

Metro Solid Waste Advisory Committee (SWAC)
Meeting Minutes
August 20, 2001

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)
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
Dave Hamilton, Norris & Stevens (business ratepayers)

Non-voting Members Present

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

Metro and Guests

Tim Raphael, Celilo Group	Roy Brower, REM
Bob Hillier, REM	Michael Davis, Clark County
David Bragdon, Metro Council Presiding Officer	Bill Metzler, REM
Kent Inman, Composting Council of Oregon	Ralph Gilbert, Nature's Needs
Easton Cross, BFI	Greg Nokes, Oregonian
Paul Ehinger, REM	Meg Lynch, REM
Tom Chaimov, REM	Jim Watkins, REM
Steve Kraten, REM	John Houser, Metro Council
Eric Merrill, Waste Connections	Janet Matthews, REM
Connie Kinney, SWAC Clerk, REM	Karen Feher, Metro, ASD
Greg Ryan, River City	Katherine Miller, KM Projects
Doug Anderson, REM	

Call to Order and Announcements

Chair McLain reminded the committee members there were two SWAC meetings this week: One today and another on Thursday, August 23, 2001, 10:00 until noon. She advised the

members to note that the agenda packet everyone received contained the agenda for both meetings. It is hoped this meeting will get through the items listed on today's agenda and proceed to Thursday's agenda as set forth on the packet received.

Chair McLain asked the committee members to announce themselves and this proceeded around the table. Attendees in the gallery also introduced themselves.

Chair McLain asked for announcements. Mr. Irvine, introduced Mr. Greg Ryan, who is the new manager for River City Disposal. Mr. Ryan will take over the responsibilities as SWAC alternate to Mr. Irvine.

Chair McLain announced that the Metro's Green Ribbon Committee, which is a group comprised of citizens and elected officials, will review Metro's 7,000 acres of acquired open space. The committee's responsibility is to recommend to the Metro Council the priorities on opening green space to the general public in the tri-county area. They will look at sites, combinations of issues and ideas with regard to trails, wildlife habitat and recreation. Chair McLain said regular updates will be provided to SWAC members and the public.

Chair McLain asked for a motion for approval of the May, June and July 2001 minutes as submitted in the agenda packet. Mr. Winston moved to accept the minutes; Mr. Leichner seconded the motion. The committee unanimously approved the minutes as submitted with no discussion.

Chair McLain asked the committee if there were any promised responses from Metro that were not delivered in the agenda packet from the July 16, 2001 meeting. Chair McLain reminded the committee they had until the end of the meeting to submit any items.

REM Director's Updates

Mr. Petersen said that last week the Metro Council approved a resolution in support of REM's strategic plan that the SWAC has been discussing. Copies of the final strategic plan will be available at the September SWAC meeting.

REM Legislative Package

Chair McLain said that the legislative package consists of closely related issues that SWAC has had earlier discussions on, issues that have had discussion but perhaps no action, and issues that have become somewhat different as that industry and the original solid waste system has changed over the past few years. The package includes such items as the solid waste fees, local transfer stations, regional system fee credits and flow control. Chair McLain said these items are being discussed together because Metro believes they are integrated and related.

Mr. Petersen stated that at the last SWAC meeting he distributed a page that listed the upcoming solid waste policy questions that REM anticipated coming before the Council and mentioned that that page was also included in this meeting's packet. He said these are the elements the SWAC will review today and again at Thursday's special meeting. He said that, at the September SWAC meeting, we will again review the discussions before submission to the Metro Council in October.

Mr. Petersen said the four elements of the package are:

- Solid waste fees for FY 2002-2003, which have been reviewed by the Rate Review Committee and the Council Solid Waste & Recycling Committee.
- Regulations on transfer stations. The primary question is whether the current cap Metro has on disposal tonnage should be changed. This is the main topic for discussion today.
- Credits given by Metro to private facilities against payment of the regional system fee based on the amount of recycling accomplished. This issue will be reviewed extensively on Thursday, August 23, 2001.
- Revision of Metro Code Chapter 5.05, entitled Solid Waste Flow Control, which is the code that governs how Metro deals with waste that flows out of the region. This is mostly a legal review of our code to bring it up to date. Chapter 5.05 was written in the late 1980s and has not been revised since then. Mr. Petersen said Metro's attorneys have made suggestions on how that could be updated and their draft changes are currently being reviewed by an outside bond counsel. Mr. Petersen is confident that at the beginning of October the results of a review of the substantive changes are.

