

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 17-4796 FOR THE PURPOSE OF AUTHORIZING THE CHIEF OPERATING OFFICER TO ISSUE A NEW NON-SYSTEM LICENSE JOINTLY TO WILLAMETTE RESOURCES, INC. AND REPUBLIC SERVICES OF CLACKAMAS AND WASHINGTON COUNTIES FOR TRANSPORT OF COMMERCIAL FOOD WASTE AND YARD DEBRIS MIXED WITH RESIDENTIAL FOOD WASTE TO THE RECOLOGY ORGANICS AUMSVILLE COMPOST FACILITY LOCATED IN AUMSVILLE, OREGON

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Approval of Resolution No. 17-4796 will authorize the Chief Operating Officer (COO) to issue a new non-system license (NSL) jointly to Willamette Resources, Inc. (WRI) and Republic Services of Clackamas and Washington Counties to annually deliver a maximum of 10,000 tons per calendar year of source-separated commercial food waste and yard debris mixed with residential food waste to the Recology Organics Aumsville (ROA) compost facility, formerly known as NW Greenlands, located at 8712 Aumsville HWY SE Salem, Oregon.

BACKGROUND

Overview

The applicant, Republic Services, Inc., (RSI) is a waste management company headquartered in Phoenix, Arizona, and is the parent company of WRI. RSI is also the contract operator for the Metro South Transfer Station.

On February 14, 2017, the applicant submitted an application to Metro seeking a new NSL to annually transport up to 10,000 tons of source-separated food waste; which includes both commercial food waste and yard debris mixed with residential food waste, generated within the Metro region to ROA. The proposed NSL is subject to Metro Council approval because the request includes commercial food waste.

In addition to the above request for ROA, the applicant currently holds another NSL¹ that authorizes the transport of food waste to Pacific Region Compost (PRC) which will expire on December 31, 2017. The applicant seeks a second NSL because it anticipates that there will be an increase in commercial food waste generation in region. In addition, the applicant seeks to have an alternate facility option in case there are unexpected operational problems at PRC. The applicant believes having another outlet for food waste that is closer to the Metro region will increase market competitiveness for its customers.

ANALYSIS/INFORMATION

A. Known Opposition

There is no known opposition to the proposed NSL.

¹ NSL No. N-005-16(4)

B. Legal Antecedents

Metro Code Chapter 5.05 prohibits any person from utilizing non-system facilities without an appropriate license from Metro. Additionally, Metro Code Section 5.05.140 provides that, when determining whether or not to approve an NSL application, the Metro Council shall consider the following factors to the extent relevant to such determination.

- (1) *The degree to which prior users of the non-system facility and waste types accepted at the non-system facility are known and the degree to which such wastes pose a future risk of environmental contamination;*

The non-system facility identified in this proposed license is an established yard debris and food waste composting facility that is known to Metro staff. The facility accepts organics feedstock that consists primarily of source-separated food waste, yard debris, and wood waste. The environmental risk from the use of this non-system facility is presumed to be minimal because the facility is fully regulated and monitored by the Oregon Department of Environmental Quality (DEQ) and appropriate local authorities.

- (2) *The non-system facility owner's and operator's regulatory compliance record with federal, state, and local requirements, including but not limited to public health, safety, and environmental regulations;*

ROA is permitted by DEQ. DEQ staff reports that the facility is currently in compliance with the terms of its solid waste permit.² Metro staff's investigation of the applicant and destination facility revealed a good record of compliance with local and state agencies responsible for health, safety, and environmental regulations.

- (3) *The adequacy of the non-system facility's operational practices and management controls;*

ROA operates under the authority of a DEQ-issued permit. The DEQ monitors the facility to ensure that it manages all of the waste it receives, including commercial food waste, in accordance with the requirements of its permit.

ROA is required by the city of Aumsville and DEQ to implement measures to control and minimize odors through site design and operations. The odor control measures include processing incoming food waste in a timely manner, blending of feedstocks, good housekeeping, and monitoring moisture and temperatures of composting feedstock. More importantly, the use of a forced aeration system and a bio-filter system help control and minimize odors. The system pulls air through the composting piles and directs the air to a bio-filter consisting of organic material such as wood chips or compost overs. Bio-filters are commonly used at composting facilities due to their success in effectively treating odors associated with composting.

- (4) *The expected impact on the region's recycling and waste reduction efforts;*

The waste subject to the proposed NSL will be delivered to ROA for the purpose of composting rather than disposal. Based on the waste management hierarchy, composting is considered to be a higher and

² DEQ Solid Waste Disposal Site Permit: Composting Facility Permit Number 1419

better management option than disposal. As such, approval of the proposed NSL is likely to continue having a positive impact on the region's recycling and waste reduction efforts.

(5) The proposed non-system license's effect with Metro's existing contractual arrangements;

Metro has a contractual agreement to deliver a minimum of 90 percent of the region's putrescible waste that is delivered to general purpose landfills during the calendar year, to landfills owned by Metro's disposal contractor, Waste Management. The waste subject to the proposed license will not be disposed at a landfill. Therefore, approval of the proposed license will not conflict with Metro's disposal contract; however, increased diversion of organic material from disposal shrinks the amount of waste committed under the flow guarantee and the amount available for allocation to NSLs that control the remaining ten percent.

In addition, RSI currently serves as Metro's contractor for processing solid waste received at the Metro South Transfer Station.

(6) The applicant's record regarding compliance with Metro ordinances and agreements or assistance to Metro in Metro ordinance enforcement and with federal, state and local requirements, including but not limited to public health, safety and environmental regulations; and

Metro issued Notices of Violation (NOVs) to the applicant in April 2015 and February 2016.³ The violations were cited for operational issues at WRI, specifically improper reporting of tonnage data and exceeding its tonnage cap. However neither of these issues were related to the transport of food waste nor operations at ROA. The violations have since been resolved and the applicant is currently in compliance with all of Metro's solid waste regulations. Notwithstanding the above-referenced NOVs, Metro staff's investigation of the applicant revealed a good record of compliance with local and state agencies responsible for health, safety, and environmental regulations.

(7) Any other factor the Chief Operating Officer considers appropriate.

ROA provides important processing and composting capacity for the region that supports Metro's goal of diverting organics away from disposal and into recovery outlets.

The proposed license includes a 31-month term, commencing on June 1, 2017, and expiring on December 31, 2019. Although NSLs are typically issued for a two-year period, Metro Code provides that new NSLs may be issued for up to a three-year period.⁴

C. Anticipated Effects

The effect of Resolution No. 17-4796 will be to issue a new NSL jointly to WRI and RSI to transport up to 10,000 tons per calendar year of source-separated commercial food waste and yard debris mixed with residential food waste to ROA for composting. The proposed NSL will commence on June 1, 2017 and expire on December 31, 2019.

³ NOV Nos. NOV-377-15 and NOV-394-16 respectively.

⁴ Metro Code Section 5.05.170(5)

D. Budget/Rate Impacts

The commercial food waste and yard debris mixed with residential food waste that will be transported under authority of this proposed NSL is exempt from regional system fee and excise tax. The overall impact of food waste diversion programs in the region has already been factored into Metro's budget.

RECOMMENDED ACTION

The COO finds that the proposed license satisfies the requirements of Metro Code Chapter 5.05 and recommends that the Metro Council adopt Resolution No. 17-4796. Approval of this resolution will authorize the COO to issue an NSL jointly to WRI and Republic Services of Clackamas and Washington Counties (attached as Exhibit A).