County
Terry Petersen, REM
Doug DeVries, STS

Members / Non-voting Members Not Present

Connie Winn, Multnomah County Citizen

Guests/Metro

Joe Wonderlick, Merina,McCoy & Co.	Bill Metzler, REM
Frank Hammond, Ramis, Crew/WM	Meg Lynch, REM
Ray Phelps	Connie Kinney, REM
Easton Cross, ESM	Doug Anderson, REM
Doug Drennen, DLS	Jim Watkins, REM
Kent Inman, CRC	Steve Kraten
Dick Jones	Roy Brower
D. Pritchard	Chuck Geyer
Eric Merrill, WCI	Tim Raphael, Celilo Group
Henry Mackenroth	Bob Hillier, REM

*Alternate Members

Chair Washington called the meeting to order.

Chair Washington announced that the previous Thursday in Fairview, the Metro Council officially named Terry Petersen as the Director of the Regional Environmental Management Department. He welcomed Terry and said that on behalf of the Council as well as himself, he looked forward to working with him in the future.

Chair Washington then introduced the newest SWAC member, who represents recycling end users, John Lucini. John has held various management positions in the field of recovered paper since 1974. At Chair Washington's request, SWAC members introduced themselves to Mr. Lucini.

Approval of the January 2000 Minutes

Mr. White moved to accept the January 17, 2000 minutes, Mr. Irvine seconded the motion. The committee unanimously voted to approve the minutes.

REM Director's Update

Mr. Petersen commented that, as part of the annual billboard art contest, art work by school children on recycling, waste prevention and composting is being displayed in the building lobby. He said the four winners will have their posters reproduced on billboards throughout the region.

Mr. Petersen said Metro receives tonnage data from all of the solid waste facilities throughout the region. He said this data has now been received for the calendar year 1999. He said the total amount of tonnage delivered to all solid waste facilities (landfills, transfer stations and fuel recovery facilities) through the last half of the calendar year 1999 was down 2.5% compared to the last half of 1998; the amount of waste delivered to landfills, however, is up 2%. He congratulated Mr. Tom Wyatt, of BFI, which operates Metro South and Metro Central transfer stations, for increasing recovery by nearly 14%, at the same time that total tonnage delivered to the transfer stations declined.

Ms. Driscoll asked if Metro has approached Tri-Met to see if some of the school children's art work could be displayed on the busses. Mr. Anderson replied that Metro has worked with Tri-Met in the past, but not this particular project; he thanked Ms. Driscoll for her suggestion and promised to pass it on.

Market Development

Mr. Anderson presented the committee with information on the new Market Development Fund. He said the Council has asked to see and approve of the criteria for evaluating proposals and releasing funds before launching the program.

He said that today he just wanted to introduce the program and provide SWAC members with information on it. He is soliciting questions, which he will answer; he is not seeking a decision or a recommendation. He said the program would be discussed further and decisions requested at the March SWAC meeting.

He said currently \$500,000 has been budgeted for market development uses, with authorization to spend \$250,000 this fiscal year and \$250,000 next fiscal year. The goal of the fund is to provide financial assistance to businesses that are utilizing recycled or reused content in making products. Financial assistance could be targeted to help new businesses start up (perhaps through deferred payment loans), existing businesses to expand (perhaps through low-interest loans) and struggling businesses to survive (perhaps through business retention loans).

Ms. Chaplen commented that some of the potential funding ideas are excellent, but she questioned the funding cycle of once yearly, because that cycle might not coincide with a time when a business is the most needy. Mr. Anderson said her comments were good, and staff might want to be more flexible than once a year.

Mr. Gilbert asked if these grants were geared more toward a manufactured finished product as opposed to manufacturing raw materials. Mr. Anderson said that was staff's initial idea, but he is open to suggestions. He said the idea is utilization to help stabilize markets or prevent crises.

