

Metro Solid Waste Advisory Committee (SWAC)  
Meeting Minutes  
August 23, 2001 (as amended)

**Members / \*Alternates**

Councilor Susan McLain, Chair  
Councilor Bill Atherton, Alternate Chair  
\*Adam Winston, Waste Management (disposal sites)  
Merle Irvine, Willamette Resources, Inc. (disposal sites)  
\*Vince Gilbert, East County Recycling (disposal sites)  
Bruce Walker, City of Portland  
Tanya Schaefer (Multnomah County citizens)  
John Lucini, SP Newsprint (recycling end users)  
Matt Korot, City of Gresham (East Multnomah County and cities)  
Steve Schwab, Sunset Garbage Collection (Clackamas County haulers)  
Mike Leichner, Pride Disposal (Washington County haulers)  
Rick Winterhalter, Clackamas County  
Lynne Storz, Washington County  
David White, Oregon Refuse & Recycling Association (at-large haulers)  
Jeff Murray, Far West Fibers (recycling facilities)  
Mike Miller, Gresham Sanitary Service (Multnomah County haulers)  
Glenn Zimmerman, Wood Waste Reclamation (composters)  
Sarah Jo Chaplen, Washington County cities  
Mike Misovetz (Clackamas County citizens)

**Non-voting Members Present**

Doug DeVries, CSU	Kathy Kiwala, Clark County, Washington
Chris Taylor, DEQ	Terry Petersen, REM

**Metro and Guests**

Tim Raphael, Celilo Group	Roy Brower, REM
Bob Hillier, REM	Michael Davis, Clark County
Greg Ryan, River City	Chris Bell, Merina & Co.
Kent Inman, Composting Council of Oregon	Ralph Gilbert, Nature's Needs
Easton Cross, BFI	Greg Nokes, Oregonian
Paul Ehinger, REM	Kevin Rauch, City of Troutdale
Tom Chaimov, REM	Jim Watkins, REM
Steve Kraten, REM	Dan Schooler, Waste Connections
Eric Merrill, Waste Connections	John Houser, Metro Council
Connie Kinney, SWAC Clerk, REM	Meg Lynch, REM
Janet Matthews, REM	Bill Metzler, REM
Karen Feher, Metro, ASD	Scott Keller, City of Beaverton
Ray Phelps, WRI	Bryce Jacobson, REM
Doug Drennen, DCS	Leann Linson, REM
Scott Klag, REM	Steve Apotheker, REM
Scott Keller, City of Beaverton	

### **Call to Order and Announcements**

Chair McLain started the August 23, 2001 special SWAC meeting by distributing a handout containing a summary of some of the discussion from the Monday, August 20<sup>th</sup> meeting. Chair McLain asked the committee and gallery to review the summary and at the end of the meeting she would allow 10 minutes to respond and make additions.

### **Regional System Fee Credits**

Chair McLain said that today's discussion would cover Metro's Regional System Fee Credits. She said Mr. Petersen would deliver a short background description and then refer the committee to specific questions with regard to how the SWAC committee feels this program should be handled.

Mr. Petersen thanked the members for their participation in an unscheduled meeting. Mr. Petersen said that Mr. Metzler would make notations of talking points on the flip charts as he did at the previous meeting.

Mr. Petersen said the discussion today was with regard to the Regional System Fee Credit program, which is one of two economic incentives that Metro uses to encourage more recovery at privately operated solid waste facilities. He said the first economic incentive is that Metro exempts the users of these facilities from paying the regional system fee on recovered tonnage, which is a significant economic incentive to encourage recovery. The second economic incentive is a Regional System Fee Credit for the dry waste residual that goes from the facility to a landfill after recovery takes place.

Mr. Petersen said the facilities owe the entire system fee on every ton they receive, but Metro credits back to the facilities a dollar amount per ton based on the recovery rate at the facility; the higher the recovery rate, the higher the per ton credit. For example, if the recovery rate is 45% or higher, the per ton credit is \$12 per ton, which is subtracted from the regional system fee is \$12.90; the net payment to Metro is \$0.90 per ton on all waste that continues on to a landfill. He said this is on dry waste only; wet waste is not part of the program.

Mr. Petersen said the program began in June 1998. Mr. Petersen explained that at that time, Metro had just lowered the tipping fee, in two steps, from \$75 per ton to \$62.50 per ton. The lowered tip fee translated into less revenue at each facility, because Metro's system fee also dropped, but not at the same ratio (from \$17.50 down to \$14 per ton, a \$3.50 per ton decrease). He said the tip fee at the door was the revenue, the regional system fee payment was a cost. Because the revenue dropped \$12.50, but the cost only dropped \$3.50, Metro was concerned that the facilities' operating margin would be reduced, which might also translate in fewer funds available for the facilities to accomplish recovery.

