



September 22, 2020

To: Metro Councilors

Re: 9/24/20 council work session, wet waste tonnage allocation methodology

The year 2020 has been filled with uncertainties including, most notably, COVID-19. We were supportive of Metro's decision in Spring 2020 to suspend the implementation of the new wet waste allocation methodology due to these uncertainties and not implement this new methodology in 2021. This would have allowed further time to discuss the methodology with Metro and all private transfer stations, clarify the methodology as needed, and ultimately implement the business practices needed to achieve the goals in the new methodology.

The more recent decision to move forward with the new methodology in 2021 rather than delay one year, has created an unrealistic timeline to do this work. Based on our understanding, we would need to apply for tonnage based on these goals in October and would be notified of allocations sometime in November. Given that it is already September 22nd and we have many additional questions, that leaves very little time to complete this work.

We appreciate the opportunity to participate in meetings with Metro staff on 9/3 and 9/9 to hear about the new goals. During these meetings, many questions were asked by Pride Recycling and other private transfer station owners and few questions could be answered during those meetings. I have outlined some of the questions and concerns that we still have related to the presentation earlier this month and the current proposed methodology:

Living wages and good benefits. In the meeting on 9/9 we were told that the base line standard will be \$17.50, based on entry level wages for Metro staff. We have several questions about this:

- It is still unclear if \$17.50 is the wage the employees receive, or the hourly cost for what Metro pays to their contractors (through a temp agency or other similar form).
- There is no consideration in this metric for benefits provided for employees such as health insurance premiums, 401ks or other retirement plans, or incentive bonuses.
- We feel this goal needs further research and clarification before this benchmark can be used.

Affordable and consistent rates. This goal states that private transfer station tip fees must not exceed Metro's tip fees. While we agree the rates in the region should be affordable and not egregious, we do not feel Metro's tip fee is the proper benchmark for several reasons, as illustrated below:

- Metro caps how much wet waste private facilities can take in, which limits how many tons we can spread our fixed costs over. In contrast, Metro has no cap on incoming tons and in fact has a minimum number of tons they must receive, and therefore have many more tons to spread their fixed costs across.
- Private facilities incur many costs that Metro, as a government agency, does not bear including, but not limited to:
 - Corporate Activity Tax (CAT)
 - Property taxes
 - Highway fuel taxes
- As a private facility, we need to make a fair rate of return in order to operate and reinvest in our business. This is especially necessary with no certainty about how many tons will flow through our facility and no minimum ton benchmark as Metro has.

Increase diversity in workforce. This goal states that we will need to establish a contract or partnership with an agency that supports workforce diversity. We would again like to emphasize that the timeline to achieve this goal is unrealistic. We are unaware of which organizations may do this work and will need time to research these organizations, meet with them, and engage with an organization as described. Yet we are supposed to apply for tonnage related to this goal in October.

This goal also states that we must provide workforce data to Metro. We need to better understand the process for this. We want to make sure any workforce data shared with Metro is kept confidential.

Invest in communities. This goal states that additional tonnage can be allocated if we choose to collect the Community Enhancement Fee for other materials that come to our facility, besides wet waste. This may create an unlevel playing field within the private transfer stations as some facilities may only take wet waste and not take other materials. Will a facility that only receives wet waste receive tonnage allocation for this goal, even though they are not collecting additional Enhancement Fees for their community? Community Enhancement Fees are generally treated as a pass-through fee, which adds \$1/ton to each commodity it is assessed on. This goal seems to contrast with the “Affordable Rates” goal as it will increase rates for all commodities if implemented.

The other 2 goals mentioned in the presentation on 9/9 that were not discussed in as much detail are System Stability and Logistics. We have additional comments related to those areas:

System stability: Pride Recycling has made significant investments at our facility over the years to provide a necessary and essential service to the communities that use our facility. While Metro staff feels that there has not been consistency in how wet waste is allocated across the region, this new methodology has the potential to significantly reduce incoming tons at private facilities.

Logistics. Washington County is growing quite rapidly, specifically in areas of South Hillsboro and Bull Mountain. While Metro has seen a decrease in tons at the two public facilities in 2020, Pride Disposal Company has seen an increase in tonnage collected during the first nine months of 2020 compared to the first nine months of 2019. There is an increase in tonnage related to growth on this side of the Metro region and if facilities on this side of the region see a reduction in tons allocated, Washington County and its cities will see an increase in rates due to increased

travel for disposal, which will also result in increased driver hours, additional drivers, additional vehicles, and increased fuel costs.

Given our concerns that have been outlined in this letter, we are respectfully requesting that the new goal-based methodology not be implemented until 2022, which would give Metro and private transfer station owners a more appropriate timeline to address concerns, questions, and implementation issues. This would mean extending the “status quo” methodology that was put in place in 2020 through the end of 2021.

Thank you,

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