

**SOLID WASTE ADVISORY COMMITTEE (SWAC)**  
Meeting Minutes January 19, 1994

**MEMBERS PRESENT:**

Doug Coenen, Oregon Waste System  
Ralph Gilbert, East County Recycling  
Ken Spiegle, Clackamas County  
Dave Kunz, DEQ  
Lex Johnson, Oregon Hydrocarbon  
Jeff Grimm, Grimm's Fuel  
Tom Miller, WCHA  
Judy Ashley, Yamhill County  
Estle Harlan, OSSI  
Emilie Kroen, Washington County Cities  
Tom Zelenka, Schnitzer Steel  
Steve Miesen, BFI  
Chris Boitano, East County Cities  
James Cozzetto, Jr., MDC/ERI  
Steve Schwab, CCRDA  
Jeanne Roy, Citizen  
Bob Kincaid, Clackamas County Cities  
Lynne Storz, Washington County  
Susan Keil, City of Portland

**GUESTS**

Tim Perri, Best Buy In Town  
Joe Cassin, Sanifill  
Lynda Kotta, City of Gresham

**METRO STAFF**

Ruth McFarland, Chair, Metro Council  
Terry Petersen  
Connie Kinney  
John Houser, Council Staff  
Doug Anderson

Chair McFarland: The minutes from the December 15, 1993 Solid Waste Advisory Committee meeting were approved as submitted.

Mr. Anderson: Presented the Solid Waste Revenue System Study report. Mr. Anderson told the Committee this report was prepared by staff in response to Council's ordinance

directing a study of financing options that might be feasible or at least worth studying for implementation by Metro. Mr. Anderson asked Committee members to make any comments, changes and/or suggestions and then vote on whether or not they wish to present the report to the Council Solid Waste Committee at a February meeting.

Chair McFarland: Suggested that a member of the Committee present the report to Council Solid Waste Committee if the Committee chose to adopt the report. Chair McFarland asked the Committee for volunteers who might wish to take part in the presentation.

Mr. Anderson: Said there was nothing contained in the report, which was mailed to the Committee in their Agenda packets, that had not been discussed at length. He said the main thing to focus on is the "draft findings, principles and recommendations in the first section of the report." He asked if the Committee liked what the report was saying, is the wording all right, is the report stated in a way that satisfies the Committee, and is there something not said that needs to be added.

Chair McFarland: Asked if all the Committee members had read the report or did they need to have it read at this time? Ms. McFarland concluded that Mr. Anderson could continue with the discussion as the Committee members appeared familiar with the contents of the report. Chair McFarland asked Mr. Anderson if it was okay for Committee members to interrupt him with questions as he discussed the report.

Mr. Anderson: Said this would be a good idea.

Ms. Roy: I'm looking at the recommendation that is on page 3 (the last page in the handout).

Chair McFarland: Recommended to the Committee that they start discussion at the beginning of the report and ask questions in the order that they came to the topic they were concerned with.

Mr. Anderson: The problem statement is saying that the Solid Waste Department is funded by disposal charges and as time goes on we are accruing more and more nondisposal related charges, some of them by mandate, some of them by RSWMP, etc. As those non-disposal activities begin to attack the wastestream, they are actually undermining their own financial basis; thus a conflict between the management objectives of an integrated system and how you finance that. In brief there is no one "best" solution to this. In the basic conclusions and recommendations I have tried to set forth the problems stated in this Committee. Basically we are looking for diversification and at several different funding sources. It was my understanding that the Committee would like to continue looking at most all of the recommendations discussed as long as they pass the legal tests. You wanted staff to discuss options with interested and affected parties, work out details and bring those results back to you.

Mr. Anderson moved to "Financing Philosophies." He said the first four are the principles behind usage charges, system benefits charges, generator fees and special disposal fees. The last, linkage, is general. Mr. Anderson continued to talk about the different types of funding sources the Committee asked staff to investigate.

