



METRO

2000 S.W. First Avenue
Portland, OR 97201-5398
503 221-1646

Agenda

Meeting: Solid Waste Policy Advisory Committee

Date: October 20, 1986

Day: Monday

Time: 12:00 p.m.

Place: Conference Room 330

- 12:00 - Meeting called to order
- Approval of August 4th minutes
- Announcements

12:10 - Discussion Issues:

A draft 15-month schedule has been prepared with key topic areas and the dates they will need to be addressed by.

The purpose of this is to focus SWPAC efforts. It also suggests informational and educational requirements to be covered prior to SWPAC decision making.

Additional items that should be discussed include: Need for field trips, guest speakers, election of officers, what information new SWPAC members would need, role of SWPAC in soliciting new members, other?

- Briefings:

In preparation for decisions on certification, staff will make presentations on Metro's yard debris program and the waste characterization study.

1:30 - Adjourn

SOLID WASTE POLICY ADVISORY COMMITTEE

SWPAC

MINUTES AUGUST 4, 1986

Committee Members Present:

Teresa DeLorenzo, Delyn
Kies, Gary Newbore, Pete
Viviano, Kathleen
Cancilla, Michael
Pronold, Carolyn Browne,
Dave Phillips, Robert
Harris, Dick Howard,
George Hubel

Committee Members Absent:

Shirley Coffin, Craig
Sherman, Ed Gronke,
Bruce Rawls, Mike
Sandberg

Staff Present:

Dan Durig, Norm Wietting,
Steve Rapp, Wayne Rifer,
Becky Crockett, Mary Jane
Aman, Kathy Rutkowski,
Randi Wexler, Donna Bill

Guests:

Doug Plambeck, Rate
Review; Estele Harem,
OSSI; Robert Brown, DEQ;
Karen DeVoll, Goodwill
Industries; Don Seep, St.
Vincent DePaul

The meeting was called to order by Teresa DeLorenzo at 12:07. She suggested that the committee defer dealing with approval of the revised minutes of June 16 and the minutes from the meeting of July 28, until the next meeting. She suggested we enter into discussion. Goodwill was present and requested some speaking time. The committee did not object to deferring the approval of minutes.

Mary Jane Aman, Administrative Assistant, introduced Kathy Rutkowski, temporary Administrative Assistant, and Donna Bill, temporary Solid Waste Secretary. She also mentioned it was her last week at Metro and noted these were the people to contact if any questions arise regarding minutes, agendas, etc. She reminded the committee to let her know of address or phone changes so she can update the list prior to leaving.

Wayne Rifer, Solid Waste Analyst, talked briefly on the certification program. He noticed confusion on three areas, which he thought he would clarify.

1. Decoupling. Ed Gronke asked at the end of last meeting: what is the purpose of the certification program if there are no rate incentives?

Wayne stated he wanted to make some points in response to this confusion.

1. ORS 459 establishes the basis upon which Solid Waste is managed in the State. Waste reduction is throughout the chapter and it is a responsibility of all segments of the Solid Waste industry to be involved in one way or another with Waste Reduction. Authority to regulate collection is granted to local governments in order to carry out two things:

- a. Requirements of State Law
- b. Metro's Waste Reduction Program and Solid Waste Management Plan

There are two essential purposes of the certification program, independent of its rate incentives. One is to develop and assign specific responsibilities to local collection services to carry out their responsibilities in the Waste Reduction Program and secondly, to measure and see if the responsibilities are being carried out.

Teresa suggested that copies of Gary's August 1 letter be distributed to the committee.

Delyn Kies sent an informational letter to the committee which she summarized, stating that the reason for the letter was to inform the committee about what the haulers were doing within the City.

Teresa introduced Don Seep, a representative from St. Vincent DePaul Society, who wished to make a presentation to the committee.

Don Seep passed out literature which was compiled in cooperation with Goodwill Industries. A yellow sheet within the packet reflects data compiled by St. Vincent DePaul, showing materials salvaged, recycled and sold, and a survey of disposal costs over the past three years as well as data sheets from Goodwill Industries. Attached to the packet is a letter which is jointly signed by St. Vincent DePaul and Goodwill Industries. He stated that the committee requested suggestions on the part of Goodwill and St. Vincent DePaul to assist the committee in an attempt to evaluate applicants for relief of the tipping fee, should that occur. Some suggestions were made in the packet, and Mr. Seep stated why he felt these organizations should be allowed relief from the tipping fee. Speaking in behalf of the organizations mentioned in the letter, Mr. Seep stated he appreciated the chance to be heard, and would appreciate any relief assistance which may be given. He also wanted to clarify he wasn't talking about hazardous waste material. Organizations such as St. Vincent DePaul seek support from the community by asking for items which can be repaired or reused for their specific charitable uses. The industries salvage, recycle and repair items, which they sell, thereby reducing the amount of landfill wasted. He invited anyone to visit St. Vincent DePaul to view their operation.

Gary Newbore asked Mr. Seep if it was true that three years ago St. Vincent DePaul was paying \$39.00 for 20 yard box at the Killingsworth disposal site. Mr Seep stated this was true. Gary Stated that presently, St. Vincent DePaul is paying \$40.00, which reflects a 2.5% increase over three years. Gary also stated that he knows the volume is going up, and he feels the landfill fees are not causing the problem.

Don Seep stated that St. Vincent De Paul has been, in the past, given a flat rate (20 cy rate), and they have been hauling 25 to 30 yards at a time.

Gary Newbore once again mentioned that the landfill rates are not the principal cause of the increase in disposal costs. Mr. Seep agreed.

George Hubel asked Mr. Seep what, if anything, was being done by St. Vincent DePaul to lower the volume of the incoming trash they accept.

Don Seep stated that this problem was discussed. He pointed out that there is a large expense, especially in the case of Goodwill, to have someone attend the collection centers. Goodwill has expanded their hours to 9:00 p.m., as has St. Vincent DePaul at their stores. In terms of what they are doing to avoid picking up the undesirable items, Mr. Seep stated it was a difficult problem, from a public relations point of view. They

will pick up the items, and in some instances, can repair and resell the items. This is done because it is cheaper than hauling it to the landfill, and someone may be able to use the item.

Dick Howard commented that in addition to these organizations, the county also receives items that are also unusable, and they are saddled with the same burden - that of disposal of someone's trash.

AGENDA ITEM: RATE INCENTIVES & CERTIFICATION DISCUSSION

Teresa asked for options for how to go through the staff report. She suggested either going through the recommendations directly and discuss each issue that way, or go through the background information and then go to the recommendations. She stated that talking about the recommendations, any issue related to the staff report itself would come out. She and Cathy Cancilla met earlier and came up with the following recommendations. They saw concerns for the differential tip fee at the last meeting. It seem to them, an appropriate way to handle the dilemma would be to entertain Alternative II. She asked for committee feelings on Alternative I vs Alternative II.

