

GOALS AND CRITERIA FOR WET WASTE ALLOCATIONS TO PRIVATE TRANSFER STATIONS

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Department: Waste Prevention and
Environmental Services
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ISSUE STATEMENT

Putrescible or “wet” waste is a significant part of the solid waste system managed by Metro to serve the public good. Metro is implementing a 3-year phased plan to systematically and transparently allocate up to 60 percent of the region’s wet waste tonnage to private transfer stations to ensure the provision of important public services and promote progress toward environmental and racial equity goals identified in the Metro Council-approved 2030 Regional Waste Plan.

ACTION REQUESTED

Staff seeks Council direction about the proposed 2022 plan and criteria for wet waste tonnage allocations. This program allocates approximately 30 percent of the region’s forecasted tonnage to private, in-region transfer stations as base allocations. In-region transfer stations that choose to apply for additional goals-based tonnage may submit applications for up to an additional 5 percent of the regional tonnage per transfer station.

With Council’s direction, staff would finalize the draft administrative rules, submit to the Chief Operating Officer for approval, and issue an application process for goals-based tonnage allocations for calendar year 2022.

IDENTIFIED POLICY OUTCOMES

This work session will inform the final administrative rules for 2022 goal-based tonnage allocations. This effort supports and implements components of Council’s adopted Regional Waste Plan and Metro Code.

POLICY QUESTION(S)

Does Council have input on the draft 2022 goals-based criteria before they are presented to the Chief Operating Officer for approval?

Policy Question 1: Proposed Goals-Based Criteria and Implementation

Regional Waste Plan Goals	Criteria
Goal 3.0 Living Wages and Good Benefits Ensure that all jobs in the garbage and recycling industry pay living wages and include good benefits.	<ul style="list-style-type: none"> Match or exceed Metro transfer stations' in-house and contracted lowest wage for entry level industry positions.
Goal 4.0 Increase Diversity in Workforce Increase the diversity of the workforce in all occupations where people of color, women and other historically marginalized communities are underrepresented.	<ul style="list-style-type: none"> Provide workforce diversity data to Metro. <p><i>This data will be used by Metro for Regional Waste Plan indicator reporting and monitoring, and to inform a variety of Plan actions.</i></p>
Goal 12.0 Minimize Environmental Impacts Manage all garbage and recycling operations to reduce their nuisance, safety and environmental impacts on workers and the public.	<ul style="list-style-type: none"> Use low particulate and low greenhouse gas (GHG) emission fuel for at least 25% of the rolling stock at the transfer station <p>OR</p> <ul style="list-style-type: none"> Use R99 or qualifying renewable diesel for long-haul disposal transport <p>OR</p> <ul style="list-style-type: none"> Use at least 25% Tier 4 engine or Emission Control Device retrofitted non-road equipment.
Goal 13: Invest in Communities Invest in communities that receive garbage and recyclables from the Metro region so that those communities regard solid waste facilities as assets.	<ul style="list-style-type: none"> Collect supplemental \$0.50 per ton community investment fee for wet waste. <p>OR</p> <ul style="list-style-type: none"> Collect \$1.00 per ton community investment fees on waste otherwise not subject to community enhancement fees received at the transfer station.
Goal 14: Affordable and Consistent Rates Adopt rates for all services that are reasonable, responsive to user economic needs, regionally consistent and well understood.	<ul style="list-style-type: none"> Charge a total rate per ton (inclusive of all fees and charges) for commercial wet waste that is no more Metro's garbage disposal fee at its stations as effective July 1, 2021.

Implementation of goals-based allocations

- Thirty percent of the adjusted regional 2022 tonnage forecast is available for goals-based allocation in 2022. This share is divvied equally among the number of goals approved (five goals are proposed) and the number of in-region transfer stations eligible to apply for goals-based tonnage (six private stations).
 - If the 2022 forecast is similar to the 2021 forecast, the total goals-based tonnage available to each transfer station will be approximately 36,000 tons. The tonnage available per transfer station per goal will be approximately 7,200 tons.
- A transfer station that applies for goals-based tonnage by September 30, 2021, and meets the criteria will receive additional tonnage in their 2022 allocation, to be announced after the 2022 forecast is published in the fall.
- If a transfer station does not meet the required criteria for one or more goals, Metro will not allocate goals-based tonnage to that private transfer station that year and that tonnage will be available for allocation by Metro if it is in the public's interest.
- Out-of-region transfer stations authorized through Metro Designated Facility Agreements may receive a portion of the base share allocation, but are not eligible for goals-based tonnage. Currently, one out-of-region facility is eligible to receive a wet waste allocation from Metro.

Considerations in allocating wet waste

- Per Metro Code 5.01.195 and 5.05.195, Metro reserves a minimum of 40 percent of the adjusted regional wet waste tonnage for the two public transfer stations, Metro South in Oregon City and Metro Central in northwest Portland.
- Per Metro Code 5.01.195 and 5.05.195, Metro may not allocate more than 40 percent of the adjusted regional tonnage to any combination of transfer stations owned by a single company.

