

Metro Ordinance No. 18-1426 – Staff report - Attachment 2

Refining the system:

Responses to public questions about Metro's Wet Waste Tonnage allocation proposal

August 17, 2018

BACKGROUND

This document provides a response to the written comments, concerns and questions submitted by members of the hauling and transfer station operation business community to date by Metro regarding its' proposed approach for allocating wet waste tonnage. The comments, concerns and questions received by Metro have been categorized into five topical areas:

Topic A: Methodology development process

Topic B: Allocation methodology: Off route travel and related greenhouse gas factors

Topic C: Allocation methodology: Economic factors

Topic D: Allocation methodology: Other considerations

Topic E: Metro Council policy direction and legal authority

All of the written comments received are included in Attachment A.

TOPIC A: METHODOLOGY DEVELOPMENT AND IMPLEMENTATION

1. Concern that Metro developed this proposal too quickly and was not inclusive enough.

Metro engaged transfer station operators, beginning with the commencement of the Transfer System Configuration task force in 2015, and is continuing to have conversations with them about ways to further improve this methodology. Metro staff have also worked closely with Oregon Refuse and Recycling Association (ORRA), the statewide haulers' association, to obtain comments and feedback on the draft proposal.

In 2016, Metro Council adopted the Transfer System Configuration policy in Res. No. 16-4716. The proposed allocation method was developed internally at Metro over a period of several months based on this policy directive. The methodology was proposed in March 2018 with invitations for feedback in person and in writing. Since the proposal's introduction, Metro has twice met individually with transfer station operators and as a group through the Oregon Refuse and Recycling Association (ORRA). In addition, Metro has met periodically with local government solid waste rate making officials and twice with the Solid Waste Alternatives Advisory Committee (SWAAC).

There remains time to receive input and consider options to the approaches to allocating wet waste tonnage. The proposal and recommended enhancements were discussed with Metro Council at its work session on July 31, 2018. Metro hopes to have the necessary code and administrative rule changes in place by the end of 2018 so that a new wet waste transfer allocation approach is established well before

2020. Metro recognizes that local jurisdictions, rate payers and solid waste system industry members benefit from clear and timely information about the final tonnage allocation and changes in the rates for services, the amount of tonnage forecasts, and the amount of community enhancement fees. Metro staff plans to evaluate whether additional data on the solid waste system, including data that is currently held by private transfer station operators and haulers, may be useful in improving the methodology or approach to tonnage allocation. The work session work sheet and power point presentation are [available here](#) and available at

<https://oregonmetro.legistar.com/LegislationDetail.aspx?ID=3583366&GUID=81EF9179-0E23-4620-B452-D51244B5A92F&Options=&Search=>

2. Request to provide watershed boundary maps that include details such as street names.

Metro does not expect that details such as street names will be needed or useful in order to implement the wet waste tonnage allocation approach because the proposed allocation methodology does not require haulers to use specific facilities for waste generated within the watershed boundary. If stakeholders continue to find that this level of information is needed, however, Metro can produce and provide such information.

3. Request to include financial assistance to cover impacts from the allocation methodology, such as assistance to a facility that is allocated fewer tons than in previous years.

Metro would need to better understand the impacts and financial implications of any facility losses that could impact public benefits. If public benefits are impacted, Metro may consider financial assistance.

4. How does the proposed allocation meet the “status quo” recommended by the task force?

Metro staff developed the proposed waste allocation methodology to respond to Metro Council’s adopted policy. In advance of Metro Council adopting the policy, Metro convened a task force of transfer station owners and several dry waste processing facility operators to provide input to Metro staff. The Metro Council’s direction to move to an allocation system approach that encourages haulers to minimize off-route travel to reduce greenhouse gases, traffic congestion and provide other public benefits meant that there would be some changes that would impact transfer stations even while maintaining the status quo configuration of the regional system.

Metro staff recognize that members of the business community may have a different interpretation of what it means for the allocations to meet the “status quo” recommended by the task force. Metro staff do not believe that “status quo” means the retention of the exact same set of transfer stations in the allocation mix as were participating in 2015/16 when the item was discussed by the SWAAC task force. The Metro Council’s direction to move to a wet waste tonnage allocation methodology based on proximity meant that there would be some changes that would impact transfer stations even while maintaining the status quo public-private configuration split of the regional system. Metro staff developed the proposed allocation methodology to maintain the generic status quo configuration as a public and private hybrid system. The original proposal did not include any transfer stations located outside the regional boundary primarily because they are not located closer to where wet waste is generated except in very insignificant volumes. The proposal does not consider further details about which specific stations and previous tonnage allocations to be part of the “status quo” to be continued. However, staff has recommended an enhancement that would allow out-of-region transfer stations to become recognized as a part of the regional solid waste system and, potentially, receive a tonnage allocation.

