



METROPOLITAN SERVICE DISTRICT
527 S.W. HALL ST., PORTLAND OR. 97201, 503/221-1646

A G E N D A Solid Waste Policy Alternatives Committee

Date: July 25, 1983

Day: Monday

Time: 12:00 noon - 2:00 p.m.

Place: Metro Offices, Conference Room A-1, A-2

- I. Election of Chairperson and Vice Chairperson
 (Required each fiscal year)
- II. Approval of May 23 and June 20 minutes
- III. Reconsideration of financial assurance for
 post closure maintenance.
 (Lack of quorum at June 20 meeting.)
- IV. Rates for 1984 at St. John Landfill and
 Clackamas Transfer and Recycling Center

Solid Waste Policy Alternatives Committee
May 23, 1983

Members

John Trout
Mike Sandberg
Dave Phillips
Shirley Coffin
Dick Howard
Howard Grabhorn
Jim Cozzetto
Delyn Kies

Staff

Dennis O'Neil
Evelyn Brown
Dan Durig
Dennis Mulvihill
Doug Drennen

Guests

Merle Irvine, Oregon Waste Management
George Hubel, Rate Review Committee
Chairman

SOLID WASTE POLICY ALTERNATIVES COMMITTEE

May 23, 1983

Committee Members Present: John Trout, Mike Sandberg, Dave Phillips, Shirley Coffin, Dick Howard, Howard Grabhorn, Jim Cozzetto, Delyn Kies

Staff Present: Dennis O'Neil, Evelyn Brown, Dan Durig, Dennis Mulvihill, Doug Drennen

Guests: Merle Irvine, Oregon Waste Management
George Hubel, Rate Review Committee
Chairman.

John Trout opened the meeting at 12:10 p.m. and requested approval for the minutes. The minutes of March 21, 1983 were approved as written.

Dan Durig introduced George Hubel, Chairman of the Rate Review Committee.

Dennis O'Neil asked Committee Members to look at Section 19 of the Disposal Franchise Ordinance and went over bench mark pricing or shadow pricing's general background. Dennis opened discussion to the Committee by asking if financial information is needed from franchised sites to set rates. The alternative is a way to save money, paperwork and time. Would this result in setting rates too low and allow unfair competition?

George Hubel asked the Committee what a fair rate of return is or should be. Dave Phillips replied that Clackamas County allows 20 percent of gross sales before corporate or business taxes, covenants, etc.

George Hubel asked if anyone used assets/equity? Dave Phillips replied that Clackamas County tried it. Someone stated the PUC was using a 7-10 percent rate of return after taxes.

George Hubel went over the shadow pricing issue citing paperwork as the least important factor. Rate studies done for landfills have no previous history for setting rates anywhere in the country. What is fair and equitable? The Killingsworth Rate Study was based on the trucking industry--how do you justify that the rate of return for trucking is what the rate of return should be for a landfill? He added that the committee (Rate Review) asked Killingsworth representatives how they came to request the rates presented. He said the company responded that if the rates were lower, the company would lose money, if the rates were set higher, the company would lose the business to St. Johns and H.G. LaVelles. Therefore, the rates were based on what the market would bear.

Solid Waste Policy Alternatives Committee

May 23, 1983

Page 2

Mike Sandberg questioned the value of a franchise to regulate rates if Metro's going to raise someones rates to the benchmark price whether it is legitimate or not. He pointed out that trying to compare rates for disposal among various facilities is like trying to compare apples and oranges. How is Metro going to compare debt service, cover material, etc.? Mike added that if CTCRC raises its rates then all facilities could raise their rates and you'd end up with an artificially high rate which allows them to charge more than they should.

Jim Cozzetto stated that as a co-owner of Killingsworth Fast Disposal it was (and is) an attractive operation based on costs and that the property will be worth more after the "hole" is filled in. There was discussion on the role property value (or potential property value) should have.

Jim Cozzetto added that with Metro operating the only two facilities in the district that can accept putrescible wastes, there is no competition. Killingsworth can't accept food waste. He pointed out that the rates at Killingsworth are arranged so that the heavy material is taken to Killingsworth and the light materials and food wastes go to St. Johns to save valuable space at St. Johns.

