

BEFORE THE METRO COUNCIL

AUTHORIZING THE CHIEF OPERATING OFFICER TO ISSUE ) RESOLUTION NO. 11-4240  
A NON-SYSTEM LICENSE JOINTLY TO WASTE )  
MANAGEMENT OF OREGON, INC. AND TROUTDALE )  
TRANSFER STATION FOR DELIVERY OF FOOD WASTE TO ) Introduced by Daniel B. Cooper,  
THE NATURE'S NEEDS FACILITY FOR COMPOSTING ) Acting Chief Operating Officer, with the  
DURING THE WASHINGTON COUNTY NON-GREEN ) concurrence of Tom Hughes, Council President  
FEEDSTOCK DEMONSTRATION PROJECT )

WHEREAS, the Metro Code requires a non-system license of any person that delivers solid waste generated from within the Metro Region to a non-system disposal facility; and

WHEREAS, Waste Management of Oregon, Inc. and the Troutdale Transfer Station have applied jointly for a non-system license to deliver pre-and post-consumer food waste including meat and dairy products to the Nature's Needs composting facility under the provisions of Metro Code Chapter 5.05, "Solid Waste Flow Control;" and

WHEREAS, such food waste will include source-separated, pre-and post-consumer food waste generated by commercial customers of Waste Management of Oregon, Inc.; and

WHEREAS, such food waste will include residential source-separated food waste mixed with yard debris collected during the City of Portland residential curbside food waste collection pilot program and reloaded at the Troutdale Transfer Station; and

WHEREAS, the Nature's Needs composting facility is participating in a demonstration project with Washington County to assess the feasibility of accepting and composting non-green feedstock i.e., source-separated post-consumer food waste that includes meat and dairy; and

WHEREAS, the Metro Code Chapter provides that applications for non-system licenses for putrescible waste shall be reviewed by the Chief Operating Officer and are subject to approval or denial by the Metro Council; and

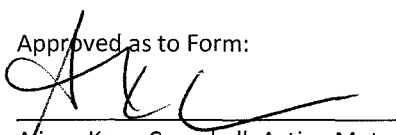
WHEREAS, the Chief Operating Officer has analyzed the application and considered the relevant factors under the Metro Code; and

WHEREAS, the Chief Operating Officer recommends that the non-system license be issued together with specific conditions as provided in Exhibit A to this Resolution; now therefore,

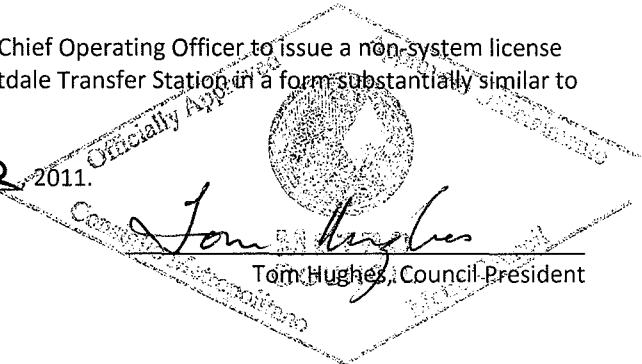
BE IT RESOLVED that the Metro Council authorizes the Chief Operating Officer to issue a non-system license jointly to Waste Management of Oregon, Inc. and Troutdale Transfer Station in a form substantially similar to the license attached as Exhibit A.

ADOPTED by the Metro Council this 17 day of MAR, 2011.

Approved as to Form:



Alison Kean Campbell, Acting Metro Attorney



Officially Approved  
Tom Hughes, Council President

**Exhibit A to Resolution No. 11-4240**

600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736  
TEL 503 797 1835 | FAX 503 813 7544