Chair McFarland: Said that when we talk about the systems benefits and the enterprises that directly (or maybe indirectly) benefit from activities of Metro, she thinks some of us have come to an awareness that there were a lot of subtle and secondary benefits that the people both within and without the region do get from some of this activity.

Ms. Roy: When we talked about the various possible ways to fund the Metro system, I agreed on the basis that they were possibilities to later look at them. I am not ready to adopt these as philosophical approaches to the Solid Waste System Financing.

Chair McFarland: We have already talked about the fact that we have to look at these ideas. I believe these are ideas that are being brought to you. We do not have to adopt anything we don't want to. But I think we have to look at each of them.

Ms. Roy: She said that when the Committee talked about all the various possible ways to fund the Metro system, she agreed to them on the basis that they were looking into them as possibilities and when they got more details then they would have a chance to say whether or not they thought that was a good idea or not. She said she was not ready to adopt those ideas as philosophical approaches to the Solid Waste System Financing. She said she objected to the word "adopted." Ms. Roy said she can agree to these five things as things we want to explore as possible financing

Chair McFarland: She said the Committee did not have to adopt anything they didn't want to. She said these were ideas to be discussed, but that we must move through it in order to present something to the Council. She asked Ms. Roy if she thought she could adopt some of the ideas or did she just want to wait and talk about them some more?

Ms. Roy: She said she just objected to the words that say: The following philosophical approaches to the Solid Waste Financing System be adopted. She said she could agree that these five things are areas that the Committee wants to explore as possible financing mechanisms.

Ms. Harlan: How about using the word "considered"?

Mr. Anderson: This report belongs to this Committee. If you want to back off, explore, weaken, whatever -- that is why he is here.

Ms. Harlan: She said the underlying concern that comes to her mind is whether any of this will deal with the underlying argument they heard last year that "I just can't afford it." The people that came forward last year said they just couldn't afford that. How do we deal with that?

Chair McFarland: We keep coming back to the premise that when recycling becomes profitable somebody takes it themselves, takes it out of the wastestream. So that part of recycling that we are still doing through out system actually always has a cost to it. She said that the alternative question is that if we ask for those contributions this way will it be more expensive it that way than if they do just go back to throwing it all in the garbage? If getting rid of what is recycled costs more than getting rid of it as just plain garbage, then we are being very self-defeating. Tell me how what we suggested makes it more expensive than simply disposing of it as garbage?

Ms. Harlan: Said she was not suggesting that any of what Chairperson McFarland said was not correct. She said that those processors that we were going to assess a System Management Fee (SMF) said that they weren't getting much benefit, and I believe we are getting past all of that, but they just can't afford it. She is wondering how do we deal with the argument, the more emotional statement which prevailed last year, that we just can't afford it?

Chair McFarland: We don't want to put people out of business.

Ms. Harlan: She said that her concern was that we cannot keep listening to that argument. She said they need to become a part of the system. But she is wondering how we are going to get from here to there using these words.

Mr. Coenen: He said he thought Estle's point is well taken but we are only making recommendations. He said there will be plenty of opportunity for people to come forward and be heard after we make our recommendations about a whole range of issues that relate to these things. He said that presumably, at that point, there will be elected officials who will add balance to some of those things. He said that for instance, if they tend to be sympathetic at that point to those sorts of arguments, then the Council may have to divert more of the funding responsibility to generator charges instead of system benefits charges.

Chair McFarland: We need the collective wisdom of this group and others like it. She said that the way to arrive at that is to voice their concerns, say what they feel and to talk it about it among themselves. She said they were not bound by a report that is handed them, that it was merely a place to start talking. The power is in your hands to give this report your collective wisdom. The Council needs your information.

Mr. Anderson: Please recall we are going to get together with the affected parties. We are talking about multiple ways of financing the system. The ordinance we are operating under has two evaluation criteria that we talked about at first: Economic impacts and affordability. The criterion under "affordability" refers to "the ability of those paying for the programs to bear those costs if it they are determined to be responsible for." We don't want to impose a fee on people that would have a general effect.