5. What are the project's next steps?

Metro Council gave guidance on wet waste allocation at its work session on July 31, 2018, which included agreement that staff should pursue some enhancement to the approach recommended by staff. The enhanced proposal is expected to be taken to a Metro Council session for adoption in the Fall/Winter of 2018. Metro hopes to have the new allocation plan in place, including necessary code and administrative rule changes, by the end of 2018. Staff intends for the changes to be effective when the disposal contracts end and allocations take effect (January 1, 2020).

6. What is the Metro plan for rate transparency and does it include regulating rates?

The Metro Council has directed Metro staff, as part of the Transfer Station Configuration Project, to develop a separate study on rate transparency. Metro staff sought direction on whether to initiate “step 2” of rate transparency i.e. provide information about private transfer station rates based on observable and publicly available information. At its work session on July 31, Metro Council agreed that staff should move forward with step 2. Therefore, Metro will soon provide completed profile sheets to each transfer station operator for review. A final report will be produced this fall. Step 2 does not include regulating rates, and we will continue to take direction from Council on any future steps.

Topic B: Allocation methodology: Off route travel and related greenhouse gas factors

1. Why does the proposed methodology use uncongested travel time instead of congested travel time or vehicle miles travelled (VMT)?

Metro staff evaluated distance, congested travel time, and uncongested travel time as measures of access and proximity. The resulting differences in wastesheds were negligible (no variation resulted in more than three percentage points change in tonnage allocation for any given wasteshed), so the implications of this choice upon allocations were minimal.

Vehicle miles traveled (VMT) was not selected for the model because industry stakeholders had expressed that distance measures such as VMT do not reflect costs associated with route-based hauling operations as effectively as a time-based measure. Uncongested travel time was selected for its consistency and neutrality as compared with a specific peak hour travel model which may not reflect the actual time when the majority of haulers are traveling off-route.

Metro staff are open to using alternative measures and recommended to Metro Council that staff could work with the hauling industry and travel data providers to determine a proximity measure that most accurately reflects the travel time for most garbage trucks. In order to better calibrate the methodology, Metro needs to evaluate and potentially receive complete region-wide data about garbage truck movement and the actual off-route information, and it welcomes such data from haulers.

2. Recommendation to include factors that impact off-route travel and consequently greenhouse gas emissions (GHG): parking barn locations, wait times at transfer stations, collection route times, routes taken to landfill, wear and tear on road infrastructure.

The proposed tonnage allocation approach is based on the “shortest travel time” rule, from the origin of

the waste to the most proximate transfer station. This approach is generalized and intended to align with the Council objectives while being more systematic, straightforward, transparent, predictable and easily maintained over time. A more complex empirical model could be constructed to better reflect the actual regional system. It is critical to balance evaluation and possible collection of new data with its practical application in improving the methodology. Metro plans to conduct a more in-depth evaluation of data needed and the benefits of collecting it.

Parking barns can be an important consideration, especially when co-located with a transfer station, because that is where integrated operations expect to park collection vehicles after delivering the last load of the day. Metro staff appreciates the significance of certain barns, especially those that serve to maintain and repair collection vehicles and serve as compressed natural gas (CNG) fueling stations for fleets. However, a particular parking barn's level of influence on off-route travel time depends on many other factors including the number of routes a truck completes in a day and traffic issues that fluctuate during the day. In addition, parking barn locations change more over time than transfer stations and could potentially be moved, consolidated, or sited strategically for the primary purpose of gaining tonnage.

Metro staff recommended to Metro Council that staff could evaluate the inclusion of parking barns, hauler routes, the number of trips made to a transfer station during a typical day, and other more detailed system data into the model.

3. Recommendation to include transportation factors beyond those that impact off-route travel.

It is critical to balance evaluation and possible collection of new data with its practical application in improving the methodology. Metro does recognize that technologies such as compressed natural gas (CNG) fuel and barge transport do have an impact on GHG emissions. Metro staff recommended to Metro Council that staff could evaluate additional data for inclusion in building an enhanced model.

