

# Meeting minutes



**Metro**

600 NE Grand Ave.  
Portland, OR 97232-2736

Meeting: Solid Waste Alternatives Advisory Committee (SWAAC)  
Date/time: 10:00 a.m.-noon, Wednesday, July 11 2018  
Place: Metro Regional Center, 370A & 370B

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## **Members in Attendance:**

Mike Leichner, Pride Disposal  
Bruce Walker, City of Portland  
Rick Winterhalter, Clackamas County  
Mark Ottenad, City of Wilsonville  
Audrey O'Brien, Oregon DEQ  
Alando Simpson, City of Roses Disposal/Recycling  
Theresa Koppang, Washington County  
Matt Korot, Metro

## **Members Absent:**

Peter Brandom, City of Hillsboro  
Reba Crocker, City of Milwaukie  
Paul Downey, City of Forest Grove  
Keith Ristau, Far West Recycling  
Adrienne Welsh, Recycling Advocates

### **1. Call to order and declaration of a quorum**

Matt Korot brought the meeting to order at 10:02 AM, declared a quorum, and previewed the agenda.

### **2. Comments from the chair and SWAAC members**

No comments were made at this time.

### **3. Wet Waste Tonnage Allocations**

Molly Vogt and Roy Brower were present to lead a discussion on wet waste tonnage allocations. After the initial presentation of the wet waste tonnage allocation approach at the SWAAC meeting on May 9, 2018, staff met with solid waste industry stakeholders to gather feedback on this approach. This feedback will be considered as staff continues to review options and takes this discussion to a Metro Council work session on July 31, 2018. The goal of this upcoming work session is to build high level buy-in from Metro Council on the preferred options for allocation.

Mr. Brower provided additional background, which was outlined on slides 2 and 3 of the presentation. The region currently has no transparent system for allocating waste. Tonnage caps were set 10 to 12 years ago and weren't set up to adjust for economic growth recession or other system changes. In July 2016, Metro Council adopted the Transfer System Configuration Policy (Resolution No. 16-4716). This policy directs staff to develop a predictable, transparent framework for allocating waste. With respect to tonnage allocation, the legislation requires that by 2020 Metro will have a system to:

1. Establish tonnage allocations in percentages that will rise or fall with regional tonnage;
2. Establish a predictable and transparent framework the Council can adopt as policy for adjusting tonnage allocations;
3. Accommodate future changes and technology;
4. Support small businesses;
5. Promote more efficient off-route travel to reduce GHG and minimize travel time;
6. Utilize the regional transfer system and require that all landfill-bound waste is delivered to the region's transfer stations (i.e., no out-of-region transfer stations should accept the region's waste).

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## 7. Improve rate transparency at both public and private stations.

Mr. Brower explained that the new allocation model must be set up to ensure that a minimum of 40 percent of the region's wet waste will flow into public transfer stations. Additionally, no more than 40 percent of the region's wet waste can be transferred by any single company. The allocations are set up to change based on sub-regional growth in the economy or overall tonnage. For example, the South Hillsboro area represents part of the region where a dramatic amount of growth is anticipated, which will impact the amount of waste produced.

Ms. Vogt then provided a summary of the key concerns that solid waste stakeholders have introduced since the May 9, 2018 discussion (slides 4-5). The primary concerns about the process for establishing the wet waste tonnage allocations included that the allocation approach was developed quickly without much stakeholder discussion. There was concern about the inclusivity of the process. Many stakeholders were also concerned that the model is too generalized and were able to identify many exceptions to the model. In the initial proposal, out-of-region transfer stations did not receive any tonnage. This was a concern to many, and the task force recommended maintaining the status quo related to inclusion of out-of-region stations.

Ms. Vogt discussed further broad concerns about allocation consideration and reviewed specific concerns about the model used to determine these allocations (slides 4-5). Ms. Vogt then shared some of the changes to the model that are under consideration. These changes are outlined on slides 6-9 of the presentation. The four primary changes are as follows:

1. Gather additional data for more detailed future model development.
2. Allow limited out-of-district allocations to transfer stations.
3. Metro may assign additional tonnage to transfer stations from its allotment over 40 percent.
4. Variance rule for unanticipated long-term disruptions.

