

# Metro | Agenda

Meeting: Transfer System Task Force – Meeting 2

Date: Friday, March 13 2015

Time: 9 to 11:30 a.m.

Place: Room 370

- Outcomes: 1. First-draft statement of the problem for the project  
2. Begin drill-down into critical issues to be addressed.
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- 9:00 1. Welcome.....Faust  
> • Recap first meeting  
• News and announcements Task Force members
- 9:15 2. Task Force program and schedule.....Anderson  
Arc of the process, touch points with Council (continued from Meeting 1)
- 9:30 3. Information requests..... Sherman  
Tonnage and forecast data requested by the Task Force
- 10:00 4. Toward a statement of the problem .....Anderson  
> a. Situation assessment  
b. Draft statement of the problem  
c. Top critical issues  
*Task Force members: the top two critical issues you identified in Meeting 1 were tonnage caps and Metro's role in the system. We will begin today's discussion by identifying appropriate roles for the public and private sectors in general, before moving to the solid waste system in this region specifically. Time permitting, we will also address tonnage caps. Also please come prepared to identify and prioritize other critical issues. In this regard you may reference the short document, Toward a Situation Assessment, accompanying this agenda.*
- 11:15 5. Comments from the public
- 11:25 6. Wrap up.....Faust  
Recap outcomes, confirm information requests and assignments, adjourn

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#### 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.

### Project Manager

Douglas Anderson, Metro  
Policy Advisor

### Project Steering Committee

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Tim Collier, Metro Finance and Regulatory Services Director	Scott Robinson, Metro Deputy Chief Operating Officer	Roy Brower, Metro Compliance and Cleanup Manager
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### Project Team

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Steve Faust Cogan Owens Greene	Jim Owens Cogan Owens Greene	Jan O'Dell Jan O'Dell Communications
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## 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	—
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

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\* 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 Summary

Meeting: Transfer System Task Force – Meeting 1  
Date/time: Friday February 20, 2015 / 9 am to noon  
Place: Room 370 A&B

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### Members/Alternates Present

Vern Brown, Paul Ehinger, Andy Kahut, Dean Kampfer, Dean Large, Mike Leichner, Brian May, Matt Miller, Greg Moore, Carl Peters, Ray Phelps, Alando Simpson, Eric Wentland.

### Desired Meeting Outcomes

- Task Force understands background, charge, planning approach, schedule.
- Agree on draft goals, objectives and desired outcomes for the project.
- Develop an initial list of elements to be considered in options for the system.

### Project Overview

Doug Anderson, Metro Project Manager and Convenor of the Task Force, reviewed the project goals. He noted that six public benefits have served as guiding principles for all Solid Waste Roadmap projects. These six are a starting point for the Task Force's discussions, and the Task Force will have the opportunity to make comments and amendments on the list of public benefits based on their perspectives and experience. Doug presented the history of the solid waste transfer system and described it as it is configured today.

### Project Charter

Steve Faust, Cogan Owens Greene and Task Force Facilitator, reviewed the Task Force Charter and the roles of staff and members of the Task Force. The purpose of the Transfer System Configuration Project is to determine what public-private transfer system model best serves the public interest. The Task Force will help to develop and evaluate options that meet project objectives, and make recommendations to Metro staff regarding the "best" way to configure the system.

Task Force members represent a range of solid waste companies – from local, independent operators to the international, fully integrated firms. The Task Force will convene beginning in February 2015 and will present final recommendations to Metro staff no later than September 2015. Doug Anderson will provide technical support, substantive expertise, logistical and administrative assistance and advice. Paul Ehinger, Metro's Director of Solid Waste Operations, will participate on the Task Force as a non-voting member. Steve Faust of Cogan Owens Greene will facilitate the meetings with support from Jim Owens of Cogan Owens Greene and Jan O'Dell of Jan O'Dell Communications.

The meetings will be conducted using a consensus model. The members strive for agreements that they can accept, support, live with, or agree not to oppose. Task Force meetings are open to the public.

