

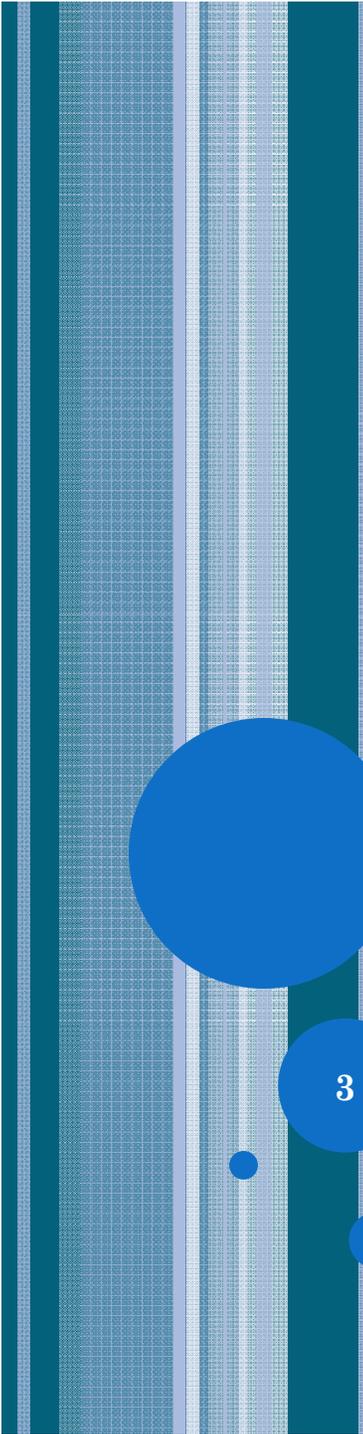
# **THE REGIONAL TRANSFER SYSTEM PROJECT**

**Transfer System Task Force  
February 20, 2015**

**Douglas Anderson,  
Project Manager**

## IN THIS PRESENTATION

- Project overview
- What is the “transfer system”?
- How did we get here?
- A course for the future
- Public goals



# PROJECT OVERVIEW

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## SUMMARY

- Four-phase planning process
- Now entering the third phase
- Time frame: this year
- Planning approach: analysis of alternatives
- Outcomes  
Recommendations for Council action in 2015

## PURPOSE

To determine what model  
of the public-private transfer system  
best serves the public interest, *or*

**“How we will manage the system”**

# WHAT IS THE “PUBLIC INTEREST”?

Through its involvement in the regional solid waste system Metro seeks to:

- Protect people’s **health**
- Provide **adequate and reliable services** to all
- Protect the **environment**
- Commitment to the **highest & best** use of resources
- Maintain a system that is **flexible and adaptable** to changing needs and circumstances
- Get **good value** for the public’s money