The additional data would likely take into account the location of truck barns and whether or not trucks would make multiple turns to the transfer stations before returning at the end of the day. The issue of looking at congested vs. uncongested travel time was particularly important to a number of stakeholders who were concerned about the impact this has in considering allocations.

Mr. Brower explained that with respect to out-of-region allocations, they recommend no longer using non-system licenses to haulers. Instead, out-of-district transfer stations would become designated by Council in order to obtain an allocation. The designated facility approach would establish a more direct relationship between Metro and the transfer stations. In addition, Metro would no longer need to issue licenses every two years and rely on agreements that typically go for 5 years. Mr. Brower clarified that these transfer stations would collect and remit fees and taxes on behalf of Metro. Ms. Vogt clarified that out-of-district and out-of-region have the same meaning.

Ms. Vogt explained that the process for assigning additional tonnage to transfer stations will be based on meeting public benefits. Mr. Brower added that under the current Waste Management contract, Metro is obligated to deliver 90 percent of wet waste to Waste Management landfills. The other 10 percent goes to non-Waste Management landfills. In 2020, this flow guarantee goes away. This makes it critically important that there is a process in place for assigning tonnage allocation.

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Ms. Vogt explained that the variance rule for unanticipated disruptions is intended to accommodate things we wouldn't expect. This would allow Metro to waive the original allocation total if needed to accommodate things like catastrophic events.

At the conclusion of the presentation, Ms. Vogt explained that the next steps would be to present the above concerns at the July 31, 2018 Metro Council Work Session as well as any input gathered at this SWAAC meeting. In Fall 2018, Council will consider an ordinance and administrative rule. The goal is to have this policy in place by the end of 2018 so that it can take effect on January 1, 2020.

## Questions and comments from SWAAC members:

Mike Leichner (Pride Disposal) asked when the public would have opportunity to comment on the ordinance and administrative rule. Mr. Brower answered that it would be put up for public comment after drafting, prior to going in front of Council for consideration. Mr. Leichner followed up to ask who the administrative rule would apply to. Mr. Brower answered it would apply to transfer station allocation.

Rick Winterhalter (Clackamas County) asked a question about the intent behind considering tip fees in the allocation. Ms. Vogt responded that tip fees would be considered in any application for additional tonnage allocation. Mr. Winterhalter brought up the concern that allocating tonnage to more stations could cause tipping fees to rise and that we should consider the impact.

Mark Ottenad (City of Wilsonville) asked a question about Metro's 40 percent rule and the contract between Metro and Waste Management. Mr. Brower explained that the Waste Management contract would expire at the end of 2019. Mr. Ottenad asked how it was determined that Metro would receive 40 percent of the region's wet waste. Mr. Brower answered that Metro was at about 40 percent at the time this was determined and there was concern about disrupting the system as well as maintaining an adequate service level to the public with Metro's full-service transfer stations. Mr. Ottenad asked how the proposed model increases Metro's allocation to 54 percent and what accounts for the 14 percent variance. Ms. Vogt answered that the analysis is based on proximity and looked at how much waste was generated within each transfer station's watershed. Mr. Brower added that Metro just happens to have well-located facilities relative to the region's watershed.

Mr. Ottenad commented that the Sherwood-Wilsonville area is one of most rapidly growing parts of the region and that travel time is increasing dramatically. He asked why the proposed model allocates less tonnage to the Sherwood, Pride, and WRI facilities, given the expected growth in population and waste generation. Ms. Vogt explained that there is a lag in data in the model. Mr. Ottenad would propose using updated data each year when calculating tonnage allocations. Mr. Brower said that we used 2017 numbers to calculate the most recent allocation. Mr. Ottenad commented that this appears to be a problem of not sufficiently looking forward at anticipated growth. He explained that there is a huge employment zone between Tualatin and Sherwood, and recommended that Metro consider the impact of congestion growth on I-5. He commented that it is important to use congestion as part of model.

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Mr. Korot asked for clarification on the time lag in the data used in the allocation model. Ms. Vogt explained that the data used is for the prior year. She suggested that the model could instead incorporate data from a forecasted model of regional population and employment.