Dave Phillips expressed a concern for the differential tip fee as it applied to the City of Portland and concern over the concept of whether or not Metro would get "hit over the head" with no rate incentive for the certification program. He did some legal research in regards to ORS 459, and it appears that there is leverage in the ordinance in that it says a waste reduction plan that is arrived at by a Metropolitan Service District cannot be contradicted by any ordinance set up by a local government. Therefore, there is leverage to be able to work with a local government who is not performing with the Waste Reduction Plan, negating the need for a differential tip fee. He recommends going with Alternative II.

Gary Newbore asked if the only two options available were Alternative I or Alternative II.

Teresa responded by saying something else could be suggested, but that there needed to be a response to the staff report, perhaps by suggesting a different alternative and a mention of what that might be.

Gary asked what objectives a straight certification program reach.

Dave replied that it is a set of standards that are to be accomplished, and that each year there will be a standard to meet. Over the next few years the standards will be a little bit more complicated and detailed.

Delyn looks at the first year as a way to set up how everyone will work together in the years to come, seeing it as a way to develop methods of working smoothly and efficiently together.

Pete Viviano asked if the first year everyone would be certified.

Teresa responded by saying there will be certification STANDARDS that will be applied to everyone.

Wayne stated that it is not safe to assume that everyone will be certified in this coming year. The decision to be made by DEQ.

Teresa asked if there were any other comments about Alternative I, II, or suggestions for a different alternative. There were none.

ACTION: Dave Phillips moved that it be recommended to council that Alternative II be recommended, and that they proceed with that.

Seconded by Carolyn Browne. Carried with nine yes votes, one no vote, and one abstention by Pete Viviano.

Teresa began discussion on Materials Processing Rate Incentives, which is located on page six of the staff report. She stated that at the last meeting, there was concern expressed about extending Metro's intensive regulation of processing centers, in terms of controlling profitability of those centers. She also expressed concern regarding retro-fitting Clackamas Transfer Recycling Center (CTRC), to transport high grade loads, so there would be the opportunity to drop high grade loads at CTRC and then truck them to Oregon Processing Recovery Center (OPRC). She stated that it would be more appropriate to grant OPRC a non-exclusive franchise and let them determine their own profitability. One idea that came up was that there are opportunities for high grade load recycling closer to CTRC than OPRC, and perhaps diverting the loads to a closer site would be more effective than investing money in CTRC to retro-fit it. She is concerned about the level of regulation for materials processing centers and that it would require Metro to gear up a new department to understand that industry.

George stated that Teresa's statement was incorrect and that processing centers are already under regulation. The facility near St. Johns already has come to Rate Review, and it was Rate Review's recommendation to grant them a waiver. It appears under the franchise ordinance as it is currently written. Rate review recommended some kind of a variance be granted because of the advantage of recycling, and that the public was stirred by the fact that the facility would provide something to be done with the material at a lower cost than landfill.

Teresa mentioned she felt there was no reason to govern their profitability more closely. She does not accept staffs' position that processing centers could raise tipping fees too much; she feels they couldn't have too wide a profit margin and still get the volume through they wanted.

Norm Wietting, Solid Waste Operations Manager, stated that the idea was to try and create a differential split between St. Johns rates and the OPRC rates.

Dave Phillips feels that when you create a situation where you're driving material some way, you have an obligation to make sure the people dealing in that area don't take advantage of it. Some form of rate regulation needs to occur. He also mentioned that there will be a processing center in the south County area, negating the need for a \$100,000 renovation at CTCR. K&B recycling is building a new facility and will be approaching Metro for a franchise to operate a processing center.

Kathleen Cancilla mentioned that as a committee member she would like to see that Metro's goal be to assist in any other way they can, not necessarily financially, the start up of these recovery centers by making the permit and franchise, etc., system as smooth and timely as possible.

Gary responded to Norm and Dave's earlier comments about regulating the rates. It seems that the more successful OPRC is the more it should be applauded rather than punished by regulating the rates. When the profits are regulated, the incentive will reduce and only items that will make the most money will be collected, instead of all recyclable items, he said.

Dan Durig stated that the difference is that OPRC holds a franchise permit. The committee needs to read the franchise ordinance. Granting a franchise is relative to what makes sense for the system. Along with the franchise comes regulation. Under the franchise ordinance, Metro controls rates. Under the OPRC arrangement, a waiver was granted to those rates.

MCTION:

Dave Phillips moved SWPAC recommends Council take the necessary actions to result in a rate differential of \$2.00 to \$4.00 between a processing center and a regular disposal system and staff be directed to work closely with the processing centers to try to insure their success. Also, instruct staff to facilitate the opening of the private center in the south.

Seconded by Dick Howard who commented he would like to see the commercial marketplace determine the differential rather than have

it specified in the form of a formal regulation. Motion passes with seven yes votes, three no votes and one abstention from Kathleen Cancilla.

Dan, in response to Dick's comment, said the franchise ordinance already sets this up as a policy; the whole procedure is laid out. There is a landfill crisis on now, and there is a restrictive contract with the City of Portland. We will all see major economic impacts on the total system if action isn't taken. The position will be much more assertive than in the past; regulation is being done to save landfill space, not for the sake of regulation.

Gary stated that as he understands it, what is being suggested by the franchise ordinance is that if you want to cut down on waste to landfill by recycling, there must be a franchise. Also, because they have a franchise, we want to keep their prices down to a certain level.

Dan clarified the point. An operation which takes mixed waste must have a franchise. By regulating, the operation can reduce waste. Solid Waste Management is beset with often conflicting goals. For example, keeping costs down would suggest making volumes high, but we are also trying to cut down on the amount of waste buried at the landfill.

MOTION

George Hubel moved to amend the previous motion to provide that benchmark concepts be considered in rate making in processing centers rather than a specific range.

Seconded by Robert Harris, motion passes with 11 yes votes.

Carolyn Browne questioned why George wanted to stipulate benchmark as a reference rather than a dollar figure. She wanted to know the advantage of this type of action.

George stated that a benchmark is a price that is established, and if you are below the benchmark, it doesn't really matter what the rates are. The difference between the proposals is this one is saying the benchmark should be established on a case by case basis, since other variables besides price, such as location are important factors in deciding where to dispose.

Teresa expressed a concern regarding the vagueness of the wording in paragraph 2 of staff report under the Reuse Centers. She was also concerned with the wording related to tax advantages. She suggests a direct grant for organizations such as Goodwill and St. Vincent DePaul, who are doing aggressive recycling.

Gary stated that he also supported the activities of these organizations. He feels it should be Metro's policy to encourage them to continue doing a good job, but if you give them a reduced dumping fee, there is less of an encouragement for them to do a good job. On the other hand, they do deserve some sort of break somewhere for the service they provide.