Mr. Petersen said that today's focus is on local transfer stations, and on Thursday, a focus on the regional system fee credit program. These are two elements of the legislative package, which the Council has requested SWAC advice on.

Solid Waste Rates/Fees

Mr. Petersen said, in 1999, when Metro made a fairly long-term projection of what the region's rate would be, we projected the region would be able to hold the current rate through the 2002-03 fiscal year without increase. However, several things have changed to make it necessary for a rate increase earlier than what we projected. The biggest change since 1999 has been a reduction in tonnage. The economy has slowed down, with the result that our projected tonnage through 02-03 is about 17% lower than projected in 1999. He said because Metro divides costs by tonnage, that kind of drop in tonnage puts an upward pressure on Metro's rate. He said that, in addition, inflation is much higher than the 2.2% anticipated in 1999. Also, expenses are higher because of additional FTEs in our legal department, a position that audits private solid waste facilities and a new waste reduction education person, none of which were anticipated in 1999. And, of course, fuel costs are considerably higher.

These are all things that have added pressure to Metro's rates. We have reviewed these cost items with REM's Rate Review Committee, as well as the rate policies that govern how Metro allocates costs back to the fees. He said some of these very important policies, which set the direction which dictate Metro's rates, are:

Policy #1: Metro has some fixed costs that should be charged on a transaction basis, rather than a tonnage basis. Costs are a function of transaction, not tonnage, which are primarily our scalehouse costs. He said it doesn't matter how much weight comes in through an individual load, there are costs that occur each time a vehicle comes through. He said the policy is that those fixed costs should be recovered through Metro's transaction fee, not a per ton fee, which is currently \$5.00 per transaction.

Policy #2: The bulk of the rate Metro charges at our transfer stations are variable costs, or per ton costs for transfer, transport and disposal. The policy has been to charge for those costs only when waste is disposed at the Metro transfer stations and not spread them out among the entire region in the Regional System Fee.

Policy #3: It is the policy, recently affirmed by the Rate Review Committee, that costs for waste reduction and hazardous waste should be spread out regionwide and not paid only by users of the Metro transfer stations.

Policy #4: The costs associated with the bonds that were issued to construct for construction of the public facilities (Metro South and Metro Central) should remain in the regional system fee that is charged regionwide.

Policy #5: Metro's overhead costs (e.g., for legal/human resources/accounting) are tied to regional programs and they should remain within the regional system fee.

These policy questions have been reviewed by the Rate Review Committee and the Council Solid Waste & Recycling Committee, which have recommended an increase of \$5 to \$6 in the transaction fee and an increase to \$14.60 (from \$12.90) to the Regional System Fee, which would make a tip fee of \$64 to \$66 per ton for the 2002-03 fiscal year. Mr. Petersen said that these numbers are based on certain assumptions about the policy issues that are being reviewed by the committee today. He said these rates are only one of the elements that will be put together with the other issues presented to the Council in October.

Mr. Petersen said these rates would still be offset by money from REM's Rate Stabilization Account to buy down the rate. Mr. Petersen said that REM is projecting it will use two million dollars in 2002-03 of its reserve accounts (Rate Stabilization Account) to "buy-down" the rates for part of 2002-03. He said that in 2003-04, those reserves are projected to be depleted.

Chair McLain said that staff, in order to assemble this legislative package for the Council, had to begin with some assumptions. She said the Rate Review Committee then considered the assumptions and issues presented by staff, and based on these scenarios, came to a consensus on the particulars as Mr. Petersen described them.

Mr. Lucini asked if staff knew what the dollar impact on the buy down was.

Mr. Petersen said that the rule of thumb is that every million dollars buys down the fee about \$1.00.

There were no other questions on the Rate Review Committee report.

