

MINUTES OF THE COUNCIL SOLID WASTE COMMITTEE
OF THE METROPOLITAN SERVICE DISTRICT

November 28, 1989

Council Chamber

Committee Members Present: Gary Hansen (Chair), Tom DeJardin (V. Chair), Roger Buchanan, Mike Ragsdale and Judy Wyers

Committee Members Absent: None

Other Councilors Present: Ruth McFarland

Chair Hansen called the meeting to order at 5:42 p.m.

Councilor Buchanan entered for the record his letter to Commissioner Earl Blumenauer dated September 7, 1989, and Commissioner Blumenauer's response dated October 12, 1989. Councilor Buchanan's letter requested the City of Portland facilitate the installation of a sewer system for the Riedel mass composting facility.

1. Consideration of Ordinance No. 89-324, For the Purpose of Amending Metro Code Chapter 5.04 Relating to Terms of Office for Members of the One Percent for Recycling Advisory Committee

Judith Mandt, Assistant to the Director of Solid Waste, explained the ordinance would create two-year staggered terms on a fiscal year basis for the citizen members of the Advisory Committee; clarify that a citizen member serve on the Committee until a replacement member was appointed and confirmed; and authorized the chair of the Advisory Committee to assign terms of office to the existing members of the Advisory Committee.

Councilor Wyers said the original resolution and this ordinance did not contain any stipulation that all three counties be represented, but hoped representatives from all three counties would be able to serve. Councilor DeJardin said it would be desirable to have all three counties represented. Councilor Wyers said it had been difficult to find a representative from Clackamas County.

Chair Hansen noted the ordinance stipulated the chair of the Advisory Committee would assign appointments. He said the Executive Officer originally appointed Committee members and asked whether the Executive Officer should continue to have that authority. Ms. Mandt said Dan Cooper, General Counsel, and Don Rocks, Executive Assistant, worked on the ordinance and agreed the Advisory Committee chair should decide on who was willing to serve. Ms. Mandt noted some members had already served for three years.

Motion: Councilor Buchanan moved to recommend the full Council adopt Ordinance No. 89-324.

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Vote: All Committee members were present and voted aye. The vote was unanimous and the motion passed.

2. Consideration of Resolution No. 89-1180, for the Purpose of Confirming the Reappointment of Milton Fyre, Andrew Thaler and Ross Hall to the Solid Waste Rate Review Committee

Roosevelt Carter, Budget & Finance Manager, explained the terms of three members of the Solid Waste Rate Review Committee (SWRRC) would expire December 31, 1989. He said Mr. Fyre and Mr. Thaler had each served one term and that the terms were for two years. He said Mr. Hall had served since July 1989 and was appointed to replace Colleen Acres who resigned after relocation outside the Metro District. He said all three members wished to be reappointed, had excellent meeting attendance records and were valuable to the Committee.

Councilor Wyers requested a listing of SWRRC members.

Motion: Councilor DeJardin moved to recommend the full Council adopt Resolution No. 89-1180.

Vote: All Committee members were present and voted aye. The vote was unanimous and the motion passed.

3. Consideration of Resolution No. 89-1171, For the Purpose of Authorizing Issuance of a Request for Proposals (RFP) for Photogrammetric Services at St. Johns Landfill

Jim Watkins, Engineering & Analysis Manager, explained staff previously issued a Request for Bids (RFB) for photogrammetric services but only received one bid which was found to be non-responsive. He said staff discovered through a survey of potential vendors that vendors preferred an RFP process.

Councilor DeJardin asked why vendors preferred an RFP for the service requested. Mr. Watkins said it was the industry standard for vendors to submit proposals rather than bids.

The Committee asked staff why flyovers were necessary after the landfill closed. Staff said as the landfill settled, flyovers were necessary to evaluate contours. The Committee asked if it would be possible to eliminate any of the 10 flyover events without incurring cost to Metro. Staff said yes. The Committee asked who would evaluate the proposals. Staff said Solid Waste Department staff would.

Motion: Councilor DeJardin moved to recommend the full Council adopt Resolution No. 89-1171.

Vote: All Committee members were present and voted aye. The vote was unanimous and the motion passed.

