

 **Metro** | *Agenda*

Meeting: Transfer System Task Force – Meeting 10

Date: Wednesday, February 17, 2016

Time: 9 to 11:30 a.m.

Place: **Room F150 Oregon Convention Center**

Outcomes: Review of Metro Staff Recommended Options

- 9:00 1. WelcomeSteve Faust
- > • Introductions
 - > • Summary of Meeting 9
 - > • Agenda review
- 9:10 2. Transfer System Configuration Process Tim Collier
- 9:30 > 3. Draft Metro Staff Recommendations Collier, Dan Pitzler
- 10:00 4. Task Force CommentsFaust
- 11:15 5. Comments from the publicFaust
- 11:25 6. Wrap up, schedule and adjourn Faust
- Recap outcomes; confirm information requests, and next meeting date and agenda

Key to symbols

- > Material included with this agenda
- Copies of all background materials will be available at the meeting

Transfer System Configuration Project

This project focuses on the region's system of solid waste facilities. The Metro Council has charged the project staff with determining *what management model for the system best serves the public interest*. The project scope includes delivery of services, implementation of public policies, public and private roles, and the economics and governance of the system. The policies and actions that emerge from this project will help shape the future of the regional transfer and recovery system. Options are scheduled to go before the Metro Council in Winter 2015.

Transfer System Task Force

The Transfer System Task Force is comprised of stakeholders that Metro has asked to advise on this project. The Task Force meets on an as-needed basis, and occasionally will host presentations by outside specialists or interested parties. Task Force meetings are open to the public.*

Organization	Representative	Alternate
City of Roses Disposal and Recycling	Alando Simpson	—
Environmentally Conscious Recycling	Vince Gilbert	Vern Brown
Greenway Recycling	Terrell Garrett	Eric Wentland
Gresham Sanitary	Matt Miller	Larry Head
Kahut Waste Services	Andy Kahut	—
Metro Solid Waste Operations	Paul Ehinger	Bruce Philbrick
Pride Recycling	Mike Leichner	—
Recology	Greg Moore	Carl Peters
Republic Services	Brian May	Ray Phelps
Waste Connections	Jason Hudson	Dean Large
Waste Management	Dean Kampfer	Bill Carr

* To be added to the mailing list contact Steve Faust of the project team (steve.faust@coganowens.com) and include "Transfer system project" in the subject line.

Metro | Meeting minutes

Meeting: Transfer Station Task Force – Meeting 9
Date/time: Thursday, December 3, 2015
Place: 370 A & B

Attendees

Members: Vern Brown, Environmentally Conscious Recycling; Paul Ehinger, Metro; Andy Kahut, Kahut Waste Services; Dean Kampfer, Waste Management; Mike Leichner, Pride Recycling; Brian May, Republic Services; Eric Merrill, Waste Connections; Greg Moore, Recology; Alando Simpson, City of Roses Disposal and Recycling; Eric Wentland, Greenway Recycling.

Alternates: Ray Phelps, Republic Services.

Staff: Steve Faust and Jim Owens, Cogan Owens Greene; Lyndsey Lopez and Dan Pitzler, CH2M Hill; Roy Brower, Tom Chaimov, Tim Collier, Andy Cotugno, Katie Reeves, Scott Robinson and Joel Sherman, Metro.

Guests: Theresa Koppang, Washington County; Dave White, Oregon Refuse & Recycling Association.

Desired Outcomes

Share information and answer questions about alternatives scoring and weighting.

Welcome

Following introductions, Tim Collier responded to several requests for information from the Task Force. Tim indicated that Metro's Steering Committee for this project consists of Scott Robinson, Tom Chaimov, Andy Cotugno, Paul Slyman, Roy Brower and himself. Next steps in the Transfer System Configuration process consist of briefings with the SWAAC and Metro Council. The Task Force will meet again, likely in February, to review and comment on Metro's recommendation before SWAAC and Metro Council review. Task Force members had no comments on the October 27 meeting summary.

Task Force Interview Results

Since the last Task Force meeting, Steve Faust completed interviews with 10 of the 11 Task Force members regarding the Task Force process and recommendation. Steve thanked the Task Force for making time for the interviews. Steve identified several themes from the interview results:

- Task Force members acknowledge a difficult transition from a Metro staff member with whom they had a long and trusting relationship. For some, trust in the process and the project management is diminished as a consequence.
- Several members believe there is a pre-determined outcome and that their suggestions are not taken seriously. Task Force members feel they have been operating in isolation and that an exchange between operators and regulators is needed. More transparency in Metro's internal process would be welcomed.
- A lack of diverse voices on the Task Force has resulted in a) a singular and biased perspective and b) an environment where members do not feel comfortable voicing

disagreement from the majority. Outreach to haulers and local government representatives is needed to provide a comprehensive review of the recommendations.

- Most Task Force members support the Task Force recommendation. The role of tonnage caps and, by extension, Metro is the main point of disagreement among Task Force members. Some members support tonnage caps while others want them eliminated.
- Task Force members are most concerned about some of the “heavy regulation” requirements listed in the configuration alternatives. They oppose Metro requiring facilities to a) accept certain materials, b) provide access to their operating costs for local governments to set rates, or c) operate at rates set by Metro. Members will likely take their concerns directly to Metro Council if any of these measures are part of the recommendation from Metro staff.

