

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING A) RESOLUTION NO. 16-4716
TRANSFER SYSTEM CONFIGURATION)
POLICY) Introduced by Chief Operating Officer Martha
Bennett in concurrence with Council
President Tom Hughes

WHEREAS, Metro, as the solid waste system planning authority for the region, regulates solid waste facilities and disposal sites within the region and the disposal of solid waste generated in the region, pursuant to Metro's constitutional, statutory, and charter authority, consistent with the policies included in the Regional Solid Waste Management Plan, and as set forth in Metro Code Title V; and

WHEREAS, solid waste regulation, disposal, and planning are traditional local government functions within Metro's authority; and

WHEREAS, Metro owns and operates two transfer stations located in the Metro region, and

WHEREAS, Metro Code Chapter 5.01 requires a legislative grant of authority by Metro, through issuance of a solid waste franchise, before a private transfer station located in the region is allocated solid waste that would otherwise flow to a public transfer station; and

WHEREAS, the Chief Operating Officer has developed options regarding the configuration of the public and private transfer station system in the Metro region; and

WHEREAS, the Chief Operating Officer recommends, to ensure that the transfer system provides maximum public benefit, that Metro maintain the current configuration of public and private transfer stations and (1) allocate tonnage on a percentage basis to ensure flow to public stations; (2) limit the amount of putrescible solid waste any one private company may transfer; and (3) ensure transparency of rates; and

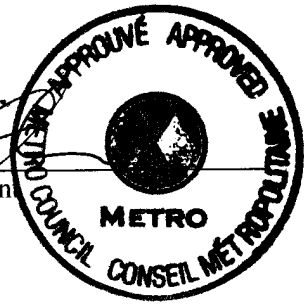
WHEREAS, the Metro Council finds that maintaining two public transfer stations and ensuring flow to those stations results in significant health and environmental public benefits because the public stations provide enhanced services, including longer hours, self-haul capacity, and acceptance of hazardous waste and recyclables; and

WHEREAS, the Metro Council finds that maintaining a consistent flow of solid waste to public transfer stations serves the public benefit of promoting innovative solid waste programs; for example, the Council has identified the recovery of food scraps as a priority policy and flow of solid waste to public transfer stations is key to the success of that policy; now therefore

BE IT RESOLVED that the Metro Council (1) adopts the Transfer System Configuration Policy, attached as Exhibit A; (2) directs the Chief Operating Officer to proceed with implementation of the Policy.

ADOPTED by the Metro Council this 21st day of July 2016.

[Handwritten Signature]
Tom Hughes, Council President



Approved as to Form:

[Handwritten Signature]
Alison R. Kean, Metro Attorney

Exhibit A:

Transfer System Configuration Policy:

1. **Tonnage Allocation based on Percentage.** Allocating putrescible waste tons on a percentage basis with a minimum percentage reserved for the public facilities will ensure that rising regional tonnage will increase all allocations proportionally. Conversely, if, for example, food waste collection or economic recession reduces wet waste regionally, then flow to **all** transfer stations will be reduced proportionally, and not just reduce flow to the public stations.
2. **Tonnage Allocation Appeals Process.** Emphasize predictability and transparency so that all operators can plan accordingly. Minimize ongoing tonnage allocation “negotiations” and try to prevent continually re-adjusting allocations. However, the collection and transfer system is dynamic, and it may be unreasonable to keep allocations fixed indefinitely. At a minimum, staff should seek to develop a consistent process and framework for adjusting allocations that could be adopted by Council as a matter of policy and the details implemented by the COO.
3. **Flexibility to Pursue Additional or New Services, or Technology.** Ensure that any changes to the transfer system can accommodate future decisions related to important new services with public benefits, such as organics recovery, or pursuing new technology, such as advanced materials recovery (AMR), or waste-to-energy.
4. **Small Business Opportunities.** Support smaller locally-based businesses remaining in the collection system and other small businesses that use the system.
5. **Promote Efficient Off-Route Travel.** For reduction of greenhouse gas and other public benefits, encourage haulers to minimize off-route travel (i.e., trip between collection route and transfer station or base yard).
6. **Improve Transparency about the Cost of Services Provided at the Public Stations.** Provide a separate accounting of the cost of various discrete public services provided at the public stations i.e., separate out the cost of services such as wet waste consolidation and transfer, dry waste recovery, self-haul, and organics consolidation and transfer to provide a more detailed and direct comparison of the cost of services offered at private stations.
7. **Rate Transparency at Private Stations.** Local government staff have stated they would benefit from additional transfer station rate transparency in their collection franchise rate review processes. A number of approaches are described in the implementation details.
8. **Wet Waste Generated in Region Should Utilize the Regional Transfer System.** In order to minimize inefficiencies, all landfill-bound waste should utilize the regions transfer system, or some alternative disposal system (Waste to Energy, Alternative Materials Recovery, etc.).