**METRO**

**METRO SOLID WASTE FACILITY  
NON-SYSTEM LICENSE**

No. N-010(2)-11

<b>LICENSEE:</b>	
Waste Management of Oregon, Inc. 1525 B. Street Forest Grove, OR 97116	Troutdale Transfer Station 869 NW Eastwind Drive Troutdale, OR 97060
<b>CONTACT PERSON:</b>	
<u>Kirk Duncan</u> Phone: 503-992-3015 Fax: 503-493-7824 E-mail: <a href="mailto:Kduncan2@wm.com">Kduncan2@wm.com</a>	<u>Douglas Vermillion</u> Phone: 503-667-5264 x410 Fax: 503-667-6237 E-mail: <a href="mailto:dvermill@wm.com">dvermill@wm.com</a>
	<u>Dean Kampfer</u> Phone: 503-493-7831 Fax: 503-493-7824 E-mail: <a href="mailto:dkampfer@wm.com">dkampfer@wm.com</a>
<b>MAILING ADDRESS:</b>	
1525 B. Street Forest Grove, OR 97116	869 NW Eastwind Drive Troutdale, OR 97060

**ISSUED BY METRO:**

\_\_\_\_\_  
Margo Norton,  
Finance and Regulatory Services Director

\_\_\_\_\_  
Date

<b>1</b>	<b>NATURE OF WASTE COVERED BY LICENSE</b>
	<p>a) Source-separated, pre-and post-consumer food waste (including meat and dairy products) generated in the Metro region by commercial customers of Waste Management of Oregon, Inc. - Washington County, and</p> <p>b) Source-separated pre-and post-consumer food waste (including meat and dairy products) mixed with yard debris generated by residential customers for the City of Portland's food waste collection pilot program reloaded at the Troutdale Transfer Station.</p>
<b>2</b>	<b>CALENDAR YEAR TONNAGE LIMITATION</b>
	<p>Licensee is authorized to deliver to the non-system facility listed in Section 3 of this license up to 6,000 tons per calendar year of the waste described in Section 1 of this license.</p>
<b>3</b>	<b>NON-SYSTEM FACILITY</b>
	<p>The licensee hereunder may deliver the waste described in section 1, above, only to the following non-system facility for the purpose of processing and composting:</p> <p style="text-align: center;">Nature's Needs              9570 NW 307th Avenue              North Plains, Oregon 97133</p> <p>This license is issued on the condition that the non-system facility listed in this section is authorized to accept the type of waste described in Section 1. If Metro receives notice from the Oregon Department of Environmental Quality or from Washington County that this non-system facility is not authorized to accept such waste, Metro may immediately terminate this license pursuant to Section 10 of this license.</p>
<b>4</b>	<b>TERM OF LICENSE</b>
	<p>The term of this license will commence on March 28, 2011 and expire at midnight on December 31, 2011, unless terminated sooner under Section 10 of this license.</p>

<b>5</b>	<b>COVERED LOADS</b>
	Licensee shall suitably contain and cover, on all sides, all loads of source-separated pre-and post-consumer food that is delivered under authority of this license to prevent spillage of waste while in transit to the non-system facility in Section 3 of this license.

<b>6</b>	<b>MATERIAL MANAGEMENT</b>
	<p>The Licensee is authorized to deliver the waste described in Section 1 of this license to the non-system facility listed in Section 3 under the following conditions:</p> <ul style="list-style-type: none"> <li>a) The non-system facility shall accept all solid waste that is delivered under authority of this license for the sole purpose of processing and composting on-site. The Licensee shall not dispose of any source-separated recyclable material, except as provided in Section 7; and</li> <li>b) The non-system facility shall receive, manage, process and compost all solid waste that is delivered under authority of this license in accordance with all applicable local, state and federal laws, rules, regulations, ordinances, orders, and permits.</li> </ul>

<b>7</b>	<b>REGIONAL SYSTEM FEE AND EXCISE TAX</b>
	<p>The Licensee shall be subject to the following conditions:</p> <ul style="list-style-type: none"> <li>a) Source-separated, pre-and post-consumer food waste that is delivered under authority of this license and is accepted and composted, in accordance with all applicable regulations, at the non-system facility listed in Section 3 is exempt from Regional System Fees and Excise Tax.</li> <li>b) If the Licensee delivers waste under this license to the non-system facility but the material does not meet the facility's acceptance criteria (e.g., too contaminated for processing or composting) or the non-system facility fails to process and compost the material as required as a condition of this license, the Licensee shall pay to Metro an amount equal to the Regional System Fee, as provided in Metro Code Section 5.02.045, for each ton of waste delivered to the non-system facility that is ultimately disposed of at a solid waste disposal facility.</li> <li>c) If the Licensee delivers waste under this license to the non-system facility but the material does not meet the facility's acceptance criteria (e.g., too contaminated for processing or composting) or the non-system facility</li> </ul>