George Hubel asked Jim Cozzetto if he would object to Killingsworth charging a certain rate and attracting a great deal of volume-- explaining that the more volume Killingsworth can attract, the more they can spread the fixed costs they have over that volume, meaning theoretically more profit. Jim Cozzetto responded that as long as the collector's rates for disposal remains reasonable, the profit a facility makes is its own business, and the community should be aware and take an interest in what the landfills charge.

George Hubel replied that was what the Rate Review Committee felt. "Reasonable" rates under the benchmark pricing system would be the same or less than the benchmark price.

Mike Sandberg said he had difficulty with that and added if Metro doesn't want to regulate rates Metro should get out of the business. He couldn't agree with regulating rates and not being concerned with unreasonable profits. That this is a responsibility of government if regulation of the industry (solid waste) is to be managed.

Discussion continued on this subject and Dave Phillips asked about looking at a profit and loss statement for the industry as a whole. The Committee discussed fixed costs, the variation involved with the industry. The breakeven point, the pros and cons of using a yardage vs. tonnage rate system.

Solid Waste Policy Alternatives Committee

May 23, 1983

Page 3

Merle Irvine, from Oregon Waste Management, raised the issue of benchmark pricing as it relates to his proposed operation which would involve the transfer and separation of cardboard from mixed loads. Mr. Irvine asked how the revenue would be determined and what justification made for rates to be charged when the recycling markets are in consistent flux?

George Hubel pointed out aspects of Oregon Waste Management's situation as being an example of comparing "like facilities to like" and when you have an "unlike" facility, the Rate Review Committee would use the least expensive Metro facility (St. Johns) as the benchmark.

George Hubel asked if anyone had problems with excessive profits in a situation such as Oregon Waste Management's.

Jim Cozzetto said that the earlier statement he made regarding profits should be clarified to reflect that profits should be "just" and not "excessive". George Hubel asked what "excessive" should be defined as. Committee discussed this but no definition was agreed upon. George Hubel, in speaking to reasonableness, said that the Rate Review Committee is very concerned with assuring that the rates are fair and reasonable and have little interest in the profits--unless the private business comes in and requests a higher rate than St. Johns landfill.

George Hubel said the Rate Review Committee had to develop "from whole cloth" a methodology for establishing rates. What do you base the rates on? Past, present or future potential? The comparison to the trucking industry was nice, but what does trucking have to do with solid waste disposal facilities? The Committee discussed equity of facility property and determination of property value.

The Committee discussed the cost of service, cost of collection, disposal--everything involved in managing solid waste.

Mike Sandberg continued to express his concern that the Rate Review Committee has no Washington County representative and Washington County is concerned about who will keep rates reasonable for the County. Mr. Sandberg feels he is hearing from Mr. Hubel that the Rate Review Committee doesn't care about what facilities may charge or the profit they make.

Mr. Hubel responded emphatically that facilities will not be allowed to charge whatever they want but they would be allowed to charge under the benchmark price.

Mike Sandberg asked why demolition landfills were not exempted from the disposal franchise ordinance? George Hubel responded that the Rate Review Committee looked at this issue and wondered "why not?" There would be no problems from the RRC if this were done tomorrow, since the committee spent six months trying to decide why it existed in the first place.

Jim Cozzetto said that the ordinance keeps too many facilities from opening. The committee noted that this issue is of concern and importance and then moved to agenda item No. 3, dealing with differential rates for recycling.

Dennis O'Neil passed around handouts dealing with options available and briefly went over each. He asked the Committee for their input on the handouts.

Dave Phillips said the options offered are not sufficient to motivate people to recycle. Not enough incentive, too much time involved, etc. He stated that educating people about recycling is where a program must start. Economic incentives are not going to motivate people to recycle.

John Trout said the rate differential is a fallacy. Metro may say those who recycle receive reduced disposal fees, but the contractor at the landfill receives a fixed rate. If Metro doesn't get enough revenue to pay this then rates must go up to cover the shortfall. There is no such thing as rate differential.

George Hubel agreed with the premise but not the conclusion. He added that a decision must be made on whether disposal of non-recyclables should be more expensive so the recycling of materials is less expensive and if so, by how much?