## Roadmap Update

Jennifer Erickson, Metro Senior Solid Waste Planner, provided a short overview of the Food Scraps Transfer Capacity Analysis being conducted as part of the Food Scraps Capacity project. This project is integrated into other Roadmap projects, mainly the Transfer System, Long-Term Discards and Metro South projects.

## Metro Council Priorities for the Transfer System

Steve Faust led a discussion about the Metro Council's goals for the transfer system:

- Efficient and effective
- Good value for the ratepayer
- Equitable delivery of services
- Environmentally sustainable
- Financially sustainable
- Committed to the highest and best use of resources
- Protects human health and safety
- Forward-looking and strategic
- Flexible, and adaptable to changing conditions
- Governance based on best practices
- Simple and transparent
- "We can be proud to pass on to our successors"

The majority of comments from the Task Force concentrated on the following four areas:

### 1. Equitable delivery of services

How does Metro define this? That every customer has a transfer station within eight miles of their home? Everyone pays the same? Residential and commercial wastes are different and require different standards. The system is so complex, it may never be truly equitable. Perhaps equitable means the system is not tipped in anyone's favor at the expense of others. Consider equity for the private sector investment, as well as equity in public services. Equity should be "ownership blind."

### 2. Self-haul

Self-haul came up repeatedly in discussions related to environmental and financial sustainability. Is the Metro Council fully informed about the true cost of self-haul? Is that the highest use of facility space and resources? How much self-haul tonnage are we talking about? Is there another way to accommodate disposal of that type of waste?

### 3. Financial sustainability

Task Force members commented that the list of Metro priorities does not adequately consider private sector investments. Any changes to the system need to consider those investments. The system needs to be financially sustainable for everyone in the system.

### 4. Trying to be all things to all people

Several members commented that the 12 Metro goals are too broad, and therefore cost-prohibitive to accomplish them all. What is the ratepayer willing to tolerate in terms of costs to accomplish these goals? It would be wise to narrow the scope of the Metro Council's priorities.

Other comments touched on organics processing, Metro as a regulator/operator, a question about whether Metro is considering expanding regulation into collection, and broadening the meaning of "highest and best use of resources" to include financial resources.

Doug Anderson reiterated some points he made in his opening presentation: these goals are aspirational. The Metro Council knows it does not have all of the information on these goals and knows it cannot achieve all of them. The Council also knows that the private sector has additional goals that may complement or conflict with the public goals. Council is looking to the staff and the

Task Force to round out this list, provide background, and help them understand the tradeoffs among them.

### **Review of Reconnaissance Phase Report**

Steve Faust provided a summary of the Reconnaissance Report. The consultant conducted 13 briefings and interviews between August-November, 2014 with individual stakeholders or affiliated groups, as well as participated in a Metro Council work session. The interviews focused on:

- What is working or not working currently with the transfer station program?
- What are the issues/problems that need to be solved?
- What are the highest priority issues for Metro to address in this project?
- What is envisioned for the post-2019 landscape for transfer stations?

The majority of comments fell into the following five broad categories:

- Metro's role
- Transfer station configuration (locations and services)
- Self-haul
- Tonnage caps
- Long-term disposal

The Task Force discussed briefly discussed the issues, but did not recommend any edits or additions.

### **Other Task Force comments**

Metro's regulatory role gives Metro a competitive advantage in the system. It's time to address Metro's role as well as tonnage caps.

If Metro would define its role, everything else will fall out from there. Is self-haul the driver? Different options for long-term disposal?

As long as garbage is being picked up, everyone is happy. What's the problem?

### **Public Comment**

David White, Oregon Refuse and Recycling Association, said that Metro should invite haulers to a future meeting or have a representative at the table to ensure that haulers' interests are being heard and that the system is equitable to that sector of the industry. In terms of efficiency and effectiveness, he said that he hopes Metro is not including collection in discussions about Metro's future role.