Teresa stated that the organizations that should receive the breaks are the ones that provide a community service, and practice aggressive recycling. They need their performance rewarded.

Gary questioned where the line is drawn on community organizations getting breaks for recycling. Many organizations fall under this category.

Teresa suggested that the organization needs to have a history of recycling while not given the breaks. There needs to be a time line on their recycling efforts before breaks can be imposed.

Steve Rapp mentioned a matter of overcharging at Gary's operation (Killingsworth Fast Disposal). There was a thought to recapture of the overcharge by a break through the facility for the above mentioned organizations, as a short term policy.

Norm clarified the point by adding that the amount could be returned by leaving the present rate as it is and give the difference back through the reuse centers. By the end of next year, it would be essentially even.

MOTION

Dick Howard moved to maintain the status quo with respect to waiving the fees.

Seconded by Dave Phillips. Motion passed with five yes votes, one no vote, and four abstentions.

Teresa stated that she is concerned with meshing a yard debris program and public hauling, That it is not economically feasible in the large picture to encourage public hauling. It is Important to have source separated material. She added that there needs to be a public program which will encourage public hauling of source separated yard debris.

Dave stated that you are not encouraging the public to haul their own because they already haul a large amount of source separated yard debris.

Teresa questioned whether or not the staff report needs to be expanded to include more than St. Johns.

Dave suggested that you will need something to encourage the diversion. He stated that it should be Metro's rates at the gatehouse at St. Johns. There should be some sort of a rate differential to encourage people to bring in separated material.

MOTION

Dave moved that the staff report on yard debris rate incentives for St. Johns be accepted.

Seconded by Gary. Motion passed with five yes votes, one no vote, and four abstentions.

Delyn questioned what the schedule for the rate study would be so she, the committee, and the public could review the rate study.

Steve stated that the first reading of the rates was projected for the September 11 Council meeting. The final staff report is due on August 29; draft report due August 22. On September 15, a decision on the rate study would need to be made, which will be in time for the Council's second reading of the rate study later in the month.

Teresa stated that the material would be mailed to the SWPAC committee so it could be reviewed at the regularly scheduled SWPAC September meeting.

Dan requested that SWPAC be invited to the rate review meetings.

George replied that the meetings are always open to SWPAC members.

Dan stated that the committee needs to go over some of the general policies, noting that there hasn't been much time spent on the Waste Reduction Program and policies.

Teresa suggested that in staff reports the particular policy followed should be quoted, so the rationale would be apparent to the reader.

George stated that all notices of rate review meeting will go to all SWPAC members.

Adjourn 2:10 p.m.

Draft
SWPAC Schedule/Work Plan

October, 1986

- Discussion/Decision - Goal setting - schedule for FY '86-'87.
- Briefing - Solid Waste Department projects: Yard Debris Market Assistance; Systems Measurement.

November, 1986

- Discussion - 1987 Certification Standards: Yard debris options and preliminary cost evaluations; discussion of codification rules and procedures.
- Briefing - Waste Reduction program overview.

December, 1986

- Decision - Adoption of recommendations for codification rules and certification procedures.
- Briefing - 1987 draft standard for yard debris.
- Briefing - Planning Authority.
- Briefing - Legislative Program.

January, 1987

- Decision - Adoption of Yard Debris standards (special meeting?)
- Discussion - Develop criteria and evaluation process for Yard Debris Program submittals.
- Briefing - Rates and Financial Plan.
- Briefing - Household Hazardous Waste program.

February, 1987

- Decision - Adoption of evaluation and criteria for Yard Debris Program.
- Briefing - Alternative Technology.
- Briefing - Budget process.

March, 1987

- Briefing - System Measurement.
- Briefing - Legislative.
- Briefing - Budget.

April, 1987

- Discussion - 1988 Certification standards.
- Briefing - Hazardous Waste Task Force.
- Briefing - Legislative.
- Briefing - Budget.

May, 1987

- Discussion - High Grade Load and other standards for 1988 certification.
- Briefing - System Measurement.

June, 1987

- Decision - Adoption of High Grade Load and/or other standards for 1988 certification.

July, 1987

- Discussion/Decision - Review local submittals for 1987 standards.

August, 1987

- Discussion/Decision - Review local submittals for 1987 standards.

September, 1987

- Discussion/Decision - Review local submittals for 1987 standards.

October, 1987

- Discussion/Decision - Review local submittals for 1987 standards.

November, 1987

- Discussion/Decision - Recommend Certification of Jurisdiction to Council for 1987 standards.

GENERALLY

244.010 Policy. (1) The Legislative Assembly hereby declares that a public office is a public trust, and that as one safeguard for that trust, the people require all public officials to adhere to the code of ethics set forth in ORS 244.040.

(2) The Legislative Assembly recognizes that it is the policy of the state to have serving on many state and local boards and commissions state and local officials who may have potentially conflicting public responsibilities by virtue of their positions as public officials and also as members of the boards and commissions, and declares it to be the policy of the state that the holding of such offices does not constitute the holding of incompatible offices unless expressly stated in the enabling legislation. [1974 s.s. c.72 §§1, 1a]

244.020 Definitions. As used in this chapter, unless the context requires otherwise:

(1) "Business" means any corporation, partnership, proprietorship, firm, enterprise, franchise, association, organization, self-employed individual and any other legal entity operated for economic gain.

(2) "Business with which the person is associated" means any business of which the person or a member of the person's household is a director, officer, owner or employe, or any corporation in which the person or a member of the person's household owns or has owned stock worth \$1,000 or more at any point in the preceding calendar year.

(3) "Commission" means the Oregon Government Ethics Commission.

(4) "Potential conflict of interest" means any transaction where a person acting in a capacity as a public official takes any action or makes any decision or recommendation, the effect of which would be to the private pecuniary benefit or detriment of the person or a member of the person's household, unless the pecuniary benefit or detriment arises out of the following:

(a) An interest or membership in a particular business, industry, occupation or other class required by law as a prerequisite to the holding by the person of the office or position.

(b) Any action in the person's official capacity which would affect to the same degree a class consisting of all inhabitants of the state, or a smaller class consisting of an industry, occupation or other group including one of which or in

which the person, or a member of the person's household or business with which the person is associated, is a member or is engaged. The commission may by rule limit the minimum size of or otherwise establish criteria for or identify the smaller classes that qualify under this exception.

(5) "Gift" means something of economic value given to a public official or member of the official's household without valuable consideration, including the full or partial forgiveness of indebtedness, which is not extended to others who are not public officials; and something of economic value given to a public official or member of the official's household for valuable consideration less than that required from others who are not public officials. However, "gift" does not mean:

(a) Campaign contributions.