Dave Phillips asked what is going to happen if SB 405 passes? Then everyone in the Metro area will have a curbside pickup program and the rate differential is a moot point.

John Trout asked how such a program would be policed, if it were to be implemented.

The Committee discussed where should the incentive for recycling be? Is recycling an important consideration when dealing with rates? Is recycling a priority? The Committee discussed the stability of recycleable markets. The possibility of distorting the market to favor recycling and disfavor disposal, and how to plan for downturns in the markets.

The Committee discussed motivation of the public to recycle and the emphasis on convenience to get the public to participate.

General consensus of the Committee was that differential rates are not a realistic alternative to encourage and increase recycling. Differential rates on their own would not be sufficient even if the fund was dedicated to promotion and advertising without another program established to use with differential rates.

Bob Brown pointed out that if recycling were mandated, some people would participate simply because it is the law, i.e., like the 55 mph limit.

Solid Waste Policy Alternatives Committee

May 23, 1983

Page 5

Committee lost quorum before beginning agenda item number 4 and Dennis O'Neil said he would put it on the agenda for the next meeting.

John Trout adjourned the Committee after receiving a motion to adjourn.

P:bl

SOLID WASTE POLICY ALTERNATIVES COMMITTEE

June 20, 1983

Committee Members Present: John Trout, Gary Newbore, Dave Phillips, Shirley Coffin, Edward Sparks, Mike Sandberg, Bob Harris

Staff Present: Dennis Mulvihill, Ed Stuhr, Dan Durig, Doug Drennen, Dennis O'Neil, Terilyn Anderson, Patti Polly

Guests: Rosemary Reynolds, KYXI

John Trout called the meeting to order at 12:14 p.m.

Doug Drennen introduced Ed Stuhr as a new staff member and gave a brief history of his prior experiences. Dennis Mulvihill handed out information dealing with the yard debris project, including the letter from the Yard Debris Steering Committee, to Rick Gustafson as Executive Officer, and a memo from Rick to the Metro Council. He mentioned there would be a public forum to discuss this issue because it will affect all jurisdictions within the urban growth boundaries. The Committee asked when the yard debris issue would be put before SWPAC for recommendations. Dennis Mulvihill indicated sometime in late August or September.

Terilyn Anderson went over the issue of post closure maintenance assurance, i.e. the need for a trust fund to ensure available funds for post closure maintenance. She pointed out that the rate review committee recommends this. Terilyn outlined the scope of the post closure maintenance fund (trust fund). She said that each site would be required to submit a written post-closure maintenance plan.

The Committee asked whether or not post closure was already allowed for in the Disposal Franchise Ordinance. Terilyn replied there is a closure bond, but the bond is only sufficient to assure the facility can be closed properly, i.e., final cover, etc., and would terminate with site closure.

Dave Phillips asked what would occur if 15 years were not sufficient to cover the expenses of post-closure maintenance? John Trout asked where the money goes after the 15-year period is over? Terilyn Anderson stated the Rate Review Committee did not specifically address the shortfall issue but recommended that monies left over revert to Metro's solid waste fund.

Solid Waste Policy Alternatives Committee
June 20, 1983
Page 2

Gary Newbore asked how this "trust fund" requirement would be implemented at facilities since the public would be paying the additional cost of such a program. Would it be tacked onto the Metro user fee? A separate fee? Terilyn responded that it would be an added part of the base rate.

Gary Newbore asked if tonnage or yardage at any facility in the Metro district has gone up since rates were raised.

Doug Drennen answered that there has been a decrease in total solid waste generated (disposed of at landfill areas). All the landfills are showing a decrease which he attributed to recycling, economy and illegal dumping.

Gary Newbore pointed out that when prices go up, more and more people are finding alternatives to disposing of solid waste at a landfill. Another fee could only result in more illegal dumping. Raising the fees is not the answer.

Dennis O'Neil said that a post-closure-maintenance fund should already be a part of landfill operational and rates plans but this cannot be assumed to be accurate in all cases. A trust fund is proposed to make sure this money is set aside and available.

Gary replied that because Metro would be taking monies directly from the operators, rates would go up and further. A bond could be used to cover such a purpose. There was a disagreement with this by staff as to whether a bonding company would cover post-closure maintenance of closed sites.