### **Next Steps / Follow-ups**

Steve Faust will contact Task Force members with a Doodle poll to schedule the next meeting. Task Force members asked for the following clarifications, changes to the presentation materials, and need for additional information:

- Clarify statistics about discard tonnage (landfilled, recovered) described in the project overview. The statistics in Mr. Anderson's opening summary are too aggregated.
- Re-do or separate into three maps the map of principal facilities to fully illustrate the parameters of the system. The current map leaves off many facilities receiving Metro waste (yard debris, reloads, special processing). Add Riedel.
- Request that the Public Interest/Basic Questions display information be made available to the group. Doug noted that this and other support material will be posted on Metro's website [www.oregonmetro.gov/transfersystem](http://www.oregonmetro.gov/transfersystem).
- Provide a projection of tonnage volume for the next 25-30 years to have a discussion about how to handle it (including wet waste and population growth).

## Toward a Situation Assessment A Compilation, 2006 – 2014

Metro conducted three major stakeholder assessments of the disposal system between 2006 and 2014, together with a number of smaller, more focused studies. Such assessments provide important information in formulating a statement of the problem, and in identifying critical issues that the Transfer System Project should address.

In this document the main points from these studies are compiled under the topics listed below. This document is intended to assist the Transfer System Task Force as it identifies objectives, critical issues, and drafts its statement of the problem for this project.

All comments came from stakeholders who work within the local disposal system, and are knowledgeable experts in solid waste. Comments have not been weighted or prioritized; they do, however, represent issues expressed by more than one stakeholder. Metro advises that this compilation consists of statements of fact alongside statements of perception and opinion. For this reason, you will often find quite different statements listed under the same issue. We have identified the industry sector associated with each statement when the opinions are in direct opposition with each other. The interested reader may explore the original documents for more information and insight.

### Topics in this Summary

Functioning of the system: general comments

Critical Issues

    Metro's role in the system

    Tonnage caps

    Self haul

    Governance

    Barriers and constraints

Looking forward

    What works well and should be retained in the disposal system?

    What are the most important features that should be included in a future disposal system?

Metro will make all three original assessment reports available on its website within the next couple of weeks at [www.oregonmetro.gov/transfersystem](http://www.oregonmetro.gov/transfersystem).

## Functioning of the System General Comments

- The general consensus is that the system functions reasonably well.
- As long as trash is picked up for a reasonable rate and resources are being recovered from recyclable material, the public will be comfortable with the system. The public sees no crisis.
- There is general agreement that there is plenty of wet waste transfer capacity in the system.
- Haulers will choose to use the facility that makes the most economic sense, even if it is not their facility – route collection efficiencies trump tip fees up to a certain point.
- Increasing traffic congestion and drive times are a huge concern for all.
- Ideally, facilities would be located based on access (drive times).
- Among vertically-integrated firms, there is strong sentiment that the market should be allowed to dictate decisions on location, capacity and functions of transfer stations.
- Non-vertically integrated representatives generally feel that a regional oversight perspective is needed to ensure an appropriate balance of facilities.
- Some feel the old “mega stations” model is not a good one; a system of more, smaller stations would reduce drive time, emissions, *etc.*, and thus be more efficient.
- Stations cannot all be treated with a “one size fits all” approach; different size stations have different needs and restrictions.
- From the customer’s perspective, the cost to dispose of a ton of waste should be the same everywhere in the system.
- Elected officials do not always have a good understanding of how the solid waste system works and may be overly influenced by private sector views.
- Critical to meeting state waste recovery goals is improved access to food waste processing. There is a desire to increase organics processing capacity.
- There is general agreement that more facilities are needed to take food scraps.
- If all facilities were required to offer the same services, including food scraps, there would be an opportunity to reconfigure the current system.

## Metro's Role in the System

### As regulator

- It is generally agreed that Metro's role as a regulator is needed to ensure that everyone plays by the same rules; to keep the playing field level.
- Metro should be clearer about what it regulates and why.
- The public purpose behind Metro's role as a regulator needs to be revisited regularly and publicly disseminated.
- Some stakeholders (mainly independent haulers and facility operators) thought Metro should play a much stronger role over facilities, such as operating the scalehouses of all facilities.