(b) Gifts from relatives.

(c) The giving or receiving of food, lodging and travel when participating in an event which bears a relationship to the public official's office and when appearing in an official capacity, provided that when such expenses incurred exceed \$50, such expenses shall be disclosed yearly on a form prescribed by the commission stating the name, nature and business address of the organization paying the public official's expenses and the date and the amount of that expenditure. The disclosure requirements of this paragraph apply only to public officials required to file a statement of economic interest under ORS 244.050.

(6) "Income" means income of any nature derived from any source, including, but not limited to, any salary, wage, advance, payment, dividend, interest, rent, honoraria, return of capital, forgiveness of indebtedness, or anything of economic value.

(7) "Legislative or administrative interest" means an economic interest, distinct from that of the general public, in one or more bills, resolutions, regulations, proposals or other matters subject to the formal vote or official action of a public official.

(8) "Member of household" means the spouse of the public official and any children of either who reside with the public official.

(9) "Public official" means any person who is serving in a governmental capacity for the State of Oregon or any of its political subdivisions or any other public body of the state as an officer, employe, agent or otherwise, and irrespective of whether the person is compensated for such services. [1974 s.s. c.72 §2; 1975 c.543 §1; 1977 c.588 §2; 1979 c.666 §5]

244.030 Application. Nothing in this chapter is intended to affect:

(1) Any other statute requiring disclosure of economic interest by any public official or public employe.

(2) Any statute prohibiting or authorizing specific conduct on the part of any public official or public employe. [1974 s.s. c.72 §24]

244.040 Code of Ethics. (1) No public official shall use official position or office to obtain financial gain for the public official, other than official salary, honoraria or reimbursement of expenses, or for any member of the household of the public official, or for any business with which the public official or a member of the household of the public official is associated.

(2) No public official or candidate for office or a member of the household of the public official or candidate shall solicit or receive, whether directly or indirectly, during any calendar year, any gift or gifts with an aggregate value in excess of \$100 from any single source who could reasonably be known to have a legislative or administrative interest in any governmental agency in which the official has any official position or over which the official exercises any authority.

(3) No public official shall solicit or receive, either directly or indirectly, and no person shall offer or give to any public official any pledge or promise of future employment, based on any understanding that such public official's vote, official action or judgment would be influenced thereby.

(4) No public official shall further the personal gain of the public official through the use of confidential information gained in the course of or by reason of the official position or activities of the public official in any way.

(5) No person shall offer during any calendar year any gifts with an aggregate value in excess of \$100 to any public official or candidate therefor or a member of the household of the public official or candidate if the person has a legislative or administrative interest in a governmental agency in which the official has any official position or over which the official exercises any authority. [1974 s.s. c.72 §3; 1975 c.543 §2]

REPORTING

244.050 Persons required to file statement of economic interest; duty of Legislative Assembly. (1) On or before April 15 of each year the following persons shall file

with the commission a verified statement of economic interest as required under this chapter:

(a) The Governor, Secretary of State, State Treasurer, Attorney General, Commissioner of the Bureau of Labor and Industries, Superintendent of Public Instruction, district attorneys and members of the Legislative Assembly.

(b) Any judicial officer, including justices of the peace and municipal judges, except municipal judges in those cities where a majority of the votes cast in the subject city in the 1974 general election was in opposition to the ballot measure provided for in section 10, chapter 68, Oregon Laws 1974 (special session), and except any pro tem judicial officer who does not otherwise serve as a judicial officer.

(c) Any candidate for an office designated in paragraph (a) or (b) of this subsection.

(d) The Deputy Attorney General.

(e) The Legislative Administrator, the Legislative Counsel, the Legislative Fiscal Officer, the Secretary of the Senate and the Chief Clerk of the House of Representatives.

(f) The Chancellor and Vice Chancellors of the State System of Higher Education.

(g) The following state officers:

(A) Adjutant General.

(B) Director of Agriculture.

(C) Director of Commerce.

(D) Manager of State Accident Insurance Fund Corporation.

(E) Water Resources Director.

(F) Director of Department of Environmental Quality.

(G) Director of Executive Department.

(H) Director of the Oregon State Fair and Exposition Center.

(I) State Fish and Wildlife Director.

(J) State Forester.

(K) Director of Department of General Services.

(L) State Geologist.

(M) Director of Department of Human Resources.

(N) Director of Workers' Compensation Department.

(O) Director of Division of State Lands.

(P) State Librarian.

(Q) Administrator of Oregon Liquor Control Commission.

(R) Superintendent of State Police.
 (S) Director of Public Employees' Retirement Board.

(T) Director of Department of Revenue.

(U) Director of Transportation.

(V) Public Utility Commissioner.

(W) Director of Veterans' Affairs.

(X) Executive Director of Oregon Government Ethics Commission.

(Y) Director of Oregon Educational Coordinating Commission.

(Z) Director of the Department of Energy.

(h) Any assistant in the Governor's office other than personal secretaries and clerical personnel.

(i) Every elected city or county official except elected officials in those cities or counties where a majority of votes cast in the subject city or county in any election on the issue of filing statements of economic interest under this chapter was in opposition.

(j) Every member of a city or county planning, zoning or development commission except such members in those cities or counties where a majority of votes cast in the subject city or county at any election on the issue of filing statements of economic interest under this chapter was in opposition to the ballot measure provided for in section 10, chapter 68, Oregon Laws 1974 (special session).

(k) Each chief executive officer of a city or county who performs the duties of manager or principal administrator of the city or county except such employees in those cities or counties where a majority of votes cast in the subject city or county in any election on the issue of filing statements of economic interest under this chapter was in opposition.

(L) Members of local government boundary commissions formed under ORS 199.410 to 199.512.

(m) Every member of a governing body of a metropolitan service district and the executive officer thereof established under ORS 198.705 to 198.955 or 268.100 to 268.200.

(n) Each member of the board of directors of the State Accident Insurance Fund Corporation.

(o) Every member of the following state boards and commissions:

(A) Capitol Planning Commission.

(B) Board of Geologic and Mineral Industries.

(C) Economic Development Commission.

(D) State Board of Education.

(E) Environmental Quality Commission.

(F) Fish and Wildlife Commission of the State of Oregon.

(G) State Board of Forestry.

(H) Oregon Government Ethics Commission.

(I) Oregon Health Council and Certificate of Need Appeals Board.

(J) State Board of Higher Education.

(K) Oregon Investment Council.

(L) Land Conservation and Development Commission.

(M) Oregon Liquor Control Commission.

(N) Oregon Short Term Fund Board.

(O) State Marine Board.

(P) Mass transit district boards.

(Q) Energy Facility Siting Council.

(R) Board of Commissioners of the Port of Portland.

(S) Employment Relations Board.