Ms. Keil commented that the City is working with a company working with crumb rubber, which is not necessarily manufacturing a finished product, but providing an intermediate manufacturing service.

Ms. Herrigel asked what examples Metro has of potential partners with which it might work. Mr. Anderson said that without revealing names staff have chatted with non-profits that may not have our focus on recycling, but they are environmentally oriented. Some companies are looking at job creation. We have been talking to banks and other types of agencies with which we share a "social" interest.

Ms. Herrigel suggested using the financial assistance program to encourage the waste reduction initiatives (organics, construction and demolition debris, and commercial). Mr. Anderson said that from the comments he has been receiving both today and in previous conversations that applicants be weighted heavily if they are in line with a stated public purpose, such as the waste reduction initiatives. She asked whether businesses could reapply from year to year. Mr. Anderson said that possibility hadn't been ruled out, but the details of the program remain to be worked out.

Ms. Storz asked whether Metro as a funder has a liability if a business to which it has loaned or granted money fails. Mr. Anderson replied that he has a draft financial instrument that will protect Metro from liability.

Mr. Gilbert commented that he would like to see something that involves new players as opposed to the people that are already sitting at the table.

Ms. Storz suggested that since it is so late in the fiscal year, perhaps the money could be carried over to the following fiscal year and award \$500,000 in the 2000-01 fiscal year.

Mr. Anderson said the fund was set up so that it was possible to carry over funds from year-to-year.

Ms. Keil reiterated Ms. Herrigel's suggestion about focusing financial assistance on the three waste reduction initiatives, but added the suggestion that the focus include businesses that are sustainable, expandable and that handle lots of waste or troublesome waste. Mr. Anderson agreed, and added that he had received an e-mail from a SWAC member who was unable to attend today, stressing the value of using the solid waste hierarchy to target financial assistance

Mr. Schwab asked if this new fund was a replacement for the 1% for Recycling, or in addition to it. Mr. Anderson replied this would replace the 1% for Recycling.

Mr. Lucini asked if this was a "revolving" type fund. Mr. Anderson replied that the fund was set up as a revenue account so that the money used or not would remain in the account. He said for instance, if a loan was to be repaid, it would return to the same account.

Chair Washington asked what the amount of each grant would be? Mr. Anderson explained that in the past some of our grants were so low that low-impact proposals were pretty much guaranteed. He said right now a limit has not been imposed, but if it should become necessary in the future, that would be done. He said we want proposals that will make an impact and if that means loans of \$80,000, we might entertain such loans.

Mr. Gilbert commented that he thought the amount of the fund (\$500,000) is too low and should be increased to \$3 million, because one piece of processing equipment could cost more than the fund contains.

Ms. Keil responded it would give the program more strength if someone were to actually request a larger amount of money and could prove the need and impact on the region's recycling.

Transfer Station Service Plan

Mr. Anderson said that the basic questions that the subcommittee and staff have been working on for some time are, "Does the region need more transfer stations; if so, where should they be located; what kinds of obligations should they have, if any, once they are in the system; what are their roles; and how should they be regulated?"

Mr. Anderson said the recommendation from the subcommittee is to allow new transfer stations, which would not have tonnage limits if they stepped up to at least four basic obligations: Accept all customers, public and private, including public self-haul; accommodate or provide an area for household hazardous waste collection; accept source-separated recycling at no charge; and, provide material recovery – achieving 25% recovery from dry waste.

Mr. Anderson said one of the policy questions that has been asked is, "If we are to do this, how would it happen?" Mr. Anderson said he would like a discussion with the SWAC on the emerging "draft" recommendation as he described it. He said the SWAC would then return to the subject at the March SWAC for further discussion.

Policy Issues/Questions

Minimum recovery rate? How will it work?

Impact on existing facilities? Public response? (Cost per ton at Metro facilities will increase.)

What if a facility cannot meet obligations? (Example: A transfer station is required to accept all users (public and private), but land use regulations don't allow this use.)