Mr. Ottenad commented that there seems to be a history of the Sherwood-Wilsonville area's growth being regularly underestimated.

Mr. Ottenad asked a question about the public benefit behind out-of-region transfer stations receiving the Metro region's waste. Mr. Brower answered that this decision is about honoring prior investment and status quo. However, the intention is not to open the door to new transfer stations located outside of the region.

Mr. Ottenad suggested that it might be a good idea to phase out the out-of-region transfer stations over time to limit vehicle miles travelled. He then asked why the location of the truck barns is important to the model. Ms. Vogt explained that this factor includes travel from the truck barn to the route and then back to the barn, and that more than one turn to the transfer station causes the impact of truck barn location to decrease.

Mr. Korot asked about the extent to which the inclusion of additional data points changes the projection of the model. Ms. Vogt answered that the truck barn location data inclusion does impact the model's output significantly. She added that the next step would be to work with some consultants to help validate the model.

Mr. Korot asked if hauler-provided data would ease the process. Ms. Vogt answered that it would.

Theresa Koppang (Washington County) asked about the percentage of overall tonnage that would be allocated to out-of-region transfer stations. Mr. Brower answered that out-of-region stations represent about 3 percent of existing tonnage today.

Ms. Koppang commented that she likes coupling tonnage allocation with rate transparency. From a local government perspective, Ms. Koppang explained that all this flows back to rate setting. She asked how disruptive this would be to the system and added that it still feels like a mystery as to the real impact this will have on rate setting. Most of Washington County's waste goes to the Forest Grove transfer station. Ms. Koppang asked if they turn away haulers if their waste allocation is reduced dramatically.

Bruce Walker (City of Portland) brought up Option 3 from the rate transparency discussion. He asked how additional allocations would be assigned to transfer stations that apply. Mr. Walker commented that he would assume that all transfer stations would ask for more. Mr. Brower answered that any request for additional allocation would be evaluated from a public benefit perspective and that criteria would emphasize the impact on the rate payer. Ms. Vogt added that they would need to balance the importance of minimizing disruption while supporting small businesses and accommodating technology advancement.

Alando Simpson (City of Roses Disposal/Recycling) asked how the wastesheds were defined. Ms. Vogt explained that they mapped travel time across the region in relation to the transfer stations. The boundaries around transfer stations reflect service areas. Boundaries for each wasteshed indicate geographic proximity to the nearest transfer station.

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Mr. Simpson asked how conversation about regional tolling might impact waste from N/NE Portland travelling to Metro Central. Ms. Vogt answered that the model is designed to take new data into account to regularly recalculate allocation. However, this model is not designed to account for policy changes like tolls.

Mr. Simpson asked if any consideration was given to allocations based on municipality. Mr. Brower responded that it had been considered but dropped because of legal considerations.

Mr. Simpson asked about rate transparency for landfills. Mr. Korot responded that we may be going to a less transparent system on landfill cost after 2020. After 2020, Metro will have landfill contracts only for waste that goes through its own transfer stations.

Mr. Winterhalter commented that the out-of-region transfer station inclusion seems reasonable. He supports keeping Metro in the system at 40 percent.

Mr. Simpson asked how the Metro region compares to other metropolitan regions in terms of rates and costs. Mr. Brower answered that transfer stations in Seattle charge \$140 to \$150 per ton, which are considerably larger tip fees. Ms. Koppang added that the King County transfer stations are full-service and very community-oriented with services that aren't comparable to the Metro region.

Ms. Vogt reiterated the next steps: going to Council on July 31 for Council Work Session. Fall 2018 Council consideration of ordinance and administrative rule to potentially be in place by Jan 1, 2020.

## **4. Public Comment on Tonnage Allocations**

No comments were made at this time.

## **5. Transfer Station Rate Transparency – Step 2**

Roy Brower presented on behalf of Tim Collier about Step 2 of the transfer station rate transparency efforts (slide 11). Metro recently estimated its unit cost to local governments and released these figures in March. After a Council work session and letters from Hillsboro, Gresham and Washington County, Metro learned that Step 1 of these rate transparency efforts hadn't gone far enough. Step 2 will make assessments based on the calendar year and will include site visits and publicly available information. Mr. Brower presented the cost estimate template and asked for public comment on the document by next week. There will be a final report in September or October, which will be a publicly available document.