(T) Public Employees' Retirement Board.

(U) Oregon Racing Commission.

(V) Oregon Transportation Commission.

(W) Wage and Hour Commission.

(X) Water Policy Review Board.

(Y) Workers' Compensation Board.

(2) By April 15 next after the date an appointment takes effect, every appointed public official on a board or commission listed in subsection (1) of this section shall file with the commission a statement of economic interest as required under ORS 244.060, 244.070 and 244.090.

(3) By April 15 next after the filing date for the state-wide primary election, each candidate for elective public office described in subsection (1) of this section and any candidate for United States Senator or Representative shall file with the commission a statement of economic interest as required under ORS 244.060, 244.070 and 244.090.

(4) Within 30 days after the filing date for the state-wide general election, each candidate for elective public office described in subsection (1) of this section and any candidate for United States Senator or Representative, who was not a candidate in the preceding state-wide primary election, shall file with the commission a state-

ment of economic interest as required under ORS 244.060, 244.070 and 244.090.

(5) The Legislative Assembly shall maintain a continuing review of the operation of this chapter and from time to time may add to or delete from the list of boards and commissions in subsections (1) to (3) of this section as in the judgment of the Legislative Assembly is consistent with the purposes of this chapter. [1974 s.s. c.72 §§4, 4a; 1975 c.543 §3; 1977 c.588 §3; 1977 c.751 §16; 1979 c.374 §5; 1979 c.666 §6; 1979 c.697 §1; 1979 c.736 §1; 1979 c.829 §9b]

244.060 Form of statement of economic interest. The statement of economic interest filed under ORS 244.050, shall be on a form prescribed by the commission, and the person filing the statement shall supply the information required by this section and ORS 244.090, as follows:

(1) The name of all business offices and directorships held by the person or a member of the household of the person during the preceding calendar year.

(2) All names under which the person and members of the household of the person do business.

(3) Sources of income received at any time during the preceding calendar year by the person or a member of the household of the person which produces 10 percent or more of the total annual household income.

(4) The name, principal address and brief description of the source of income from which 50 percent or more of the household income was received during the preceding calendar year and whether the source existed during the preceding year, and whether the source is derived from an entity that now does business or could reasonably be expected to do business or has legislative or administrative interest in the governmental agency of which the public official is a member or over which the public official has authority.

(5) The listing of all real property in which the public official or a member of the household of the public official has or has had any personal, beneficial ownership interest during the preceding calendar year, any options to purchase or sell real property, and any other rights of any kind in real property located within the geographic boundaries of the governmental agency of which the public official is a member or over which the public official has authority. [1974 s.s. c.72 §5; 1975 c.543 §4]

244.070 When additional statement required. The following additional economic

interest shall be reported for the preceding calendar year only if the source of that interest is derived from an individual or business which has been doing business, does business or could reasonably be expected to do business with or has legislative or administrative interest in the governmental agency of which the public official is a member or over which the public official has authority:

(1) Each source of income over \$1,000, other than a source of income disclosed under ORS 244.060, whether or not taxable, received by the public official or a member of the household of the public official.

(2) Each person to whom the public official or a member of the household of the public official owes or has owed money in excess of \$1,000, the interest rate thereon and the date of the loan, except for debts owed to any federal or state regulated financial institution or retail contracts.

(3) Each business, principal address, and brief description of its nature, in which the public official or a member of the household of the public official has or has had a personal, beneficial interest or investment in excess of \$1,000, except for individual items involved in a mutual fund or a blind trust, or a time or demand deposit in a financial institution, shares in a credit union, or the cash surrender value of life insurance.

(4) Each person for whom the public official has performed services for a fee in excess of \$1,000 except for any disclosure otherwise prohibited by law or by a professional code of ethics. [1974 s.s. c.72 §6; 1975 c.543 §5]

244.080 Supplemental statements. (1) Statements supplemental to those required by ORS 244.060 and 244.070 shall be filed as follows:

(a) Annual supplemental statements shall be filed with the commission.

(b) Within 30 days after a public official ceases to hold office, the public official shall file with the commission a supplemental statement of economic interest covering the period from the beginning of the calendar year to the date on which the public official ceases to hold public office.

(2) A statement supplemental to those required by ORS 244.060 and 244.070 may be voluntarily filed by any public official at any time that the information contained in the last filed statement of the public official in the opinion of the public official should be brought up to date.

(3) The commission by rule may accept the filing of a form containing less than the information required under ORS 244.060 and 244.070 if

the public official certifies thereon that the information contained on the form previously filed is unchanged. If any portion of the information contained in the filing is changed, the public official may certify only as to the changed material. [Subsection (1) enacted as 1974 s.s. c.72 §8; subsection (2) enacted as 1975 c.543 §7(1); 1977 c.588 §4]

244.090 When report on compensated lobbyist required. Each public official of this state required to make a statement of economic interest shall report by name any compensated lobbyist with whom the public official or a member of the household of the public official shares or shared during the preceding calendar year, any direct economic interest such as a partnership, joint venture or similar substantial economic relationship. As used in this section "lobbyist" has the meaning set forth in ORS 171.725. [1974 s.s. c.72 §7; 1975 c.543 §6]

244.100 When commission may require reporting of gifts; exemptions from gift limitation. (1) The commission by rule may require the disclosure and reporting of gifts or other compensation made to or received by a public official or candidate for elective office.

(2) The commission by rule may exempt from the gift limitation contained in ORS 244.040, any gift of food or beverage but may require that when gifts of food or beverage exceed a dollar amount fixed by the commission, the source thereof shall be disclosed on a form prescribed by the commission. [1975 c.543 §11]

244.110 Required statements subject to penalty for false swearing. (1) Any statement of economic interest required to be filed by ORS 244.050, 244.060, 244.070, 244.080, 244.090 or 244.100 shall contain or be verified by a written declaration that it is made under the penalties of false swearing. Such declaration shall be in lieu of any oath otherwise required.

(2) No person shall wilfully make and subscribe any return statement or other document which contains or is verified by a written declaration that it is made under penalties for false swearing, which the person does not believe to be true and correct to every matter. [1974 s.s. c.72 §22; 1977 c.588 §5]

DECLARATION OF POTENTIAL CONFLICTS

244.120 Methods of handling potential conflicts. (1) When involved in a potential conflict of interest, a public official shall:

(a) If the public official is an elected public official, other than a member of the Legislative

Assembly, or an appointed public official serving on a board or commission, announce publicly the nature of the potential conflict prior to taking any official action thereon.

(b) If the public official is a member of the Legislative Assembly, announce publicly, pursuant to rules of the house of which the public official is a member, the nature of the potential conflict prior to voting, either on the floor or in committee, on the issue giving rise to the potential conflict.

