

SOLID WASTE ADVISORY COMMITTEE SUMMARY  
MEETING OF 6/21/97

Committee Members Present:

Councilor Don Morissette, Chair  
Recycling Industry Representative

**Jeff Murray, Alternate**                      **EZ Recycling**

**Hauling Industry Representatives**

Jack Deines, Alternate

Mike Leichner, Alternate                      Pride Disposal

David White                                      ORRA/Tri-County Council

**Solid Waste Facility Representatives**

Garry Penning                                      Oregon Waste Systems

Ralph Gilbert                                      East County Recycling

Merle Irvine                                        Willamette Resources

Tom Wyatt                                         BFI / Trans Industries

**Citizen Representatives**

Jeanne Roy                                         Recycling Advocates

Michael Misovetz                                Halton Company

Frank Deaver                                      Washington County Citizen

**Government Representatives**

Lynne Storz                                        Washington County

JoAnn Herrigel                                    Clackamas County Cities

Susan Keil                                         City of Portland

**Non-Voting Members**

Bruce Warner                                      Metro REM Director

Carol Devenir                                     Clark County

David Kunz, Alternate                         DEQ, Northwest Region

**Metro**

Doug Anderson

Jim Watkins

Terry Petersen

John Houser

Aaron Brondyke

Connie Kinney

Marie Nelson

Leo Kenyon

Jan O'Dell

Marv Fjordbeck

Roosevelt Carter

Scott Klag

Bill Metzler

Dennis Strachota

**Guests:**

Richard K. Jones

Bruce Broussard

Easton Cross

Todd Irvine

Ray Phelps

Eric Merrill

Dean Large

Andy Kahut

Doug Drennen

Chair Morissette brought the meeting to order.

## **Updates and Introductions**

Mr. Warner asked if there were any new introductions and there were not. He asked Marie Nelson to give an update on the Illegal Dumping Call Referral Call program. Ms. Nelson said a task force has been looking into a program where citizens are invited to report illegal dumping problems to the Recycling Information Center telephone number and then get a referral to the proper local government that could respond to that. We expect that during the next several months we will begin to receive such calls but not initially with a great deal of promotion. The task force is beginning to develop promotion strategies for implementation this Fall to make citizens more aware of the service. If the Committee has any questions please call Marie at 797-1670 or Terry Engle at 797-1698.

Mr. Warner briefly talked about the status of the contracts to operate the transfer stations. Metro received two appeals challenging the notice of award of contract to BFI, one from KB Recycling and another from Waste Management of Oregon. The Executive Officer gave notice denying both appeals. However, on June 17<sup>th</sup> we did receive another appeal from Waste Management appealing the recommendation to the full Council and we have therefore withdrawn REM's agenda item to the Council.

Chair Morissette asked for a motion on the minutes: Mr. Penning moved for approval and Ms. Keil seconded the motion to accept the minutes as submitted. The minutes were approved unanimously.

Chair Morissette stated that the start time for the SWAC meetings for rest of the year will be 10:00 a.m. with the provision that we end by 11:30.

Mr. Warner stated that staff attempted via the staff report (attached to agenda) to obtain some closure on how we implement recommended language from SWAC into the RSWMP. Mr. Warner saw a number of questions which resulted from that discussion: Metro obligations, contracts, what does Metro code say regarding designated facilities, etc. Staff went through those questions and answered them in writing and Mr. Warner wanted to go through them with SWAC.

Chair Morissette assured SWAC that if some questions were not answered to their expectation to please bring that forward and staff will endeavor to answer them at the next SWAC meeting.

Mr. Warner: Clarification on Metro disposal contract language with Oregon Waste Systems: What is the 90% clause? What is a designated facility, clarification on Jack Gray Transport contract, what is an "reloads taken to appropriate disposal facility."

Beginning on page 2 of the staff report: Oregon Waste Systems contract. Mr. Fjordbeck said the 90% of what question is answered at the bottom of page 2 beginning "Metro shall at all times make good faith efforts. . ." Mr. Fjordbeck said this is the language that was developed during the Amendment 7 "shoring up" process. Mr. Warner added that 90% = putrescible waste that is

generator disposed of within the Metro boundary and that is destined for a general purpose landfill.