Multi-Objective Decision Analysis Results

Metro Council Briefing

Dan Pitzler reviewed the presentation given to Metro Council on November 24 and noted some Task Force members were in attendance. Council did not identify any new alternatives for staff to explore. There is general satisfaction with the current level of self-haul service and for using roundups as the preferred method for household hazardous waste service at locations other than Metro facilities. A Task Force member asked for more detail on the presentation slide showing Solid Waste System Economics related to collection and transfer, transport and processing/disposal.

Metro Transfer System Configuration System Economics Technical Memorandum

Information on system economics included in the presentation Metro Council was based on work conducted by CH2M Hill in the 2006 Metro Transfer System Ownership Study and updated with more recent information. The memo was prepared at the request of Metro staff for informational purposes. Staff decided to share that work with the Task Force for transparency purposes. Steve apologized for the memo going out after meeting packets were distributed. Several Task Force members expressed concern with the memo and its methodology. Members feel the lack of citations indicates it is opinion rather than a factual perspective. In particular, some Task Force members stated that use of the term “monopoly” was of particular concern and even offensive. Some members stated that the memo does not provide a complete picture of the system and includes no mention of risk. Task Force members indicated that they needed more time to review and respond to the memorandum. Steve asked for the Task Force to identify how they would like to respond to the memo. As there was no consensus, Steve asked members to send their comments to him by December 18th.

Multi-Objective Data Analysis (MODA) Results

Dan presented the results of the MODA, beginning with some context:

- The intent of MODA is to provide insight into decision making. It is not “the answer,” but will help Metro staff shape conclusions and recommendations for Council deliberation.
- The system is complex. The strategy table is meant to aid development of alternatives.
- Scoring the alternatives against criteria requires considering all eight system elements.

Dan then used several tables and charts to present the results, details of the results, a value to cost comparison, and the sensitivity of results to changes in weights. In response to Task Force questions, Dan explained that the weights are a subjective calculation from 1 to 100 which show relative proportions. For this exercise, several Steering Committee members assigned weights to the criteria/sub criteria and CH2M Hill staff scored each alternative accordingly. Dan reminded Task Force members that the results of the MODA do not give us an answer, but rather provide

insight as to what aspects of the alternatives drive the outcomes. Task Force members asked that definitions and descriptions be provided in the PowerPoint presentation so viewers do not misinterpret the information. Staff also should preface the presentation with a disclosure that the MODA is built on many assumptions and subjective ideas.

In response to a Task Force member comment about Metro having made a decision to burn garbage, Paul Ehinger explained that Metro has not made a decision to stop landfilling and there will always be some waste that is land-filled. However, the Long-term management project has identified two different options. Overall, Metro is looking to be flexible in the future to utilize new technologies in the long term management of waste.

In response to whether there is value in asking local jurisdictions or Task Force members to complete the MODA weighting exercise, Dan explained that there is more value gained in going back into the strategy table to see how adjusting elements of the alternatives impacts the MODA results. Dan will provide the weights and percent weights provided by Metro Steering Committee members and the weighting instructions given to staff.

Steve asked Dan to comment on what aspects of the various alternatives resulted in a higher or lower MODA score or a higher or lower cost. Dan referenced the MODA results (stacked bar chart) which showed that Alternatives 3, 4, and 5 generally performed well on most all criteria compared to Alternatives 1 and 2: no one factor stood out in particular. For cost, Dan noted that Alternative 3 is likely to be more expensive due to the high cost to better serve those who currently have the longest drive times for self-haul. For Alternative 2, he mentioned that there is considerable uncertainty about how costs would unfold in this scenario, but that it is likely that Metro's tipping fee would rise as tons flowed to privately-operated facilities (because of economies of scale) and it is possible that not all of the corresponding reduction in cost at privately-operated facilities would necessarily be passed on to customers.

Comments from the Public

One audience member has several comments:

- It seems strange that the burning of garbage is outside the purview of the Transfer System Configuration process. There is a strong connection between transfer system configuration and the ramifications of long-term waste disposal.
- Concerned that Metro Council and others are missing the cost/price discussion regarding self-haul. Access to self-haul is generally good and the cost to serve those with the worst access is prohibitive.
- Charts in the presentation show divergent opinions among Steering Committee members. The MODA is subjective. The Task Force should be given a chance to supply their own white paper in response to the economic white paper CH2M provided. Metro's recommendation and any other background information should be sent to the Task Force as soon as it is ready.

Wrap Up and Adjourn

The date of the next Task Force meeting will be determined in alignment with Metro Council touch points. Steve will distribute the recommendation from Metro's Steering Committee when it is ready and let Task Force contact Task Force members about a date for the next meeting. Steve also will follow up with responses to information requests regarding System Economics and the MODA weighting process.

The meeting was adjourned at approximately 11:30 am.