To prevent that from happening, Metro put in place the regional system fee credit program, which was designed to make the facilities whole at the operating margin they had available when the tip fee was at \$75 per ton. He said this program was inaugurated to maintain the capacity for conducting dry waste recovery. He said that source-separated recovery, or curbside recycling, is the first priority, and there is always going to be some waste left over that will need to go to a facility that can do post-collection recovery.

Mr. Petersen said Metro viewed the program as temporary, to give facilities time to adjust to these new economics. He believes this intention is indicated by the fact that Metro's Council made this a one-year program that would sunset after one year, requiring Council approval each year to renew it.

Chair McLain said she wanted to add to that, saying that when she was on the Council listening to the discussion, reasons and debates on the merits of the program, the two things she remembers the strongest were the Council wanting to ensure the economics were solid for the facilities, and secondly, but equally, to help the recycling rate and make sure the region was doing its job of trying to accomplish more recycling to reach the region's goals. Chair McLain further explained that if the program did not fulfill its goals, further discussion would be necessitated. She said she wants to make it perfectly clear that the program was not solely predicated on the fact that it was an economic transition, but to also improve the region's recycling rate.

Mr. Petersen said that in 1998, the total recovery rate from the combined facilities was approximately 40%, which is also what it is today, which clearly shows that if one of the goals of the program was to increase the region's recovery rate, that has not happened. He said it is important to point out that there are a variety of other issues that might affect the recovery rate, but the fact remains that since 1998 the recovery rate at the facilities has not increased.

Mr. Murray asked if the tonnage has increased at the facilities while the recovery rate has remained at 40%?

Mr. Petersen, referring to a map, indicated that the total tonnage going into the facilities has declined since then, probably in part because of the economy, although the slowdown in the economy has been a fairly recent event. Mr. Petersen said that his general conclusions are that the effectiveness of this particular program varies between facilities and companies. He said this in part is because different things drive the internal economics of different companies. He said he believes the program has been overall effective in increasing recovery of some of the marginal materials, e.g., drywall, that might not otherwise have been recovered. He said he suspects it has had no impact on recovery of high-value materials that have good market, such as old corrugated containers. Mr. Petersen commented that one of the goals of the program was to ensure that capacity for recovery would continue, and it is his opinion that has not been the result. He said with some facilities closing, some expanding, and some using prior recovery space to reload wet waste, the floor space for recovery of dry waste has somewhat declined.

Chair McLain announced that Mr. Vince Gilbert has requested to provide a short presentation to the committee. Chair McLain said Mr. Gilbert is not lobbying, nor is he editorializing, he is simply providing an educational opportunity.

Mr. Gilbert said he wants to educate the committee on what happens with a company that has taken the program and made a success with it. He said the main purpose of the program is to keep tonnage from reaching the landfill. Mr. Gilbert distributed some pictures and information on how his company's system works (see Attachment A). [SWAC members and interested

parties who receive these minutes via e-mail can request a hard copy of Attachment A or pick one up at the September SWAC meeting.] Mr. Gilbert, referring to the graphs contained in REM staff's agenda information, said they referred to the term "rubble," which he considers an odd term when speaking about tonnage recoveries. He said ECR recovers inerts from mixed solid waste as well as asphalt and concrete, which is what he considers rubble. He said that on the first page on the right side is a picture of materials ECR pulls out of drop boxes that are destined to go to a landfill or to another facility. He said on the left is asphalt and concrete that ECR receives and for which no credit is allowed through Metro's program. He said 1,000 pounds per day of the materials on the left are processed and are stockpiled for approximately a month before they are screened and further processed. He said that on page two is a further look at materials processed, up to 1,000 tons per day for which no Metro credits are received. He said that page three shows pictures of materials that ECR pulls from mixed solid waste loads containing porcelain, glass, brick and all other types of inerts, but which would be misleading to call rubble. Mr. Gilbert said that on page four is specification base rock, which is a complete change of the identity of the inert materials shown on the previous pages into a marketable product, and which takes the place of a naturally mined, and finite natural resource – aggregate. He said that what is significantly and additionally important about this material is that it saves natural resources, and keeps additional trucks off the highway in both directions and decreases large traffic on the river.

Ms. Kiwala asked how many times the product was processed. Mr. Gilbert answered it was four times, and Mr. Gilbert described those processes.

Chair McLain asked Mr. Petersen to continue with the Regional System Fee Credit Program discussion.

Mr. Petersen said the first question is a general one: If Metro keeps the program, should we could continue with no changes, or should we tweak a couple of things? He said the two things that Metro has control over are what materials count, and what the per ton credit is. Mr. Petersen said he thought it would be useful for the committee to discuss whether or not this type of fee credit is an effective tool that Metro can use to encourage more recovery at private facilities.