Local Transfer Stations

Chair McLain said that the Council and REM Committee's goals are to make sure that whatever happens with the system and that Metro continues to do a better job on the requirements of improving the region's recycling rate. Chair McLain said the Strategic Plan looks at hazardous waste as being an issue and Metro will continue in its goal to remove it from the waste stream, in

part with new programs to educate and continued help with disposal costs. Chair McLain said Council wants the system to be fair, efficient, that the public is served, the industry has a level playing field and that all entrepreneurs can function in that field.

Mr. Petersen requested the committee turn to Agenda Item 4 in the packet where four elements have been presented, which make up a concept on how the regulations that deal with local transfer stations might be changed. Mr. Petersen said that for matters of expediency, he is combining the first two: Raising the disposal cap and sizing the cap to “local need,” and then on to the questions of raising or eliminating the cap on dry waste and requiring facilities to serve local haulers.

Mr. Anderson summarized the “white paper” materials in the agenda packet. Mr. Anderson said that three years ago when local transfer stations were created (Pride, WRI and Recycle America) primarily to improve access and reduce system costs. He said these facilities were allowed to collect small amounts of putrescible waste in addition to the dry waste they were collecting for material recovery. Local transfer stations are limited to 50,000 tons of disposal out the back door (what is sent to a landfill). The idea was that relatively small facilities would have a low impact on the communities surrounding the facilities and more recycling activity would take place.

Mr. Anderson then reviewed with the committee maps illustrating VTT (vehicle time traveled and VMT (vehicle miles traveled).

Mr. Vince Gilbert commented that to those in the room who aren't in the solid waste business, Mr. Anderson is referring to transportation of wet waste.

Mr. Anderson said the significance of the maps is to illustrate what sort of a natural watershed or service area falls around the facilities. He said the basic issue is that there is more than 50,000 tons of demand for haulers within the areas. And that with more demand within each of the areas, some of Metro's original policies such as access and vehicle miles minimization haven't fully been realized, because certain haulers in certain areas cannot access a facility that is already at its cap. Certain haulers are then forced to use another facility, which may be farther away, which translates to longer transport time, and thus to higher costs.

Mr. Anderson said another map illustrates estimates demand for wet waste tonnage within each of the service areas.

Mr. Winston asked Mr. Anderson to explain the purpose of the vertically integrated map.

Mr. Anderson replied that if you view Tables 1 and 2 in the packet they will show how much waste, in total, is within a service area. Metro wanted to get a handle on how much waste is controlled within a watershed by a vertically integrated hauler versus that of a non-vertically integrated hauler.

Chair McLain said Metro is trying to ascertain where the waste goes.

Mr. Anderson continued, saying that the previous maps (VMT and VTT) would be ideal from a planning point of view, because if everybody in a watershed used a facility in that watershed, time would be minimized on one map, distance would be minimized on the other. One of our questions has to do with the impact on VMT or VTT minimization by vertically integrated companies that may fall within one watershed and may have relationships to another.

Mr. Taylor said that the assumption then is that just because you allow access to a transfer station, you may have a vertically integrated company there that has a transfer station somewhere else and the waste may be transported to another facility.

Mr. Petersen said that one of the goals then is for Metro to attempt to get loads transported to the facility nearest to the haulers, so that waste is not transported all over the region. The proposal, then, is to size the caps to the amount of waste within the local service areas. He said the Council has asked the question of whether the same objective could be achieved by the cities and counties within the region, through their rate setting process for franchise collection rates, by simply disallowing long-haul costs included within their rates.

Councilor Atherton added that Council is interested in simplifying the system and lowering costs with less regulation, and this may be one way to achieve that objective.

Mr. Raphael from the gallery said that is not in fact the way the system is operated currently. He said if that were the case, Waste Management would have every reason to run every ton they haul in the region out to Forest Grove where there is no cap. He said it matters where the closest facility is, that is where the waste flows currently. He said that if a cap is set too low, it would squeeze out future efficiencies.

Mr. Irvine said that we need to keep in mind that Metro has a contract with Waste Management that dictates 90% of the region's putrescible waste will go to Arlington. He doesn't see that moving waste any great distance is much of an issue if Waste Management is going to get it anyway.

Mr. Vince Gilbert said he agrees with Mr. Irvine, because trucks go past his facility every day

Mr. Raphael noted that Mr. Gilbert's facility does not accept wet waste.