### As operator

- Some stakeholders (mainly government staff) indicate that it is beneficial for Metro to remain involved as an operator to keep current on practices and industry knowledge.
- Metro's stations provide some services (*e.g.*, hazardous waste collection) that probably would not be voluntarily provided by the private sector and that are appropriate for a public agency.
- Most private interests believe Metro should not be both a regulator and operator/competitor:
  - Unfair competitive advantage: Metro does not have to show a profit or pay taxes, and can tap other sources of revenue to fund (subsidize) operations.
  - They believe Metro uses tonnage caps and its regulatory authority to benefit Metro operations.
  - Metro is *de facto* setting regional rates without policies or procedures or taking into account the needs and costs of the whole system.
  - Metro makes operational and rate decisions regardless of the impact on private operations and investment. This is OK in a market system, but not appropriate in a regulated system.
  - It is wrong on principle. Where else, in what industries, do you find this situation?
- There is little that Metro does at its transfer stations that could not be done by the private sector, if properly regulated.
- The "operations" mentality is such a big part of the culture at Metro that it appears to distract from an important public role: thinking strategically about the whole system.

### Other roles; general comments

- Metro's original role has changed. The private sector has filled some of the gaps that Metro used to fill; Metro should now be assessing the new gaps that needs filling.
- Metro should focus on areas where a public role is essential: fostering private investment in needed infrastructure, for example – like when we needed a new landfill and Metro stepped up.
- There is strong agreement that Metro's role should include influencing/advancing new technologies. The hope is that Metro does not constrain new technologies.
- Only Metro has authority over the whole system and can foster a regional policy dialogue.
- It is recognized that public agency and private sector goals are different.
- The goals for managing the system need to be defined.

## Tonnage Caps

*Metro limits the amount of wet (putrescible) waste that private transfer stations can accept during each calendar year. Although throughput capacity is not a factor in determining the size of the limit, it turns out that facilities are capped at about one-third of their total wet waste transfer capacity. It is not generally understood that the caps were originally implemented as a temporary means of managing Metro's transition risk when it modified its solid waste finance model in 1998. In subsequent years the caps acquired additional policy justifications and more or less became a permanent part of the regulatory landscape.*

- Most industry representatives stated that tonnage caps should be eliminated because:
  - Caps reduce the efficiency of waste transfer.
  - Caps prevent the economic utilization of throughput capacity.
  - Caps cause higher rates when haulers have to bypass closest facilities, increasing costs.
  - The common perception is that caps are intended to benefit Metro's operations .
- There are some arguments in favor:
  - Caps prevent big companies from unfairly directing waste to their own facilities.
  - Caps help prevent outcomes that would not be in the best interest of the public; *e.g.*, industry concentration or monopolies.
  - Caps help keep negative impacts on local communities in check.
  - Caps might be justified if they help fund services like self haul that the private sector can't or won't provide.
- Other comments
  - Caps are seen as inconsistently applied.
  - Metro cannot seem to explain the true policy purpose of caps.
  - By applying caps, Metro appears to be adversely impacting the system and ignoring its environmental responsibilities (longer hauling distances, more time in traffic, more emissions).

## Self Haul

*Self haul is an issue for the Transfer System Project, because currently, service needs that cannot or are not being met at the curb are provided at material recovery and transfer stations, and this would compete for space with other activities such as food scraps management and transfer.*

- There is a consensus that Metro subsidizes self haul and that Metro should charge true costs.
- Some haulers (both vertically integrated and independent) believe that the collection system should be allowed to handle all waste at the curb and that there should be no self-haul to transfer stations.
- Commercial haulers cite concerns over congestion and safety at facilities that accept public self-haul.