Mr. Irvine said that to recap Mr. Petersen's thoughts on why the program was instituted and what the intent was, he said his understanding was that the intent was to address the issue of the drastic decrease in revenues that the MRFs would experience because of the tip fee reduction. He said there was no offsetting expense reduction; it was strictly bottom line, so the choice for a facility was to drastically reduce the costs, or take the loss, which financially they couldn't. He said that once you have started this process, your labor is decreased, you recover less, and it quickly goes into a black hole. He said he understood the reason it was going to sunset in a year was because it was not clear whether or not it would work and whether it was the correct program to take care of the problem. He said he didn't agree that it was supposed to have been a temporary program, but more to define the program to see how it would work. He said that when everyone agreed on the curve, they didn't set it so that the increase in recovery resulted in significantly more credit, but set a range that was significant but reachable, where if you remained within it, the result would be revenue neutral. This also allowed facilities to explore different programs such as Mr. Gilbert has done, which has resulted in more tonnage being

diverted from landfill, even though that recovery may not be counted. Mr. Irvine said the tonnage cap means you only have a certain feedstock coming in the door, and also results in a fixed amount of recovery based on that feedstock. Mr. Irvine said one thing he would truly not want to see is a program such as discussed on Monday, which is one size fits all.

Mr. Raphael commented that looking at the graphs and the various grades is not a complete analysis of the program, and it would be interesting to look at what has happened to the source-separated waste in tonnages over that same time period and try to make some conclusions about how the waste stream may or may not have changed over that same time period.

Mr. Leichner said that he agrees with Mr. Irvine to a certain extent, but he also feels that the program's intent to provide a "soft landing" or to make the facilities whole, was the correct one. He said that basically, when the rates went down, the revenue dropped. He said his facility was never made whole through the credit program. He said he had to institute other things to make his facility work economically. He commented he would just as soon see the credits go away.

Mr. Gilbert said that at ECR, several items are removed from previously landfilled loads due to the credit program, e.g., paper from mixed loads amounting to 5,000 tons per year, which would not have been pulled without the program because it is too labor intensive. He said according to ORS 459, the region must extend the life of landfills by reusing to the maximum extent feasible, which to his way of thinking means you should pull everything reusable from landfill-bound loads. He said the credit program is part of that maximum effort to pull these materials out of the mixed waste loads. He said he would like to raise the recycling credits until it costs citizens money to put recyclables into landfills. He said it is an economic decision to put materials into the landfills.

Mr. Walker said this is a complex issue and was set up several years ago for a good reason. He said he believes, however, that it has outlived its purpose. Its real goal was to increase recycling. He said he does not believe it is serving the purpose in terms of a financial credit. He said he was closer to the side of an elimination or a significant modification of the program.

Mr. Miller said it seemed to him that you could not look at the program in a vacuum. Depending on what Mr. Gilbert said about a credit helping him to be competitive with other facilities, it would seem if you placed different types of requirements on those facilities, you would maintain an equal footing and wouldn't need a credit. At that point, recovering more material would give you the differential between the tipping fee and the sale of your materials. So, he is more inclined to agree with Mr. Walker that Metro needs to look at some other things, modifications, etc., in order to keep the region's recovery level on an upward motion.

Chair McLain has heard the comments ranging from "Let's get rid of it, let's keep it, it works, it doesn't work." But she said she also heard constantly around the table that the credit is necessary for everyone to function well, fairly and equitably.

Mr. Korot said it was his understanding there are a number of facilities in the region that produce aggregate from some sort of mixed feedstocks but that are not involved in the credit program. He said that his assumption might be incorrect, but if it is not, that speaks to him of an unlevel

playing field. He asked if there was a reason Metro does not include those more focused facilities in the credit program versus ones that handle a mix of materials?

Mr. Gilbert said the credit program is based on materials pulled from mixed solid waste loads and that is the only material that is counted in the program. He said that they do not have a license to handle mixed solid waste.

Mr. Petersen said the facilities that are eligible for the credit are facilities that are regulated by Metro. He said the inert waste operations that are around the region, he believed there are 13 of them, are not regulated by Metro because they do not accept mixed solid waste. He said that some of the loads entering ECR, such as the clean brick loads, also go to some of the other facilities and are also crushed into aggregate and sold at markets at the Gilberts are doing, but they are not facilities that are regulated by Metro, do not pay the regional system fee and are therefore not eligible for the credit.

