

**SOLID WASTE ADVISORY COMMITTEE (SWAC)  
RATE REVIEW COMMITTEE (RRC)  
Summary of the Meeting of 7/22/93**

**MEMBERS PRESENT:**

Roger Buchanan, Chair, SWAC  
Ruth McFarland, Chair, RRC  
Lynda Kotta, City of Gresham  
Ken Spiegle, Clackamas County  
Shirley Coffin, Citizen  
Jeanne Roy, Citizen  
Tom Miller, Washington County Haulers Assoc.  
Pam Arden, Multnomah County  
Steve Schwab, Clackamas County Refuse Disposal  
Estle Harlan, Tri-County Counsel  
James Cozzetto, Jr., MDC  
Susan Keil, City of Portland  
Bruce Broussard, Citizen  
Ralph Gilbert, East County Recycling  
Brian Carlson, Clark County  
Merle Irvine, Citizen (Willamette Resources)  
Bob Kincaid, City of Lake Oswego  
Pat Vernon, DEQ  
Doug Coenen, OWS  
Emilie Kroen, City of Tualatin  
Steve Miesen, Trans Industries  
Delyn Kies, Washington County  
Ralph Orrino, BFI  
Brian Heibert, Tri-Counties

**GUESTS**

Brad Rafish, Talbot, Kukjola & Warwick  
Ralph Phelps, OWS  
Jack Polans, Citizen  
Jerry Yudelson, RDC

**METRO**

Bob Martin  
Terry Petersen  
Roosevelt Carter  
John Houser  
Connie Kinney

Chair Buchanan called the meeting to order. Chair Buchanan noted that this was a joint meeting of the Rate Review Committee and the Solid Waste Advisory Committee and thereafter asked the members and alternates to introduce themselves and to indicate which of the two committees they represented.

The first order of business was an Assessment of the Solid Waste Revenue System presented by Terry Petersen.

Mr. Petersen explained that a joint meeting of the SWAC and RRC was called because the issue being discussed is closely linked to what the Rate Review Committee does. Mr. Petersen the Resolution which the SWAC recommended to the Council Solid Waste Committee was passed and forwarded to the Council who adopted the resolution. This resolution will allow the Solid Waste Department to set up the process to assess how we fund solid waste programs. Mr. Petersen said the Council members expressed their desire to stay completely informed as to the progress in this endeavor and he will put a strong effort into doing that.

Mr. Petersen reviewed the different roles of the RRC and SWAC. He said the SWAC is charged primarily with writing the final chapter of the Solid Waste Management Plan dealing with Rates. He said that because it is a Plan, it is a little more general, more policy oriented and a little longer term than the role of the RRC which, as Mr. Petersen views it is year-to-year implementation of Metro's rates -- making a recommendation on what the specific rate should be.

Chair McFarland said four of the six members of the RRC were present at this meeting at a time when the RRC membership is normally not available to meet. Chair McFarland said the RRC previously surveyed how the rates were set and concluded there were things which had not been addressed. She said even though their suggestion was not adopted, it made a statement to the Council that there were indeed inequities in the solid waste system in the region. Chair McFarland said she was delighted to see the two committees share in the responsibilities of the rate setting/policy tasks for the region.

Mr. Petersen said the last time the SWAC met, the members expressed the desire for more knowledge on Metro's programs, the cost of those programs, the process for rate setting and what some of the trends and implications of the status quo might be. Mr. Petersen said this entire meeting would be devoted to an education process. Mr. Petersen said to that end staff had put together a packet of information with regard to the Solid Waste Department which was provided in the agenda packet.

Ms. Harlan asked for an organizational chart and Mr. Petersen said he would try to get one before the end of the meeting.

Mr. Petersen then proceeded to go through each of the items as they appeared in the handout. Mr. Petersen asked the committee members if there was additional information they might require.

Ms. Harlan suggested showing the manager and how many FTE's were allocated to each project.

Mr. Petersen then directed committee members to turn to Exhibit 2 of the packet which set forth the costs associated with each one of the divisions, personal services and materials and services.