	<p>fails to process and compost the material as required as a condition of this license, the Licensee shall pay to Metro an amount equal to the Excise Tax, as provided in Metro Code Section 7.01.020, for each ton of waste delivered to the non-system facility that is ultimately disposed of at a solid waste disposal facility.</p>
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<p><b>8</b></p>	<p><b>REPORTING OF ACCIDENTS AND CITATIONS</b></p>
	<p>Licensee shall report to Metro any significant incidents (such as fires, off-site odor complaints), accidents, and citations involving vehicles of its transportation carrier during the loading and transporting of solid waste on behalf of the licensee.</p>

<p><b>9</b></p>	<p><b>RECORD KEEPING AND REPORTING</b></p>
	<p>(a) The Licensee shall keep and maintain accurate records of the amount of all solid wastes that the Licensee delivers to the non-system facility described in Section 3 of this license. The Licensee shall keep and maintain complete and accurate records of the following for all transactions with the authorized non-system facility:</p> <ul style="list-style-type: none"> <li>(i) Ticket or weight slip number from the non-system facility,</li> <li>(ii) Material category designating the type of material transferred to the non-system facility;</li> <li>(iii) Date the load was transferred to the non-system facility;</li> <li>(iv) Time the load was transferred to the non-system facility;</li> <li>(v) Net weight of the load; and</li> <li>(vi) Fee charged by the non-system facility.</li> </ul> <p>(b) No later than the fifteenth (15<sup>th</sup>) day of each month, beginning with the first month following the commencement date of this license, Licensee shall transmit the records required under Section 9(a) above, that covers the preceding month, to Metro's Finance and Regulatory Services Department in an electronic format prescribed by Metro.</p> <p>(c) Licensee shall make all records from which Section 9(a) above are derived available to Metro (or Metro's designated agent) for its inspection or copying, as long as Metro provides no less than three (3) business days written notice</p>

	<p>of an intent to inspect or copy documents. Licensee shall, in addition, sign or otherwise provide to Metro any consent or waiver necessary for Metro to obtain information or data from a third party, including the non-system facility named in Section 3, above.</p>
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<b>10</b>	<b>ADDITIONAL LICENSE CONDITIONS</b>
	<p>This non-system license shall be subject to the following conditions:</p> <ul style="list-style-type: none"> <li>(a) The permissive transfer of solid waste to the non-system facility, listed in Section 3, authorized by this license shall be subordinate to any subsequent decision by Metro to direct the solid waste described in this license to any other facility.</li> <li>(b) This license shall be subject to amendment, modification or termination by Metro’s Chief Operating Officer (the “COO”) in the event that the COO determines that:       <ul style="list-style-type: none"> <li>(i) There has been sufficient change in any circumstances under which Metro issued this license;</li> <li>(ii) The provisions of this license are actually or potentially in conflict with any provision in Metro’s disposal contract with Oregon Waste Systems, Inc.;</li> <li>(iii) Metro’s solid waste system or the public will benefit from, and will be better served by, an order directing that the waste described in Section 1 of this license be transferred to, and disposed of at, a facility other than the facility described in Section 3; or</li> <li>(iv) The non-system facility listed in Section 3 fails to manage the waste subject to this license in accordance with the material management requirements described in Section 6.</li> <li>(v) The non-system facility listed in Section 3 generates malodors that are detectable off-site.</li> </ul> </li> <li>(c) This license shall, in addition to subsections (b)(i) through (v), above, be subject to amendment, modification, termination, or suspension pursuant to the Metro Code.</li> <li>(d) Licensee shall not transfer or assign any right or interest in this license without prior written notification to, and approval of, Metro.</li> <li>(e) This license shall terminate upon the execution of a designated facility agreement with the facility listed in Section 3 that authorizes the facility to accept the waste described in Section 1 of this license.</li> </ul>