(c) If the public official is a judge, remove the judge from the case giving rise to the conflict or advise the parties of the nature of the conflict.

(d) If the public official is any other appointed official subject to this chapter, notify in writing the person who appointed the public official to office of the nature of the potential conflict, and request that the appointing authority dispose of the matter giving rise to the potential conflict. Upon receipt of the request, the appointing authority shall designate within a reasonable time an alternate to dispose of the matter, or shall direct the official to dispose of the matter in a manner specified by the appointing authority.

(2) Nothing in subsection (1) of this section requires any public official to announce a potential conflict of interest more than once on the occasion which the matter out of which the potential conflict arises is discussed or debated. [1974 s.s. c.72 §10; 1975 c.543 §7]

244.130 Recording of notice of potential conflict; effect of failure to disclose conflict. (1) When a public official gives notice of a potential conflict of interest, the potential conflict shall be recorded in the official records of the public body, and a notice of the potential conflict and how it was disposed of may in the discretion of the public body be provided the commission within a reasonable period of time. The commission may by rule establish criteria for cases in which such information shall, shall not, or may be provided to it.

(2) No decision or action of any public official or any board or commission on which the public official serves or agency by which the public official is employed shall be voided by any court solely by reason of the failure of the public official to disclose a conflict of interest. [1974 s.s. c.72 §11; 1975 c.543 §8]

APPLICATION OF REPORTING REQUIREMENTS TO LOCAL GOVERNMENTS

244.160 Application to political subdivisions except cities and counties. Any political subdivision in this state other than a city or county by resolution may require any public official of the subdivision to file a verified statement of economic interest. The filing shall be made with the commission. A copy of the ordinance shall be filed with the commission. [1974 s.s. c.72 §9]

244.170 "Statement of economic interest" defined. As used in this chapter, "statement of economic interest" means a statement as described by ORS 244.060 to 244.080. [1975 c.216 §1a]

244.180 When city officials required to file statement. (1) As used in this section, "public officials of a city" means each person holding an elective city office; each member of a city planning, zoning or development commission; and each chief executive officer of the city who performs the duties of manager or a principal administrator of the city.

(2) Public officials of a city are required to file a statement of economic interest with the commission if a majority of the votes cast by the electors of the city voting at the election as provided for in ORS 244.201 is in favor thereof. [1975 c.216 §2]

244.190 When county officials required to file statement. (1) As used in this section, "public officials of a county" means each person holding an elective county office; each member of a county planning, zoning or development commission; and each chief executive officer of the county who performs the duties of a principal administrator of the county.

(2) Public officials of a county are required to file a statement of economic interest with the commission if a majority of the votes cast by the electors of the county voting at the election as provided for in ORS 244.201 is in favor thereof. [1975 c.216 §3]

244.195 Certain city and county officers to be informed of reporting requirements; effect of failure to inform.

(1) The city recorder or county clerk, respectively, shall provide to every person newly elected or appointed to any city or county office for which statements of financial interest are required under ORS 244.050 information about the requirements of ORS 244.050, 244.060, 244.070, 244.080 and 244.090 either at the first meeting attended by the new officer or before the officer takes the oath of office, whichever is first.

(2) At the time of fulfilling duties under subsection (1) of this section, the city recorder or

county clerk shall provide to each new officer a copy of the statements and explanation provided to the city recorder or county clerk under subsection (3) of this section.

(3) The commission shall provide copies of the statements described in ORS 244.060, 244.070, 244.080 and 244.090 and an explanation of the requirements of the law relating to the statements to each city recorder and county clerk.

(4) Any person described in subsection (1) of this section who is not informed of the filing requirements under ORS 244.050, 244.060, 244.070, 244.080 and 244.090 and provided with a copy of the statements and explanation described in subsection (3) of this section before taking the oath of office may resign that office within 90 days thereafter or before the next date specified in ORS 244.050 for the filing of a statement, whichever is longer, without filing any statement and without sanction or penalty that might otherwise be imposed for not filing. [1979 c.332 §2]

244.200 [1975 c.216 §5; repealed by 1983 c.350 §62 (244.201 enacted in lieu of 222.200 and 244.210)]

244.201 Election procedure for city or county. (1) This section establishes the procedure for submitting at an election:

(a) The question whether public officials of a city, as defined in ORS 244.180, shall be required to file a statement of economic interest with the Oregon Government Ethics Commission.

(b) The question whether public officials of a county, as defined in ORS 244.190, shall be required to file a statement of economic interest with the Oregon Government Ethics Commission.

(2) Upon receipt of a petition filed as provided in this section, the governing body of a city or county shall submit the question at the next primary or general election.

(3) The requirements for preparing, circulating and filing a petition under this section shall be as provided for an initiative petition:

(a) In the case of a city, in ORS 250.265 to 250.346.

(b) In the case of a county, in ORS 250.165 to 250.235.

(4) If ORS 250.255 makes ORS 250.265 to 250.346 inapplicable to a city or if ORS 250.155 makes ORS 250.165 to 250.235 inapplicable to a county, the requirements for preparing, circulating and filing a petition under this section shall be as provided for an initiative petition under the city or county charter or an ordinance adopted under the city or county charter.

(5) The ballot title for a question submitted to election under this section must specify the public officials of the city, as defined in ORS 244.180, or of the county, as defined in ORS 244.190.

(6) If a question under this section appears on both city and county ballots the votes cast in each city and in each county shall be counted, canvassed, returned and declared separately for each city and county.

(7) The results of any question submitted to election under this section shall be forwarded by the city recorder or county clerk to the Oregon Government Ethics Commission not later than January 1 next following the election. [1983 c.350 §63 (enacted in lieu of 244.200 and 244.210)]

244.210 [1975 c.216 §4; repealed by 1983 c.350 §62 (244.201 enacted in lieu of 244.200 and 244.210)]

COMMISSION

244.250 Oregon Government Ethics Commission; appointment; term; quorum; compensation. (1) The Oregon Government Ethics Commission is established, consisting of seven members appointed in the following manner:

(a) One each by the majority and minority parties in each house of the Legislative Assembly.

(b) Three by the Governor.

(2) No person who holds any public office listed in ORS 244.050 (1) except as a member of the commission shall be appointed to the commission. No more than four members shall be members of the same political party.

(3) The term of office is four years. No member shall be eligible to be appointed to more than one full term but may serve out an unexpired term. However, those members first appointed to the commission serving less than a three-year term are eligible for a second appointment for a full term. Vacancies shall be filled by the appointing authority for the unexpired term.

(4) The commission shall elect a chairman and vice chairman for such terms and duties as the commission may require.

(5) A quorum consists of four members but no final decision may be made without an affirmative vote of the majority of the members appointed to the commission.