Chair McFarland: Said that some of them have responded to and said it isn't affordable, and we have to listen to them.

Mr. Gilbert: Said that Jeff (Grimm) and I are affected by this as much as any here. He said yeah, he would like to avoid any kind of a cost. He said he didn't think anyone did any kind of an evaluation on whether any of them would go broke or not, they just said this was a big cost and they would go broke. He said, however, that they are receiving a benefit from the system and there should be a cost associated with that benefit. He said that by discussing this as they were that they hoped to come up with an equitable charge that did not do irreparable damage to people. He said there is still something owed to the system. He said he thought the words philosophical approaches, which means your only adopting a philosophical approach, not adopting a hard approach. Mr. Gilbert said he liked the word adopted.

Mr. Zelenka He said this was not the end of the process. He believed that staff was trying to put down what their sense is as to where the group was at in terms of objectives. He suggested that rather than going back and forth and never being able to put your arms around it and come to agreement but to go through the objectives and if there is a problem with one lets talk about it and be specific and then move on. He said that at the end they could look at whether or not they agreed on the total document or not.

Mr. Grimm: Said he had a couple of comments. He said it was hard to make a recommendation or tear the document apart when these are only objectives. He said one main problem with the former SMF is that it was too harsh. That it focused on a narrow group of recyclables and it was excessive, that it represented 40% of our tipping fee. He said they could neither afford to give Metro 40% of their tipping fee or tack it on to their fees and pass it on to the customer. He said that in principal these things are good as long as they are reasonable, doesn't put one particular class at a competitive advantage or disadvantage of another, as long as it was reasonable and broad based, as well as a cost benefit.

Chair McFarland: Said she was very glad to hear his point of view. She said that on the other hand, Metro has these overhead costs and if we continue to as in the past, the last load of garbage will cost an exorbitant amount of money. She said that somewhere along the line we need to figure out something that we perceive as equitable and we hope effective. Let us let Doug go through his report. If we can't agree we will set up a special meeting to discuss nothing else.

Mr. Anderson: The next page on financing approaches are the financing options as specific as this group and staff were able to get them. No. 1 is not a lot of change from the current system. This says that the tipping fee is still going to be a primary funding source. But you told us to look at the flat fee at transfer stations -- how we really charge. Should there be a differential between small vehicles, etc. This is much more of an operational issue and our engineering department is already looking into it. No. 2 is a System Management Fee - like concept. This relates to the philosophical concept that

says if you receive benefit from those activities then we should look at assessing those benefits into an equitable charge.

McFarland: What kind of benefits are we talking about. I believe that everybody that lives in this region benefits at a certain level.

Mr. Anderson: No. 3 is the Generator Fee idea. This is another way of looking at how to fund those general benefits that we just spoke to. The last meeting we were directed to look at mechanisms of billing which would pass the legal hurdle. Mr. Sadlo produced a memo that addresses one of the questions that explicitly came up last time which is: Can we work a fee through the property tax billing system. The answer is yes. It has been done once in the State of Oregon. That is a very technical criterion. Generator fees have four billing mechanisms: Property tax, utility bills, jurisdictions and haulers.

Mr. Kincaid: He said that to assume that other jurisdictions will have some sort of fee, bill it and collect it for Metro is just not in the cards. He said that not only would it be almost impossible from an administrative standpoint but that politically that will never happen and frankly it is not worth talking about. He said it would be much more efficient for Metro to build its own billing system through their own GIS.

Mr. Anderson: I appreciate your comments. One of our consultants is looking at those issues. Some of our preliminary findings are that it is not too optimistic, in the sense that you want to reach everybody with generator fees; through jurisdictions you think you get a lot of people, and it turns out you've only got 80%. So it becomes a real issue about the equity on the 20% that aren't paying and how you balance things like how do you make sure people get only one bill; what is the mechanism for delinquencies.

Mr. Kincaid: Said he didn't think you have to give it much thought at all. I believe our council would tell Metro no, they aren't going to do it.