	<p>(f) This license authorizes delivery of solid waste only to the facility listed in Section 3. Transfer of waste generated from within the Metro boundary to any non-system facility other than that specified in this license is prohibited unless authorized in writing by Metro.</p>
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<p><b>11</b></p>	<p><b>COMPLIANCE WITH LAW</b></p>
	<p>Licensee shall fully comply with all applicable local, regional, state and federal laws, rules, regulations, ordinances, orders, and permits pertaining in any manner to this license, including all applicable Metro Code provisions and administrative procedures adopted pursuant to Chapter 5.05 whether or not those provisions have been specifically mentioned or cited herein. All conditions imposed on the collection and hauling of the licensee's solid waste by federal, state, regional or local governments or agencies having jurisdiction over solid waste generated by the licensee shall be deemed part of this license as if specifically set forth herein.</p>

<p><b>12</b></p>	<p><b>INDEMNIFICATION</b></p>
	<p>Licensee shall defend, indemnify and hold harmless Metro, its elected officials, officers, employees, agents and representatives from any and all claims, demands, damages, causes of action, or losses and expenses, or including all attorneys' fees, whether incurred before any litigation is commenced, during any litigation or on appeal, arising out of or related in any way to the issuance or administration of this non-system license or the transport and disposal of the solid waste covered by this license.</p>

## STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 11-4240 FOR THE PURPOSE OF AUTHORIZING THE CHIEF OPERATING OFFICER TO ISSUE A NON-SYSTEM LICENSE JOINTLY TO WASTE MANAGEMENT OF OREGON, INC. AND TROUTDALE TRANSFER STATION FOR DELIVERY OF FOOD WASTE TO THE NATURE'S NEEDS FACILITY FOR COMPOSTING DURING THE WASHINGTON COUNTY NON-GREEN FEEDSTOCK DEMONSTRATION PROJECT

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March 1, 2011

Prepared by: Bill Metzler  
(503) 797-1666

## BACKGROUND

### Description of the Resolution

Approval of Resolution No. 11-4240 will authorize the Chief Operating Officer to issue a new non-system license ("NSL") jointly to Waste Management of Oregon, Inc. ("WMO"), a solid waste hauling company, and Troutdale Transfer Station, also owned by WMO, to annually deliver a maximum of 6,000 tons of source-separated, pre-and post-consumer food waste that will include meat and dairy products ("mixed food waste") to the Nature's Needs composting facility located at 9570 NW 307<sup>th</sup> Avenue in North Plains, Oregon. Nature's Needs is located outside the Metro boundary, in unincorporated Washington County and is an established yard debris and vegetative food waste composting facility. Recology, Inc. owns and operates the Nature's Needs composting facility (Recology Oregon Compost, Inc.).

Nature's Needs will accept and compost the mixed food waste as part of a Washington County Non-Green Feedstock Demonstration Project authorized by Washington County and approved by the Oregon Department of Environmental Quality (DEQ). The non-green feedstock refers to source-separated food waste that includes post-consumer meat and dairy products (mixed food waste). The demonstration project with Washington County could last until December 31, 2011. If the demonstration project is successful, Nature's Needs intends to continue its mixed food waste operations on a regular basis pending approval by Washington County and the DEQ.

This NSL is being issued jointly to WMO's hauling company and Troutdale Transfer Station in order to facilitate deliveries of source-separated food waste as part of Washington County's demonstration project and the City of Portland residential food waste collection program. Metro may, however, require two separate NSLs once the food waste collection programs become more established.

WMO will collect and deliver mixed food waste from its commercial customer accounts that generate source-separated food waste and transport this mixed food waste directly to the Nature's Needs composting facility for processing. In addition, as part of the City of Portland residential curbside food waste pilot program, WMO may deliver residential mixed food waste and yard debris that is reloaded at the Troutdale Transfer Station to Nature's Needs. Currently, the residential yard debris and mixed food waste that is reloaded at the Troutdale Transfer Station is delivered to the Pacific Region Compost facility ("PRC") located in Monmouth, Oregon under authority of a separate NSL (N-113-10(2)).