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 16-4716, FOR THE PURPOSE OF ADOPTING A TRANSFER SYSTEM CONFIGURATION POLICY

Date: July 21, 2016

Prepared by: Tim Collier X1913

BACKGROUND

The RSWMP and Resolution no. 06-3729 (adopting the Transfer Station Ownership study, aka Disposal System Planning “DSP1”) state that Metro should continue to operate two public stations, but that policy direction did not elaborate to what degree, in what role, or with what footprint. At a work session on March 1, 2016, Metro Council confirmed that the transfer system should be managed to provide the following public benefits:

1. Protect people’s health
2. Protect the environment
3. Maintain our commitment to the solid waste hierarchy as set forth in state law
4. Maintain a system that is flexible and adaptable to changing needs and circumstances
5. Ensure adequate and reliable services are available to all customers
6. Recognize prior and future public and private investment
7. Ensure sustainable finance
8. Minimize long-term life cycle cost of providing transfer services

The Metro Council also confirmed the role of the public stations as follows:

- Metro should continue its public transfer station operations to achieve multiple objectives:
- Provide a rate benchmark for local government regulators of collection;
 - Provide enhanced services, such as household hazardous waste collection,, long operating hours and days, enhanced employee benefits, etc.;
 - Provide a public disposal option for any and all haulers (keeps level playing field for small businesses and the public, facilities open to all); and
 - Provide flexibility to pursue new services or technologies, consistent with the waste management hierarchy.

At the work session, staff presented the following findings about the transfer system:

- Metro’s public/private system works well: its basic functions, geographic locations of facilities and service responsibilities should be retained.
- There is adequate access to self-haul disposal and no need for substantial new service.
- For household hazardous waste, if additional service is desired (beyond what is being provided at MCS and MSS), additional mobile services, such as round-ups, are the preferred delivery method.
- The public/private putrescible waste tonnage split is currently about right to balance the following competing goals:
 - Minimizing off-route collection cost and related traffic and emissions impacts.

- Ensuring adequate private station throughput and tip fees to allow for continued operations at current service levels.
- Ensuring adequate public station throughput to allow the provision of enhanced public services at reasonable cost, and to provide the opportunity to pursue new, innovative solutions.

Guiding Principles for Transfer System Management Options

When considering management options for the transfer system, the following principles will shape how those options are developed:

1. Metro has the broad legal authority to require all waste to be delivered to its public transfer stations and may choose to allocate waste tonnage to private facilities to achieve desired regional outcomes and public benefits.
2. Metro will continue to move all solid waste to higher and better forms of management, as guided by the state waste management hierarchy, while also considering technical and economic feasibility.
3. During the 2017-2019 interim period, franchises should be viewed as transitional prior to full-term franchises (5 years) taking effect in 2020.
4. Metro will continue to utilize franchises to authorize in-region transfer stations, and non-system licenses to authorize haulers seeking to deliver solid waste to out-of-region non-system facilities.

The following staff proposals are for Council to consider to improve governance and operation of the Metro region transfer system. It is the culmination of a lengthy study of issues facing the transfer system by Metro staff and key stakeholders such as the Transfer System Task Force (consisting of representatives from each transfer station in the region), the Solid Waste Alternatives Advisory Committee, local government solid waste directors, and others. More specifically, it responds to questions and comments from Council members at a Work Session held on March 1, 2016 and additional feedback from stakeholders since that time.

The proposals seek to ensure that the transfer system provides maximum Public Benefits (as defined by the Metro Council) today and in the future. The key recommendations for the transfer system are as follows:

- A. **Percentage Tonnage Allocation:** Allocations would be made on a pre-established *percentage* basis. Individual facility tonnage allocations would then be set on this percentage. That way tonnage allocations for each year will increase (or decrease) according to the change in total tons available.
 - A tonnage “floor” is recommended to ensure that public stations continue to provide the high quality service for which they are known. Staff proposes that a minimum of 40% of the region’s putrescible waste be delivered to Metro transfer stations leaving up to 60% available for allocation to private transfer stations. (Figure 1 illustrates which portion of the region’s waste is subject to allocation, i.e., approximately 690,000 putrescible tons in 2015).
 - Percentage allocations to private facilities would recognize private investment and provide greater certainty for future business planning.
 - Flexibility would be built in to respond to system changes, such as to accommodate new facilities, lower than anticipated deliveries, and shifting tons from one station to another.
- B. **Small Business Opportunities.** To enable small, local business to thrive, Metro should limit to 40% the amount of putrescible waste that any single company can transfer.

- C. **Rate Transparency.** Three options have been identified for Council consideration that would improve the transparency of tip fees at private putrescible waste transfer stations and to assist local government collection rate review.