## Governance

- The Roadmap represents a real opportunity to look at all facilities in the future.
- The Roadmap process should not be constrained by the current system, but should explore what the ideal structure would look like.
- Government responsibility for waste management in the region is in silos: local governments responsible for collection and Metro responsible for transfer stations. This makes coordination and policy consistency difficult and is in contrast to vertically integrated waste firms. One solution could be a solid waste authority that is separate from Metro or organized like MERC.
- A regional oversight approach is needed. Metro helps ensure that all parties come to the table to talk, but a more formal arrangement might be needed.
- Metro needs to avoid splintering the system with lots of little specialized facilities; rather, it should encourage more facilities to take all kinds of waste.
- Several representatives indicate that they would like to see more control over who accepts what, where materials go; a more cohesive system for materials management up and down the chain.

## Barriers and Constraints

- There is considerable inertia in the system: it is big and change is difficult. One reason for this is that entrenched private economic interests stand to lose out on returns from prior investments due to changes in the system. This affects public entities as well (*e.g.*, Metro's dependence on revenues from tip fees and transfer station ownership).
- The region has well over 100 years of low-cost, permitted landfill capacity. This makes preventing waste difficult and costly in dollar terms.
- Policy intervention (such as a disposal tax) is necessary to address the environmental and social aspects of waste management.

## Looking Forward

- Several stakeholders noted that the region is behind many other areas in new waste management technology and agreed that Metro should lead the policy discussion on these issues.
- Many stakeholders noted that removing organics from the waste stream is an important next step for the region.
- The region should be careful to not commit to facilities with high tonnage requirements that would preclude new recycling markets or technologies that might develop in the future.
- Private firms can take the lead in diverting waste from landfill, but Metro should establish policies to achieve that goal and create the environment for investment.
- Some stakeholders encouraged Metro to make policy decisions using a complete decision framework that includes a complete accounting of societal and environmental costs as well as price.
- Several stakeholders noted that this was especially important to conversations around alternative technologies and how they compare with landfill and recycling options.
- New technologies will require capitalization, which makes continued landfilling very cost competitive.
- A public conversation is needed as to whether, as a region, we are willing to adopt a policy that we want to extract all energy and fuel value before we put waste into a hole; and at what cost.
- Any discussion about the best way to deal with discards needs to follow a determination of how to deal with food scraps and an evaluation of alternate waste-to-energy options.
- The system should have the same rules for all participants.
- Metro's decision making process should continue to consider environmental and social effects in addition to cost.
- There should be more clarity in Metro's role as regulator and operator.
- Larger firms generally urge caution in considering significant changes, as they feel that nothing is really broken.
- Certain representatives believe the question before Metro is whether a lot of players in the marketplace are desired, or whether it would be preferable to have one or more companies investing in technological advances.
- There is agreement that, despite innovative technologies, some landfilling will still be required.

## What Works Well and Should be Retained in the Disposal System?

- High recycling and recovery rates.
- System delivers environmentally sound and cost-effective disposal.
- The system provides incentives for recycling and recovery.
- The household hazardous waste facilities – best in the country.
- Facilities are generally in good locations.
- Good interaction between local governments and Metro.
- Public Perception:
  - The public will be comfortable with the current system as long as trash is picked up for a reasonable rate and resources/energy are being recovered at a reasonable rate.
  - There's no crisis in the public's view; they assume there is something good happening with their waste.

## What are the most Important Features that Should be Included in a Future Disposal System?

- Metro is either a regulator or an operator, but not both.
- If Metro is an operator, some other entity should be the regulator.
- Allow markets to function better – efficiency, investment, price and service competition.
- Same rates at all facilities.
- Metro should remain in system as “disposer of last resort” and to be able to exert influence.
- Prohibit vertical integration: haulers and landfill owners should not own transfer facilities (*comment principally from independent haulers and facility owners*).
- Consistency throughout region in rates and services offered at transfer stations.
- Predictable rates (as important as low rates).
- Rate transparency at private facilities.
- Convenient transfer station access for all (20 minute rule of thumb).
- Continued focus on increased recycling/recovery and minimizing toxics.
- Same rules for all participants. Level playing field.
- Decision making processes that consider environmental and social effects in addition to cost.
- Clarity in Metro's role as regulator and operator.
- Continued coordination between Metro and local governments.
- Reduce Metro's reliance on solid waste for funding.