Metro fees and taxes? "Front-door"? "Back-door"?

If there are savings, who all should share in benefits?

If there are costs, who all should pay?

Should the number or location of facilities be limited?

REM staff will prepare issue papers for SWAC to review before the next meeting, on the questions of Metro fees and taxes and the benefits of potential cost savings.

Mr. Anderson explained that if additional transfer stations were placed in the region, a tonnage impact on the system facilities would occur, with the biggest impact placed on the public Metro facilities.

Mr. Anderson discussed Metro fees and taxes, frequently referred to as "front door" vs. "back door." He explained this to the newer members to SWAC. If a hauler disposed of waste at a regional disposal site, i.e., Hillsboro Landfill, Metro fees would mean a regional system fee of \$12.90/ton, and excise tax is charged on the tonnage that arrives at that facility. Historically, if you are a recycling facility, you do not have to pay the regional system fees on the waste that comes in the "front door"; however, once material recovery has been accomplished, whatever residual passes through the "back door" has regional system fees assessed on it. Mr. Anderson said this approach worked very well when there was a distinct difference between a disposal site and a recycling site. However, most facilities are now conducting all of these activities under one roof. Mr. Anderson explained he would go into an in-depth discussion of fees at the March SWAC.

Mr. Deaver commented that wet waste was far heavier than dry waste and perhaps Metro should consider volume rather than percentage. Ms. Keil noted that it was true that Metro has historically considered tonnage vs. volume, but as pertains the 25%, we were discussing dry waste, not putrescible (wet) waste.

Mr. Murray commented that many businesses are already taking out so much of the recoverable materials that even getting 25% might prove difficult.

Mr. Irvine echoed Mr. Murray's statement. He said the committee stated the 25% figure as a starting point, but there certainly are no data to support it. However, his company is finding it harder to recover at the high percentage points it once did.

Ms. Keil said that as a member of the committee she believed they viewed draft recommendations as a work in progress. Yes, there are MRFs that are meeting something higher than 25%, and some that are definitely not meeting that percentage, but she believes this is a good number to look at initially, and she is very much interested in placing sanctions on those facilities that do not achieve the 25%.

Mr. Leichner said he is interested in knowing if the criteria described by Mr. Anderson will be open to all players, an even playing field, if you will? Ms. Keil answered she didn't believe the subcommittee had arrived at a conclusion. She said they had not talked about all of the economic issues or land use issues that could have a bearing on barriers to entry.

Mr. Gilbert suggested that whatever the recovery number, it should be an aggressive one in order to stimulate innovative ways to pull materials out of the waste stream before landfilling. He would like to see pressure applied to keep the recycling level increasing in as many ways as can be achieved within the region.

Mr. Winterhalter echoed what Mr. Gilbert suggested, and believed the 25% should apply to a facility's entire disposal, not just the dry side.

Mr. Metzler commented that the measurement has historically always been on just the dry waste.

Mr. White commented that whether Metro would site one or two transfer stations was an issue that was being looked at by a consultant with which Metro is working. He said they are looking at financial impacts on the region. However, he said that politically it may be that the Council would consider siting only two facilities. On the other hand, to keep a level playing field, perhaps the rules should say that anyone that can be found to meet the criteria that Metro sets forth can become a transfer station.

Chair Washington said that staff may have talked to the other two members of the REM Committee, but staff has not talked to him. He said he would never try to speak on behalf of another councilor, and perhaps one of the other councilors has a different opinion, but that he certainly has not made a decision and the committee as a body has not made a decision on this subject.

Mr. Metzler said that it hasn't been determined what it will take to fill the service gaps throughout the region, and if two transfer stations would accomplish that, that is what would be recommended.

Mr. Murray said that the equity issue is of great concern. He said that due to land use issues, he doesn't believe that more than two transfer stations could be sited. He said, on the other hand, if it is determined that two or more are needed to serve the region, the need should be the driving force, not politics.