Mr. Miller commented that the explanation went on to say: "generated and/or disposed." And Mr. Fjordbeck replied that it did not say "and/or disposed." It says generated or disposed. Therefore if a load was source-separated and organic materials were removed, is that a part of the 90%? Mr. Warner said the source-separated materials were not considered a part of the 90%.

Mr. Miller said he was puzzled about what the 90% applied to because there is a lot of stuff that goes direct to Columbia Ridge Landfill (CRL). Mr. Miller was also unclear as to what counts as to "total tons," because there is a lot of material that is just not appropriate or suitable for the transfer station system that goes directly to landfills but it is certainly generated within the region. Mr. Miller wanted to know if this other tonnage was included from the tonnage in the change order 7 rates that affects the tier. Mr. Miller felt that there is certainly motivation to direct haul to avoid the lower tier structure and keep everything in the higher rate structure. So if those are excluded because they are hauled direct from "counting tons," maybe not the 90% as the counting tons in terms of the tiered rate structure. That was his confusion, not so much the 90%.

Mr. Fjordbeck replied that **putrescible waste generated or disposed of within the Metro boundaries and destined for a general purpose landfill** is subject to Metro's authority to deliver the waste to Columbia Ridge. You must walk through each of those steps to get the whole package.

Mr. Miller said that the whole package consists of a lot more than what goes to the transfer station and that was his point. Those things that don't go through the transfer stations, do they or do they not count against the total tonnage delivered in making the 90% and making the rate structure what it ends up being? Do we ever get past the however many tons it takes to get to the lowest rate? It may be difficult to get to the next tier of the rate structure because of the exempt tons that are going around the system, because if they don't count as total tons delivered, we may struggle to get to at least the third tier, but maybe not to the second.

Mr. Warner said he wanted to make perfectly clear that what we are talking about is putrescible waste.

Mr. White said he believed that Tom's question was answered by the prescribed language, if he understands that it is not how it gets there. In other words, it does not have to be delivered by Jack Gray Transport. The criteria is: What is it, Where was it generated, Where is it going.

Mr. Fjordbeck said we were already at the 3<sup>rd</sup> or 4<sup>th</sup> tier of putrescible waste so we are already achieving part of the goal from the amendment.

Chair Morissette asked the Committee members to pose their questions more towards whatever goal it is you are trying to achieve and see if that works, and let us make a response to that. I

think what you weren't talking about is how do I access the \$8.00 rate as opposed to the higher rate?

Mr. Miller said that it was more a concern about the overall system ratepayer -- to keep that in mind and he is suggesting that some of things proposed here really don't take that into consideration, it is taking into consideration the Metro component only.

Ms. Keil said the follow-on question is what are the implications for the tiered rate?

Mr. Watkins replied that if he came back with information showing our tonnage of 700,000, and our average rate of disposal is \$23.00; if our tonnage is 600,000, then our average rate of disposal is \$25.00, is that what you are asking?

**The basic questions is: Where are we now and then where do we think we are going, and what are the financial impacts of that; if we think, for instance that tonnage is going to increase, that will have an effect on average cost.**

**Mr. Gilbert suggested staff put that information in the form of a chart so the committee could see some examples of scenarios.**

Mr. Miller asked if it would be possible to include on that chart the minimum percentage and he was told that the 90% is the minimum.

Ms. Mills said that she understands that of the putrescible waste, whether it is taken to a transfer station or self-hauled, the putrescible waste arriving at Columbia Ridge is still counted as tons for the region toward the 90% and to achieve the lower tiered rate, is this correct?

Mr. Fjordbeck said Ms. Mills was correct.

Mr. Warner said the next question was: What is the 90% clause in the Jack Gray Transport contract and does this means the Reloads have to use Jack Gray as their transport contractor to Columbia Ridge?

Mr. Fjordbeck said staff did an excellent job in the response of outlining both the historic interpretation of the language and the Office of General Counsel's issue which is: Is Metro obligated to use Jack Gray for 90% of its deliveries. That is because of the contract language "90% of acceptable tons which Metro delivers to any general purpose landfill." He said that his interpretation is that if there was direct haul by someone else of putrescible waste and that did not go through the transfer station, it would not be subject to the Jack Gray contract.