Transfer System Configuration Project

Update to Transfer System Task Force

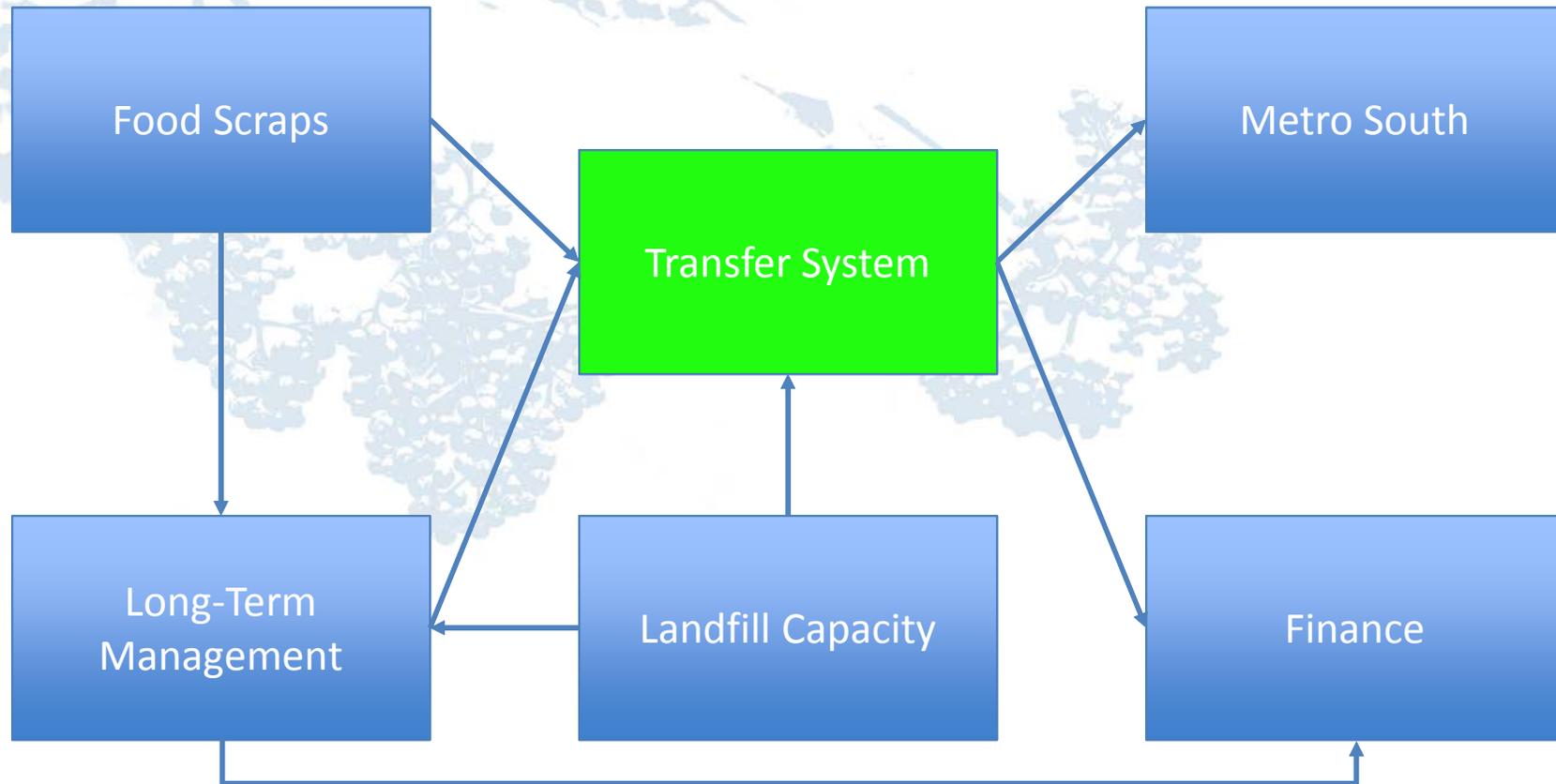


Tim Collier, Director of Finance and Regulatory Services
Dan Pitzler, CH2M
February 17, 2016



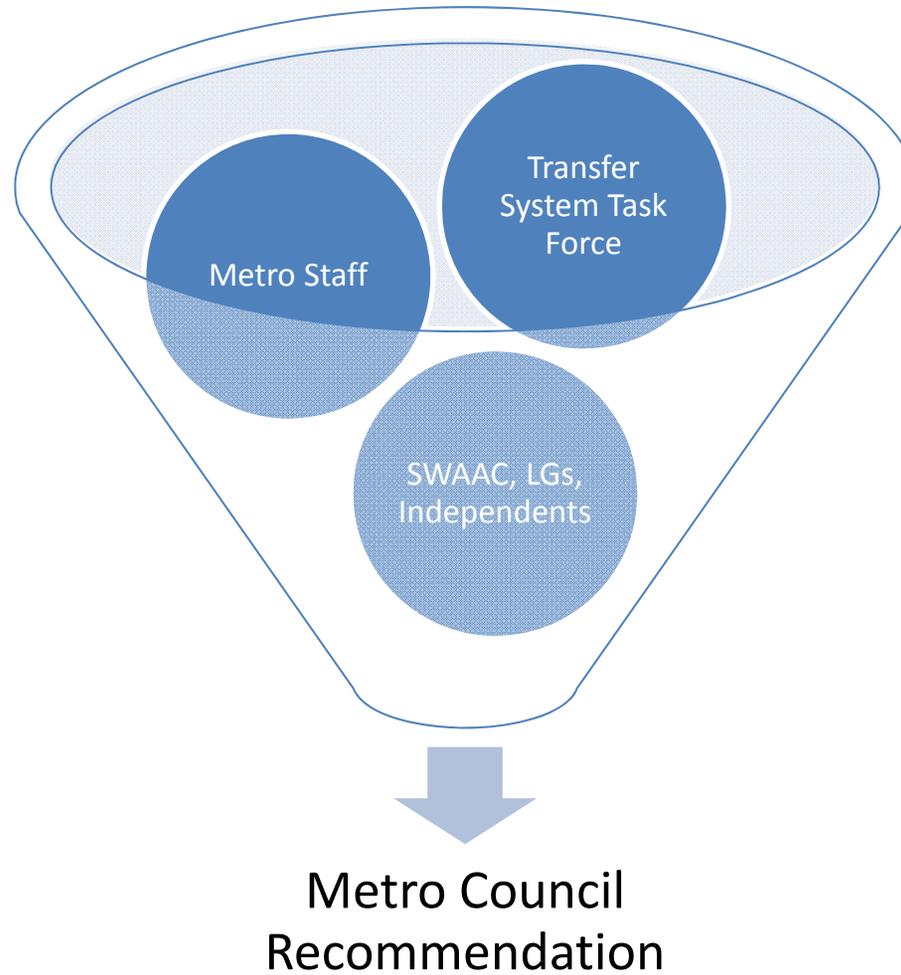
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Solid Waste Road Map Projects