Chair McFarland: She said he may be accurate in his political assessment. She said her political assessment is that more and more people in this society want all the benefits of a civilized and rational society and all the things that go with it without paying for it.

Mr. Kincaid: Said he didn't say an overall fee was not appropriate. He said that asking jurisdictions to do the billing for Metro was just not in the cards, politically.

Ms. Kroen She said that technically she thought it was impossible. She said that with regard to No. 3, billing generator fees to jurisdiction and haulers, it was a clear consensus that "to" would be inappropriate but "through" would be appropriate. In other words using the City as the collecting agent and having to pay Metro 100% of what it bills and they the City only collects, say 90%, that was not palatable, but through, in her mind was still feasible.

Mr. Coenen: Said he though the concept of the Generator fee is to try to really spread it out. So I believe that "through" is more accurate.

Mr. Schwab: He said he had two points: one is that with the haulers you are only reaching the affected parties that are currently in their system and are paying already. He said you are still not reaching the unaffected people which he thought was the target. He said it didn't matter whether you billed to or through the haulers, you are actually just adding another franchise fee. He said that with No. 2, to take out the part that says: "should consider the facilities ability to pay." He said he wished Metro would consider his ability to pay when they send him the bill. He said if Metro bills through them, they then must adjust their rates in order for them to be able to pay the bill.

McFarland: She said she agreed and didn't know how we assume who has the ability to pay and who doesn't.

Mr. Schwab: He said if you take the one part "should consider . . ." He said he liked: should minimize the negative impact, and he agrees. He said the ability to pay is not an issue here.

Chair McFarland: She said the ability to pay is an important question, but not our question. She said that she insists that we can start this report assuming that: Because we all live in a society in which we want to be able to walk down the street without encountering rats, etc., eating undisposed of garbage, that we all have an interest in this.

Mr. Anderson: So, the following changes are: No. 2 we strike: "should consider the facilities ability to pay." No. 3 striking the words so it reads: "billing generator fees through property tax bills, utility bills, jurisdictions and haulers."

Chair McFarland: If we spread this around to everybody that benefits, it may not be that onerous to anybody. She said she believed there was yet another change.

Mr. Anderson: No. 4 on the same page, financing options are the Advanced Disposal Fee and other forms of special fees as funding sources for special and identified programs. Last page is other recommendations. The group wanted to make clear to the public that this is a revenue neutral issue, and we are not looking for new money. That we are looking simply for a different way of funding existing programs. He said we should consider that certain things will take a long time to hammer out and come to agreement on and others may be relatively easier and that we should implement pieces of the program as they are available.

Ms. Roy: On revenue neutrality, the way this is stated it sounds like either we would reduce tip fees and put in some fee or other fees, or else we would not do anything until we establish a new program. She said that her interest in these new possible charges was in case the tipping fee needed to be raised at some point and then we look at changing the structure so that we don't have to increase the tip fee, that we have some other ways of

changing the system. She said she does not want to lower the tip fee because I can see we would backslide on recycling. She said she is also not sure that she wants to have to wait for a new program. She said she was not sure of what was considered a newly approved mandated program.

Mr. Anderson: He said that the way this is stated we would raise our revenue requirements only with new programs. He said he understands her concern is what about expansion of existing ones if in fact that falls in the same category.

Ms. Roy: She said yes, particularly if they are already mandated, but we find that in order to implement them we have to get more funds than we have with the present tip fee.

Mr. Anderson: So if we add to the list, expanded," to read: are intended to fund newly approved, expanded, or mandated programs."

Ms. Roy: She said she thought that would help, but she just didn't want to get locked in with this so that we either have to lower the tip fee or establish new programs in order to implement some of these things.

Mr. Zelenka: He said he believed that government had to constantly look at can you do more with less, and the notion that we've got to keep whatever fees we've got and just build I believe is the wrong way to go and that this will cause a real backlash with the consuming public. He said that the notion of having it revenue neutral so that you don't engage in program bashing at this juncture, which turns into budgetary issues, that's a Council issue. We need a way to broaden the base so that you in fact reduce the pressure instead of bashing programs. He believes we need to broaden the base so that everybody is paying their share of the program.