Mr. Irvine commented that the Jack Gray contract, in Section 10, it is very specific that the Jack Gray material will be loaded at the two Metro facilities, Metro Central and Metro South.

Mr. Fjordbeck said that with respect to the context, you look first to the provision itself and it talks about what you do in the first year and deals with only Metro South, and then talks about

what happens during the remainder of the contract. And you are saying there is support for that notion in Section 10 dealing with the loading of the vehicles only coming from South and what is now called Central, so you are correct.

Mr. Warner continued with the next question: What are Metro Designated Facilities, and how do they relate to Metro's Transport and Disposal Contracts?

Mr. Anderson said this question was actually posed when a change to the RSWMP went before SWAC and the language then read: "To allow the siting of reload facilities for consolidation of loads hauled to appropriate disposal facility." We then needed to define appropriate. Metro staff has suggested that would mean Metro designated facilities. Briefly they are really a system of facilities that are set up to give haulers and generators in this region, a range of disposal options, not just limited to, say, the transfer stations or limited purpose landfills. They would include all franchise facilities and the five out-of-area landfills: three in eastern Oregon and two limited purpose landfills in Washington County. These are limited to very specific kinds of waste that Metro must authorize them to accept and they are listed on the bottom of page 4 and top of 5 of the staff report. Mr. Anderson said the eastern landfills: Finley Buttes, Roosevelt and Columbia Ridge, while they are permitted by DEQ and State of Washington to accept a wide variety of wastes, are actually limited in their designated facility agreements with Metro and it excludes mixed putrescible waste. Metro Code and the agreements would preclude self-hauling mixed putrescible waste to designated facilities. Self-haulers may deliver dry MRF residuals, industrial wastes. The other part of the Question: How do they relate to Metro's transport and disposal contracts, those took effect in 1992-93 to give a range of disposal options but to protect our flow guarantee clauses, which is the reason for restricting putrescible waste from direct haul there, under the interpretation of the contract that Mr. Fjordbeck just delivered.

Ms. Mills asked why, if a facility (specifically Columbia Ridge) is willing to accept putrescible waste, and they are willing to do so at a lesser fee, and if that facility is more easily accessible to her constituents, even though she does not want to negatively impact the tiered system enjoyed by the citizens of the region, why Washington County shouldn't enjoy those lower rates.

Mr. Anderson replied that the current system was instituted to help protect obligations as Metro saw them four or five years ago and perhaps this discussion today revolves around whether or not we should, what would it take, and what are the consequences of perhaps lifting the restrictions so that this could happen.

Ms. Mills asked what is the hammer against a direct haul of putrescible waste right now?

Mr. Anderson said that right now, if someone attempted to self-haul, the remedies in the Metro Code and the designated facilities agreement are typically graduated, i.e., cease and desist, then a moderate fine, and finally, we can revoke the agreement we have with the landfill to make them stop taking all kinds of wastes from the Metro region, and invoking our authority under state law which is cited on page 5.

Ms. Storz asked Marv whether Metro feels it can continue to regulate waste that crosses the state line.

Mr. Fjordbeck said that depended on what is meant by regulate, and his answer is yes as long as it does not discriminate against Interstate Commerce.

Ms. Storz replied that someone could direct haul from a facility, across the state line, and it would be acceptable, or not acceptable? Would that be a violation of Interstate Commerce?

Mr. Fjordbeck said he could not answer that. He said that depending on the circumstances, and if they have a non-system license, sure. Someone asked even if it was putrescible waste. Mr. Fjordbeck replied, maybe. And the question: What if it did not have a non-system license, and Mr. Fjordbeck said it would be subject to Metro's enforcement provisions.

Mr. Irvine said that in response to Ms. Mills question earlier, that the agreement between Metro and Oregon Waste Systems for Columbia Ridge says you can't direct haul putrescible waste. And that in order to do that a modification to the agreement would be necessary.