The term of the proposed NSL is through December 31, 2011, which will coincide with the completion of the Washington County demonstration project with Nature's Needs.

Because Nature's Needs is a composting facility, the waste diverted under this proposed NSL will not



impact Metro's obligations under its disposal contract with Waste Management. Additionally, the waste is currently exempt from Metro fees and taxes. See the Budget Impact section for a more detailed discussion.

## **ANALYSIS/INFORMATION**

### **1. Known Opposition**

There has been some local opposition to the Nature's Needs facility in the past due to malodors and impacts of truck traffic on local roads. Should malodors continue, the NSL provides that the Director may amend, modify or terminate the NSL if the non-system generates malodors detectable off-site. In addition, Washington County can take enforcement action at the Nature's Needs composting facility under the provisions of the demonstration project. Recology has provided assistance to North Plains in upgrading local access roads to the facility.

### **2. Legal Antecedents**

Metro Code Section 5.05.035 provides that a waste hauler may transport solid waste generated within Metro to any non-system facility only by obtaining an NSL. Metro Code further requires applications for NSL's for putrescible waste (such as food waste) to be reviewed by the Chief Operating Officer and are subject to approval or denial by the Metro Council. Under Metro Code Subsection 5.05.035(c), the Council shall consider the following factors when determining whether to approve an NSL application:

- (1) *The degree to which prior users of the non-system facility and waste types accepted at the non-system facility are known and the degree to which such wastes pose a future risk of environmental contamination;*

The non-system facility identified in this proposed license is an established yard debris and vegetative food waste composting facility rather than a landfill and thus does not pose the same potential environmental risk from wastes delivered from prior users. Since the facility has accepted only wood waste, yard debris, and limited amounts of vegetative and mixed food waste for composting, staff is not aware of any other wastes accepted at Nature's Needs that could pose a risk of environmental contamination.

- (2) *The record of regulatory compliance of the non-system facility's owner and operator with federal, state and local requirements including, but not limited to, public health, safety and environmental rules and regulations;*

Nature's Needs is the non-system facility and is owned and operated by Recology, Inc., headquartered at 50 California Street, 24<sup>th</sup> Floor, in San Francisco California. Recology, Inc. is also the contract operator for the Metro Central Transfer Station.

Recology, Inc. is the parent company that owns Recology Oregon Material Recovery, Inc. which owns and operates three non-putrescible waste recovery facilities in the region that are licensed by Metro: 1) Suttle Road Recovery Facility, 2) Foster Road Recovery Facility, and 3) Oregon City Recovery Facility. On June 24, 2010 and on July 19, 2010, Metro issued two separate Notices of Violation ("NOV") to Oregon City Recovery Facility for failure to properly maintain required documents. These NOV's have since been resolved. On June 28, 2010 Metro issued a NOV to the Suttle Road Recovery Facility for failure to

inspect loads in accordance with the operating plan. This NOV has since been resolved. On February 17, 2011 Metro issued a Field Notice of Violation (FNOV) to Recology Oregon City for failure to remove yard debris from the site within 72 hours of receipt. The FNOV has since been resolved.

In addition to the Nature's Needs facility, Recology, Inc. owns and operates two other DEQ approved composting facilities in Oregon: 1) the Northwest Greenlands compost facility located in McMinnville, and 2) the Recology Oregon Compost, Inc. facility located in Aumsville. Currently, no food waste from the Metro region is delivered to either of these two facilities.

Based on communication with the DEQ and Washington County, the Nature's Needs composting facility operates in compliance with all federal, state, and local requirements, rules and regulations and has had no violations related to public health, safety or environmental regulations with the current owners. However, based on communication from the DEQ and Washington County, neighboring businesses and local residents have identified odors at the Nature's Needs facility, under previous owners, as a concern.