Ms. Storz said she echoed what Mr. Murray was saying. She wants to be assured that the equity question is still on the table.

Ms. Keil said that Metro doesn't have to be concerned with economic issues. The economics are a private sector issue, and they will decide if the economics work, and Metro doesn't need to tell them how to do this.

Rick Winterhalter said he agreed with some parts of what Sue said.

Mr. Taylor asked how the costs of meeting all of the additional obligations for a newly sited transfer stations would be shared, and how these costs are being dealt with at present?

Mr. Anderson replied that, currently, existing transfer stations do not have to meet all of the obligations that are being proposed, and as to whether or not the existing transfer stations would have to meet these criteria or whether they would be grandfathered is a good question.

Ms. Herrigel asked what the time frame was for getting a proposal through the Council.

Mr. Anderson said that the staff was looking to get information to the REM Committee for a work session, or even open to public for input, and looking for a recommendation from SWAC in March. If this can be achieved, perhaps we can have action from the REM Committee in May.

Mr. Gilbert said that if Metro South or Central are not held to a 25% recovery, he is not sure we should impose a 50,000-ton cap on any new facility.

Mr. Cross (from the gallery) asked Mr. Anderson if the pending litigation would have an impact on this tonnage.

Mr. Anderson replied that it wouldn't have an effect on the study itself and he has no basis for speculating what impact, if any, the lawsuit would have on tonnage.

Ms. Keil commented that the SWAC and the subcommittee need not weigh politics into any conclusions they reach. She said Mr. Washington in particular has asked for our best advice, advice that is not laden with politics. She said the SWAC members need to give the best factual information that they are able.

Mr. Winterhalter suggested that the timeline may be a little too aggressive.

Chair Washington asked the committee members if they agreed with Mr. Winterhalter. The consensus was that it was too aggressive and perhaps it could be scaled back by perhaps a month.

Mr. Taylor asked if there was a discussion of the minimum recovery rate. Mr. Anderson said that on page 5 of the materials provided in the agenda packet, the first issue on the list is minimum recovery rate of 25%. He said the subcommittee and others have identified, as a minimum, what should be accomplished in order to preserve material recovery capacity and hopefully to actually increase capacity. He said a financial analysis is now underway and is focusing on two aspects: The fiscal impact on Metro and how to balance that fiscal impact with system savings. An important element in the analysis is to describe the impact and the needed balance in a way that the Metro Council can make an informed decision.

Mr. Geyer said the fiscal impact study is due three weeks from the date we sign the contract.

Ms. Keil said she believes there should be a minimum recovery rate of 25% on every dry waste facility. She added that she has never understood what capability Lynne has to set a recovery rate for Washington County's low-cost landfill.

Ms. Storz said the landfills have a low recovery rate, but that goes with the low tip fee. You look at operating costs and the return to owner, and one thing the County considers is that return to the owner. The material recovery portion doesn't cost a lot, and doesn't return a lot, so we can't reimburse the owner very much for the recovery part. So the tip fee stays low. This works against material recovery. So, from the material recovery side, we believe that dry waste must be processed before it goes to a landfill. We're not going to get there if we rely on the economics.

Mr. Drennen (from the gallery), a consultant representing Lakeside Landfill, commented that the discussion tends to give the impression that everything that goes out there is dry waste, which isn't the case. There are materials that could be processed, but there is also a lot of construction debris that has been source separated. Also, a great amount of reclamation that at Lakeside, i.e., concrete, pavement, and construction and demolition debris.

Mr. Gilbert said that speaking from the perspective of a dry waste recovery facility, he welcomes a high recovery rate. His concern is the self haulers, and Merle Irvine and Tom Wyatt could back him up in saying that currently more than 50% is recycled. He believes you need to put a high rate on the self haulers.