(6) Members shall be entitled to compensation and expenses as provided in ORS 292.495. [1974 s.s. c.72 §12; 1977 c.588 §6]

244.260 Investigations; findings; hearings. (1) Upon its own instigation or signed

complaint of any person, the commission may make investigations with respect to statements filed under this chapter or resolution adopted pursuant thereto, alleged failure to file any required statement, or any other alleged violation of any provision of this chapter, and shall report findings together with supporting reasons. In carrying out its duties, the commission may require any additional information, administer oaths, take depositions and issue subpoenas to compel attendance of witnesses and the production of books, papers, records, memoranda or other information necessary to carry out the commission's duties under this chapter. If any person fails to comply with any subpoena issued under this section or refuses to testify on any matters on which the person may be lawfully interrogated, the procedure provided in ORS 183.440 shall be followed to compel compliance.

(2) The findings of the commission in any investigation shall be made available to the public official who is the subject thereof, to the appointing authority, if any, and to the Attorney General for state public officials and to the appropriate district attorney for local public officials. The findings shall be made available to the Commission on Judicial Fitness in any investigation involving a judge.

(3) Hearings relating to any charge of alleged violation of this chapter may be held before the commission or before a hearings officer appointed by the commission. The procedure shall be that for a contested case under ORS 183.310 to 183.550. [1974 s.s. c.72 §13]

244.270 Findings as grounds for removal. If the commission finds that an appointed public official has violated any provision of this chapter or any rule adopted pursuant thereto, the finding shall constitute prima facie evidence of unfitness where removal is authorized for cause either by law or pursuant to section 6, Article VII (Amended) of the Oregon Constitution. [1974 s.s. c.72 §14; 1977 c.588 §7]

244.280 Opinions; advisory interpretation; liability of person following interpretation. (1) Upon the written request of any public official, candidate for public office or any person, or upon its own motion, the commission may issue and publish opinions on the requirements of this chapter, based on actual or hypothetical circumstances.

(2) If any public official or business with which the public official is associated is in doubt whether a proposed transaction or action constitutes a violation of this chapter, the public official or the business may request in writing a

determination from the commission. Within 60 days of receipt of the request, the commission shall issue an advisory interpretation on the question. The requester shall supply such information as the commission requests to enable it to issue the interpretation.

(3) A public official or business with which a public official is associated shall not be liable under this chapter, for any action or transaction carried out in accordance with an advisory interpretation issued under subsection (2) of this section. [1974 s.s. c.72 §15; 1975 c.543 §9; 1977 c.588 §8]

244.290 General duties of commission. The commission shall:

(1) Prescribe forms for statements required by this chapter and provide the forms to persons required to file the statements under this chapter or resolution adopted pursuant thereto.

(2) Prepare, publish and provide a manual setting forth recommended uniform methods of reporting for use by persons filing statements under this chapter or resolution adopted pursuant thereto.

(3) Develop a filing, coding and cross-indexing system consistent with the purposes of this chapter.

(4) Prepare and publish such reports as the commission finds necessary. [1974 s.s. c.72 §17]

244.300 Status of records. Records of the commission shall constitute public records of this state. [1974 s.s. c.72 §18; 1977 c.588 §9]

244.310 Executive director; duties. The commission shall appoint an executive director to serve at the pleasure of the commission. The executive director shall be responsible for the administrative operations of the commission and shall perform such other duties as may be designated or assigned to the executive director from time to time by the commission. However, the commission shall not delegate the power to make regulations or issue advisory opinions to the executive director. [1974 s.s. c.72 §16]

ENFORCEMENT

244.350 Civil penalties. The commission may impose civil penalties not to exceed \$1,000 for violating any provision of this chapter or any resolution adopted pursuant thereto. Any penalty imposed under this section is in addition to and not in lieu of any other penalty or sanction that may be imposed according to law, including removal from office. [1974 s.s. c.72 §19; 1977 c.588 §10]

244.360 Forfeiture of twice financial benefit. The commission shall in addition to

civil penalties prescribed in ORS 244.350 require any public official who has financially benefited the public official or any other person by violation of any provision of this chapter to forfeit twice the amount that the public official or any other person realized from violating any provision of this chapter. [1974 s.s. c.72 §20]

244.370 Procedure for collecting penalties. (1) Any civil penalty imposed under ORS 244.350 or 244.360 shall become due and payable after hearing. A notice in writing shall be sent by the commission to the public official at least 20 days before the hearing. The notice shall be sent by registered or certified mail and must include:

(a) A reference to the particular section of statute, ruling or order involved;

(b) A short and plain statement of the matter asserted or charged as a violation;

(c) A statement of the amount of penalty that may be imposed; and

(d) The date and time of the hearing.

(2) The public official to whom the notice is addressed shall have 10 days from the date of receipt of the notice in which to waive a hearing before the commission and the public official shall be so notified.

(3) All hearings shall be conducted pursuant to the applicable provisions of ORS 183.310 to 183.550.

(4) Unless the amount of the penalty is paid within 10 days after the order becomes final, the order shall constitute a judgment and may be filed in accordance with ORS 18.320 to 18.370.

(5) All penalties recovered under ORS 244.350 and 244.360 shall be paid into the State Treasury and credited to the General Fund. [1974 s.s. c.72 §21; 1977 c.588 §11]

244.380 Sanctions against noncomplying officials. In the event that a public official or candidate subject to the requirements of this chapter, fails to file a statement of economic interests required by this chapter, or by resolution adopted pursuant thereto, the following actions shall be taken, irrespective of other penalties which may be imposed pursuant to this chapter if, after a hearing has been granted the public official and a penalty is imposed under ORS 244.370, the public official continues to refuse to file a statement of economic interests:

(1) Except as to judges, no compensation shall be paid to a salaried public official. Upon notice to the Executive Department or to the appropriate local authority from the commission

of the failure to file the required report when due, compensation shall be withheld and the public official shall be barred from beginning or continuing to exercise the official duty of the public official until such time as the public official complies with the requirements of this chapter. In the case of a public official who receives no compensation, the public official shall be barred from beginning or continuing the exercise of the official duty of the public official until such time as a statement is filed as required under this chapter.

(2) Upon notice to the Secretary of State of the failure to file the statement required by this chapter, from the commission, the Secretary of

State shall cause the name of the candidate for public office to be removed from the ballot on which the candidate would otherwise appear. [1974 s.s. c.72 §23; 1975 c.543 §12; 1977 c.588 §12]

244.390 Status of penalties and sanctions. The penalties and sanctions imposed by this chapter are in addition to and not in lieu of any other penalty or sanction prescribed or authorized by law which applies to the conduct of public officials. [1974 s.s. c.72 §25]

CHAPTER 245

[Reserved for expansion]

**MARKET ANALYSIS OF
PORTLAND METROPOLITAN AREA
YARD DEBRIS**

PREPARED FOR

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REPORT OVERVIEW

General Outlook For Marketing Yard Debris

It is currently estimated that 1,270,000 cubic yards of yard debris are generated in the Metropolitan Service District on an annual basis.¹ Of this amount, approximately 780,000 cubic yards will be disposed of at the St. Johns landfill in 1986. The Metropolitan Service District (METRO) seeks to divert 75 percent of the yard debris currently being disposed of at the landfill by 1991. This will amount to an estimated 585,000 cubic yards of material.