Mr. White said he was confused by Mr. Gilbert's presentation. He said that in earlier SWAC meetings, when Mr. Gilbert was commenting on the credits and the amount of processing needed to do to concrete, he had mentioned having to remove rebar and taking out 2 x 4s. And in the picture he distributed, page 2, the bottom corner, it looks like a piece of rebar is laying there, and in the earlier discussions, he didn't recall talk about mixed solid waste or insulators and bowling balls. He heard discussions about concrete perhaps from having been removed from foundations that had some rebar in it, and you considered that as having to be processed. Mr. White said his understanding that it did count.

Mr. Gilbert said no, that concrete doesn't count, but the rebar that is pulled out of the mixed solid waste loads does count.

Mr. White said that Mr. Petersen, in his meeting with the Tri-County Council indicated that when the tip fee increased, the credit program could well go away. He said he would not like to see the credit program go away and for Metro to create another type of program in order to make facilities whole.

Chair McLain said that was a question for the SWAC body to take a position on. She said she is hearing there is some need to modify the system to make sure that something must take its place.

Mr. Irvine said he was going to use the Willamette Resources facility as an example, because it is somewhat different from Mr. Gilbert's and others at the table, in terms of what is pulled out. He said that in June, WRI received a \$14,000 credit based on our recovery level. He said very little of the material coming in the front door is rubble, perhaps 1,500 tons per month. He said the vast majority of materials his facility pulls out is wood, metals and paper. He said if that credit were to disappear, he will have to cut his expenses. He said that translates into decreasing his labor force to offset that loss. He said another issue is the decreased amount of material coming into the facilities. He said that until WRI purchased River City, there was a decrease of tonnage into his facility. He said that primarily it was due to the 50,000-ton cap. He said that one month WRI exceeded the cap, Metro fined it \$2,500, a fine that they appealed and lost. His alternative was to cut off all third-party haulers, contractors and public coming into WRI's

facility. He said that in order to live within Metro's permitting regulations, his tonnage was lowered.

Chair McLain said she wanted to make sure that we captured the fact that at some facilities the credit is important, that there is something some facilities do that the credit is essential for. And at some facilities, the credit program is not essential to the activities carried on there. She said it is important to understand what the credit program is set up to accomplish: Is there something happening at your facility that is helping the region meet its goals for the program, that another facility can't do, and is that okay? If through the credit program, your facility is helping you and the region to meet our goals, then it is valuable to both of us.

Mr. Merrill said he was going to reserve his comments for a later time, but there is one point he wanted to clarify with regard to what Mr. Petersen said about facilities not regulated by Metro. He said there are at least two facilities that do pay Metro fees, are not regulated by Metro and do separate mixed solid waste, and those facilities are in Vancouver, Washington. He said they are currently not eligible for the credits.

Mr. Petersen replied that to be eligible for the credit program, it has to be a facility that is regulated by Metro; it has to be franchised or licensed by Metro. He said if Clark County would like to talk to Metro about having us regulate those facilities, they might entertain that idea.

Ms. Kiwala replied that wasn't in the immediate plans.

Mr. Gilbert said he wanted to talk about what Mr. Irvine said. He said ECR has 60 sorters and that is why they get the recovery they get. He said if the recycling credits were to go away, he also would have to cut his labor force.

Chair McLain said she believes she has heard the word "modify" at least four times, so she thinks that is a good transition into the next question, and she believes it is necessary to move to the next question in order to get more clarity on the first question.

Mr. Leichner said that to try to encourage recycling and improve it, perhaps Metro's money would be better spent on market development rather than the credit program.

Mr. Irvine said that Mike made the comment that it is important that this program not be looked at in a vacuum. And someone also mentioned a rate increase and things of this nature. He said he may react differently if he knew what the other side of this program was. He said if there are some adjustments to the existing program he would certainly be willing to look at their merit.

Chair McLain said she appreciated that comment. She said staff would look at all of the comments in total between today's and Monday's meetings and will bring something back to the committee in September's SWAC meeting.

Mr. Petersen said it seems to him there are two levers on this program: Metro can change what kinds of materials count, and Metro can change the dollar amounts per ton. He said there may be other takes on what can be changed, but he thinks it might be helpful to address the issue of what

materials count. He said there have been numerous discussions on this subject and in particular the question of whether or not inerts should count. He asked if Metro should change the program to more specifically target or give higher priority to some waste types. He said there are lots of different ways to implement that, but at this time, he is more interested in a general discussion about whether or not Metro should define the program to target specific waste types. He said it was important to remember we have some new waste reduction initiatives we are working under that we hope will help us to reach our recycling goals, which focus on commercial, construction and demolition, and commercial organics recovery.

Mr. Winterhalter asked if the chair would entertain a motion. Chair McLain said she would.

Mr. Winterhalter moved that Metro remove from the Regional System Fee Credit calculation those materials that are not included in the State's recovery rate calculation, effective immediately; and that SWAC form a subcommittee to review the regional system fee credit program and provide the Council with a recommendation prior to the next sunset date for the program (June 30, 2002), regarding the disposition of the fee and the funds budgeted to finance the credit program.