Gary replied that the trust fund is not the most cost-effective method.

John Trout pointed out that the older sites would have greater difficulties but the more recently developed facilities have more environmental restrictions on them and therefore less risk for post-closure maintenance problems.

Bob Brown pointed out that DEQ has a bill before the Oregon Legislature to require "financial assurances" but the bill does not specify what those assurances will be. If the bill passes, the law would go into effect January 1, 1984. John Trout asked that if the balance of funds left over is put into a fund dedicated to Metro solid waste program--isn't it just another form of a hidden tax?

Motion: Dave Phillips moved that the Committee go on record as supporting the concept of a post-closure maintenance fund for all sites.

Second: Bob Harris seconded

Solid Waste Policy Alternatives Committee
June 20, 1983
Page 3

Under discussion, Gary Newbore voiced concern over the use of the word "fund". A fund designates that the money is taken away from the operators of the site and cannot be utilized for the site. Any use of such a fund is basically unknown until after the site is actually closed. He added that an insurance program could be used.

The Committee discussed liability for a site which is sold after closure--Is liability transferred to new owner and if so, what occurs if the new operator refuses? Bob Brown from DEQ replied that the DEQ permit says that if a permittee refuses to maintain a site, liability for it goes to the property owner.

Motion: Gary Newbore moved to amend the original motion to read "program" in place of the word "fund".

Second: By Bob Harris

Members voted as follows: Tally called for by John Trout.

J. Cozzetto:	Absent
S. Coffin:	Yes
H. Grabhorn:	Absent
J. Gray:	Absent
B. Harris:	Yes
D. Howard:	Absent/vacation
P. Johnson	Absent
D. Kies:	Absent/Ill
G. Newbore:	Yes
D. Phillips:	No
M. Sandberg:	Yes
E. Sparks:	Yes
J. Trout	Yes
K. Wellington:	Absent

Tally of vote: Yes-6; No-1; Absent-7;

Motion Carried.

Amended motion now reads, "that the Committee go on record as supporting the concept of a post-closure maintenance program for all sites."

Under new business, Doug Drennen informed the Committee that the Regional Services Committee would be looking at diversion credits and issues raised will be brought back to SWPAC for recommendation and consideration.

John Trout adjourned the Committee.

P:bl

Definitions

"Post Closure Maintenance" means environmental maintenance of a solid waste landfill for 15 years after closure including, but not limited to, erosion control, maintenance of adequate surface drainage, gas, groundwater, surface water monitoring with data submission, gas and leachate collect in and disposal system maintenance if these systems are present.

"Closure" means the Department of Environmental Qualitie's written acceptance that the operator of a solid waste landfill has satisfactorily completed the site's operational plan including, but not limited to covering the site, establishing the site's final Countours and installing any required gas, drainage or leachate collection systems.

"Trust Fund" means an irrovacable sum of money collected and disbursed exclusively for the purpose of ensuring that the owner or any successor in interest will comply with the post closure maintenance plan approved by the Executive Officer for each franchised solid waste disposal site.

"Trust Fund Contribution" means an amount separate from any other Metro fees approved by the Council and charged by landfill site franchisees to all site users and submitted to Metro to pay for each sites postclosurer maintenance requirements.

Post Closure Maintenance
- continued -

Solid Waste landfill franchisees shall provide a bond guaranteeing compliance with a post closure maintenance plan approved by the Executive Officer or contribute to a post closure maintenance trust fund managed by Metro.

Bonds: The total amount of the bond will be determined by the Executive Officer based on the post closure maintenance plan. The Executive Officer may change the amount of an existing bond for a franchised facility. Liability under a solid waste bond shall be for the duration of the franchise and post closure maintenance period.

Bonds shall not be cancellable at any time for any reason including but not limited to non-payment of premium or bankruptcy of the franchise during the period of liability.

POST CLOSURE MAINTENANCE TRUST FUND

-3-

Solid waste landfill franchisees shall collect a post closure maintenance contribution from all landfill site users. The amount of the contribution and the unit of contribution, such as tons or cubic yards, shall be established annually by the Executive Officer based on the post closure maintenance plan required by Section 7(2) (d) and 13 (2) of this ordinance and a recommendation from the Rate Review Committee established by Section 18 (1).