4. Discussion on Solid Waste Rate Setting Process

Bob Martin, Director of Solid Waste, said it was necessary to begin discussion on the solid waste rate setting process. He said staff worked with the Solid Waste Rate Review Committee (SWRRC) on necessary steps to be taken. He said basic policy trends had been identified which staff would recommend to the Council Solid Waste Committee (CSWC) to begin consideration of policy implications of the new regional solid waste rates to be set. He said the basic rate structure would be kept intact. He said staff recommended some fine-tuning which involved significant policy implications. He said staff wished to address these and other issues early in the process. He said he would give an overview report and then Roosevelt Carter, Budget & Finance Manager, would discuss the issues further.

Mr. Martin said the current rate was made effective when rates rose from \$19.70 per ton to \$42.25 per ton. He said that rate change represented a 250 percent increase. He said no one predicted or did predict the shift in flow changes. He said staff had now had a year to analyze flow trends and impacts. He said one major impact was that solid waste flow had left the region surreptitiously and/or otherwise. He said because of that, the loss of revenue had been fairly significant. He said that flow had gone to facilities outside the region. He said there had also been dislocation of tonnage that normally would have gone to Metro South Station which went to Grabhorn instead and/or other facilities. He said in some cases solid waste was recycled. He said when a ton of solid waste went from a Metro facility to a non-Metro facility, Metro did not collect disposal costs. He said if the rates were structured correctly the loss of revenue would not matter, but said the way rates were currently structured, some fixed costs were paid to Metro through disposal fees, thus causing a loss of revenue to Metro. Mr. Martin said there also had been a two to three percent shift from commercial to self-haul loads. He said self-haul cost a third of the cost of commercial loads.

Mr. Martin said with recommendations as submitted by staff at this meeting, staff hoped to spread user fees to users which used the system the most. He said staff would try to adjust the rate-setting process to the Metro fiscal year so that budget and rate structure development ran concurrently and make it easier to analyze budget impacts. Mr. Martin discussed future budget discussions and related issues.

Mr. Martin said the SWRRC addressed several issues regarding adequate revenue generation to reflect the stability needed to meet anticipated costs. He said methods recommended were the streamline cost approach which matched certain categories of costs with similar revenue

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categories; the two-tier user fee which would allow for fairness in distribution of fixed costs specifically related to the Metro transfer system; and the repeal of certain fee exemptions received by facilities. He said this would effectively spread costs to all facilities that benefitted from Metro programs; and would create normalization of the rate-setting cycle which would result in rate implementation concurrent with the Solid Waste Budget.

Mr. Martin said the two-tiered user fee was logical for the one-time users of the system who would go to the Arlington Landfill and the users at Forest Grove. He said fixed costs would mean those users would be doubly hit for disposal costs and also provided for a policy change.

Councilor McFarland asked why there was a reduced amount of waste and asked how staff noticed a dramatic reduction in the solid waste flow. Mr. Martin said no reduction was noticed in the rate of solid waste handled but that staff noticed a shift in the flow of waste. He said the composting plant would cause no significant reduction in waste.

Councilor Wyers asked about the history, function and membership of the SWRRC.

Mr. Carter explained there were four different fee components: User fees, the regional transfer charge, the base rate and the convenience charge. Mr. Roosevelt displayed a chart which showed dramatic changes in the flow of solid waste. He said Metro facilities had received 68 percent of the solid waste flow and other facilities received 32 percent. He said during 1989 1,000,085 million tons were produced and Metro received 64 percent of the region's solid waste. He said the percentage drop meant an obvious impact on Metro revenues when the budget was formulated because staff anticipated the closure of Killingsworth Fast Disposal (KFD). He said during budget formulations, staff expected solid waste which previously went to KFD to go to Metro facilities. The Committee and staff discussed the impact of recycling on regional solid waste.

Mr. Carter displayed a chart which demonstrated fee revenues. He said Metro expected to receive \$33 million in revenue from the rate programs. He said because of the shift in flow, staff had to consider other alternatives. Mr. Carter discussed staff's report as printed in the agenda packet.

Mr. Martin concluded staff's presentation and said the new rate system was modelled after utility rate setting systems and said costs should be borne equally by all users.

Chuck O'Connor, SWRRC chair, said the SWRRC did not initiate policy but tried to raise potential issues. He noted a year previously the SWRRC differed on a proposal with staff. Councilor Wyers complimented Mr.