Chair McLain said she would make copies of the motion for all the members to review before she asked for a second on the motion. She said there were some timing issues involved with this motion. She said Council would like to view the program in its entirety and that review of this program is scheduled in September and October, and therefore the timing with regard to waiting for the sunset goes off at the end of the fiscal year would not work.

Mr. Petersen asked Mr. Winterhalter to clarify, for the benefit of the committee, what materials these might be that do not count toward the State goal?

Mr. Winterhalter stated the only materials in the calculation that would not count would be the inerts: concrete, bricks, asphalt.

Mr. Gilbert said that ORS 459 the State Goal is to extend the life of landfills, and 459 does not mention recycling percentage rates.

Ms. Storz stated she agrees with Rick's sentiment in modifying the program and changing some of the materials that are currently being counted and that do not count toward the State recovery rate.

Ms. Schaefer stated she also agreed with Mr. Winterhalter and Ms. Storz, and she also feels that some of those materials might include materials that have been identified in the strategic plan, as well as toxic materials.

Ms. Chaplen said that the Washington County Cities feel it would be more prudent at this time to target recoverable materials that count in the State recovery rate as well.

Mr. Raphael said that it seems that Mr. Gilbert raised a very interesting question about the range of the materials and he is curious as to whether Metro has a position about the concept of



conserving what would otherwise be using a natural resource. He asked if the question is what is the best use of the money is, or is it a policy issue that Metro only follows State recovery values. He said there is clearly value in recycling inert materials.

Chair McLain replied that she would say the policy decision are the goals of the program. She said that as far as the financial or fiscal ties to this program, it is always a question and one that will be answered as we proceed through this review.

Mr. Petersen said he had some material from the DEQ that lists what does and does not count for the State recovery guides.

Mr. Taylor said that if one wants to look at how you could target this program to incentivize it, it sounds like there are enough facility owners at the table and who have expressed their positions. He said there have been some who benefit from the program, and some who do not, and it all boils down to whether this is a tool that incentivize additional recovery. Mr. Taylor feels if Metro would lift caps, the region would have further recovery, and raising the tip fee will see more materials going to dry waste landfills. He said that as far as retargeting the program, he thinks the place to look at is what types of waste go out the back door. He said DEQ has not reviewed every single facility in order to be 100% sure about what the residual is, although staff feel they have a pretty good idea. He said if, for instance, it is a lot of C&D as is widely thought, what would be the appropriate status for that, and how does it fit with Metro's plans. He said he thinks what everyone is saying is that we don't want to subsidize what is already being taken out; that is not a good use of Metro's money. Do not subsidize activity that would take place irrespective of the program. He said we are trying to eliminate waste streams that are not a usual day-to-day activity, and that is difficult to get at, because economics are not the same the same for every facility.

Mr. Winston said he basically agreed with what Mr. Taylor said. He said we need to decide what Metro's goals should be, and they should be in line with the State goals. He said obviously the system fee credit program is a help financially, primarily on the labor side, because there is a direct correlation between how many people you can hire with how much you can pull out. He said that Wastech, Waste Management's primary recycling facility, focuses on source separation, and to a lesser degree, dry waste recovery as well. He said Waste Management has invested a lot of money in source separation, which helps get a better product out, especially with construction and demolition debris. He said there is no doubt there are more and more recycling markets out there, and Metro staff have helped find a couple. He said there is an economic incentive to pull that material out rather than dispose of it. He said there is also material Waste Management pulls out that doesn't have an economic incentive, but is the right thing to do.

Mr. Irvine said he would like to address the specific motion and how it would impact WRI. He said that, as he mentioned earlier, Willamette Resources does not handle a lot of concrete and bricks. So if that was eliminated, it would impact him somewhat, but in reality, he would still pull that material out just because, as Mr. Winston said, there is some economic benefit to him because he doesn't have to haul it to the landfill. He said the landfill would charge a much higher price than the recycling facility.

Mr. Gilbert said that his concern is that if inert materials are hauled to the landfill, they are taking up landfill space and that is space needed for other materials that cannot be recycled.

Mr. Schwab commented that as a hauler who collects his money from customers who receive no benefit from doing the right thing, such as not disposing of materials that can be recycled, he does not see that as being equitable. He does agree with Mr. Gilbert's statement that it costs money to get the paper mixed with waste out, and the person who brings it to him should pay that bill. He does not understand why Metro would want to subsidize the 5% or 10% of people, who seems to be in the construction industry, with money from the people who do recycle. He said if you receive a crummy load that comes into your facility, charge more because you have to pull it apart. He asked why his customers, who do everything they are supposed to do, should have to subsidize Metro to go after the guys who refuse to do it.