The post closure maintenance contribution shall be submitted to Metro with the User Fee Report required by Section 16 on or before the 20th day of each month following each preceding month of operation.

The Executive Officer shall hold and manage the fund and may invest it in such investments as the Executive Officer deems appropriate, at the discretion of Metro. The franchisee, owner of the franchised property or successor of interest, shall have no right to control, use, borrow, or otherwise affect the trust fund except that the property owner or successor of interest has the right to claim reimbursements for post closure maintenance costs during the post closure maintenance period.

Metro shall deposit the post closure maintenance contribution in an irrevocable trust fund account held separately for each site.

Metro may intermingle the rate surcharge monies with other funds so long as an accurate accounting of the surcharge fees are maintained.

There shall be no withdrawals from the trust fund except

Post Closure Maintenance Trust Fund
-continued

Trust fund expenditures shall be made only for the site that contributed to the trust fund. Trust fund withdrawals may be made during the term of the franchise and the post closure maintenance period for post closure maintenance activities and associated administrative costs.

The Executive Officer or his authorized agent may examine during reasonable business hours the books, papers and records of the property owner or successor of interest to verify compliance with the post closure maintenance plan.

Metro shall be the sole beneficiary of trust fund.

Any monies left in the trust fund at the end of the post closure maintenance period shall be dedicated to Metro's Solid Waste Management Fund.

The owner of the franchised landfill site or any successor of interest is responsible for carrying out the requirements of the post closure maintenance plan.

Metro shall execute an appropriate legal agreement with the property owner, transferable to any successor of interest establishing the property owner's responsibility for post maintenance activities including compliance schedules and reimbursement procedures under the post closure maintenance plan.

Metro shall have the right to use part or all of the trust fund to carry out the requirements of the plan.

- continued-

right to enter the property and maintain the site during the post
closure maintenance period

b1

7/25/83

SOLID WASTE FLOWS

	<u>1982-83 Actual</u>		<u>1984 Study</u>	
	Commercial	Public	Commercial	Public
St. Johns	253,517	20,627	305,190	19,480
CTRC	<u>26,132</u>	<u>7,656</u>	<u>182,400</u>	<u>34,200</u>
Subtotal	279,649	28,283	487,590	53,680
Total	307,932		541,270	

* Rossmans disposed of 237,032 tons between July 1982 and June 1983

ST. JOHNS LANDFILL
PROJECTED EXPENDITURES

	<u>1983 Rate Study</u>	<u>1984 Rate Study</u>
Operations	\$3,329,000	\$3,457,320
Final Improvements	1,330,000	418,660
Land Lease	197,800	227,400
Reserve (Perpetual Maintenance)	171,800	171,800
Debt Service	75,400	198,480
Gen'l Fund Transfer	92,000	97,520
Recycling	3,516	3,730
Contractual Serv.	40,000	42,400
Metro Operating Cost	311,000	331,600
Contingency	<u>271,000</u>	<u>300,000</u>
Total	\$5,821,516	\$5,248,910

ST. JOHNS LANDFILL

Cost Allocation

In Dollars

	<u>Commercial & Transfer</u>	<u>Direct Public</u>	<u>Recycling</u>	<u>Total</u>
Operations Contact	\$3,625,016	\$250,964	---	\$3,875,980
Land Lease	219,214	8,186		227,400
Reserve Funds	165,615	6,185		171,800
Debt Service	183,348	15,132	---	198,480
General Fund Transfer	94,009	3,511	---	97,520
Recycling	---	---	3,730	3,730
Contractual Services	40,874	1,526	---	42,400
Metro Operating Cost	321,277	10,323	---	331,500
Contingency	<u>289,200</u>	<u>10,800</u>	<u>---</u>	<u>300,000</u>
Total Cost	4,938,553	306,627	3,730	5,248,910
Projected Tons	521,790	19,480		541,270

b.1
7/22/83

CTRC

PROJECTED EXPENDITURES

	<u>1983 Rate Study</u>	<u>1984 Rate Study</u>
Operation Contract	\$1,207,400	\$1,671,850
Debt Service	262,000	258,000
Gen'l Fund Transfer	37,400	97,520
Recycling	3,300	3,500
Metro Operating Costs	195,100	173,290
Contingency	<u>-0-</u>	<u>100,000</u>
Total	\$1,705,200	\$2,304,160