Accordingly, Nature's Needs is required by Washington County and DEQ to implement reasonable and practical measures to control and minimize odors through site design and operations. The odor control measures during the demonstration project include processing incoming mixed food waste feedstock in a timely manner (i.e., within 30-minutes of receipt) blending of feedstocks, good housekeeping, and monitoring moisture and temperatures of composting feedstock. The use of a forced aeration system and a biofilter system will help control and minimize odors. The system will pull air through the composting piles and direct the air to a biofilter consisting of organic material such as wood chips or compost covers. Biofilters are commonly used at composting facilities due to their success in effectively treating odors associated with composting.

(3) *The adequacy of operational practices and management controls at the non-system facility;*

Nature's Needs will accept and compost the mixed food waste under the auspices of the Washington County Non-Green Feedstock Demonstration Project that includes a franchise agreement, and under authority of a Solid Waste Letter of Authorization ("SWLA") issued by the Oregon DEQ. The DEQ SWLA is valid until April 22, 2011. In addition, Nature's Needs has applied for a standard DEQ composting permit that would authorize acceptance and composting of the mixed food waste on a regular basis. The DEQ will hold a public hearing on the proposed permit on March 8, 2011. If the DEQ does not issue a permit to Nature's Needs or extend the SWLA, the NSL will be terminated.

Demonstration project overview

Washington County has issued Nature's Needs a franchise for accepting and processing the mixed food waste as part of its Non-Green Feedstock Demonstration Project. The demonstration project is authorized through December 31, 2011 and will evaluate the feasibility of composting the mixed food waste. If Washington County revokes or does not renew the franchise for Nature's Needs, the Metro NSL issued to WMO to haul mixed food waste to Nature's Needs may be immediately terminated. More detailed information on the Nature's Needs composting pilot study, the DEQ Letter of Authorization, and the Washington County franchise for Nature's Needs is on file with Metro's Finance and Regulatory Services Department.

During the demonstration project, Nature's Needs intends to receive about 200 tons per week of mixed

food waste (an equivalent of about 10,000 tons per year as allowed by Washington County for the demonstration project). This NSL will authorize WMO to deliver up to 6,000 tons of food waste per year to the Nature's Needs facility as part of the demonstration project. On November 5, 2010, AGG Recology was issued an NSL (N-131-10) to deliver up to 3,400 tons per year of mixed food waste. The combined tonnage limits for the proposed WMO NSL and the existing AGG NSL is 9,400 tons per year and will help meet the tonnage requirements for the demonstration project. All weights will be recorded at the existing scale house. Loads will be inspected for contaminants at the scale house and again as they are unloaded. A paved tipping area will be dedicated to the mixed food waste. The mixed food waste is then mixed with processed yard trimmings to get an optimal carbon-nitrogen ratio. This mixture of materials is then used to construct compost piles which will be covered and aerated within 30 minutes of delivery.

Nature's Needs is using an aerated static pile technology for the pilot project. The mixed material is placed in a windrow approximately 20-feet wide, 80-feet long and 10 to 12-feet tall. Two 8-inch diameter perforated pipes are embedded in the windrow to act as conduits for the purpose of drawing air through the compost windrows. Each of the conduit pipes is connected to a 1-horse power blower that pulls air through the compost windrow. Exhaust air is distributed through a biofilter for odor treatment.

The composting material resides in the aerated windrows for about 30 days, and then is removed for curing. The aerated windrows will also be covered with plastic tarps to help maintain moisture levels and shed stormwater. Temperature monitoring for meeting pathogen reduction requirements will be performed during the third or fourth week of the active aeration stage. Finished screened compost will be sampled for laboratory testing to document compliance with pathogen reduction criteria. Materials that do not meet the pathogen reduction standards must be composted again or disposed.

Metro staff will monitor the progress and results of the food waste demonstration study throughout completion. If the mixed food waste delivered to the non-system facility does not meet the facility's acceptance criteria or the non-system facility fails to process and compost the material, then the proposed non-system license will require the licensee to pay Metro the Regional System Fee and Excise Tax on each ton of waste delivered to the non-system facility that is ultimately disposed.

*(4) The expected impact on the region's recycling and waste reduction efforts;*

Approval of the proposed NSL is likely to have a positive impact on the region's recycling and waste reduction efforts. If the food waste demonstration project is successful, Nature's Needs would result in additional organics processing capacity for the region, providing a benefit to the regional organics recovery program. This NSL is important to the Washington County demonstration project, as it will permit deliveries of food waste in sufficient quantity and quality to the facility for assessment of the composting odor controls and feedstock management practices.