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O'Connor on the work done by the SWRRC. Councilor DeJardin asked what input the SWRRC received from industry. Chair Hansen said the SWRRC performed a valuable function in accurate predictions of needed revenue. He said it would be devastating if Metro had to fluctuate rates on continual basis.

Ralph Gilbert, owner, East County Recycling, said he met with Mr. Martin and staff for two hours to discuss issues and complimented Solid Waste staff on their responsiveness. He said East County Recycling had lost customers also and that flow had changed for them over the past 3.5 years. He said displacement was normally driven by economic factors. He believed there were alternatives to staff recommendations at this meeting. He said economic factors drove recycling and that markets were not the same as a year previously. He said more materials were flooding the market and prices were down. Councilor Wyers asked Mr. Gilbert if there would be a decrease in the ability to recycle. The Committee and Mr. Gilbert discussed recycling issues further.

Merle Irvine, vice-president, Wastech, Inc., said Oregon Processing and Recovery Center (OPRC) would be adversely impacted by policy as proposed by the SWRRC and staff. He referred to page 2, "Rate Review Committee Interim Report" Tonnage Policy Charges and objected to the policy proposed by staff. He said Metro first imposed user fees at \$.14 per ton in 1977. He said there were five regional landfills at that time. He said as emphasis on recycling increased, Metro began to receive applications from private firms such as OPRC. He said those recyclers paid user fees to Metro and recovered costs in recyclable materials. He said in 1985 an adopted ordinance modified the Metro Code to state that franchised processors were to recycle and remove materials from the waste stream and were exempt from paying Metro user fees. He said the user fees were instead placed on waste leaving facilities and the effect was that Metro fees were removed from recycled material and gave recyclers economic incentive. He said those policies were the foundation for existing Metro policy. He said adoption of new policy as currently proposed would be a step backward in the waste reduction process and said he knew of other parties who had expressed concern about new rate policies proposed by Metro. The Committee and Mr. Irvine discussed the issues further.

Mr. Martin told the Committee staff's intent was to give a preliminary overview at this time on the issues involved. He did not disagree with Mr. Gilbert's or Mr. Irvine's testimony. He said staff hoped to direct recyclable loads to alternative systems. He said it would be best not to think in terms of recyclers versus non-recyclers and said everyone recycled at some level. He said there were buy-back centers and opportunities to use them. He said it was important to note all regional recycling effort depended on the maintenance of a well-run disposal system.

Mr. Martin discussed basic policy issues and noted Mr. Gilbert and Mr. Irvine operated two different types of facilities. He said in analysis of user fees, facilities should be analyzed also. He said if certain users were exempted, prices were increased for others. He said if policy as recommended was adopted, solid waste would be cheaper by \$2 to \$3 per ton. Chair Hansen said it would be an exercise in futility to relate user fees to recyclables. He said other policy as suggested was very good or controversial. He said it would be controversial to abolish the convenience charge. Mr. Martin asked the Committee to wait for staff's final report and figures. Councilor Wyers asked if rates would be related in any way to the excise tax. The Committee and staff discussed the issues further.

Chair Hansen called a recess at 7:46 p.m. The meeting reconvened at 8:11 p.m.

4A. Report on Waste Reduction Program

4B. Report on Local Recycling Service Coordination Program

Mr. Martin said staff wished to present a review on the Waste Reduction Program and the Local Recycling Service Coordination Program. Debbie Gorham, Waste Reduction Manager, said Metro was in the process of implementing the Waste Reduction Program and the Environmental Quality Commission (EQC) Unilateral Order. She introduced staff to the Committee and said Steve Kraten, Associate Management Planner, would discuss the economics of recycling; Terry Petersen, Associate Solid Waste Planner, would discuss system measurement and the 1988 recycling level; Sam Chandler, Senior Solid Waste Planner, would discuss recycling; and Pat Vernon, Senior Solid Waste Planner, would discuss institutional purchasing. Staff gave their informational reports and the Committee and staff discussed the reports briefly.

5. General Staff Reports
o Metro Staff Station
o Transport Service

None given.

Chair Hansen adjourned the meeting at 9:09 p.m.

Respectfully submitted,



Paulette Allen
Committee Clerk
SWC89.332