4. Concern that the proposed methodology would encourage haulers to travel on Highway 26 and to Metro Central.

Metro staff recommended to Metro Council that staff could specifically evaluate the inclusion of actual hauler routes into the analysis. This could also include hauler routing limitations and preferences. While this analysis has the potential to change the watershed boundaries and consequently the tonnage allocations for each transfer station, the methodology suggests no imperative or incentive to use specific streets and highways.

5. What vehicle speeds are used in calculating uncongested travel times?

The proposed methodology uses an uncongested travel time model, which generally represents posted speed limits on the road network. As noted in Topic B, Question 1, staff recommended to Metro Council that staff could work with the hauling industry and travel data providers to determine a proximity measure that most accurately reflects the travel time for most garbage trucks.

6. Why is Metro South grouped with Metro Central when it is closer to other facilities?

The public stations are not grouped in the same way as the merged allocation watersheds for private facilities. Under the proposed approach, Metro receives the balance of tonnage that is not allocated to

private stations. The representation of the two public stations together is meant only to symbolize that they receive that balance of tonnage without specific allocations.

Topic C: Allocation methodology: Economic factors

1. How does the proposed methodology impact business planning?

The proposed methodology is an improvement over Metro's previous annual tonnage allocation process. This proposed methodology provides more transparency in how Metro makes allocations which businesses can use to make informed choices for future business operations. Under both the current allocation and the proposed method, businesses receive notification of annual allocations in advance of the effective allocation year which should be helpful for their business planning purposes. Like the current allocation of wet waste, the proposed methodology does not guarantee that transfer stations will receive, year after year, the same or increased percentage-based wet waste allocations.

2. There is concern that the methodology does not account for differential tip fees between transfer stations or cost efficiencies that may accrue to vertically integrated companies.

The proposed approach is generalized and intended to align with the Council objectives while being more systematic, straightforward, transparent, predictable and easily maintained over time. A more complex empirical model could be constructed to better reflect the actual regional system. It is critical to balance the collection of new data with its practical application in improving the allocation methodology.

In the past, tips fees at all stations were within a very narrow range – generally within one dollar per ton. Therefore, it made no appreciable difference for unaffiliated collectors to use one facility over another facility based on tip fees. Only recently have some stations begun to increase tip fees significantly. For instance, the Forest Grove and Troutdale Transfer Stations are currently charging nearly \$15 per ton more than tip fees at Metro's public stations. Much higher tip fees at Forest Grove and Troutdale have forced some collectors to re-evaluate which station they use based on cost and travel time. Local government staff have also expressed the need for greater rate transparency at facilities that would better inform their rate setting process. More uniform rates at transfer stations throughout the region coupled with the proposed tonnage allocation method could encourage greater efficiencies in the flow of waste. Separate efforts are underway to help Metro and local government partners understand how rates are set at the private transfer stations.

3. Reductions in tonnage for private stations may create economic hardship for existing businesses.

Among Metro's responsibilities in its oversight of the public's garbage system is to ensure that the public gets the best value for the money it spends in the system, and that includes being efficient with the delivery, cost and handling of waste and transparent about the costs.

4. Describe how the transfer station watershed lines impact competition in the region.

The proposed allocation methodology maps the watersheds to demonstrate how the tonnage limits are calculated for each watershed. The methodology does not direct that the waste generated within a watershed will go to a facility in the watershed. Metro may consider resurrecting Code language that

would require local access to nearby transfer stations. Current practice for franchised transfer stations participating in the regional solid waste system includes an obligation to accept unaffiliated haulers even to the exclusion of its own haulers when they are located further away from the facility. An unaffiliated hauler would have the opportunity to request Metro to investigate whether a private station were taking wet waste from further away than a more closely located hauler.

In terms of competitive advantage, the Metro Council has found that no more than 40 percent of the region's wet waste should be transferred by any single company in order to enable more companies to participate in the transfer system. The Transfer System Configuration Policy specifically directed the Chief Operating Officer to proceed with implementing the policy to "limit the amount of putrescible solid waste any one private company may transfer."

5. Describe how local jurisdictions have been and will be informed of the proposed methodology.

Local solid waste directors are informed of the proposed wet waste tonnage allocations for 2020 and beyond and will also be informed of the final allocations. When the final allocation methodology is in place, Metro can produce an estimate of Community Enhancement Grant funding for 2020 and beyond. As Community Enhancement Grant funding goes to where impacts are the greatest, the funding is directly tied to the amount of tonnage moving through a facility.