Mr. Vince Gilbert said he was simply talking about waste in general.

Mr. Petersen said that he was hoping that on this question we could really focus on this issue of what the effectiveness of cities and counties, through their franchise rates, would be to get at this issue. He said that perhaps we ought to set aside the current maps and franchise areas, because we all know that those things can change. He said that who knows which company is going to own which routes a few years from now. He asked if we go the route of no caps, and if it did become a problem in the future, could we turn to the cities and counties, and say please disallow long-haul costs in your collection rates in order to encourage delivery to the nearest facility? He asked if we could focus on that particular issue of cities and counties, and asked to hear from some of the cities and counties on this.

Ms. Storz said that she didn't think that we want to be put in the position of enforcing Metro's flow control. We do try to keep a handle on the costs, and we don't immediately pass through all costs, and the Forest Grove transfer station increase, as an example, in Washington County, we didn't just pass through that rate increase. Now the haulers have a choice to make – whether they travel further, but the cost is less, is something that we will keep an eye on in our ratemaking process. We also do a benchmarking. There are costs all over the mean, mean plus one standard deviation. We're going to give those costs extra scrutiny. But it could be just the fact that there are package deal costs. And when you come back to this issue over the years on many occasions in terms of tip fee decreases, and everything, where I know local government has been put in the position of defending why they didn't decrease their rate if Metro decreases the tip fee. It's because it is a combination of costs. And one cost may raise while another cost lowers. You have to look at that whole rate setting package to determine whether the cost to remove it.

Ms. Chaplen said that you have a combination of haulers in a city and different kinds of costs that are involved, it is difficult to isolate one cost from another.

Mr. Winterhalter said he has a very similar comment. He said Clackamas County has haulers that travel long distances – to Mt. Hood, for example – and, like Lynne, Clackamas County haulers travel distances for reasons not even associated with what we are addressing here. It would be a tough call to ask the cities and counties to assist you in this endeavor.

Mr. Walker commented that the City of Portland is going through a Franchise Review for the residential franchise system. He said it would be very difficult for the City to pull out allowable and disallowable hauling costs associated with going to a particular facility. He said this was in part because travel to a particular facility could be interrelated to not only the residential services they offer, but whatever commercial accounts they may pick up and how is that all tagged directly to a customer's bill. The other point Mr. Walker made is that Portland's commercial system is unfranchised.

Mr. Korot said that to add on to his colleagues' situations, in the absence of some kind of rate regulation at the nearest facility, there is no guaranty that that facility ends up being the most low-cost option versus vehicle miles traveled. There is no guaranty that is the lowest cost option.

Mr. White said the concept has merit initially; it is when you try to implement it that it becomes more difficult. He said he has heard jurisdictions say that if a hauler chooses to travel to a facility that has a higher tip fee, they will disallow it – if you are going to your own – that kind of a concept. It is not just distance and labor, it is also the tip fee, which Mr. Korot just mentioned. He said you also have to consider maintenance on the vehicles. He said the jurisdiction would not just be looking at whether or not a hauler drives further, and accumulates more fuel and labor costs, but whether maintenance expenditures. It could become pretty complicated. He said he knows we try to make decisions based on financial considerations, but some haulers would prefer to maintain a truck, some would prefer to spend the money for a new one.

Chair McLain said she wanted to move to the next question, but thanked the committee for their comments, adding that she believed staff have enough comments and ideas to think about.

Mr. Petersen asked Mr. Metzler to place talking points on the flip sheets. He said that Mr. White summarized quite well what he believes he has heard from the rest of the committee, i.e., that the concept of disallowing longer haul costs sounds good, but the cities and counties would find that very difficult for them to do so in practice.

Mr. Petersen said that the second question: If we tie the cap to the amount of waste on the ground today, how do we accommodate growth (or do we accommodate growth?) Are there any ideas or thoughts on this question?

Mr. White said he would go a step further than just growth. He said that one of the comments was that by putting the cap at at least 50,000, the idea was less local impact. He said he does not hear a lot of talk in the industry about another facility being sited right now, but the three the region has were already in existence, and no one has tried to put another one out there. But what if someone does come along and identifies an underserved area and wants to place a facility there, but Metro has already divided it up in a way that is based on the drive times. So it is not just existing systems, but what happens one, two or three years down the road.