Chair McFarland: Said she believed Ms. Roy wants to know if this means that we have to be adopting something new and different in order to shift and change this or are we always looking at new and different ways, hopefully better. She said not to misunderstand what she said about not lowering the tip fee because that would reduce the amount of recycling. She said that people recycle because it costs less to recycle than it does to pay the full tipping fee. She said she believes that if we hold the line on the tipping fee that it will be a relatively major feat on our part because we are fighting inflation, etc. She said that she believes that the action last year on holding the line on tipping fees brought us some additional kinds of activities that would not have come had we raised the tipping fee.

Ms. Roy: Said she agreed that government needs to learn how to do with less money. But I don't want to get locked into a situation where in order to make some of these changes we have to either decrease the tip fees or establish a new program.

Mr. Miller: Said one of the objectives perhaps was to move closer toward the cost of service in developing these rates and that addresses somewhat Jean's concern about expansion. If you have a unit cost for delivery of service and you are required to deliver

more services, the unit cost should cover the additional cost that is delivered -- if you are close to cost of service in the first place. He said he has a concern with the additional program portion. He said one of the reasons we are where we are is because we have a fixed funding source, tip fees, based on tons and additional programs that continue to come on without funding mechanisms. He said he would like to add to the revenue neutrality paragraph: That substitute programs or proposals should not be considered without accompanying funding plan or source.

Ms. Kroen: Said she felt strongly that to come to some conclusion there has to be revenue neutrality so that you can even determine what the impact is at a given point in time on whatever changes are being made. She said that if that also allows for new programs other than those that are required that is fine, but that is after the fact.

Chair McFarland: Basically, what we have right now is that our recycling efforts do not pay for themselves and they are being subsidized by costs that are levied chiefly against the haulers, as well as the people who are throwing away that garbage.

Ms. Harlan: As Metro comes into its new life under the Charter, there is something that we have not breached today and that is that solid waste will become, at least in the minds of those candidates for elected positions at Metro, less of a focus. And that and all this other planning that Metro does will come into the front. Our concern in talking with them is how will that be paid for. Right now you have no source to pay for all that planning and you are paying for it out of the excise tax on tons collected. That is a picture we haven't even touched upon that makes all of this pale. So this policy becomes even more important that Metro not engage in those activities that are mandated under the Charter unless they are ready to pay for it without using the tipping fees.

McFarland: I agree with you on that and I believe that the political climate right now for new taxes is very dismal.

Ms. Harlan: Some of these candidates don't want a niche tax or to be assessed any more. They think tip fees are just fine. There is a larger issue under the Charter and you will be mandated to do this under your Charter have no money. This group needs to come out with a much bigger statement saying tonnage can't pay for it.

Chair McFarland: The candidates and the public must be made to understand that what Metro does primarily has to do with disposing of the garbage from this metropolitan area.

Mr. Martin: The Charter also has language in it relating to the necessity for user fees to be directly related to the service provided -- and I am paraphrasing a lot. What I think that means is that you can't simply use the tipping fee as a cash account for things that are not arguably related to garbage. Also, the tax study committee came up with a niche tax that had to do with development and real estate issues which was not well received. It doesn't look like a new source of revenue will emerge within the next year. Which means we will do a lot less than contemplated in the area of planning and other activities in Metro

or we will have to increase the excise tax. The excise tax is on revenue of which over 80% comes from solid waste. He said he believed that people ought to look more closely at the policies that committee came up with. Regardless of the sources of revenue, some of the policies contained in that report are extremely valuable and worth looking at. One of those policies is that no one enterprise activity in Metro ought to provide more than the majority of funding for whatever under the excise tax for whatever activities are funded under the excise tax. That one principal would reduce the exposure in the tipping fee to the excise tax revenue.