6. How will this approach change transfer stations' acceptance of haulers?

The proposed allocation methodology is distinct from Metro's current practices that prioritize local access to transfer stations. The approach maps the wastesheds to demonstrate how the tonnage limits are calculated for each wasteshed. The wasteshed maps do not require that the waste generated within a wasteshed will go to a facility in the wasteshed. Currently, franchises include the condition that the transfer station will accommodate haulers that collect waste within the geographic proximity of the facility and that transfer stations will also accommodate unaffiliated haulers. Additionally, in the event that service is refused, Metro will investigate complaints. Metro expects that unaffiliated haulers may initiate a complaint if refused service when affiliated haulers are accepting loads from much further away.

7. Describe the additional oversight and extra cost to bring in out-of-region facilities.

As the government body responsible for planning, oversight, and management of the region's solid waste system, Metro has an obligation to the public to ensure that the region's waste is properly managed and disposed in a manner that protects the health and safety of the public, local communities, and the environment. To help achieve this, Metro requires that all waste generated within the region be transported to an authorized facility. Metro is considering an enhancement to the proposal so that a facility located outside of the region could receive tonnage under the provision that it become designated as a regional facility, collect and remit Metro fees and taxes, and meet similar standards to in-region transfer stations.

Metro monitors the flow of waste outside of the region through either a designated facility agreement or under authority of a non-system license which helps to ensure that all of Metro's requirements are met. Metro would not incur any significant costs to establish and monitor two new designated transfer stations located outside of the region. Metro would use existing resources to monitor the agreements

and continue to coordinate closely with local jurisdictions, Oregon Department of Environmental Quality (DEQ), and other state agencies to ensure that the receiving facility complies with all local, state, and federal requirements.

Topic D: Allocation methodology: Other considerations

1. Why use estimations for the waste generation in each Traffic Analysis Zone (TAZ)?

The waste flow allocation methodology relies on data from the regional transportation model. The Transportation Analysis Zones (TAZs) are the geographic unit of analysis within the regional transportation model. Household (population) and employment estimates are based on TAZ boundaries and therefore the waste generated by that population and employment is estimated for each TAZ.

Estimates of waste are used because they are the best available approximation of the waste generated in each TAZ based on households and employment. While it is theoretically possible to gather exact waste generation figures within each TAZ those data are not currently available. It is critical to balance evaluation and possible collection of new data with its practical application in improving the model.

More information about Metro's use of TAZs in planning is [available here](#) and available at <http://oregonmetro.gov/forecasting-models-and-model-documentation>

2. Describe how Metro's public facilities, particularly Metro South, will be positioned to handle the anticipated tonnage in this proposal.

Both Metro South and Central are able to manage larger volumes of waste than they do today. Metro South has managed more than 600,000 tons of waste in previous years. As a public agency stewarding these resources, Metro is always in a process of reviewing and managing these resources to best serve public needs. In terms of Metro South's operations, Metro is considering improvements to the facility to meet the demands of a growing region and changing waste stream. Metro is evaluating upgrading Metro South, including potentially moving some of the services to a different location. Should construction become a problem for hauler access, Metro has recommended that a variance option be available to direct tons elsewhere.

There is no guarantee under the proposed allocation methodology that Metro South will experience the increases in its annual wet waste tonnage share implied by the calculated wastesheds. Metro does not directly allocate tonnage to its own transfer stations. Metro obtains tonnage indirectly by allocating tonnage to private facilities. Therefore, any tonnage above and beyond that allocated to the private stations could flow to either Metro South or Metro Central stations.

3. How is this methodology better than the current one?

Currently, there is no systematic method for allocation of Metro's waste to the private stations. The allocations are not always predictable, often require ongoing negotiations with private operators, and make no claim to promote system efficiency or public benefit. In addition, the current allocations do not account for regional population shifts or growth nor do they account for adding (or removing) transfer stations in the system. In short, staff does not believe that the current approach to allocating waste serves the public's interest.

The proposed new approach to wet waste allocation is expected to reduce travel time, move toward

greater system efficiency, and ensure that many companies can continue to play a role in the region's garbage system. This new approach encourages haulers to minimize off-route travel to reduce greenhouse gases and road wear from unnecessary hauler travel, increase pedestrian safety, and provide other public benefits. Metro does not currently have any reports related to this issue but would expect that, as the model is enhanced, system improvement will be measurable from year-to-year.