Chair McLain said the issue of source-separated and commingled loads, whether it be at the curbside or whether it be commercial, is a conversation to be had. She said there is a mentality with the general public as well as with the industry that gives mixed messages, and she believes there should be more discussion about what is more economically sound.

Mr. Murray said one thing that has bothered him with the credit program is that the credit definitely does not reflect the effort it takes to recover some of these materials. He suggested it might be more equitable to make a two-tiered structure; first, based on how much a facility recovers (they should certainly be rewarded for that), and second on how much it costs to go after the particular material the facility is recovering.

Ms. Kiwala said that one of the variables the conversation has focused on is the tip fee. No one has mentioned the money made from the materials recovered. She said she understood the markets are poor right now, but asked where the money goes to offset the cost of recovery. She said the question she has for staff is whether the credit applies to any facility that recovers waste, more specifically she is asking about the two landfills, Grabhorn and Hillsboro. She said she wasn't sure how they were regulated by Metro, and asked, they did recovery at both facilities, whether they receive a credit also?

Mr. Petersen replied it was the same situation as with the Vancouver transfer stations. Metro only regulates facilities that are inside the Metro boundary, and both of those landfills are outside the Metro boundary and thus are not regulated by Metro. Therefore, they do not qualify for a credit. He said he does not believe they are recovering anywhere near the 25% minimum required in order to receive the credits.

Mr. Drennen from the gallery, representing Grabhorn Landfill, stated that for the record, Grabhorn does recycle over 35,000 tons of wood waste and handles a good portion of concrete, approximately 10,000 pounds over a two- to three-month period. He said all of that counts toward Metro's recycling credit.

Mr. Walker said he is in general support of Mr. Winterhalter's motion and he believes Metro needs to move to a more targeted material and those that go into our State-mandated recovery

goals. He believes Metro should apply incentives on the most difficult-to-recover items if we are going to make a program modification.

Ms. Storz, commenting on Ms. Kiwala's question concerning the Hillsboro Landfill, said it is the intent of the Hillsboro Landfill to do more recovery at that facility, especially as it relates to concrete, brick and C&D.

Mr. Gilbert commented that the discussions concerning how easily concrete, brick and asphalt are to remove from the waste stream was not correct. He said the fact of the matter is that it is quite difficult to remove this material from the waste stream, and he employs 60 sorters at his facility to facilitate its removal. He asked why, if it was so easily done, why it was still showing up at the landfills. And why wasn't all of the processors at this table doing it?

Chair McLain said she was going to ask Mr. Petersen to comment on the motion that is on the table with regard to inerts, and then she will ask for a second. She said the committee could also wait until September to act on it in order to let members reflect on what's been said today.

Mr. Petersen said the credit program is budgeted at \$900,000 as a cost and we allocate that cost back to the regional system fee. He said the regional system fee is paid regionwide. He said the \$900,000 adds about \$0.75 to the regional system fee. He said the actual cost of the program last fiscal year was about \$970,000, and there is no cap on this program – there are just per ton credits, which, internally may be one of the things Metro needs to address. He said the actual amount that the facilities have received has varied anywhere from less than \$100,000 to \$500,000 in the case of East County Recycling. Mr. Petersen indicated a schedule is set forth at the bottom of the handout he previously distributed. He said that based on the total amount of dry waste that went to the landfill from these facilities, the total amount of the regional system fee that was owed to Metro for that waste was \$1.3 million dollars, of which \$969,000 was credited back. That means Metro credited back 75% of the regional system fee that was owed. He said the question he would like addressed is whether we budgeting the right amount (keeping in mind that if we went any higher than \$1.2 million dollars, we are actually paying more back than is owed).

Mr. Miller suggested that Mr. Petersen was indicating that if we no longer had a credit program, the system fee would be lowered.

Mr. Petersen said it would be lowered by \$0.75.

Chair McLain reminded the committee that are other variables, including the different accounts such as the rate stabilization accounts and a lot of other things – that it's not just this one program that will influence the regional system fee.

Mr. Miller said that if the fee were to be lowered and if a facility recovered more material, it would still have less material that would have to be delivered to a landfill, and it would pay a smaller system fee and in effect this would accomplish much of what the credit program is doing.

Mr. Petersen said that Mr. Miller was addressing the first of the two economic incentives that Metro has. This is the cost avoidance. The facilities can avoid paying Metro's regional system fee entirely on every ton they can pull out. The second is that you receive a reduced rate on what you do have to pay based on what a facility recovers. But the answer to Mr. Miller's original question is that yes, the incentive would still be in place.

Mr. Miller said that if you pull more out you will have fewer residuals, and thus a lower system fee, so you accomplish much the same thing.