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Stakeholder Input for Transfer System Configuration



Project overview

What model of the public-private system of waste transfer stations best serves the public interest (now and in the future)?

Project Objectives:

- *Determine what services the system should provide, by whom and how*
- *Ensure the transfer system serves the needs of the region for materials generated within the region.*





Metro Staff & Transfer System Task Force Agreement on the following service elements:

Self-Haul – Existing system works well, no need for substantial new service

HHW – If additional service is desired (beyond what is being provided at MCS and MSS), use additional round-ups

Commercial Food & Residential Food/Yard- on hold until there is more clarity about where food will be processed under what circumstances (e.g., private market vs. RFP)

Main Items to Evaluate Further

Flow

What mechanisms determine the transfer station where a collection vehicle delivers its materials

Pricing

What mechanisms determine tip fees at privately-owned transfer stations

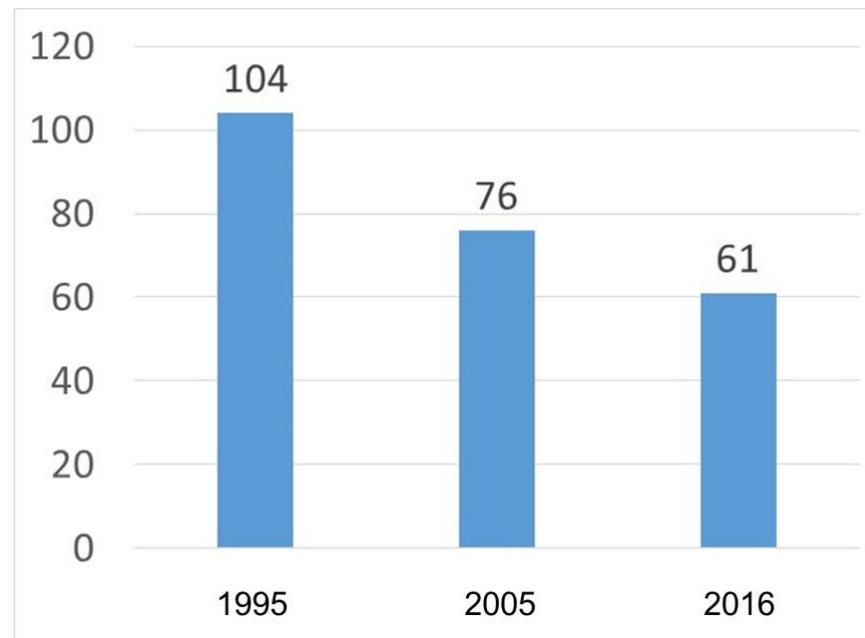


Flow and Pricing Overview

- Wet waste tonnage caps
 - Ensure flow to public stations
 - Helps public station tip fees serve as “benchmark” for private stations
- Competition in collection is in Portland commercial market only
- Vertical integration
 - Approx. 50% of tons delivered to landfills owned by the collector
 - Portland limits the number of residences any hauler can serve

Flow and Pricing (continued)

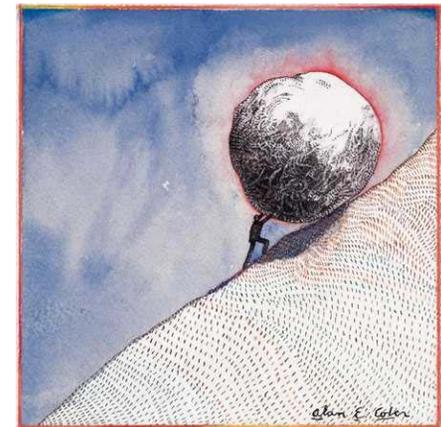
- Consolidation: 104 collection companies in 1995: 61 today