*(5) The consistency of the designation with Metro's existing contractual arrangements;*

The waste subject to the proposed license will be delivered to a composting facility rather than disposed at a general-purpose landfill. Thus, approval of the requested license does not impact Metro's disposal contract or any other of its existing contractual arrangements. Recology, as the contract operator for Metro Central Transfer Station, has assumed a contract with Metro for delivery of food waste to the Cedar Grove Composting Facility in Washington.

- (6) *The record of the applicant regarding compliance with Metro ordinances and agreements or assistance to Metro in Metro ordinance enforcement and with federal, state and local requirements including, but not limited to, public health, safety and environmental rules and regulations; and*

WMO is a solid waste hauler and has not received any written warnings or citations from Metro. As a solid waste hauling company, WMO does not have a history regarding Metro code or agreement compliance. The Troutdale Transfer Station, also owned by WMO, has had no violations related to public health, safety or environmental regulations and is in compliance with Metro code and franchise requirements.

- (7) *Such other factors as the Chief Operating Officer deems appropriate for purposes of making such determination.*

If the Nature's Needs food waste demonstration project with Washington County is successful, it would result in additional organics processing capacity for the region, providing a benefit to the regional organics recovery program. Further, when all the site improvements are completed and all approvals are obtained, Nature's Needs will provide a closer alternative for food waste composting to the region. For example, mixed food waste collected for composting from the Metro region is currently transported 167 miles to the Cedar Grove composting facility in Maple Valley, Washington. In contrast, the Nature's Needs composting facility is located at the edge of North Plains (unincorporated Washington County), about seven miles outside the Metro boundary. The PRC facility located in Monmouth, Oregon is located about 55 miles from the Metro region.

### Conclusion

The Chief Operating Officer finds that the NSL application satisfies the requirements of Metro Code Section 5.05.035, License to Use Non-System Facility.

### **3. Anticipated Effects**

The effect of Resolution No. 11-4240 will be to issue an NSL for delivery of up to 6,000 tons per calendar year of mixed food waste from: 1) commercial generators collected by WMO and delivered directly to the Nature's Needs facility, and 2) residential curbside food waste co-collected with yard debris during the City of Portland pilot program and reloaded at the Troutdale Transfer Station, delivered to the Nature's Needs facility.

### **4. Budget Impacts**

The NSL as proposed would affect two Metro funds: the Solid Waste Fund and the General Fund. The effects on each are described in turn.

The analysis is based on Metro's current solid waste revenue system. The impacts are based on information provided in the WMO application and in follow-up information provided by WMO, but the reader should note that these impacts would be the same for any comparable waste diverted from disposal.

## Assumptions for the Analysis

According to the application, WMO will deliver various feedstocks totaling 6,000 tons per year from several different sources. The budget analysis requires information on *which* of these feedstocks will be diverted from Metro's solid waste revenue system, *how much* will be diverted, *when* it will be diverted, and *from where*.

Which feedstocks and how much. This analysis is based on the assumption that only a portion – 4,812 tons – of the commercially-generated feedstock identified in the application are currently disposed as mixed putrescible waste and incurs full Metro fees and taxes. Approval of this NSL would remove these tons from paying Metro fees and taxes.