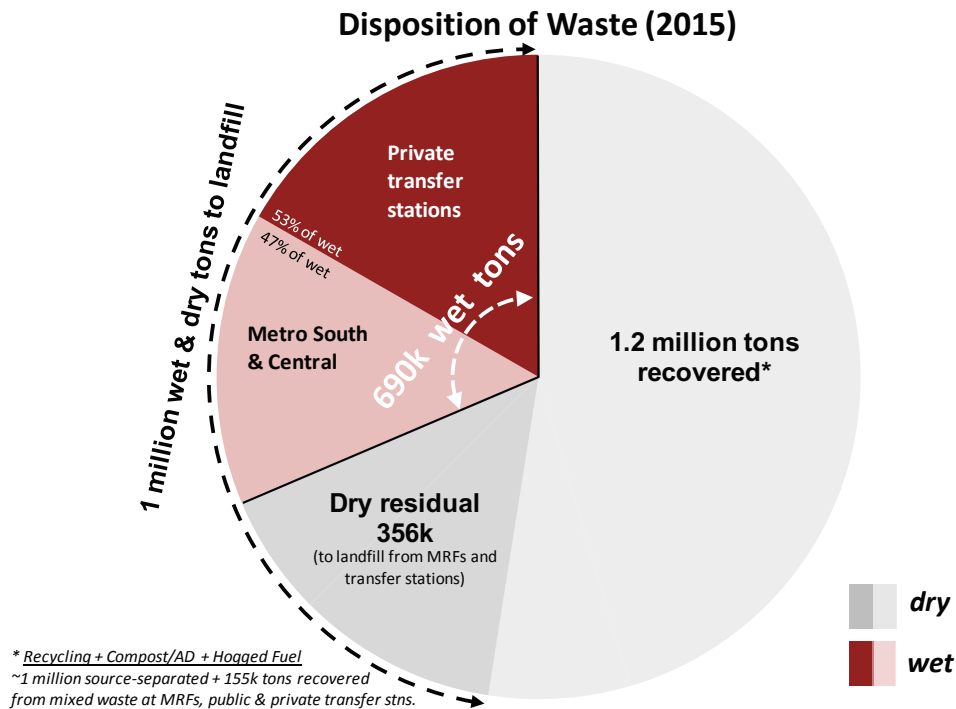


Figure 1. Disposition of Metro region waste in 2015. Metro authorized private transfer facilities to accept a little over half of the 690,000 tons of putrescible waste generated in the region.

Further detail on the specific policy proposals is provided below.

Policy Proposals:

1. **Tonnage Allocation based on Percentage.** Allocating putrescible waste tons on a percentage basis with a minimum percentage reserved for the public facilities will ensure that rising regional tonnage will increase all allocations proportionally. Conversely, if, for example, food waste collection or economic recession reduces putrescible waste regionally, then flow to **all** transfer stations will be reduced proportionally, and not just reduce flow to the public stations.
2. **Tonnage Allocation Appeals Process.** Emphasize predictability and transparency so that all operators can plan accordingly. Minimize ongoing tonnage allocation “negotiations” and try to prevent continually re-adjusting allocations. However, the collection and transfer system is dynamic, and it may be unreasonable to keep allocations fixed indefinitely. At a minimum, staff should seek to develop a consistent process and framework for adjusting allocations that could be adopted by Council as a matter of policy and the details implemented by the COO.
3. **Flexibility to Pursue Additional or New Services, or Technology.** Ensure that any changes to the transfer system can accommodate future decisions related to important new services with public benefits, such as organics recovery, or pursuing new technology, such as advanced materials recovery (AMR), or waste-to-energy.

4. **Small Business Opportunities.** Support smaller locally-based businesses remaining in the collection system and other small businesses that use the system.
5. **Promote Efficient Off-Route Travel.** For reduction of greenhouse gas and other public benefits, encourage haulers to minimize off-route travel (i.e., trip between collection route and transfer station or base yard).
6. **Improve Transparency about the Cost of Services Provided at the Public Stations.** Provide a separate accounting of the cost of various discrete public services provided at the public stations i.e., separate out the cost of services such as putrescible waste consolidation and transfer, dry waste recovery, self-haul, and organics consolidation and transfer to provide a more detailed and direct comparison of the cost of services offered at private stations.
7. **Rate Transparency at Private Stations.** Local government staff have stated they would benefit from additional transfer station rate transparency in their collection franchise rate review processes. A number of approaches are described in the implementation details.
8. **Putrescible Waste Generated in Region Should Utilize the Regional Transfer System.** In order to minimize inefficiencies, all landfill-bound waste should utilize the regions transfer system, or some alternative disposal system (Waste to Energy, Alternative Materials Recovery, etc.).

ANALYSIS/INFORMATION

1. **Known Opposition:** There is no known opposition to this resolution.
2. **Legal Antecedents:** Oregon Constitution, ORS Chapter 268, Metro Charter, Metro Code, Regional Solid Waste Management Plan
3. **Anticipated Effects:** Metro staff will initiate planning activities to address policy issues identified by the Council and move forward with rules to implement that policy direction.
4. **Budget Impacts:** The budget impacts in this resolution have been accounted for in the 2016-17 budget adopted by the Metro Council.

RECOMMENDED ACTION

The Chief Operating Officer recommends adoption of Resolution No. 16-4716.