Ms. Harlan asked Mr. Roosevelt if there was much, if any, budget left in the 1% for recycling.

Mr. Carter said there was about \$6,000 budgeted for local government grants and 1% for recycling.

Mr. Carter said that historically rates were set based upon the amount of tonnage that has been disposed of in the region. He said that in FY1989-90 that process was changed because of inequities in the way monies were collected. Mr. Carter said the "regional user fee" is a fee charged region-wide to all disposers, whether your refuse is taken to a Metro facility or otherwise within the region. These fees are not tonnage related and are used to fund administration costs, engineering services, personal services, overhead, budget and finance, waste reduction programs, transfer costs, and some debt service costs. Interest earned from various funds are used to fund expenses incurred for a particular program, *i.e.*, interest earned from a fund for St. Johns Closure. The Metro System user fee include costs for debt service related to Metro Central Bond, costs for scalehouse services, fixed costs related to the disposal contract, etc. These are fixed costs that are not variable with tonnage. The distinction between Regional User Fee and the Metro User Fee and all of the other categories will be that the costs are spread only over tonnage that comes to Metro facilities. Regional Transfer charges do vary based on the amount of tons that come through the system and generally pay for station operations.

Chair McFarland said one of the questions which repeatedly comes up in the rate setting process is how many things will we put into the "basic user fee" in order to spread it over the total base and how many things do we rightly put into those other categories.

Mr. Carter said the Transport and Disposal Fee budget are costs that are directly related to costs for transporting and disposing of tonnage from the Metro facilities.

Mr. Carter said the tonnage forecast is something to be dealt with each year and is a variable. When the rate model was originally set up, the tonnage was increasing and the model worked well as long as the tonnage base was increasing. However, with tonnage decreasing, the costs must be spread over less and less tonnage and thus the unit cost is going up.

Mr. Carter was asked where the revenue from the excise tax went. He said they go to support the general government of Metro which have nothing whatsoever to do with solid waste, such as Metro Council, Finance, Public Affairs.

Ms. Keil asked what the revenue from Solid Waste represent of the total revenue of Metro.

Mr. Martin said about 70% to 80%. He said that was not Oregon Budget Law Revenue that is new revenue -- not counting contingency funds or reserve accounts.

Ms. Harlan asked if there was a way to see how the excise tax was used?

Ms. Kotta asked what was the total dollar amount generated by the excise tax?

Mr. Petersen said he would try to make a summary of how the solid waste budget fits into the overall Metro budget including things like the excise tax.

Mr. Carter said that in terms of tonnage forecasts, last fiscal year we came within minus 2% of the tonnage forecast.

Chair McFarland commented on the excellent job the solid waste forecasting team has done with realizing additional factors were needed to add to the tonnage predictions to establish an extremely credible forecast of the wastestream.

Ms. Coffin noted that it was not so much a decline of tonnage that was affecting the rates but a decline of tonnage from which Metro derives revenue, thus the need to extend the system's fees to a broader rate paying base.

Ms. Roy asked if it would be possible to charge different fees at each facility should the Committee decide to do so?

Mr. Martin said they had done that in the past but to do so again would require a change in the Solid Waste Policies which would be brought before the Council. Mr. Martin said Metro had made a conscious decision a long time ago to operate the facilities as a system and to calculate a rate for running the entire system. He said there are a lot of costs to operate the system that you cannot really allocate to one area, one county, one facility, or one city, so it is rather difficult to charge different prices for the same service.

Mr. Petersen said they were all discussing different rate theories and along that line they could consider rate variations at a specific facilities -- different rates for different types of materials based on the different cost of handling, etc.

Mr. Yudelson commented that approximately 70,000 tons of petroleum contaminated soils now go to processors which do not pay the Regional User Fee which amounts to about \$1.3 million of lost revenue for Metro, which was a policy decision made by Metro when it was thought that that would be a less costly method of disposal. Mr. Yudelson said he felt industrial generators who pay \$19.00 and basically do not tax the system are felt to be a hardship and believes that those industrial generators are seriously considering moving from the region.