Mr. Gilbert: Maybe we should take a look at how much money is taken from the Solid Waste Department to fund other activities. How much money is taken from SW to fund other projects?

Chair McFarland: Actually, that was why the Rate Review Committee was formed. She said that some people had the idea that money was somehow taken and used for other things, things other than solid waste kinds of things. In our budget there is a very clear document that shows every penny, where it goes and how it goes.

Ms. Harlan: To follow up on Ralph's comment, I would like to see that at the next meeting. I would like to see the excise tax on there because the \$75/dollars per ton includes the excise. Lets see what the whole \$75/ton pays for.

Chair McFarland: She said it would be interesting to see how much money comes in at the \$75/ton and see how much is found in the SW budget.

Mr. Martin: That is exactly what RRC has asked us to do for their next meeting on the 26th of January. They will be presented a document on what the excise tax goes for. Right now at 7% is roughly \$5.00 of the \$75.00. They want to know: 1) How much of our rate is excise tax and what kinds of things does that fund. And Chair McFarland is correct -- that is the only part of our solid waste revenue that goes to non-solid waste activities. In fact, it is not a solid waste revenue at all it is a separate fee -- an excise tax. Secondly, the RRC wanted to know how much money we are transferring to other departments of Metro to provide direct services in support of solid waste activities.

Mr. Boitano: We seem to be aimlessly skirting all these issues. Someone originally mentioned adoption of new financing options should be something that changes and really what we are saying is that adoption of new financing options should be rate neutral. The impact may be a rate impact in another generating area or it could be the rate base -- the base upon which the revenue is generated. I don't think it is appropriate to get down and say I really don't want tip fees to be doubled because that is not what this is doing. This is just a high-level statement indicating that if we adopt any new financing options, I'm suggesting that they say they should be revenue neutral. There may be impact on rate areas or rate base -- maybe but not necessarily and drop it at that. Let's try to close on this so we can move on.

Ms. Roy: Are you suggesting that we just have that one sentence that says any solution should be revenue neutral?

Mr. Boitano: Yes, could we say: "Adoption of any new financing options should be revenue neutral." Impacts may be seen in areas of other rates or rate bases. Because we are not just talking about rates here. Rates may not necessarily change. It is the rate base upon which we derive the rate revenue.

Mr. Anderson: I don't have it wordsmithed but let's see if I can get the essence of what you are saying. What you are saying is that the statement is okay as it stands and perhaps needs some clarification. We are not talking rate neutrality but more of a general revenue to Metro neutrality. This may mean that we can design a program that doesn't necessarily change the tip fee but accomplishes objectives in other ways. We are not saying "rate neutral 'but' revenue neutral."

Chair McFarland: Do you want to pass on this document today?

Committee: Yes.

Mr. Schwab: It sounds like we are saying we aren't going to lower the tip fee and I don't want that to be in this document. I thought the whole point of this study was to spread the cost across a different base and end up with revenue for Metro to operate. In other words: cost of service vs. unfairly putting up the tip fee.

Mr. Anderson: So striking up to the last sentence. Beginning the last sentence: Adoption of any financing options should be revenue neutral unless the new programs are intended to fund newly approved, expanded or mandated programs.

Ms. Roy: I would suggest dropping that last sentence and using the first two sentences.

Chair McFarland: Okay, is it the will of this group to keep those first two sentences and drop the rest of the paragraph?. "Any solutions should be revenue neutral. Metro is not seeking new funding, rather it is seeking to redress inequities, establish a more stable revenue base and satisfy the other criteria listed in Council Resolution No. 1824A."

The Committee concurred unanimously.

Chair McFarland: So, I am to understand all of the changes we have made so far have been with the agreement of the group, right?

Mr. Petersen: Does the group want to make a stronger statement about funding non SW projects than what we have here? Do you want to propose a fourth general recommendation?

Chair McFarland: How about the one on public education, are you comfortable with that?

The Committee concurred with the public education statement.

Mr. Coenen: Perhaps some suggested wording would be something along the lines of: Reliance upon SW revenues to fund non-SW programs would exacerbate the problem statement on the beginning of this report.