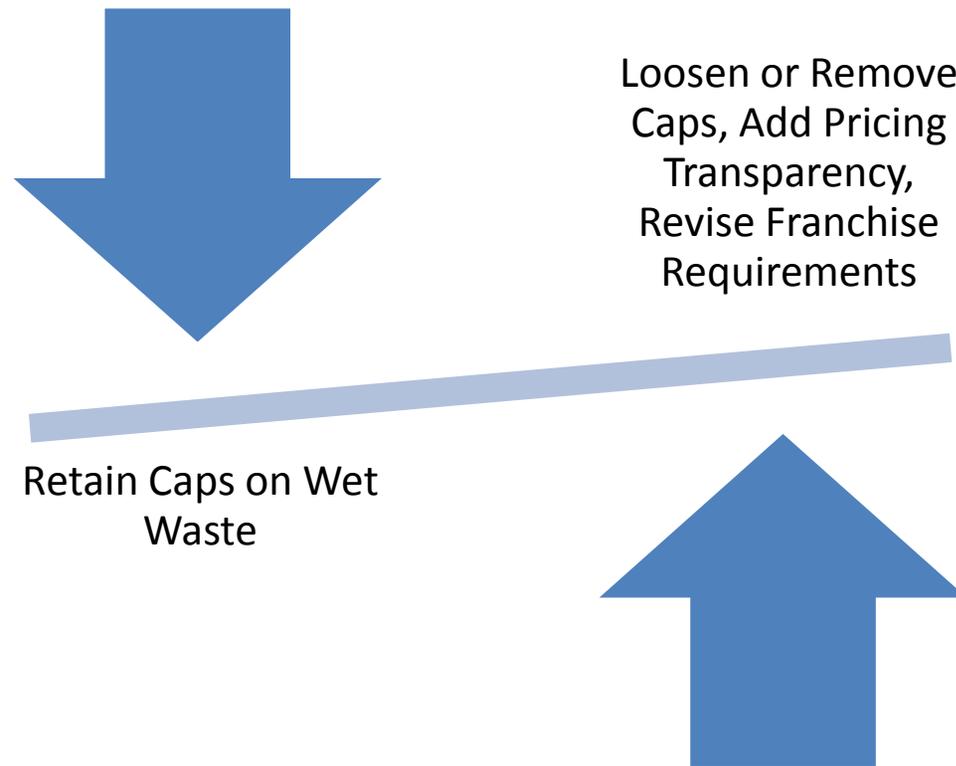
- Without caps, some mechanism is needed to ensure reasonable and transparent tip fees

The Challenge

- **Ideal world** - the transfer system would be designed to minimize cost & maximize Public Benefits
- **Reality** – Services that support Public Benefits are expensive & require higher level of public support



“Toggle” – Ensure that Public Benefits are Received, and Efficiencies Are Passed on to Ratepayers



Public Benefits and Evaluation Criteria

Public Benefit/Criterion	Relevance for Flow and Pricing Options
1. Protect People's Health	Not affected by options
2. Protect the Environment	GHG Emissions may differ
3. Recognize Investment	Relevant for both public and private operators
4. Adequate and Reliable Services for All	Likely similar for all options
5. Maintain Commitment to SW Hierarchy	Likely similar for all options
6. Flexible and Adaptable to Change	Ability to provide new, innovative public benefits could differ among options
7. Sustainable Finance	Key aspect of pricing
8. Minimize the long-term cost of providing transfer services	Key objective
Other considerations:	
Practical to maintain and administer	Implementation and administration may vary among options
Level playing field for all participants	Metro presence valued by smaller, independent operators

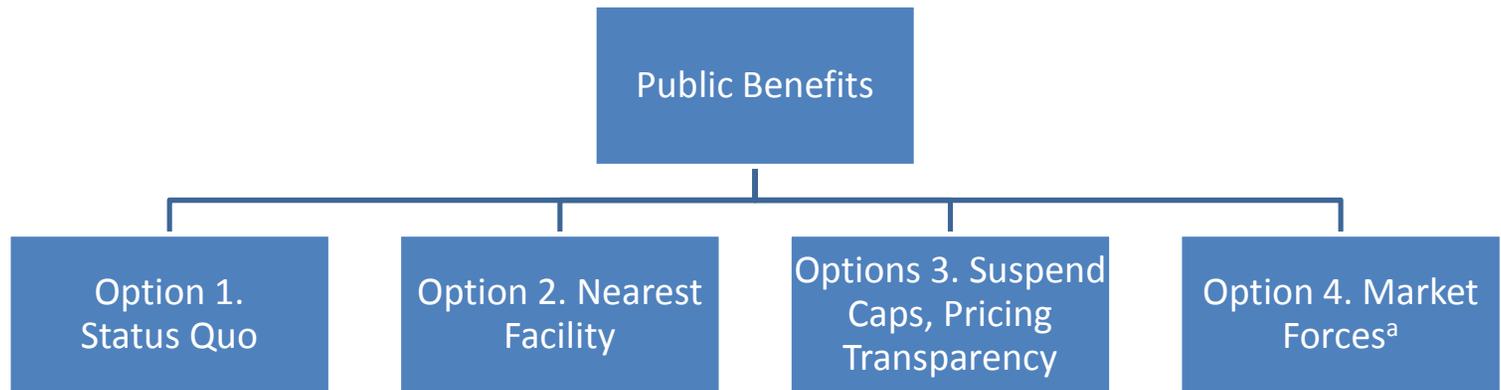


Evaluation Criteria for Selecting Flow and Pricing Options

Evaluation Criteria

1. Minimize GHG emissions
2. Recognize prior and future investment
3. Flexible and Adaptable to Change
4. Sustainable finance with efficiencies passed on to ratepayers
5. Minimize system cost
6. Practical to maintain and administer
7. Level playing field for all participants

Four Options for Council Consideration



^aProposed by Industry Task Force

Option 1: Status Quo

Goal: Allocate tonnage using same method as done today; minimizing change

- Metro staff periodically reviews the state of the system and recommends tonnage cap adjustments up or down as appropriate
- With tonnage caps, public station tip fees act as a benchmark for the private stations

Pros

- System not broken
- Relatively simple to administer
- Reasonable provision of Public Benefits
- Responsive to system changes

Cons

- Some inefficiencies in flows (i.e., trucks not delivering at closest TS)
- Public Station tip fee is imperfect benchmark – uncertain if private sector efficiencies are passed on to ratepayers