## PLANNING FRAMEWORK

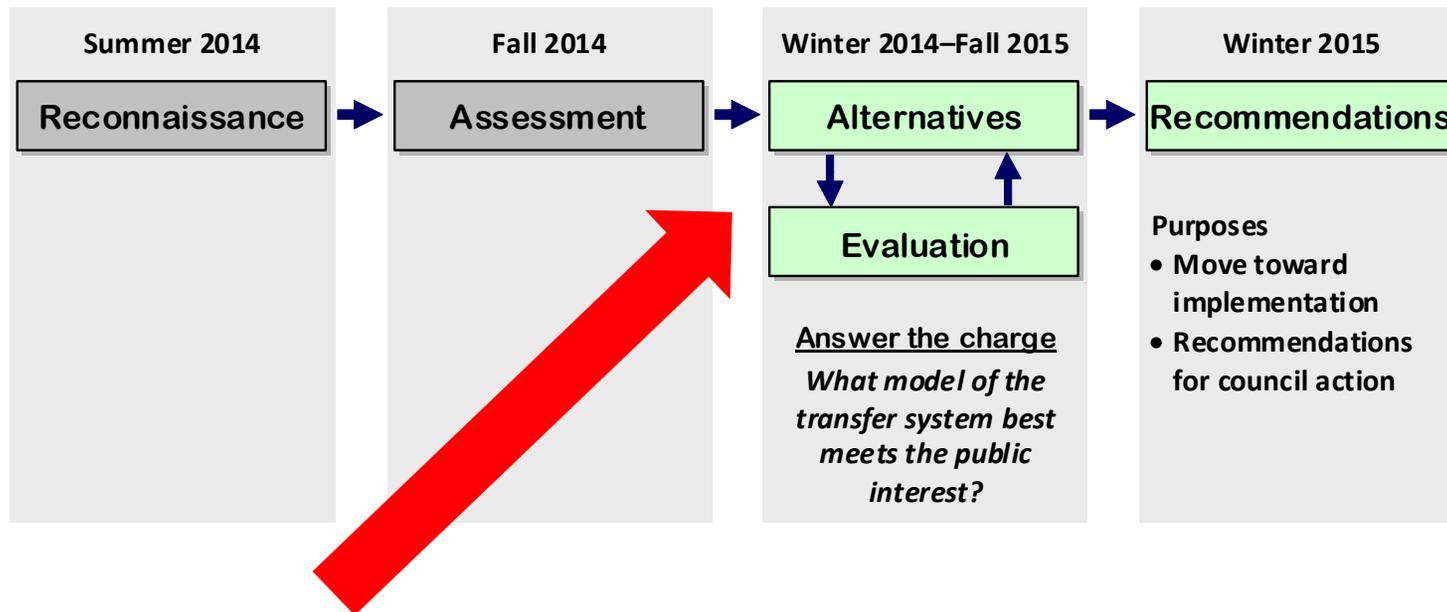
- How well does the **current system** deliver on the public interest?
- Are there alternatives that would do a **better job**?
- If so:
  - What do these alternatives look like?
  - How much better would they perform?
  - What are the pros and cons if implemented?
- What is the **best option** for meeting our goals and objectives?

# DELIVERABLES

- Legislation for Council consideration
  - Changes we can implement in 2016 – 2019
  - Policies for post-2019
- Policy implementation work plan
- Legislation to council in Winter 2015

# PROJECT OVERVIEW

## THE PROCESS AND SCHEDULE



# BACKGROUND

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# WHAT IS THE “TRANSFER SYSTEM”?