4. What is the process when a new site enters the region?

Metro will continue to consider franchise applications for new transfer stations or expanded tonnage capacity at existing transfer stations in accordance with Metro Code Chapter 5.01 or Chapter 5.05 (in the case of out-of-region transfer stations seeking to become part of the regional system). Metro will continue to rely on the existing provisions in Sections 5.01.150 through 5.01.240 to consider new transfer stations located inside or outside the region. Metro may re-run the allocation methodology to better understand the impact of potential changes to the system including increased tonnage capacity or new stations in the system. The allocation methodology will be able to estimate the amount of waste that is within a proposed facility's wasteshed. This information will be useful as staff prepare a staff report recommendation for Metro Council and as Metro Council decides whether or not to issue a franchise to an applicant.

5. Describe how tonnage is split within wastesheds that were combined because the transfer stations within those wastesheds were very close to each other.

The proposed methodology evenly divides tonnage between transfer stations in combined wastesheds. In cases where one transfer station's operating franchise authorizes a smaller number of tons than its potential allocation, that station's allocation is adjusted to match the franchise amount and the remaining tonnage is re-allocated to the transfer stations that share the wasteshed or the nearest other transfer station.

6. How does the proposed methodology incorporate efficiency of handling wet waste, future sorting or recycling of wet waste, reduced facility carbon footprint?

These are not factors included in the methodology at this time but should be evaluated in future years as a way to improve the methodology.

7. How many hauling companies would utilize competitors' transfer stations?

The allocation methodology does not define or specify the number of hauling companies that would use a competitor's transfer stations. The proposed methodology defines wastesheds to demonstrate how the tonnage would flow most efficiently across the region and how much tonnage is generated in each wasteshed. The methodology does not direct that the waste generated within a wasteshed will go to a facility in the wasteshed. Metro is not guaranteeing the flow of wet waste to any private transfer stations.

8. How much tonnage capacity is present at Metro Central and Metro South?

The estimated tonnage capacity at Metro South and Metro Central is each in excess of 500,000 tons annually.

9. How does Metro think about race and gender?

The Metro Strategic Plan to Advance Racial Equity, Diversity and Inclusion presents the Metro Council's adopted approach to ensure that all people who live, work and recreate in the Metro region have the opportunity to share in and help define a thriving, livable and prosperous place. Metro does not rank

race and gender. The Metro Strategic Plan to Advance Racial Equity, Diversity is [available here](https://www.oregonmetro.gov/strategic-plan-advance-racial-equity-diversity-and-inclusion) and at <https://www.oregonmetro.gov/strategic-plan-advance-racial-equity-diversity-and-inclusion>

Topic E: Metro Council policy direction and legal authority

1. Explain the role of out-of-region facilities.

Metro is continuing to evaluate the role that out-of-region facilities can play in the regional solid waste system as part of establishing the final methodology recommendation for the allocation of wet waste. A few transfer stations located just outside the Metro regional boundary, including stations in Canby and Clark County, Washington, are currently authorized to receive small volumes of Metro area wet waste. Based on the analysis, only a very small percentage (less than 0.25 percent) of the region's wet waste is closer to out-of-region transfer stations than in-region transfer stations.

The configuration policy did not directly lead to a recommendation to eliminate the flow of in-region waste to out-of-region facilities. The configuration policy included a plank that stated "wet waste generated in region should utilize the regional transfer system" as a way to "minimize inefficiencies." However, staff recognize that some nearby transfer stations that are located outside the regional jurisdictional boundary should remain active in the regional system, at least for a transitional period.

2. Explain the tonnage minimum for public stations.

Metro Council agreed that no less than 40 percent of the region's wet waste tonnage must flow to the two publicly owned transfer stations in order to ensure, among other things that Metro can offer necessary services to the public, such as seven-day-a-week self-haul service, that other stations have not provided at a reasonable cost. By providing transfer services, Metro also serves as a rate benchmark for other stations in the system as well as for local governments during their rate setting process. This percentage also reflects a lower limit of what Metro has received historically.

The configuration policy was developed with extensive waste industry input and SWAAC review in preparation for developing a more systematic process to the allocation and management of Metro's wet waste. During this process, Metro staff recommended a minimum of 40 percent of wet waste to go through the public stations. The minimum was defined as a percent, not as an amount of tons.

3. Describe Metro's authority in implementing this proposal for allocating wet waste tonnage.

Metro has broad authority over the transfer and disposal of waste that is generated within its jurisdictional boundary under the Metro Charter, the Oregon Constitution, and Oregon state law.