Ms. Harlan: No, it won't exacerbate, it is unacceptable.

Mr. Zelenka: Item 3, I am assuming that is a loose definition of the word, "program" and you are not really talking about implementing a new program.

Mr. Martin: Use the word endeavor instead of program and I think you will be alright.

Mr. Anderson: "Accordingly, Metro should communicate this project to its broader audience of customers and the public at large."

The Committee concurred.

Mr. Anderson: No. 4. Let me read back what Doug said: "Reliance upon the Solid Waste revenues to fund non-solid waste programs will exacerbate the problem statement we have made at the beginning of this report." Estle added to change "exacerbate" to "unacceptable."

Ms. Harlan: "... non-solid waste activities should not be funded by solid waste revenue, including the excise taxes."

Chair McFarland: No, we can't do that. We can't say what the excise tax is going to go for -- that's not our purview. That excise tax is not only on solid waste but other things as well.

Mr. Martin: This is the wrong forum to talk about what the excise tax is, how its used, how it is administered.

Ms. Harlan: Okay, we can argue that on another day. So we can just say: "non-solid waste activities should not be funded by solid waste revenue."

Mr. Anderson: So, we are adding another recommendation 4 that currently reads: "non-solid waste activities should not be funded by solid waste revenue."

McFarland: So, the only thing we are still not in agreement on is whether or not to use the word "adopted," "considered," or what in our opening statement.

Ms. Roy: Considered.

Chair McFarland: I would like a vote:

The Committee voted in the majority for the word "adoption," Ms. Roy objected.

Chair McFarland: On the page about financing options "through" instead of "to" No. 2, cross off "should consider the facilities ability to pay". On the next page on recommendations, we marked everything but first two sentences. Wants the last sentence of no. 3. Metro should communicate to a broader audience of customers and the public at large and No. 4 we said:

Mr. Anderson: "non-solid waste activities should not be funded by solid waste revenues."

Ms. McFarland: Okay, is this the document you want to adopt? Okay, it has been moved to adopt this document.

Mr. Johnson: I second the motion for adoption.

All but one of the Committee agreed.

Jeanne Roy opposed.

Chair McFarland: Who would be willing to come forward and be a representative from this group to present it to the Council?

Tom Zelenka and Estle Harlan volunteered.

Chair McFarland: Said why didn't we have Tom and Estle both present it?

Chair McFarland asked the Committee their opinion and everyone agreed.

Ms. Harland: Said it would depend on when it came before Council as she had a trip to Washington, D.C. that would take a couple of weeks.

Mr. Petersen: He said he thought it would be possible to work around her schedule.

Chair McFarland: She introduced the next agenda item: Proposed amendment to the Oregon Waste System Contract for Disposal Services at Columbia Ridge, to be presented by Mr. Martin. She said that Ms. Gorham was going to give an update on waste reduction planning activities, but she asked Ms. Gorham if that could be postponed until next meeting.

Mr. Martin: He said that the Solid Waste Department had been working for some time on some amendments to the disposal contract with Oregon Waste Management. He said this issue takes a lot of study to understand and he was going to try to explain and it may sound a little over-simplified to some and complex to others. He said our existing

agreement with Oregon Waste Management is essentially a 20-year contract and we can extend it depending on tonnage. The agreement provides for a dollar per ton price and is adjusted depending on what the Consumer Price Index does -- basically an inflation adjustment. Oregon Waste Management's initial concern was that if they are going to put "X" millions of dollars into developing a major new facility they wanted a guarantee of tonnage each year, or pay them as if we had sent that tonnage and referred to as "put or pay." Metro didn't want to get locked into that system. After negotiation with Waste Management we ended up with the formula referred to as the 90% flow guarantee (of all acceptable waste Metro delivers to a general purpose landfill, but doesn't include building material, industrial waste, etc.). A general purpose landfill is different from a limited purpose landfill.