Chair McLain said the only discussion left then is what counts and what doesn't count. That is still applicable.

Mr. Gilbert commented that is the way it was before the system credit program.

Mr. Irvine said that if a facility is already pulling everything out of the material that is coming in currently, that theory doesn't work. But he would like to address the numbers listed in the schedule, and he mentioned that there is a range here of 40% to 45% recovery. He said going from 40% to 45%, and assuming you have the material in your feedstock to remove, is considerably expensive to pull out. He said that to do that your credit goes up \$1.82, and in reality it will cost you a heck of a lot more than \$1.82 to pull it out, even when you consider your landfill savings and if, in fact, that material has any value. He said they have found that the curve Metro has does not include enough incentive to offset the cost to go after that material.

Chair McLain responded that what Mr. Irvine was saying is that the practicality of the program is that it may bottom out as far as incentive.

Chair McLain indicated that Mr. Irvine has commitments elsewhere this morning, and she wanted to announce that if there is a need for an additional SWAC meeting in September, it will be held on Monday September 24, at 3:00 p.m. However, it is not anticipated at this particular time that one will be needed.

Chair McLain asked the committee if it wanted to continue with the motion as presented to the committee by Mr. Winterhalter. Chair McLain asked if there was a second to his motion: Ms. Storz seconded Mr. Winterhalter's motion. Chair McLain asked for a hand vote. She said there are two parts to it. The first part is: *"Remove from the Regional System Fee calculation those materials that are not included in the state's recovery rate calculation, effective immediately."* Chair McLain asked the committee to vote on the two parts separately. The hand vote indicated fifteen yes votes and two opposed (Mr. Gilbert and Mr. Zimmerman). Chair McLain said the first part of the motion passed. The second part of the motion was: *Form a SWAC subcommittee to review the Regional System Fee Credit program and provide the Council with a recommendation prior to the next sunset date for the program, June 30, 2002, regarding the disposition of fees and funds budgeted to finance the credit program.*

Mr. Petersen said there has been a lot of discussion on the legislative package. He said staff has been working under the assumption that the policies regarding those issues will be set by the Council in October, and not postponed as a separate element and dealt with nine months later.

He asked Mr. Winterhalter whether he was talking about the policies being postponed or about things like administrative procedures that would be worked on after the Council sets policies in October as part of the package.

Mr. Winterhalter said he believes he is talking about the different modifications and targets, those types of issues, and he didn't believe that can be accomplished within a six-week period.

Chair McLain said that Mr. Petersen believes those are things that might be defined as administrative procedures. However, she said there is general policy that the committee will benefit from if they are more clear on what the Council believes is general policy. She suggested there not be a vote on the second part of the motion until after September when the Council has had an opportunity to give a better direction and more information. She asked SWAC members to understand that if the committee votes on it as it is read, there will be comments coming back from Council and staff at the next SWAC meeting to elaborate on what they believe the program needs.

Mr. Schwab moved to table the second part of Mr. Winterhalter's motion. Mr. Winterhalter seconded the motion. The motion carried unanimously.

Mr. Merrill said he would like to make a statement with regard to the credit program. He said that Mr. Petersen pointed out facilities outside the region are not regulated by Metro and are not eligible for the program credits. He believes there is sound logic to make those facilities eligible for the credits because those facilities already pay Metro fees on tonnage that is removed from the Metro area. He said they actually pay more Metro fees because they pay on every ton in the front door as opposed to those that enter facilities that do recovery and have residual out the back door for which they pay system fees. He said the recovery that is conducted in his facility on the materials that are derived from the Metro region are reported to Metro and is counted in the region's recovery goals. He said there is a benefit to the region from the recovery activities that is conducted in his facility. He said that to level the playing field, his facility should be included in the credit program because it benefits the goal of the region for recovery. He said it is an unintended consequence of the regulations as they are currently written that facilities that are not regulated by Metro are not eligible for the program credit. He said that if the goal of the credit program is to further recycling, including his facility would only benefit the region because it would allow his facility to increase its capacity to recover more materials.

Mr. Murray said he supported Mr. Merrill's discussion.

Mr. Winston said that he understands what Mr. Merrill is saying, but from the position of a facility that is regulated by Metro, he has to operate under a certain set of rules and that Mr. Merrill's and Mr. Drennen's facility do not necessarily operate under those same rules. He said he clearly doesn't understand how Metro can regulate a facility that is not operating within the region, and he sees that as a problem.

Chair McLain said she would like to comment on that statement because she has heard them over the last six or seven years on a number of different issues. She said Metro's legal staff have investigated some of these issues and perhaps this is an opportunity for our legal staff to again

look into the question of not whether it has to be within the Metro boundary, but part of the Metro system. For instance, legal staff could assess the possibilities of the boundary for the system – having the same definition or not – because whether or not they are inside the boundary, they still impact the system, and what does that mean.