The quantity designated for diversion from the St. Johns landfill will be in addition to the current amount of recycled yard debris, which was approximately 172,000 cubic yards in 1985. There are many uses for composted yard debris as a soil amendment and mulch. In 1986, for example, it is estimated that 207,000 cubic yards of material will be taken in by the two major producers of yard debris compost, and over 283,000 cubic yards in unprocessed equivalent of final compost product will be sold during the same period. An inventory of yard debris accumulated from 1984 and 1985 makes up the difference between current supply and current sales. In 1986, for the first time since yard debris compost has been sold commercially, the firms will sell more product than they will receive. This report addresses the question of how much additional sales of yard debris in all product forms can be sold in the Portland metropolitan area over the next five years.

The 585,000 cubic yards of debris represents a finished composted product volume of approximately 58,500 cubic yards

1/ Metropolitan Service District.

(7,900 units).¹ This is roughly three times the expected 1986 sales of compost experienced by the two firms currently marketing yard debris compost. Interest in usage of compost is high, and the marketing outlook is positive if two key conditions are met:

- (1) An aggressive long-term marketing program is adopted and backed by competitive pricing of yard debris vis-a-vis other competing products.
- (2) No major new suppliers of organic compost products enter the Portland Metropolitan area or quickly expand production and sales.

The general outlook for compost sales is quite good because the product is well suited for use as a plant growing media. However, there are factors that could make marketing yard debris compost difficult. For example, a second large northwest company has begun to debark its logs prior to shipment to export markets. If this becomes a standard timber industry practice, then the area's supply of bark would grow substantially. This would reduce bark prices and make it more difficult for yard debris compost to substitute for bark as an ingredient in nursery container mixes.

It is important that compost marketing firms and METRO closely observe changing supply and demand conditions for compost and other substitute products. Markets for soil conditioners and ground covers can change rapidly. Any marketing program must consider this factor and be prepared to make timely adjustments in pricing and sales channel emphasis.

1/ The shrinkage factor from loose yardage to composted volume is not known. The "best estimate" average is 10:1, meaning 10 cubic yards of loose material compost to one cubic yard of compost. It takes 7.4 cubic yards of compost to equal one unit.

Greater challenges exist for marketing hog fuel from yard debris compared to marketing compost. METRO has estimated that after 1987 200,000 cubic yards of yard debris at the St. Johns landfill will be available to be processed into hog fuel for sale to firms for burning in hog-fuel boilers. Although the hog fuel market has been a viable market outlet for excess wood products in the past, current oil, gas, and electricity prices have forced the value of hog fuel products down below their cost of production and transportation. While there remains an excess supply of wood by-products that could be used as hog fuel, the cost of transportation and the value of the product for other uses (such as bark dust) has discouraged prospective sellers from producing for the hog fuel market.

It is possible that if yard debris could be produced in an acceptable form and marketed at a price competitive with oil or gas, that hog fuel users would be able to use the supplies that METRO proposes to produce. Even small supplies of hog fuel are marketable. It appears that a hammermill and screening process will produce a product acceptable to hog fuel users.¹ This hog fuel market is a "commodity" market, and the actual volume sold will depend on the supply and price of yard debris vis-a-vis other fuels. Therefore, the flexibility of diverting yard debris from hog fuel to compost, or other uses such as fireplace logs, should be explicitly planned.

Market Priority Rankings

High Priority Market Outlets

During this marketing analysis, two market segments for composted yard debris have emerged as "high priority" market

1/ A representative from Longview Fiber has seen samples of hog fuel processed at Grimm's from "green" yard debris, and he stated it was acceptable for their use as hog fuel. See Appendix B for further discussion of equipment needed to process yard debris into hog fuel.

outlets. These are the landscape and nursery market segments. Each of these outlets are currently large users of mulch and soil amendments. However, both require a targeted marketing program to ensure that a large sales volume--sales of two or more times current compost production--can be achieved. These markets are also price-sensitive, and fast sales growth is contingent upon pricing compost below bark, in order to displace bark with compost product sales.

Our recommendation is that the first priority be given to encouraging growth in compost sales for the landscape user. This recommendation is based on the fact that compost sales to landscape contractors have been strong up to this point without a concerted marketing effort and with relatively high prices (i.e., comparable prices to bulk bark) local processors do offer discounts to commercial landscapers but this discount applies to bark products as well as compost. Indications are that an inherent market demand exists for yard debris compost for landscape use. Marketing effort should emphasize three objectives:

- (1) Provide a price incentive to use compost instead of bark and other alternatives,
- (2) Inform users of the cost of compost production and its value as a soil amendment and mulch, and
- (3) Gain landscape architects' approval of its use in the specifications for large landscape projects.

The nursery industry is the second major priority market for yard debris compost sales. Within 50 miles of Portland, this large industry with intensive operations has an enormous need for plant growing mediums. Since the success of their business rests with prolific plant growth, their growing medium is a crucial factor; and nurseries are understandably cautious about making changes. Therefore, adoption of yard debris compost will take

time and awaits nurseries' own testing for one to two years. Even with test success, nurseries might only gradually change to compost (replacing in most cases, bulk bark in container operations). They must be convinced of the reliability of supply, consistent quality, and favorable price. With these concerns met, in 3-5 years (or possibly sooner if an effective, major promotional/marketing effort is undertaken) yard debris compost should find a reliable and large market with the region's nurseries.

Lower Priority Market Outlets

Other yard debris product forms evaluated in this study--hog fuel and yard debris compressed fireplace logs--provide lower priority market outlets. Hog fuel is lower in priority because of the cyclical nature of the market and relatively low product value relative to compost. Even at the high end of the hog fuel price range (\$22/bone-dry ton) a cubic yard of processed hog fuel would only be worth about \$3.35 delivered to the mill versus an average of \$10.00 for a cubic yard of fine grade compost at the processing site.

The man-made fireplace log market could be a viable market outlet. However, this special product category needs more market research. Our preliminary evaluation is that competition is intensifying for compressed fire logs, with 5-6 companies regionally distributing high quality compressed wood logs. Quality of product, competitive prices, knowledge of marketing, and branded products are requirements for success. It is important to determine how much yard debris a fireplace log manufacturer would use in their operation, and whether this would be significant enough to merit METRO's consideration.