Mr. Fjordbeck replied that it would actually require an amendment to the designated facility agreement, "not a new change order 8."

Chair Morissette asked if there were any follow-up to this question required.

Ms. Keil responded that it sounded like Washington County has the more significant question on this and perhaps if they have questions they should ask them directly, and maybe from that we can follow up.

Mr. Miller responded that he was going to take Chair Morissette up on his offer to cut to the chase because he believes the whole discussion today is based primarily on economically driven conditions and the restrictions, although some of them are physical, specifically at the facilities in terms of what they can or can't accept. But most of the restrictions are policy decisions as to whether or not this is the way we want to do things. So the question is not whether or not we can, it is whether or not we want to. He believes that is what the Committee is trying to get to today and that's what he has been trying to get to for months. Mr. Miller believes some of our policies may not be appropriate anymore, and do not serve in today's environment.

Chair Morissette asked Mr. Miller to be more specific as to what exactly he wanted staff to research.

Mr. Miller asked what were the driving policies that put these restrictions on the facilities, *i.e.*, what they can accept and who delivers them.

Chair Morissette asked Mr. Warner how much further staff could delve into this problem. Chair Morissette said he believed Metro owed an obligation to the contract we made and as he understands it, Mr. Miller would like to review that and bring it up again?

Mr. Miller replied no, that he understands Metro's obligation. What he is trying to determine is: We have said it is unacceptable to go direct, unless we have a non-system license. In which case it is okay. We have a lot of give and takes going on here and it is pretty difficult for some to understand.

Mr. Warner said that was a good entrance to the next part of the discussion.

Ms. Roy asked if Mr. Miller was actually asking for the code restrictions. And Mr. Miller replied partly, just an explanation as to why we do what we do.

Mr. White wanted to point out that the question from 1) about the Waste Management contract has to do with the contract and the two parties and can you change that contract; 2) Jack Gray has to do with the contract, 3) doesn't have to do specifically with contracts other than it has to do with the designated facility agreement and in response to Tom's question, Doug said that if we change the agreement with Waste, then you can direct haul putrescible waste. He said that his point on #3 is that Tom is saying I understand that 1) is a contract, 2) is a contract and you can't unilaterally change that, #3) though, if Waste says we'll take it, if it's direct hauled, then it's a policy question. Under your designated facility agreement there is some policy that Metro has as to why it can't be direct-hauled. If they are willing to take it, then what's the problem and I believe that is what Tom is getting to is let's talk about why you can't change that agreement if Waste is willing to change it, what is the policy behind it.

Mr. Warner said the next part of the discussion, why is Metro doing what it is doing.

- 1) If changes make sense, save costs and are consistent with our plans and obligations, we should let the changes happen. It is preference to establish objectives and rules of the game and let the private operators figure out how best to work within the rules rather than have Metro dictate how to achieve those objectives in a regulatory posture.
- 2) The bottom lines on this page represent what we think the rules are intended to accomplish.  
#1) With regard to solutions or new proposals, the things we think we need to worry about are: State and Metro Charter mandates with regard to recycling and recovery rates, the operation of the disposal system, and our HHW program ;2) clearly is the RSWMP, goals, objectives, and principles which include, again, those recycling goals and recovery rates. We want to make sure the hierarchy reduce, reuse, and recycle is followed. RSWMP says we should have a preference for source-separated recycling over post-collection recovery.

Ms. Keil, asking for a clarification, said that post-collection recovery would include or exclude co-mingled collection of recyclables.

Mr. Anderson said that right now we our working definition is that source-separated -- what you are talking about is the difference whether it is sorted into material categories, plus it's all source-separated.

Mr. Gilbert asked if he means that if it's 100% it can be all mixed up, but its still source-separated? And Mr. Anderson said yes, that is our position.