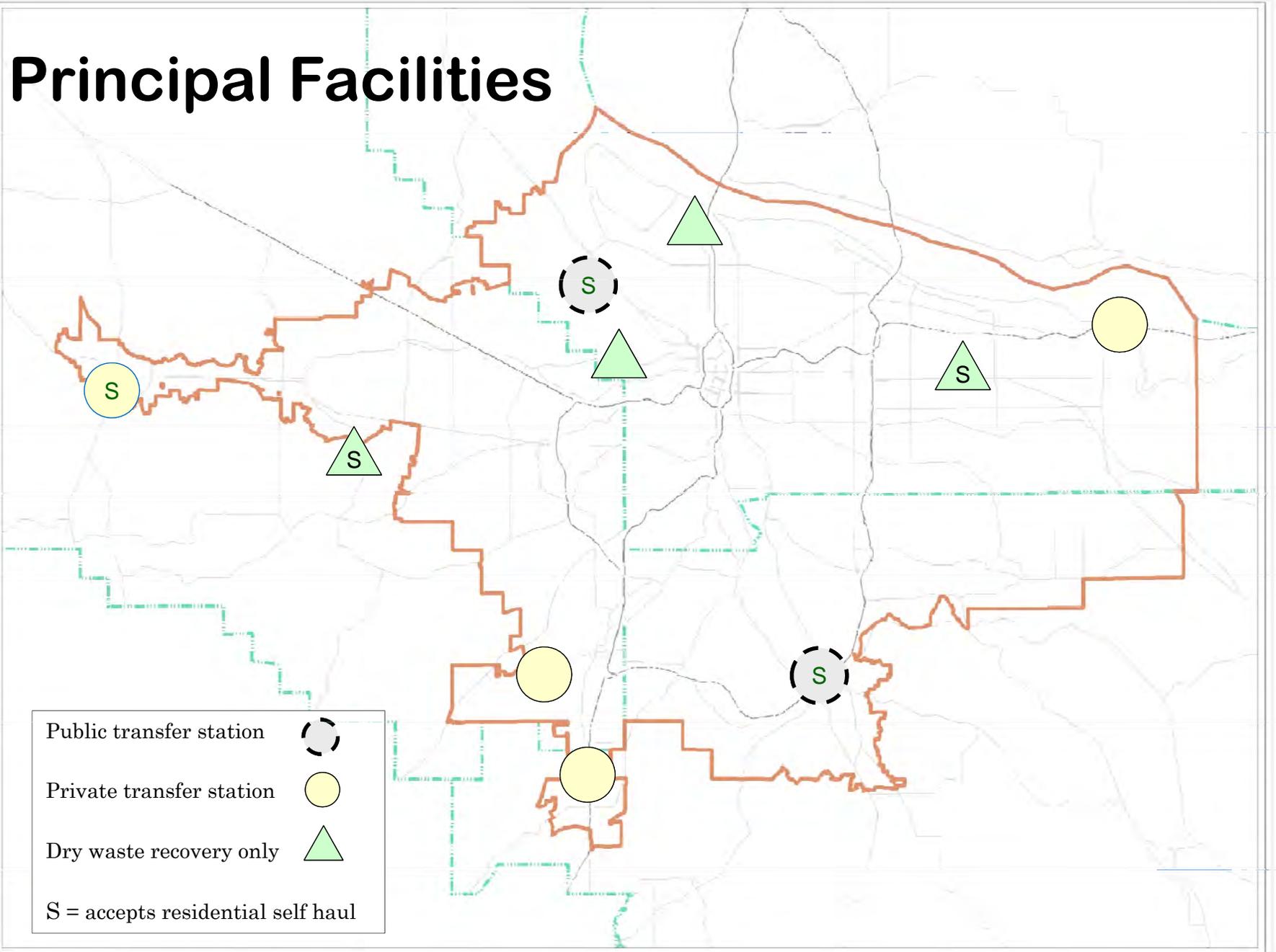
## THE TRANSFER SYSTEM IS

- The set of **public and private facilities** in the region that accept some form of discards
- Together with:
  - **Services** delivered
  - Regulatory **obligations**
  - The **linkage** with haulers, landfills, markets
  - Public & private **roles**
  - **Economics & governance** of the system as a whole

## BY THE NUMBERS

- About six dozen facilities
  - Two are publicly owned (Metro)
  - All others privately owned, regulated by Metro.
- Post-consumer discards – per year
  - 1 to 1¼ million tons through facilities
  - About 1 million tons landfilled
  - 2 to 2½ million tons transfer capacity to landfills
  - Over 100 years landfill capacity at current fill rates
- 10 facilities handle over 95 percent of the waste

# Principal Facilities



## BY THE WAY . . .

This Task Force represents companies

- Whose facilities receive over 95% of the waste
- That hold over one-third of the regulatory instruments issued by Metro
- Whose haulers collect over two-thirds of the region's discards
- That represent the top 5 haulers in the region, by tonnage

# HOW DID WE GET HERE?

## SUMMARY

- A comprehensive all-public system planned
- Major new financial, contractual, legal commitments
- But only 1/3 of the system built
- Metro encouraged private investment to fill the service gaps
- Metro regulation arose primarily to ensure compliance with major new commitments
- Is this system well-positioned for the future?

## THE STORY

### IN THE BEGINNING . . .

- At least a dozen local dumps operating at any given time
- 250+ haulers
- No transfer stations  
*No need – everyone was close enough to a dump*
- Recycling and recovery in its infancy