Option 2: Nearest Facility

Goal: Allocate tonnage based on optimizing Public Benefits (reduce vehicle miles traveled, resulting in reduced GHG and cost)

- Wet waste caps would differ for each private station
- Tonnage allocated to each facility in a manner that reduces off-route collection vehicle hours and total travel cost

Pros

- Fewer GHG emissions and off-route collection costs

Cons

- More complex to implement and administer than current system
- Tried once without success: may be difficult to actually achieve desired benefits
- Public Station tip fee remains an imperfect benchmark

Option 3: Suspend Caps, Pricing Transparency

Goal: Metro not perceived as a competitor, Public Benefits paid for using Regional System Fee, private station pricing review to ensure efficiencies are passed on to ratepayers

- Metro review private station rates and set its wet waste tip fee comparable to weighted average of private stations (or similar)
- Metro set tip fees for public goods (such as HHW) at level that will achieve Public Benefit objectives
- Metro use Regional System Fee and reserves to match revenues and costs through time

Pros

- Market-based tonnage allocation
- Metro provides non-economic services that provide Public Benefits
- Pricing review provides information to local government regulators

Cons

- More complex to implement and administer
- Increased uncertainty in Metro annual finances
- Tons to public stations would decline, which may limit or preclude Metro's ability to deliver new, innovative services that provide Public Benefits

Option 4: Market Forces: No Tonnage Caps and Payment for Public Benefits^a

Goal: Let market forces dictate flow

- Status quo for flow of dry waste
- Metro places no limitations on flow of wet waste to public and private transfer stations
- Like the public stations, each private transfer station would have access to the regional system fee for providing non-economic services that provide Public Benefits

Pros

- Task Force preferred option
- Simple to administer

Cons

- Likely increase in industry consolidation and private transfer station profit margins
- Tons to public stations would decline, which may limit or preclude Metro's ability to deliver new, innovative services that provide Public Benefits
- Could compromise Metro's ability to participate in a private-public transfer system

^aTransfer System Task Force Recommendation

Screening Evaluation Results

Evaluation Criteria		Score			
		1. Status Quo	2. Nearest Facility	3. Suspend Caps, Transparent Pricing	4. Market Forces
1.0	Minimize GHG Emissions	3	4	2	2
2.0	Recognize Prior and Future Investment	3	2	2	2
3.0	Flexible and Adaptable to Change	3	3	2	1
4.0	Sustainable Finance with Efficiencies Passed on to Ratepayers	3	3	5	1
5.0	Minimize System Cost	3	4	3	3
6.0	Practical to Maintain and Administer	3	1	2	4
7.0	Level Playing Field for All Participants	3	3	3	2

1 = Worst feasible outcome

5 = Best feasible outcome



Stakeholder Input from Transfer System Task Force

[What 3 or 4 points would the Task Force like to include in the presentation to Council?]



Stakeholder Input from Local Government Directors

- Understanding private transfer station costs would be a huge benefit to our collection regulatory duties
- Even if imperfect, imperfect transparency would be better than virtually no transparency, which is what we have now
- Important to ensure that public investment is not stranded



Four Questions for Council

Does Council want to:

1. Adopt measures to minimize GHG emissions and off-route collection costs?
2. Take action to minimize system cost?
3. Rely on market forces to allocate tonnage ?
4. Provide added assurance that tip fees reflect costs and reasonable profit margins?