Ms. Chaplen asked if there would be an upper tonnage limit on some facilities based on the rules that were adopted when that facility was sited, perhaps based on the hearings that were held, about the number of trips generated.

Mr. Petersen said that a good practical example might be the Wilsonville correctional facility that is being built, which might possibly generate 7,000 tons a year of waste, a very significant amount for that service area at one time. So, the question is do we further raise the cap, or is there an alternative?

Chair McLain said she wanted to explore what Ms. Chaplen started to say about what goes on at the upper end. She was talking about the value of an upper end cap, for that very reason. That way, you would at least have an opportunity if there is a need for another facility. She asked Ms. Chaplen why an upper end was or was not important.

Ms. Chaplen said that when any large facility is built within or without the city limits, a plan is adopted through the planning board in either the city or the county with rules that apply to the siting of that plan. She said she couldn't imagine one would be able to double or triple the capacity of the facility and still fit within the rules of the municipal limits and land use rules. She said, for instance, they would have asked how many trips the hauler committed to, etc. She said there is an actual upper limit as to how much the company might have agreed to in order to site that facility. She said you would have to reapply in order to raise the ton limitation.

Mr. Leichner responded that if you set a limit, are you looking to come back every year and review them because everyone is right up against that limit, or are you looking to give everyone some room to see what the limits might be?

Mr. Miller said there were a number of concerns that he is confused about. First, why is Metro concerned about the travel costs and when local jurisdictions set their rates? And secondly, if it is not a problem not having any caps at all, why not let the market take care of the location of facilities? He said there is not a problem having a cap at all if you let the local market price take care of the distribution of facilities.

Chair McLain said she wanted to respond to Mr. Miller's question on VMTs. She said that through Metro's transportation plan and other functions Metro has in this agency, Metro does care about VMTs for other environmental issues and systems; it is not just the solid waste system. There has been some agreement by the Council when we looked at the Strategic Plan, for instance, as well as the update of the Regional Solid Waste Management Plan (RSWMP), and the Council wants to make sure that we are not making decisions that are at cross-purposes. The Council does care about how much, how many, and where the traffic is. But on the second issue of letting the market tell the tale, the Council and REM Staff would like to hear more about that. We would like to hear what the market is saying to the agency about some of the services that are being provided at different levels at different facilities. She said the market hasn't had the opportunity to "play fair" because the facilities haven't had all of the services at each of those sites. She said there are some issues and decisions we are trying to sort out.

Mr. Miller said that Metro has certain things it must accomplish, one of course is that they get the region's recycling rates to a certain level. But you must also decide if it is Metro's issues, or is it local government's issues.

Mr. Petersen said that, in summary, there may be some upper limits that are put in place by land use conditions, but in some way, Metro needs to address the growth issue, whether that entails building in some extra years, or coming back to it or however, there should be some way to address it. And finally, Mr. Miller, your point is that Metro needs to articulate very clearly why Metro even cares, as Councilor McLain has just done, about more than collection costs. That is a broader issue.

Mr. Taylor said that on the growth issue, Metro might establish a review period, and decide how long to set it so that you don't have to do this every year. Metro could perhaps set the review period for a five-year period for specific sites or conditions. And, on another issue, are we not talking about self-haul because local transfer stations are not required to provide public services, or don't want to?

Mr. Petersen said that currently the regulations on local transfer stations do not require public services. He said that some of the facilities in the past have chosen to provide public service, but that is not a requirement by Metro.

Mr. Vince Gilbert said he would like the record to reflect Mr. Miller's comment on why not let the marketplace dictate.

Mr. Petersen said he would like to move to the second part of the concept. If Metro raises or eliminates the cap on dry waste, his question to the committee is whether Metro should at this time require a higher minimum recovery rate from that dry waste. Metro currently requires 25%

minimum recovery from waste. He said the average at the three local transfer stations currently is 40%. If Metro loosens the restrictions on dry waste, should Metro, at the same time, require a higher recovery rate?