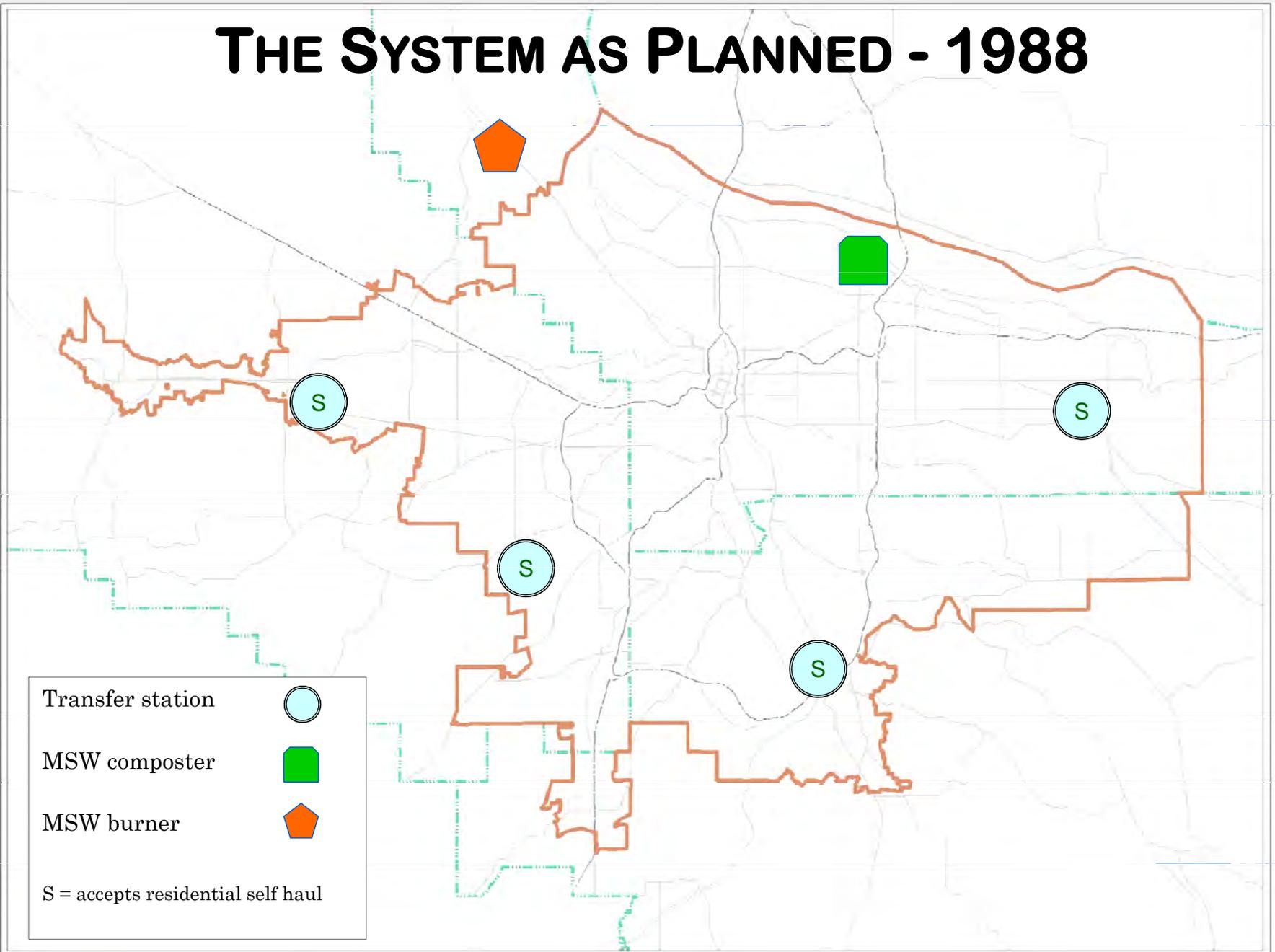
## CHANGES AFOOT – 1970S AND 1980S

- New environmental rules
  - Dumps: comply or close
  - All but two closed
- Two failed attempts to site a local landfill
  - Bacona Road effort abandoned 1980
  - Wildwood effort abandoned 1985
- 1987-88: Metro opted for a modern system
  - Transfer stations
  - Remote Subtitle D landfill

# THE SYSTEM THAT METRO PLANNED

- All-public
- Four transfer stations
  - Full-service
  - Geographical distribution for access
  - Material recovery a key element
- Two alternatives to landfilling
  - MSW composter
  - Waste-to-energy incinerator