A second major provision is the "most favored rate agreement." The rationale for this provision was that back in 1987 when we negotiated all provisions, the concern was that Waste Management would build this new landfill, they anticipated paying for it through our fees, but they also intended to market that landfill capacity to other Northwest customers. Metro felt that since they were paying for that landfill off of the backs of our ratepayers, the rate we agreed to in our contract was sufficient for them to capitalize their investment in that landfill and if they received additional customers they could cut their rate and Metro would essentially be paying for a landfill that everyone else was using and benefiting from. So, the way the "most favored rate agreement" works is, essentially, that WMO must offer to Metro the same rate they offer any other future customers at that landfill. At that time there was one landfill in Eastern Oregon and possibly one other, the status of which was uncertain. We now have three landfills: Columbia Ridge in Oregon (receives Portland, Seattle and Kennewick garbage), Finley Butte and Roosevelt in Washington. Roosevelt receives about 2 million tons, Columbia Ridge receives about 1 million tons, and Finley Butte receives quite a bit less. There is a fourth landfill being proposed in Adams County, proposed by Waste Management as part of their Seattle contract to eventually shift Seattle's waste to a Washington landfill. Seattle is somewhat fearful of being whim to the Oregon legislature, or to host fees over which they have no control. There is enough capacity in the three existing landfills to handle waste for the entire Pacific Northwest for a number of years.

Mr. Martin presented diagram/explanation boards with the following information:

The proposed amendment to Council does the following:

- Reduces disposal rate in exchange for waste disposed of at the Riverbend Landfill;
- Replaces "Most Favored Rate Agreement" with a per ton credit for non-Metro waste;
- Lowers rate of adjustment of disposal fee due to inflation;
- Eliminates claims under 90% clause of agreement for previous years;
- Removes bonding requirement.

Mr. Martin also reviewed the proposed financial changes:

McFarland: She said that the prior evening at the Council Solid Waste Committee meeting, we were presented with a report from an independent group (Professional Financial Management) indicating a savings of one to two percent higher than the estimates Mr. Martin is indicating.

Martin: He said that in addition, this same group determined that the analytical process and assumptions the Solid Waste staff used were all reasonable. Mr. Martin said he believes this answers the questions of what we can do to save our rate payers some money in the future as well as what we can do to protect our rate payers from continuing escalation of rates.

McFarland: Have you had time to make dollar amounts returns for years one through five?

Martin: Not yet.

Ms. Ashley: Could you explain what the next steps of the process are?

Martin: We have presented this to Council Solid Waste Committee twice now. Next step will be to have an additional hearing before Council Solid Waste Committee on Feb 1. Hopefully the Committee will have what it needs to make its recommendation to the full Council at that time.

Ms. Keil: Have we been as tough on this as we can possibly be on this?

Chair McFarland: I think we have done as well as we can as soon as we can.

Ms. Harlan: How does it relate to Seattle?

Mr. Martin: I anticipated this question. Suppose that we keep the "most favored rate" agreement in place under the theory that Waste Management is really stuck and will have to send Seattle's waste to Columbia Ridge, which is a risk and I don't believe they will continue to do that. We would gain about \$10 million dollars under that arrangement and I have already shown you that we get \$14 million dollars out of the adjustment that we are proposing. Does that mean that Seattle will get a better rate than Metro? Yes, but just barely and only for a few years.

Their contract negotiates a rate reduction over the next couple of years. For a little while they will be a few cents below. In 1998 we will catch up and thereon we will be below. This assumes that Seattle stays and no new additional business comes into Columbia Ridge. If they do get additional business, our rate will always be below Seattle's.

Chair McFarland: I have not spoken to anyone at Columbia Ridge, but let me speak to the assumption that they have to take the garbage to Columbia Ridge and nowhere else. My personal assessment is that I do not believe they will build another landfill in Adams

County. But they do have Roosevelt, there is one at Finley Butte and there may be others I don't know about.

Chair McFarland: I am pleased that we got through this document today. There will be another meeting in this room at exactly 10:30 so we will now have to adjourn.