Mr. Vince Gilbert said that you should consider that the more tons you recover, the higher your cap could be. He said he agreed with REM staff that the recovery rate should be higher, but you should “earn” the higher caps by pulling more recovery tons out of the waste stream. In other words, if you want to have no cap, or a higher cap, you earn it.

Mr. Leichner replied that currently the local transfer stations have a cap on the total waste disposed. He said that if you eliminate the dry waste from that component (a MRF currently has no cap), and if you really want to put an equal footing on the proportion of the waste stream, then you would apply the same standards as far as a cap, no cap, or a raised cap, whatever is decided upon.

Mr. Petersen restated Mr. Leichner’s comment. The facilities that currently take only dry waste – Wastech, East County Recycling – and there is no tonnage restriction on how much waste they bring in. So, Mr. Miller is suggesting that the same rule apply to a facility that takes wet and dry to put them on equal footing.

Mr. Gilbert said he thought that would be great, but that he would like to have a Metro person actually be the decisionmaker as to whether or not a load is wet or dry.

Mr. Petersen said he did not want to lose sight of his question: If the cap is either eliminated or is set very high on dry waste, should their recovery rate also go up as Mr. Gilbert has suggested?

Mr. Winston replied that during this past year, Metro has placed a 25% minimum requirement at the MRFs, which has worked. But he believes that if limits are set too high, Metro may be decreasing the amount of marginal loads that a facility may decide to take as a MRF. Because if Metro is looking at a 25% base, some of the loads coming to us may be 95% recoverable, and then another load may be only 10% recoverable. But due to the 25% cap, since we are making up the deficit on the high recoverable loads, if a facility is “low” on the recovery side, it may decide to pass that through as a nonrecoverable load. If you start setting the bar too high, some of the marginal loads that we have passed through in the past we might not take, because we will be unable to get to our overall 25% recovery rate. It may not make as much sense for us to take those marginal loads as it does right now.

Chair McLain said that she promised to come back to the conversation between Mr. Gilbert and Mr. Winston, but she would like to continue with the discussion at issue.

Mr. Irvine said that we have to keep in mind when we discuss recovery rates that most people will agree, if they have viewed our recovery facility, that we recover everything possible out of the pile. He said that when Allied acquired River City, much of the materials that were being diverted to the landfill, are now also being recovered, some 7,000 tons per year, and those recovered tons will go up substantially. And if that impacts the regional recovery rate, it does

not necessarily impact a local facility's recovery rate. He cautions that just because you bring in more material, you are not guaranteed your recovery rates will rise.

Chair McLain said that she wanted to reflect on Mr. Irvine's statement because she now understands exactly what Mr. Winston and Mr. Gilbert just iterated. They said it might be a disincentive – they are not going to do it. Because it doesn't seem to make sense.

Mr. Irvine replied that facilities are required to make a certain recovery rate.

Chair McLain said that what you are just saying is that you are protecting your recovery rate.

Mr. Irvine replied that Metro is saying what his recovery rate should be, and that he has to make it. And, please remember that his DEQ permit, says that he cannot bring in a non-recoverable load. But, as part of my Metro franchise, he estimates a 25% recovery. Now, that could be a mix of highly recoverable loads and some that are not as highly recoverable. If Metro makes the recovery rate too high, depending on what his mix is, he will have an ever-increasing difficult and financially unrewarding time reaching the recovery rate.

Chair McLain replied that she understood that, but what she is trying to do is make less work, not more.

Mr. White said that he has to reverse the question and say why would you want to raise the recovery rate on a facility just because it can take more tonnage. He said that implies that if someone worked harder, or did something, they could recover more, and therefore, if Metro gives this as a carrot, i.e., we will allow you more tons to come in, and we will raise the required recovery rate. He said that it implies there are some loads out there that that are 60% recoverable, and they are not being rejected. He said the loads that are out there, he would guess, are more the 20%, 30%, 10% loads – the loads that do not have as many recyclables. He said the logic escapes him when Metro says it will allow a facility to take in more tons, but punish the facility for taking those additional tons by increasing the amount a facility has to recover. Mr. White reiterated that the "last" tons are difficult and expensive to get out of the waste stream, and that is where some of the region's MRFs are – they are making the effort – they are at 40% recovery not 25%.