# THE SYSTEM AS PLANNED - 1988



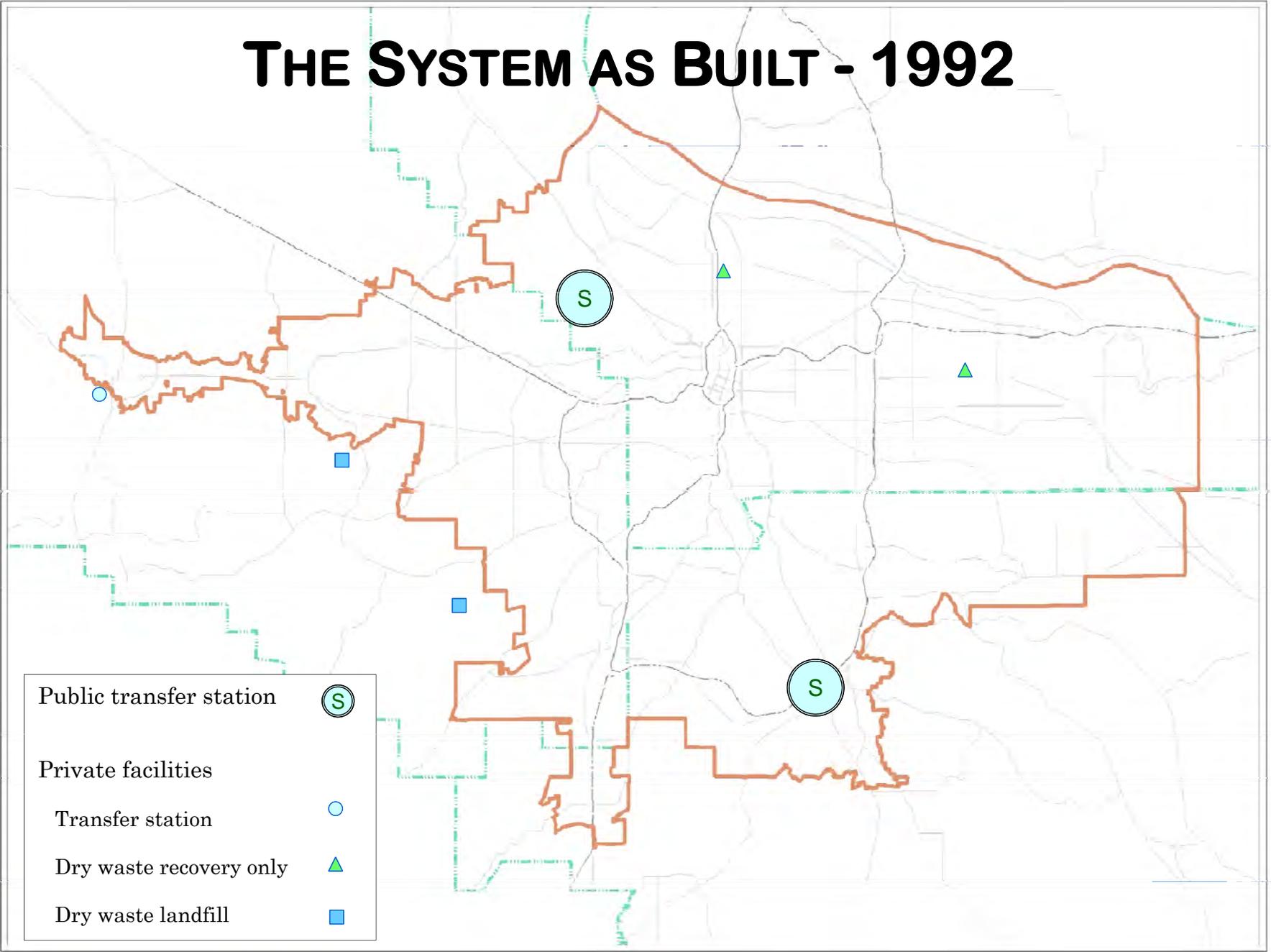
# METRO'S NEW COMMITMENTS – A SAMPLE

- Financial covenants
  - Prohibit competition
  - No voluntary exit
  - Requirement to operate
  - \$28.5 million new debt (1990)
- Contractual obligations
  - 90 percent tonnage guarantee
  - Minimum 50 percent fixed costs (IRS)
- Legal mandates
  - HH hazardous waste collection & education
  - Waste reduction planning & implementation

# STORM CLOUDS

- Risks to the disposal system
  - Concern over rising costs
  - Problematic procurements
  - Difficulty with siting
  - Oregon Recycling Act, and new recovery requirements including universal curbside recycling
  - Concerns about fighting the last war
- Reaction
  - Facility plan cancelled
  - *De facto* end to an all-public system