Mr. Warner said that another issue from RSWMP perspective is D) Facility Goals and Objectives and the things we look at are the regional balance, uniform disposal rate, cost effectiveness, environmental soundness, and public acceptability. The second number 2) Affect on the regional ratepayers. What impact does any new facility or anything that Metro proposes, have on the regional ratepayers. I.e., reloads should demonstrate a net benefit or at worst, essentially a neutral impact on the regional ratepayer. Reloads should not benefit one group of ratepayers at the expense of another. Finally, Metro does have obligations we need to uphold. 1) Our bonds (22 -1/2 million, the principal outstanding on bonds on the two transfer stations); 2) contractual obligations we talked about earlier for the transport and disposal; and 3) Finally, we have to have the obligations to move up to our mandate requirements for the health, safety and welfare of the region's citizens. If there is disagreement on this, I need to know that.

Mr. Warner restated a comment from Mr. Gilbert saying the solid waste revenues obviously need to deal with the solid waste debt, the mortgages we have on our facilities. However, solid waste revenues are drivers for funding other parts of Metro. Thus, these fees do help pay for other obligations and programs that Metro has.

Mr. Miller added that we should be honest about what the fee is paying for so that the regional ratepayer can realize what they are getting for their money. He said that, in terms of the regional rate payer affect, he took exception regarding Metro's encouraging us to pass rate reduction savings on. Is there a genuine concern on the part of this jurisdiction that the local jurisdictions are unable or incapable of regulating the rate process to the extent that they would allow these sort of things to occur? Mr. Miller felt that because the benefits of any facility may be, on the surface, focused either to the operator or the local area, the truth of the matter is that any savings that can be affected by any part of the system should be passed through to all the ratepayers, that is the rate setting process that the local jurisdictions carry out. Tom suggested that, at worst neutral -- neutral is still not neutral, neutral is a benefit because there are other savings beside the rate structure that pays for disposal. Mr. Miller used siting things more conveniently, in an area of service. Thus, someone else benefits from this system by the convenience of shorter drive times, less fuel, and so on.

Mr. Warner responded that this was some of the crux of the discussion and said Metro wants to encourage haulers to be as effective and efficient as possible and we have great trust that local jurisdictions rate setting process will help keep the pressure on haulers to help keep the rates low. But when we talk about the reloads, if people do direct-haul to Columbia Ridge Landfill, there will be an impact to the regional ratepayer.

Ms. Mills said that she wouldn't disagree with Mr. Warner, and it is important that all players help support the system, but she doesn't believe the system is designed with the ratepayer in mind. She believes that the citizens from Tigard are paying a disproportionate amount because of the distance to Metro South and the standby time. She believes that if haulers could direct-

haul to Columbia Ridge and see a savings it is her responsibility to her citizens to try and make that happen.

Mr. Gilbert said we seem to be isolating areas and what may help in one place may impact the rest of the region's citizens. And we already have these facilities so do we dismantle them, build new ones, or what?

Mr. Deines reminded the SWAC that in 1984 Metro was going to place a transfer station in Washington County, but the local governments and citizens didn't want it sited there.

Ms. Keil said if you want to discuss an equity question, I always felt that Gresham got the short end of the stick. Because they were the furthest from any transfer station. Some sort of a reload out there might well make sense because they really have been touting a load on the collection end of the spectrum. But you still have to balance that against the system costs of providing that sort of service.

Mr. Miller added that our system is not designed around the cost of service. He stated that there are obligations that are not tied to solid waste.

Mr. Anderson said the follow up issue is that the reloads that are coming out now are associated with only one hauler, *i.e.*, a reload associated with one hauler in Gresham doesn't benefit Gresham as a whole so what staff is grappling with right now is whether in fact that facility should be more generally accessible by more than just the owner/hauler. This would benefit the entire region.

Ms. Ziolkko replied that it does to some extent benefit all ratepayers in Gresham because jurisdictions set their rates on a composite of all the costs, so there are going to be other haulers that are going to be the ones that are losing out.

Mr. White said that comment goes beyond Metro's authority into local rate setting and if a hauler can lower their cost, that is a local jurisdiction's rate setting situation. What you are really talking about is how does it impact your ability to pay for your transfer stations, the same thing I said at the last meeting. He believes that the problem with number 3 is that it doesn't honestly address the real issue and that is **how do you pay for the transfer station, and I don't know why reloads are being singled out here and maybe not MRFs.**

Mr. Anderson replied that unfortunately right now we have a policy in the RSWMP that calls for no new transfer stations. So the question is: Is a reload associated with one hauler better or worse than a more general set of any transfer stations (from a lowering of the system cost point of view).