Mr. Petersen replied that one thing he wants to be careful about is that Metro does not loosen the restrictions on dry waste and have the region's recovery go the other direction. He said one way that could happen is if dry waste shifts from a facility that is doing high recovery, because there is variation between these facilities in how much recovery is going on. Hypothetically, if there is waste shifting from a facility that is performing high recovery to one that is doing less recovery, then we will have the region's overall recovery rate going down. Mr. Petersen reminded Mr. White that he is not advocating a recovery rate requirement that is well above the average, but he certainly doesn't want the recovery rate to decline because of the way the waste could shift between facilities.

Mr. White said that he needed to understand the math of that: It is either that the waste that is being generated (the numerator or the denominator) and if right now a load is being rejected, and

100% of it is going into the waste, but if you are pulling out 20% of what was going to the landfill, that is better and should help your recovery rate, rather than the opposite.

Chair McLain replied that she would not even try to answer that from an industry perspective, because Mr. White just did, and both Mr. White and Mr. Petersen actually did. She replied that, for whatever reason, the last pieces of waste are harder to recover – and Metro is trying to help to recover and at the least cost, those last pieces out of the waste stream – that is our region’s goal. Chair McLain acknowledged that the facility owners and haulers are one with this goal as has been expressed and shown throughout the region.

Mr. Winston said that his goal as a MRF operator is to pick up absolutely everything possible; whether it is a 10% or an 80% load, he is trying to get everything that he can. But to just arbitrarily say that by giving us more tonnage, you are giving us more recovery is not necessarily so; it depends on what is being generated, the mixture of waste, and it depends on finding more markets.

Mr. Winterhalter asked for more clarification on wet and dry waste.

Mr. Taylor said there are some facilities doing more recovery than others. He suggested taking an average of the recovery being achieved across all facilities and use that as the standard.

Mr. Vince Gilbert said that his facility does not have a wet side, and he takes everything he can. He said he has taken loads that had zero recovery three years ago and are 70% recoverable now, because his facility has figured out how to do something with that load.

Ms. Kiwala said that if there is an issue about some loads being rejected because they are not recoverable enough, and then you have wet waste on the other side, perhaps we should just take the total recovery on the total waste from the facility and forget the categories of wet versus dry.

Mr. Petersen said that what he is hearing from this discussion is that we need to be careful about not setting the rate too high because that can backfire and cause marginal loads and for a number of reasons it can cause recovery to go down. He said he hopes everyone can agree there is consensus that we don’t want to do something when we change the regulations on these local transfer stations that makes the recovery currently being accomplished go down.

Councilor Atherton said he can see how an accommodation strategy could change our goals. He said that Mr. Petersen just mentioned the dangers, the backfiring of raising the recovery rate too high. He asked about the role of the disposal fee, the tip fee, the out-the-door fee. If that goes up, does it give us a bigger cushion to increase recovery – to incentivise this thing? How much does that change it? So that we are not depending on just one touch point to stimulate goals that we want to achieve, but that we look at it in combination.

Chair McLain said she appreciated those comments from Councilor Atherton and for reminding us there will be more than one touch point on these issues.

Mr. Petersen said the third element he wants to highlight is that of local access, i.e., that haulers in a local area around a local transfer station not be turned away. If the owner of that local transfer station can turn away a local hauler who is located right there by the facility, and instead accept a hauler who is located further away (perhaps one he also owns), then that blows away the whole concept of trying to get the trucks to the nearest facility. He said a part of this package would contain a requirement that local haulers are served by the local facility. He said there are lots of questions on how Metro would implement that, but he would like a discussion on the concept that local haulers must be served by the nearest local facility.

Ms. Chaplen said that in conversations with staff there have been questions on whether or not Metro has the legal authority to put this into facility agreements.

Mr. Petersen replied that if Ms. Chaplen is asking whether or not Metro has the legal authority to place this as a condition of the facility franchise, he said our attorneys have discussed this and have concluded Metro does have the authority to do that. He said this is a facility regulation issue and not a flow control issue. He said he is not suggesting that Metro direct trucks, which is the key here. He is simply saying that if that local hauler wanted to go a facility that is franchised by Metro, the owner of that facility could not turn him away.