CLACKAMAS TRANSFER AND RECYCLING CENTER
COST ALLOCATION IN DOLLARS

	<u>Commercial</u>	<u>Public</u>	<u>Recycling</u>	<u>Total</u>
Operations Contract	\$1,407,700	\$264,150	---	\$1,671,850
Debt Service	71,724	186,276	---	258,000
Gen'l Fund Transfer	82,012	15,408	---	97,520
Recycling	--	--	3,500	3,500
Metro Operating Costs	61,719	111,571	---	173,290
Contingency	<u>84,200</u>	<u>15,800</u>	<u>---</u>	<u>100,000</u>
Total	\$1,707,455	\$593,205	\$3,500	\$2,304,160
Projected Tonnage	182,400	34,200		216,600
Projected Trips	36,660	95,316		131,976

CONVENIENCE CHARGE

1983 Rate Study

Proposed
1984 Rate Study

Revenue Require

Rate

Revenue Require

Rate

\$325,600

1.49 per ton

487,350

2.25 per ton

RATE COMPARISON

	<u>COMMERCIAL (per Ton)</u>		<u>PUBLIC (per trip)</u>	
	<u>1983 Actual</u>	<u>1984 Proposed</u>	<u>1983 Actual</u>	<u>1984 Proposed</u>
<u>St. Johns</u>				
Base	\$10.33	\$9.47	\$ 3.36	\$ 3.93
Regional xfr. Chrg.	1.47	2.00	1.60	.78
User Fee	1.68	1.68	.54	.54
Totals	<u>\$13.48</u>	<u>\$13.15</u>	<u>\$ 5.50</u>	<u>\$ 5.25</u>
<u>CTRC</u>				
Base	10.33	9.47	4.86	3.93
Regional xfr. Chrg.	1.47	2.00	1.60	.78
Convenience Chrg.	1.49	2.25	.50	.75
User Fee	1.68	1.68	.54	.54
Totals	<u>\$14.97</u>	<u>\$15.40</u>	<u>\$7.50</u>	<u>\$6.00</u>
<u>Other Facilities</u>				
Regional xfr. Chg.	1.47	2.00	1.60	.78
User Fee	1.68	1.68	.54	.54
Totals	<u>\$ 3.15</u>	<u>\$ 3.68</u>	<u>\$2.14</u>	<u>\$ 1.32</u>

bl

7/22/83



METRO

METROPOLITAN SERVICE DISTRICT

527 S.W. HALL ST., PORTLAND, OR. 97201, 503/221-1646

MEMORANDUM

Date: August 15, 1983

To: Citizens on the Mailing List for
Metro's Solid Waste Policy Alternatives
Committee Meeting Agendas

From: Dennis O'Neil

Subject: Current interest in continuing to be
on the mailing list.

If you wish to continue being on the mailing list
for the Solid Waste Policy Alternatives Committee,
please call Bonnie Langford at 221-1646 X 852,
within one week.

SOLID WASTE ADVISORY COMMITTEE
GUESTS AND ADVISORS IN ATTENDANCE

DATE 7-25-83

GUEST OR ADVISOR	AFFILIATION
✓ John Trout	Collection Industry
✓ Shirley Coffin	Wash. Co. Public
✓ Mike Sandberg	Wash. Co.
✓ Dellyn Fies	City of Portland
Buff Winn	METRO
Evelyn Brown	Metro
✓ DANIEL F. DURIG	METRO
✓ Douglas Dreuner	Metro
X/Sob Brown	DEQ
✓ DENNIS ONEL	Metro
✓ James F. Cozzetto	Collection Industry
✓ Dave G Phillips	Clackamas County DEIS
✓ EDWARD SPARKS	RECYCLING
✓ Howard Hrabhorn	Linn Co Wash. Co
X Joe Bartano	CITY SANITARY - PASSO
X Joe W. Concille Jr.	Passo
Terilyn	
Kath Margaret Brown	
Pat Kubala	