Decisions For Council

1. Does Council want to adopt measures to minimize GHG emissions and off-route collection costs?

Yes

Option 2:
Nearest
Facility

No

Select a
different
option

Decisions For Council

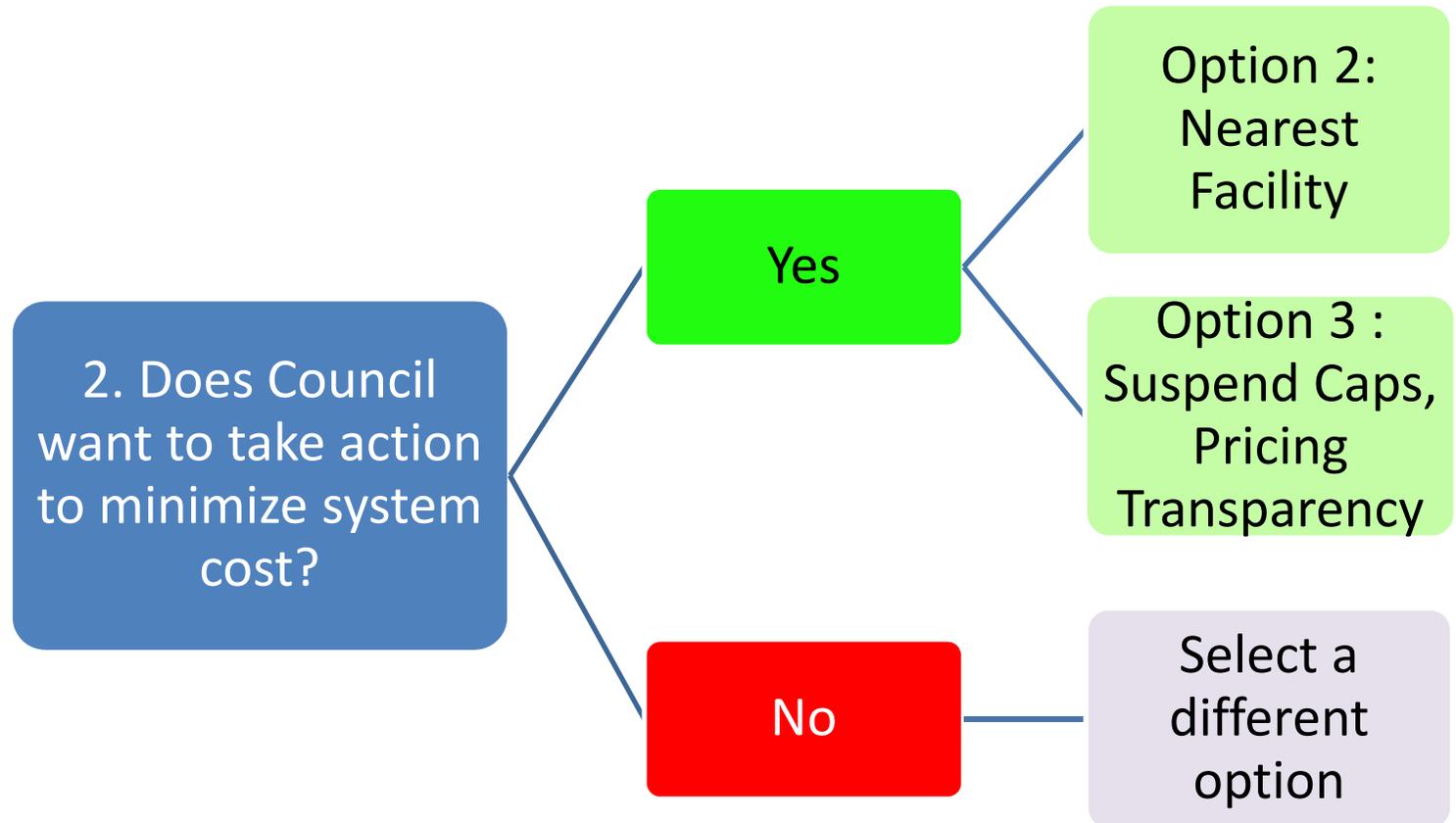
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Yes

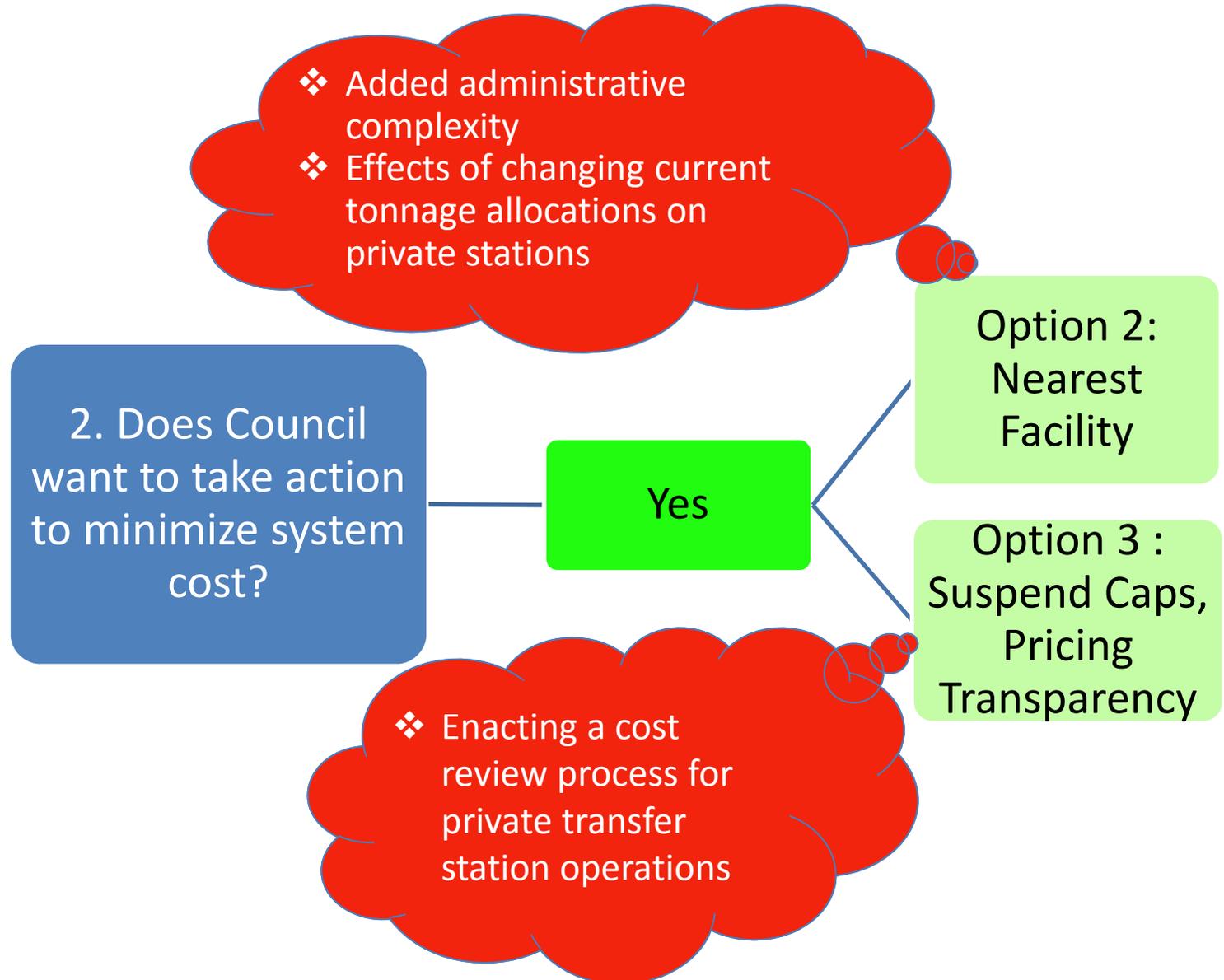
Option 2:
Nearest
Facility

- ❖ Added administrative complexity
- ❖ Effects on stations of changing current tonnage allocations