Mr. Merrill said that in answer to Chair McLain and Mr. Winston's concerns, it would seem to be relatively simple that to be eligible for the credit, whether you are inside the system or out, you have to meet these regulations or rules, and he certainly wouldn't have any problem doing that.

Chair McLain said that was a good comment.

Ms. Kiwala said she will not say she agrees totally with Mr. Merrill, but there is an issue on the fees. And if there is a possibility of credits on fees, then the credit should follow the fee also.

### **Other Business and Adjourn**

Chair McLain said she would like the committee to reflect on the previous Monday's meeting. She said the distributed paper at the beginning of the meeting is a compilation of the key items captured on the flip charts. She said this paper will go to Council as part of the package of observations and advice from the SWAC meeting.

Ms. Chaplen said she didn't see a recap of the question on what to do if there is a tonnage cap and a local hauler is turned away from the nearest transfer station because the facility's capacity has been reached.

Mr. Petersen said that comment is captured in the first bullet on the reverse side of the handout, but it can be made clearer.

Mr. Merrill said that he was concerned with the data that staff was basing its conclusions on and that they are inconclusive. He said they only took into account the Metro-regulated facilities. He said what wasn't shown was the VMT impact of including those facilities on the north side of the river. He said that according to what Metro distributed, Metro is making policy issues based on other criteria other than just on total facilities, and he believes it is important that the data the conclusions are drawn from reflect reality. He would suggest that those maps be changed to reflect that.

Mr. Walker said that we need assurance that there is going to be higher recovery and that there is a clear Metro Council priority. He said that initially the Council has that but they need to move that ahead and clearly state that we, this region, will move ahead with a higher recovery.

Mr. Murray said that the region has historically isolated wet and dry waste. He said we didn't have wet facilities until recent years other than the transfer stations. He said it is hard to define wet and dry. So maybe we need to take a look at recovery overall – what is handled over all. He said it doesn't need to be the 25% or the 40% recovery because that is not reality. But we need to benchmark where we are now.

Chair McLain asked if she might summarize what Mr. Murray was saying, which that is that Metro's overall recovery rate is what the region is working on and he for one is worried that separating it into wet and dry definitions might allow something to fall through the cracks that is still an issue – or that something that has fallen through the cracks because of those definitions is the exact ingredient that we need to get that recovery rate up. Chair McLain said that was a reasonable comment and she believed it was possible to do that.

Mr. Taylor had a question. He said he wanted a clarification on how self-haulers would be addressed in this proposal. He said that specifically he is more worried about self-haulers that are really C&D haulers than your average garage clean-out haulers. He said that he went back and looked at the numbers that DEQ has and C&D is a significant portion of the region's waste. And as to how they will be addressed and whether that will affect the cap may be an issue. He said materials from self-haulers is a pretty recoverable stream from what DEQ's data reflects. He said he wasn't clear on how Metro staff was presenting this picture, so he is posing that as a question.

Chair McLain said this was one of her favorite subjects, and we are happy to put it on the caps issue.

Mr. Walker said he has a slightly different view on the self-haul question. He said that after the SWAC meeting on Monday, he received an e-mail from Metro announcing that Metro had just completing a renovation to the Metro South Transfer Station that would allow better access to self-haulers. He said he assumed there was some expense to that renovation. And he asked if those costs would be passed on to the self-haul customers or to customers as a whole?

Chair McLain said she understood Mr. Walker's comments, and it is a subject that could easily take up half a day to discuss, but she would like to defer to Mr. Petersen to comment on for the short answer today and then we will get back to the committee to discuss at length.

Mr. Petersen said that the money spent on the modification was not instituted just for the self-haulers. He said we made those modifications to reduce the wait times for the commercial haulers by getting the public out of the way. He said Metro wanted to improve safety so that we didn't have customers falling into the pit. Mr. Petersen said Metro wanted to improve recovery at the facility, and that finally, we wanted to make it more convenient for self-haulers. He said the three other priorities were above that.

Chair McLain asked if there was any other comments on Monday's issues. She said that staff has two full days worth of really good work on the part of the committee, and staff will recapture the comments from today on a list very much like the one presented from Monday's meeting. She said we will meet again on the regular time in September and will bring a package of ideas on these subjects as discussed. She said that she and Councilor Atherton will be working very diligently at the Solid Waste & Recycling Committee, along with the other councilor on the committee to ensure they are all up to speed on all of these issues. She said staff will bring back ideas to reflect on at the September meeting.

Chair McLain asked if there were any other comments on either one of the meeting agenda items. There being no further comments, the meeting was adjourned.

Clk