Questions and comments from SWAAC members:

Bruce Walker (City of Portland) stated that the City of Portland has not submitted a letter. However, he has noted that at local government meetings, there has been substantial concern from the Western/Eastern parts of region where transfer stations have put additional fees above the Metro tip fee. Mr. Walker suggested that maybe anything in excess of Metro fees is what should be looked at. Mr. Brower commented that this might be where Step 3 comes in.

Mr. Walker commented that significant concern has been with these additional charges and that these should be further reviewed.

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Audrey O'Brien (Oregon DEQ) commented that perhaps there should be a hybrid of Step 2 and Step 3. Mr. Walker followed up that it seems like the additional fees are the root of the concern.

Mr. Leichner commented that private facilities have some costs that Metro doesn't have. Each facility is also trying to make a profit, but how much profit is acceptable? Metro is essentially a nonprofit agency; he views them as the benchmark. Above this would be the profit margin for private facilities. In collection there is a fixed margin they try to meet, but they have set collection customers. For transfer stations, there is no fixed customer base, so higher profit margins are necessary to cover higher risk.

Ms. Koppang commented that Washington County is supportive of rate transparency. As rate setters, transparency is what they want. She explained that rate setters need to be fair, just, reasonable, and prudent. Ms. Koppang explained that for a long time Washington County used the rate that Metro published. They don't understand why the ratepayers are being charged a higher rate to go to a private transfer station.

Mr. Leichner commented that there has to be balance between transportation cost and the tipping fee. He sees part of the issue beyond profit and loss – the regulator controls how many tons stations can have, what the rate can be, and competes with their own facility. His goal is to make sure rates are justified without creating additional issues.

Ms. Koppang commented that through development of the Regional Waste Plan and equity work, the community in Washington County has shared that they don't have a convenient place to take hazardous waste (no nearby comparable services to Metro Central). She would support having transfer stations provide more services for citizens. The comprehensive services of a transfer station are important to Washington County.

Mr. Simpson asked if the same ratio of cost to tip fee applies to private transfer stations as they do to Metro's facilities. For example, Metro charges less for wood. Do we know how this works for private facilities?

Mr. Korot answered that we do not know this relationship between cost to deliver the service and the fee charged without rate transparency.

Mr. Walker commented that there would be additional analysis over next year to see whether Metro's blended rate for wet and dry waste should be continued.

## 6. Updates

Mr. Korot explained that SWAAC membership terms came to an end with the close of the fiscal year on June 30, 2018. He asked committee members to stay on through the end of the year. There are some anticipated changes to this committee in consideration of the 2030 Regional Waste Plan going into effect next year. Mr. Korot invited committee members to engage in conversation off-line if there are any concerns about continuing committee membership through the end of 2018.

Mr. Korot provided brief updates on the Regional Waste Plan. In recent months, the focus has been on developing draft actions. This came after initial stages looking at the values, principals and goals for the plan. The current stage is going through the process of refining the work of the 8 technical



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work groups and seeking to streamline the recommended actions to prevent duplication. Following this phase, the fifth and final phase will be review and approval, which will include a Council work session, public comment period, review and discussions by SWAAC and the Metro Policy Advisory Committee, and then final consideration by Council.

Mr. Korot provided a brief update on food scraps policy. On July 19 and 26, Metro Council will consider a proposed ordinance to establish a required commercial food scraps recovery program. The Council packet will be available on the website tomorrow.

## **7. Public Comment on Agenda Items**

Mr. Korot invited public comment on agenda items.

Ray Phelps (Republic Services) asked which document Metro would like public comment on and when the deadline would be for public comment. Mr. Brower answered that public comment was requested on the proposed rate transparency template by the end of next week (July 20, 2018).

## **8. Preview of the next meeting agenda and final comments**

Mr. Korot thanked everyone for their participation and stated that the August meeting will likely be cancelled. The next meeting will be in September to talk about the 2030 Regional Waste plan.

With no final comments from the Committee, the meeting was adjourned at 11:42 a.m.