Ms. Chaplen asked what happens if there is a 65,000-ton cap and a local hauler arrives and the owner of the facility is already at the cap level, but their franchise clearly says they have to accept the local hauler, where is the give?

Mr. Petersen replied that if Metro's caps are sized correctly, the hauler that wants to get in there but is being turned away in the service area, that has to mean that somewhere from further away (and closer to another facility) is coming into that facility. He said this would require a facility to take the nearest waste and still live within the cap.

Ms. Chaplen said then Mr. Petersen's answer would be that it would not happen.

Mr. Petersen replied that it might very well happen. He believes we currently have waste not going to the nearest facility, and it could have a very real impact.

Mr. Murray said if that type of policy were instituted, Metro would have to impose some type of reasonable rate cap.

Mr. Taylor said he was trying to see the relationship between this question and the last question of facilities turning away loads because there is not enough recoverable waste. If Metro says, yes, you must take loads from within the local service area, then does that get rid of a facility operator's ability to turn away loads simply because the loads have low recoverable tonnage?

Mr. Petersen replied that he was not thinking that this requirement would apply to that situation. But that is a good issue and a good question. He said he was mostly thinking about the wet waste loads.

Chair McLain said we have gone through all of the initial questions the first time through and you can see what has been discussed by the comments on the flip charts. Please be sure these comments have captured your major themes.

Mr. White said he wanted to talk about local access. He said a few years ago, we talked about whole idea of local transfer stations; the local haulers, the Tri-County Council, talked about the fact that the small hauler needed to have access. He said the 50,000-ton cap was one of the things that made it more difficult for a small hauler to have access. He said the idea of local access, he believes would be acceptable to the small haulers. He said the problem could arise when the facility has reached its cap and the hauler then has to drive somewhere else. Then you have additional travel time, additional labor, additional maintenance – all of the things to discuss at rate review time – and still have to go to their local jurisdiction and explain they have these additional costs because he wasn't allowed to use the facility everyone else was privileged to use because they got in under the cap and he didn't. He said he is thinking that most local jurisdictions would say that is a reasonable argument. But he thinks it does exacerbate the issue we have about what's allowable expense and disallowable expense, and when you come to that rate review time, you've got to deal with it.

Ms. Chaplen said it looks like you are trying to balance too much, i.e., limiting the number of miles that are traveled by the local haulers, while also making sure that recovery rates are high. Perhaps during the cap-setting process, if there was a facility whose recovery rate was not as high as desired, their cap would start to decrease and others whose recovery rate is higher would begin to increase. That is, if the recovery rate was more important than the amount of miles traveled. It depends on how you set up the incentives.

Mr. Walker said the work that is being done on this is quite worthy, and the City of Portland supports these goals and this direction. He said the questions brought today bring up the challenges, and maybe there is a way to mesh these together. He said one of the questions with which he is still unclear is what the fees will be charged. He said there is not a lot mentioned in regulating fees charged by the private facilities to other haulers. He said he would be interested to see what Metro wants to do along those lines in order to facilitate a more level playing field.

Mr. Petersen said perhaps we could talk more about this more in September. He said we are not proposing any changes in the current requirements, other than that the rates be nondiscriminatory. If a facility offers one rate to its own trucks, the same rate has to be offered to an independent hauler.

Mr. Petersen said that at Thursday's special SWAC meeting, we will turn our attention to the Regional System Fee Credit Program. He said there are materials in your packet already, and he encouraged the committee members to go back and review those materials. He said they might remember that this program was set up with a sunset every year, and we have repeatedly renewed that for the past four years. He said the discussion with Council members is that Metro needs to decide if that will be permanent and if it is permanent, and if are there any changes that need to be made. He said one of the questions we will discuss on Thursday is what materials should count. Should they remain as it is today, or should we change in any way what materials count toward that recovery rate?

Chair McLain said another thing that has been mentioned is focusing and targeting waste to get a particularly difficult waste removed from the system. Can we focus our credits on that particular part of the waste stream?

Other Business and Adjourn

There being no other business, Council McLain said we will see the committee back at 10:00 o'clock on Thursday, and the meeting was adjourned.