# THE SYSTEM AS BUILT - 1992



# CANCELLED PLAN = SERVICE GAPS

- Service gaps
  - Wet waste transfer – locations
  - Dry waste recovery – locations & capacity
  - Industrial wastes & contaminated soils – disposal
- Metro's challenge. Simultaneously:
  - Fill the service gaps
  - Align disposal system with new recycling initiatives
  - Comply with covenants and commitments

# SOLUTIONS

- Service gap:
  - Actively encourage private investment**
    - Wet waste transfer (1996-98)
    - Dry waste recovery (1994-96)
    - Industrial waste & soils (1992-93)
- Compliance:
  - Set regulatory priorities**
    - Designed to ensure compliance with Metro's obligations
    - Not designed to manage the system as a disposal utility

## FAST FORWARD . . . 2015

- It's time to look hard at the system  
*Over 15 years since the last full review*
- Opportunity  
*The last of Metro's 30-year obligations expires in 2019*
- Need  
*Initiatives of the future have key facility component*
  - Food scraps recovery
  - Alternative technologies
- Changing Circumstances + Opportunity  
= Call to Action

**What kinds of specific issues do we expect to address in this project?**

# ISSUES

## AN EXAMPLE

- Recycling successes have reduced the need for transfer capacity to a landfill
- This has resulted in
  - Excess transfer capacity, system-wide
  - Uneven utilization (*location, tonnage caps*)
- Policy question for this project  
How can we manage existing capacity to control costs and optimize efficiency of the system?

## ISSUES

### ANOTHER EXAMPLE

- New approaches such as **advanced material recovery** and **food scraps recovery** will require new forms of transfer capacity
  - Preprocessing and quality control requirements
  - Controlling wastes to appropriate destinations (*achieving scale economies, recouping investment*)
- Policy question for this project  
How can we foster an environment conducive to investment (conversion or construction) in needed types of capacity?

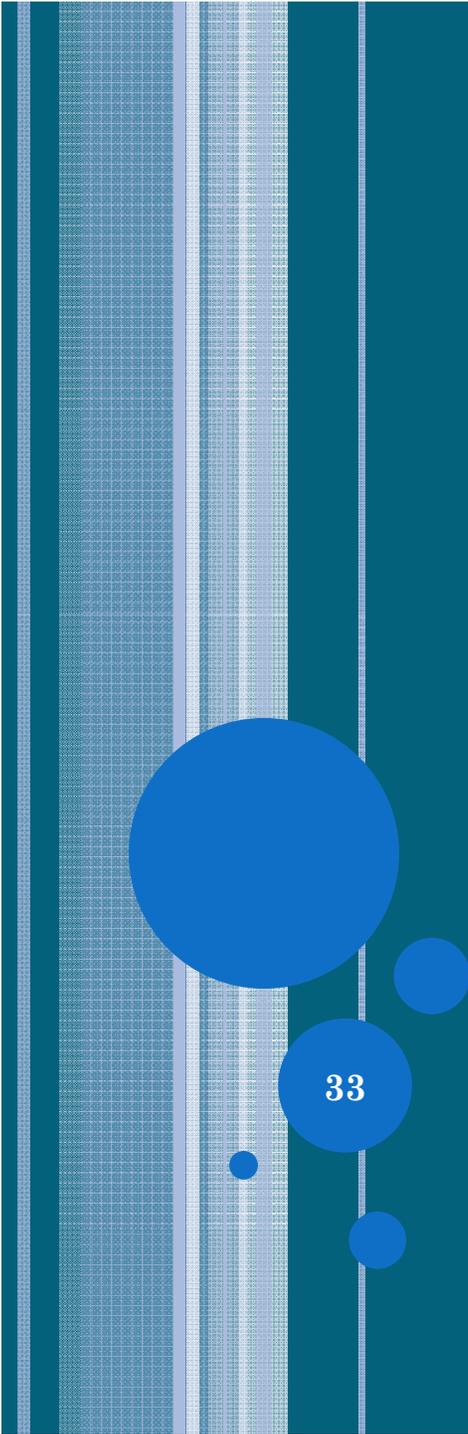
# ISSUES

## A FINAL EXAMPLE

- With its shrinking operating footprint, Metro's ability to influence the system and provide direct benefits has diminished
- Policy questions for this project
  - What governance model is best suited for our future?
  - What is the best mix of regulation and competitive markets to achieve public objectives?
  - What balance of vertically integrated and independent operators ensures the system works efficiently?