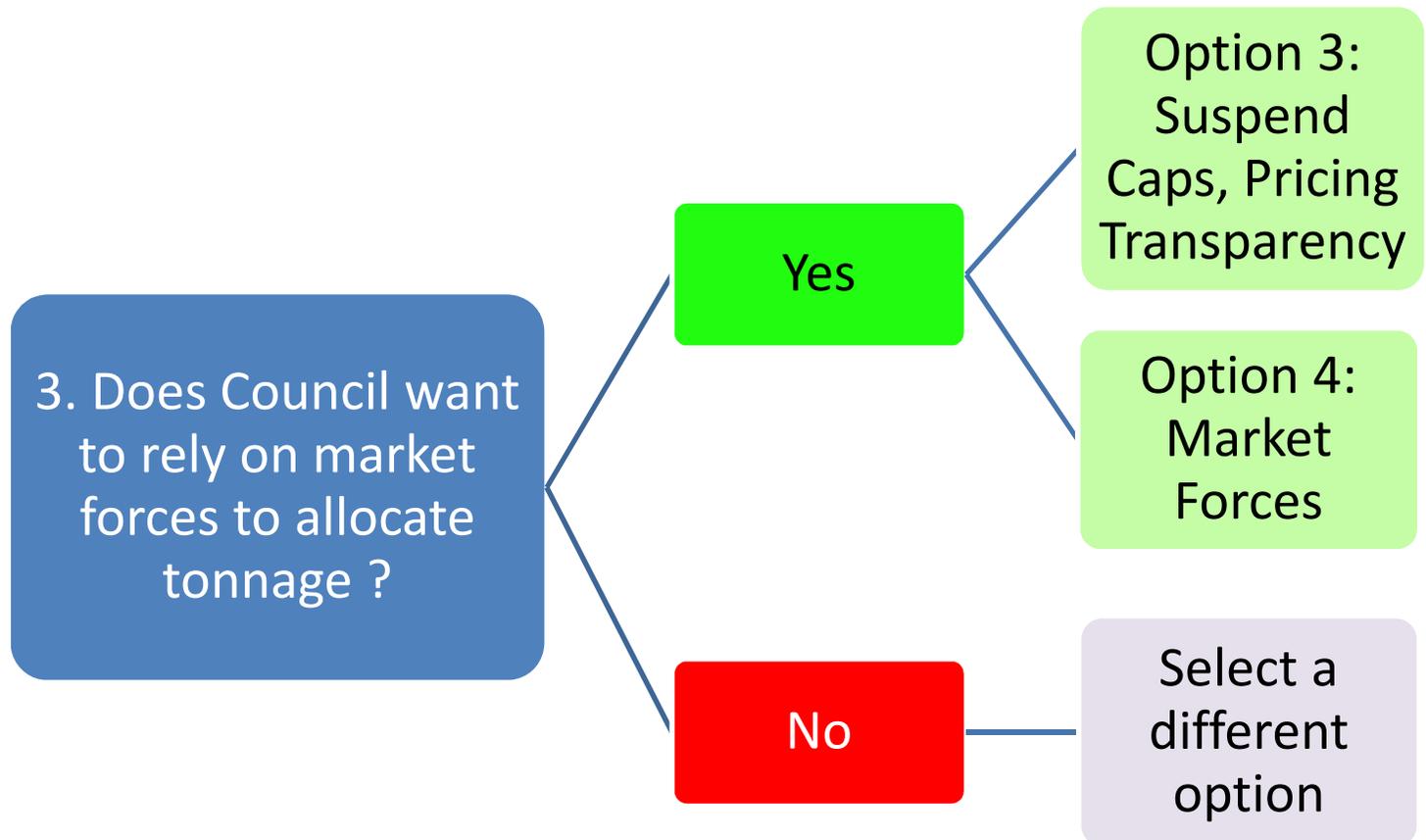
Decisions For Council



Decisions For Council



Decisions For Council



Decisions For Council

- ❖ Tons to public stations would decline, which may limit or preclude Metro's ability to deliver non-economic services that provide Public Benefits

3. Does Council want to rely on market forces to allocate tonnage ?

Yes

Option 3:
Suspend
Caps, Pricing
Transparency

Option 4:
Market
Forces

- ❖ Risk that Metro tip fee will rise to the extent that public-private transfer model is compromised
- ❖ Tons to public stations would decline, which may limit or preclude Metro's ability to deliver non-economic services that provide Public Benefits

Decisions For Council

4. Does Council want to provide added assurance that tip fees reflect costs and reasonable profit margins?

Yes

Option 3:
Suspend
Caps, Pricing
Transparency

No

Select a
different
option

Decisions For Council

4. Does Council want to provide added assurance that tip fees reflect costs and reasonable profit margins?

Yes

Option 3:
Suspend Caps,
Pricing
Transparency

- ❖ Added administrative complexity
- ❖ Enacting a cost review process for private transfer station operations



Questions or Comments?