Mr. Anderson noted that there should be some discussion of a universal recovery rate. He said that maybe one size doesn't fit all, but to keep leakage from happening, all facilities need to have some recovery from dry waste or some type of standard, like Ms. Storz suggested. Mr. Anderson said that leakage is a real possibility, and that to focus on the facility could cause some disincentive to fully source separate upstream.

Mr. Irwin said he believes that if the rate is too high, operators will play games to encourage a mixed load vs. a source-separated load. He said he does not disagree with the 25%.

Mr. Kampfer asked what do we do with those marginal loads? The higher the number, the bigger impact on those loads. The facility can't afford to look at that because they won't be able to look at those loads.

Mr. Borg said he would like to generally comment that in the real world, as a hauler he doesn't have the opportunity to direct his loads to a facility based on the type of generator or recyclability of the waste.

Mr. Gilbert said his facility gets marginal and good loads and has to process both. He has had to come up with more innovative ways to recycle things. He said he agrees to keep to reasonable rate, but not one so low that it fails to stimulate the innovation needed to achieve better recycling of materials that are not being recycled now.

The 10 Percent – Criteria for Evaluating Proposals

Mr. Watkins gave a brief a history of how we got to this point in the procurement process. He said he wanted to discuss criteria; proposed weighting and key issues. Mr. Watkins said he would like a recommendation from SWAC to the Council on the three key issues that will help shape the weighting of the criteria.

He said that up until 1980, most of the waste from the region was going to St. Johns Landfill; and in 1990, Metro signed a contract that allowed 90% of the region's putrescible waste to Columbia Ridge Landfill in Arlington. In 1998, Waste Management, Inc, the owner of the Columbia Ridge Landfill, was bought out, allowing Metro to amend its contract so that the more tons sent from the region to the landfill, the lower the disposal rate charged at Columbia Ridge. Metro believes its disposal rate is competitive. The 10% of the waste not delivered to the Columbia Ridge Landfill equals about 85,000 tons, and in the past, was going to Forest Grove and Riverbend. This allowed a "safety net"; if Metro experienced a disaster in the region, or otherwise could not deliver to Columbia Ridge Landfill, the region would still have a place for disposal.

Mr. Watkins said the weighting on the proposal is proposed as follows:

<u>Criteria</u>	<u>Weight</u>
Material recovery	45%
Cost	35%
Develop Facilities	10%
Alt. Transport modes	10%
Competition	0%

Key Issues

Should Metro consider proposals that require lifting the cap of 50,000 tons on "direct haul" facilities or grant other facility-specific variances to current regulatory authorization?

Ms. Herrigel said there still needs to be a criteria applied in order to lift the cap. If you lift the cap, you should hold them to a recovery percentage.

Ms. Keil replied that we are talking about wet waste, and 25% recovery just doesn't square for her. She doesn't think it is necessary if your criteria is to split up the cost. The aggregation of the waste will reduce the cost.

Mr. Murray asked if the 85,000 tons (10%) still out the back door? Or maybe facilities could bring in more tonnage -- perhaps 100,000 tons?

Mr. Geyer commented that the 85,000 tons was in the front door.

Mr. Lucini asked: How do you measure that? What are you looking for? Will you have a penalty if the facilities don't achieve the proposed recovery percentage?

Mr. Watkins said the document is still being reviewed by staff and an outside consultant.

Mr. Irvine said you would want to look at proposals on a case-by-case basis. He doesn't believe you should put a 50,000-ton cap on it.

Mr. Watkins asked whether the committee was proposing we do away with the 50,000-ton cap?

Mr. Misovetz commented that if you lift the cap, he would suggest giving zero weight to trucking. There's an area in the 185th corridor that needs service; the procurement needs to request or specify that if that corridor isn't serviced, other restrictions could be made.

Ms. Herrigel agreed that trucking is not an alternative.

It was the consensus of the committee that transportation be given zero weight, and the 50,000-ton cap not be imposed.

The meeting was adjourned.

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