# GETTING STARTED

- One of today's topics:  
Begin discussion of goals and objectives
- That is, what do we want this project to achieve?
- The Metro Council has shared its goals,  
So that's where we will begin



# PUBLIC GOALS

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# THE METRO COUNCIL'S GOALS

A system that...

- Fosters efficiency and effectiveness
- Gets good value for the ratepayer
- Provides equitable delivery of services
- Fosters environmental sustainability
- Is financially sustainable
- Maintains a commitment to the highest and best use of resources

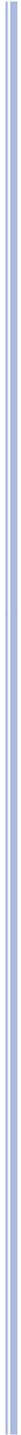
# THE METRO COUNCIL'S GOALS

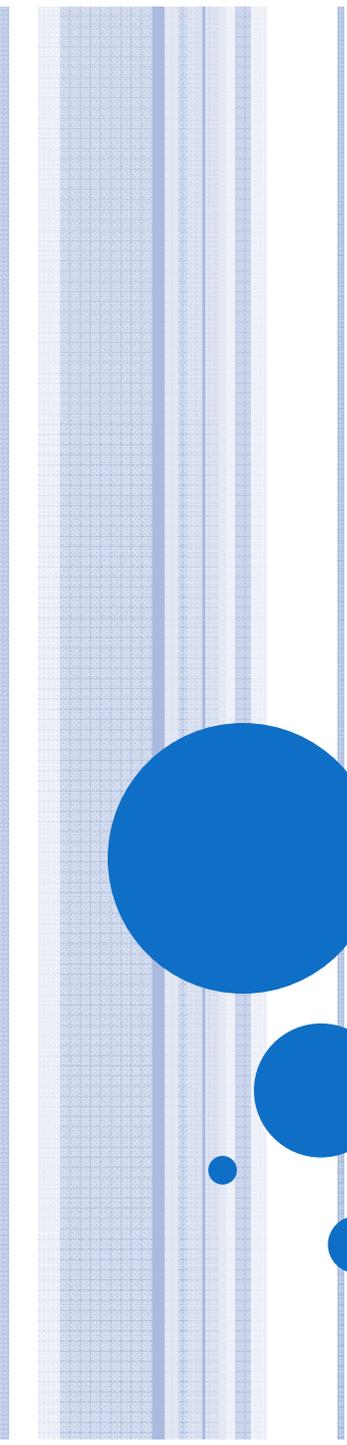
A system that...

- Protects human health and safety
- Is forward-looking and strategic
- Is flexible, and adaptable to changing conditions
- Governance is based on best practices
- Is simple and transparent
- “We can be proud to pass on to our successors”

## AFTER THE BREAK: *YOUR TURN*

- Refining goals and objectives
  - What other goals need to be considered?
  - Objectives?
- Identifying potential elements of system options
  - What we heard from stakeholder reconnaissance
  - Open discussion





**TRANSFER SYSTEM  
CONFIGURATION PROJECT**

**Reconnaissance Phase**

**Transfer System Task Force  
February 20, 2015**

**Steve Faust,  
Cogan Owens Greene**

# STAKEHOLDER INTERVIEWS

Stakeholders types:

- Vertically integrated firms
- Partially integrated firms
- Dry waste recovery facilities
- Clackamas, Multnomah and Washington county haulers
- Local government staff
- DEQ staff
- Metro staff

# FOCUS OF INTERVIEWS, EXTERNAL AND INTERNAL

- What is working/not working today?
- What are the current issues/problems to be solved?
- What are the long term issues to address?
- What is envisioned for the post-2019 landscape for transfer stations?

# KEY ISSUES IDENTIFIED THROUGH INTERVIEWS

- Transfer station locations and services
- Self haul
- Tonnage caps
- Metro role
- Long-term disposal