- Residentially generated feedstocks. A portion – 720 tons per year – of the 6,000 tons authorized by this NSL is already being collected by WMO under the City of Portland food waste and yard debris collection program and delivered to Troutdale Transfer Station. Of the 720 tons, only 5% by weight, or 36 tons, is food waste and the balance, 684 tons, is yard debris. Yard debris has a long-standing exemption from Metro fees and taxes. The food waste component of this waste stream was previously authorized to be delivered to PRC under NSL N-113-10(2) issued on April 5, 2010. Accordingly, approval of this NSL would not change the currently exempt status of these 720 tons from Metro fees and taxes, or create any new significant impacts on the budget or management of Metro contracts.
- Commercially generated food waste currently delivered to the food waste program at Metro Central. WMO estimates that it delivers 468 tons per year of source-separated commercial drop box loads of food waste to Metro Central. Since this food waste will be redirected under the proposed NSL, the diversion does not reflect new diversion and has already been factored into the budget, solid waste rates, and contracts.
- Commercially generated food waste from new collection programs. WMO estimates that the balance of the 6,000 tons requested under the proposed NSL will represent new food waste diversion from commercial generators. This amount is 4,812 tons, which is the 6,000 ton authorization less the 720 tons of residential yard debris and food waste and 468 tons of commercial food waste described above. These 4,812 tons of commercial food waste are currently disposed as mixed putrescible waste and incur full Metro fees and taxes. Approval of this NSL would exempt these tons from Metro fees and taxes only after new source-separated commercial food waste collection programs have been established.

When. This analysis is based on the assumption that WMO begins collecting food waste on April 1, 2011. For simplicity, the results are shown for a ramp-up to the full authorization during FY 2011-12. Metro would experience the same budgetary impacts if ramp-up is in fact slower, but they would be realized over a longer time period.

From where. The budget impact is based on the assumption that all 4,812 tons of the food waste will be diverted from putrescible waste currently delivered to private transfer stations in Washington County (e.g. Forest Grove, Pride Disposal, and WRI).

## The Solid Waste Fund

Because none of the 4,812 tons is currently delivered to Metro-owned transfer station, under this

proposed NSL, the diverted food waste would increase only one expenditure from the solid waste fund: the price that Metro pays to Waste Management for disposal at Columbia Ridge Landfill under its contractual declining block rate. Diversion of 4,812 tons would reduce the dollar amount of the disposal budget but at a higher cost per ton. The Metro tip fee would have to rise by seven cents to recover this cost. To put this number in context, the current tip fee is \$85.85.

On the revenue side, the exemption of 4,812 tons from the Regional System Fee translates to a potential revenue loss of approximately \$80,500. Historically in similar circumstances Metro has raised the system fee to cover the effect of tonnage lost to the recovery exemption. In this case, that impact would be an increase of eight cents per ton. This eight cents would be charged on all solid waste that continues to be disposed, including the waste delivered to Metro transfer stations and privately-owned landfills. To put this number in context, the current Regional System Fee is \$16.72.

In summary, the total effect would likely be a rate increase rather than a budget impact. The increase would amount to \$0.15 (\$0.07 + \$0.08) on the Metro tip fee and eight cents per ton at private facilities.

### **The General Fund**

The impact on the General Fund is entirely on the revenue side in the near term. As with the Regional System Fee, approval of this NSL would remove 4,812 tons from the revenue base. However, unlike the Regional System Fee, the excise tax rate is driven entirely by previous-calendar year tonnage. Therefore, it takes about two years for the reduction of the tonnage base to work its way into the rate calculation. Until that happens, approval of this NSL would reduce General Fund revenue by about \$85,200 in the first full year and about a third of that in the second year. By the third year the rate will have increased by \$0.06 per ton to absorb the revenue impact.

### **Summary**

Analysis is provided for the impact on two Metro funds. Again, the reader should note that these impacts would be the same for any waste diverted from disposal.

- **Solid Waste Fund.** The diversion of tonnage from disposal to recovery would reduce the dollar amount that Metro budgets for disposal operations, but the per-ton cost would rise on the waste that continues to be disposed. Historically, Metro has covered such changes by raising solid waste rates. Under this NSL, the Metro tip fee would rise by \$0.15, excluding excise tax changes.
- **General Fund.** Approval of this NSL will not affect General Fund costs, but the excise tax rate will have to rise \$0.06 to recover the revenue lost to the diversion of tonnage. It will take over two years for the rate to adjust fully under the current rate mechanism in Metro Code. There will be a \$110,700 loss of revenue to the General Fund during the adjustment period of two years.

### **RECOMMENDED ACTION**

The Chief Operating Officer recommends approval of Resolution No. 11-4240, and issuance of an NSL substantially similar to the NSL attached to the Resolution as Exhibit A.

BM:bjl  
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