Mr. Irvine said he looks at our impact to Wilsonville, the City of Tualatin, and portions of Washington County that we serve. We've estimated that will be 6,700 trips less per year that our company is going to have to go to Oregon City. That's about 45 min per trip (conservative estimate) and therefore we will save over 5,000 truck-hours per year and if you throw a cost of

\$70/hr onto that truck, the ratepayers in our area are going to save in the neighborhood of \$350,000 per year. But what I hear Metro saying but if we lose \$150,000 of monies that were going to pay some of the fixed costs, then this shouldn't happen. So, for a shortfall to Metro, for \$150,000 the ratepayer in our service area (whom we are responsible for) are going to have to continue paying that additional \$350,000.

Chair Morissette commented that we are trying to develop from this process, and we are trying to flesh out the issues so we can come to the policy discussions and make the decisions-- so the decision isn't already made. Hopefully we are continuing to develop the process out of this discussion.

Mr. Warner said that from our perspective it is not decreased revenues we are worried about, our costs are going to go down by you folks direct-hauling to Arlington. Our unit costs go up though because there are things that do remain the same and that's why I would like Jim to show you how those costs affect us.

Mr. Watkins outlined a scenario on the blackboard. Assumptions are that a reload facility exists, they are hauling to Columbia Ridge, we still get the benefit from the tonnage from the reload facility in accordance with our contract. I chose a couple of scenarios: 1) the reload facility under Jack Gray is only paying Jack Gray's debt service. Under this other scenario, they are paying transfer station fixed costs also (our debt service). So, we take 100,000 tons out of the system, they are not being transported through a reload facility, the disposal costs that somebody using our transfer stations -- the value would increase from what I'm going to put in here. So if they are only paying Jack Gray's fixed costs, the disposal costs will go up \$1.12 at our transfer stations. If it is 200,000 tons, then the disposal costs will go up \$2.72; and if it is 300,000 tons, the disposal costs go up \$6.13. If the reload facility is paying a greater portion (paying our debt service) then the disposal costs goes up \$ .42 cents; if it is 100,000 tons it goes up \$1.04; at 200,000 tons to \$3.02. To qualify these last two, we made no changes in our fixed costs in terms of scalehouse personnel and other operating conditions. This would probably come down under those scenarios. If we had 300,000 tons less, we don't need as many people there.

Mr. Irvine asked that if the 100,000 tons are paying only the Jack Gray fixed costs or are not paying them. Mr. Watkins said that was all they were paying are the Jack Gray fixed costs out of Tier II.

Mr. Warner asked if they weren't paying any of those costs, the increase would be more dramatic?

Mr. Watkins said if the tonnage is reduced by 100,000 tons and the reload facility is paying the Jack Gray costs, then the system impact is \$1.12.

Mr. Miller asked if that was for a specific somebody or everybody. Mr. Watkins said it would impact everybody.

Mr. Irvine asked if staff could bring this down to a cost per ton? What is my 30,000 tons on a per ton -- what would I have to pay Metro? There was continued discussion of the scenarios above.

Chair Morissette said staff would try to put together more information with regard to the per ton costs.

Ms. Keil requested that we have a SWAC meeting in August and that it continue beyond 11:30. The consensus of the group was that we would meet in July until 1:30 and in August to 1:30 p.m. The meeting in August will be on August 6, 1997.

Mr. Warner wanted to get back to the question of the effective date of the rate reduction at Metro which will be July 10, 1997. It is also Mr. Warner's understanding that all of the jurisdictions with the exception of the City of Portland are going to have their effective date coincide with the effective date of the rate reduction from Metro. So because of that, Metro felt they should not impose a rebate or other program specifically for the haulers in the City of Portland. So if there is something different, Mr. Warner encourages the Cities to get back to him.

Chair Morissette asked the group if this is the way they wanted their meetings to be run and it was the consensus that the meeting was beneficial and Mr. Morissette was doing a great job as chair.

The meeting was adjourned.

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