Mr. Petersen said Metro relies on a variable revenue source to cover both fixed and variable costs which produces a conflict between some of our objectives, *e.g.*, promoting recycling, conservation compared to financial stability/revenue collection. However, these are problems which face all utilities. Mr. Petersen said that in the past, for every 10% increase in the tip fee, we experience a 1 to 1-1/2% drop in the tonnage revenue base. Secondly, a differentiation of the wastestream -- separation of dry waste from wet waste enables customers to take advantage of the lower tip fees of limited purpose landfills. But of course that also diminishes the revenues that Metro once received.

Mr. Petersen said that Council had granted approval to release a request for proposal for consulting services reviewing the rate setting methodology. He did not have a copy (of RFP) with him but outlined the scope of work as follows: 1) Help identify some of the general policies related to rate setting in an environment where you have the above-mentioned conflicting objectives; 2) develop some general alternatives without any specific details (which alternatives would be brought for discussion to SWAC and RRC). With the consultants help we would narrow those alternatives to a set of specific recommendations. Mr. Petersen asked for a couple of volunteers to review proposals received and to select a consultant. Steve Schwab who serves on both SWAC and RRC, Susan Keil, representing the City of Portland and Pat Vernon from DEQ volunteered (both the latter from SWAC).

Ms. Coffin asked Terry how this RFP would differ from the RFP recently conducted through the Rate Review Committee.

Mr. Petersen said this covered a much broader set of questions. It was also pointed out that past audits of Metro concluded that an RFP should be conducted to analyze the rate setting practices. The study concluded that the practices followed in Metro's rate setting process were adequate but also concluded that the rate payer base be enlarged because of revenue shortfalls. They also concluded that certain rate payers should be invited to the system because they were benefiting without contributing to the rate payer base.

Mr. Gilbert asked Mr. Petersen what the costs might be, and where do you find this type of consultant?

Mr. Broussard mentioned that planners already existed on the solid waste staff and why couldn't they perform this service?

Mr. Petersen said the cost should not exceed \$30,000 and that he had a mailing list of some 30 to 50 firms who would be interested and experienced enough to accomplish this task. He said that although we have accomplished staff they do not have as wide a range of experience as the utility consultants. Mr. Petersen said that after the consultant develops alternatives, the SWAC and RRC will make the final recommendations for submittal to Council.

Chair Buchanan advised the committee that they had to move to Agenda Item #5, the Yard Debris Evaluation which was an action item.

Mr. Kraten gave a brief overview on the changes to the evaluation which had been discussed at two prior SWAC meetings. A copy of the revised report was mailed to each SWAC member with the agenda packet.

Ms. Keil asked Mr. Kraten if the problems which were addressed from Washington County had been cleared up.

Ms. Kies was asked if the questions she had raised had been adequately addressed in the revisions of the Yard Debris Evaluation. Ms. Kies said she was comfortable with the revised report.

Ms. Harlan moved to accept the Yard Debris Evaluation and Ms. Keil seconded the motion. The motion carried unanimously.

Ms. Kinney reported the results on the survey which the Committee members received. She said that Wednesdays, from 8:30 to 10:30 seemed to be the best available time other than the fourth Thursday of each month. She said there were two other comments made to the survey: (1) they would like to see more subcommittee meetings and information brought back to the committee in the form of a report; and, (2) they would like to be able to add things to the agenda themselves.

The Committee meeting time was agreed upon to change to 8:30 -- 10:30, every third Wednesday of the month, to be held in Room 370A, 370B.

Mr. Reid briefly discussed the strategy by which we (the region) can handle the organic fraction of the wastestream. Mr. Reid said that because the compost facility which was located on Columbia Blvd is no longer in operation we must find a suitable alternative. Mr. Reid said two workshops on the subject will be held to review alternatives and formulate a strategy by selecting various alternatives and then will have one full day conference in which the public at large will be invited to study the efforts of the other two workshops. Mr. Reid anticipates being able to present a recommendation to the Council Solid Waste Committee on the 18th of January, 1994.

The meeting was adjourned at 10:45.

The next meeting will be held August 18, Room 370A-B, 8:30 a.m. to 10:30 a.m.