STAKEHOLDER FEEDBACK AND PUBLIC COMMENT

Metro has hosted stakeholder input forums throughout the year and most recently hosted a 30-day public comment period and oral hearing for the 2022 administrative rules.

Metro has held regular stakeholder input sessions for goals-based allocations including five sessions in 2020 and more recent sessions on Feb. 1, 2021, and May 12, 2021. At least one representative from the Oregon Refuse and Recycling Association (ORRA) and from each of the private transfer stations located within the region attended the 2021 online forums. Many local government solid waste directors also attended. Input received during these meetings was used to refine the 2021 and 2022 goals-based allocation approach including the criteria, reporting, and implementation plan presented here.

Staff held one-on-one interviews with private transfer station operators in December 2020 and January 2021. Staff solicited additional comments by email.

Metro staff discussed the original goals-based criteria with Metro's Regional Waste Advisory Committee (RWAC) in the fall of 2020. Metro staff presented the 2022 plan to RWAC for input in the spring of 2021.

Metro has not received direct input from the community, but is using the Regional Waste Plan as a guiding document to inform criteria.

Input from RWAC members

Staff presented the proposed goals-based allocation criteria to RWAC on April 15, 2021 and May 20, 2021. Staff asked for committee members' input on the criteria and whether they strike a balance between being meaningful in advancing Regional Waste Plan goals and achievable. Committee member comments included:

- A suggestion that Metro solicit continuous feedback from industry to get support and resources to meet goals (Student).
- Statements of support for the current plan as well as support for additional work on the rates goal and its touchpoints with rate transparency (Clackamas County, Washington County, and the City of Gresham). Clackamas County noted that the allocation-based transfer system is neither competitive (it is akin to a franchise system) nor rate-reviewed, so private transfer station charges are essentially unchecked.
- A suggestion that staff continue to consider larger life cycle questions, including whether Goal 8 could be incorporated into the plan for the promotion of reuse, recycle, repair, and donation (Community Member).
- Uncertainty about what information Metro needs to understand the impacts on private transfer stations (Oregon Refuse and Recycling Association).

Staff response:

Metro is committed to soliciting input and suggestions to develop meaningful support and resources for transfer stations to meet the goals in the Regional Waste Plan. Additional

goals may be considered in the future, with direction to do so, but adding goals to the plan will come at a cost of expanding the staff and community work needed to design them well and will also dilute the incentivizing effect of each goal by dividing the allocated tonnage across more goals.

Metro shares the interest in understanding impacts and acknowledges the differences between transfer stations' costs and services. Any differential impacts of the goals-based allocation approach depends upon unique characteristics of the station and services provided. Transfer stations have not shared information that illustrates financial burdens of the proposed goals-based allocation approach.

Public comment period

Public comments on Metro Administrative rules for Wet Waste Tonnage Allocations were received by email and online between May 13 and June 11, 2021, and at an Oral Hearing on June 9, 2021. A detailed [Public Comments report](#) including original comments as received is available on the Metro website. A summary of that report is provided below.

Public comment from local governments

Metro received public comments from local government solid waste representatives at Washington County and the Cities of Portland, Hillsboro, and Wilsonville.

Washington County, the City of Portland, and the City of Hillsboro stated support for the Metro Wet Waste Tonnage Allocation proposed rules. Portland commented that working with private transfer stations to increase workforce diversity and reduce environmental impacts is a significant step for making meaningful changes in the region's solid waste system.

Washington County and the City of Hillsboro stated, in addition, that they support efforts by Metro to ensure that regional garbage and recycling collection companies (and, by extension, rate payers) are being charged fair, reasonable, and appropriate rates for wet waste disposal at private transfer stations. Hillsboro commented that private stations should not be allowed to charge more than public stations.

The City of Wilsonville submitted a letter for the record outlining the following points:

- Impacts of the new proposal are not well enough understood and that allocations should be made to support public benefits, geographic equity, access to services, and a reduction in negative impacts. Impacts to the Community Enhancement Grant program and local solid waste rates are noted specifically.
- The inherent tension between reducing tonnage allocations (which generate revenue) and requiring investments to meet goals.
- Concerns about Metro's position in collecting supplemental Community Investment fees.
- Questions about the intent behind collecting diversity data, Metro's own compliance with goals and criteria, and whether Metro intends to set rates and, if so, how it would support equity and engagement in that process.

Staff response:

The goals-based allocation approach is designed to support public benefits and progress toward the Regional Waste Plan goals. Neither local government rate-makers nor Metro has full access to the details of private transfer station costs, nor have transfer stations provided to Metro the explicit costs that may stem from investments to achieve the proposed goals-based criteria relative to the reduced revenue from non-participation in this program. Without that information, Metro cannot analyze impacts of the proposed change, nor the impacts of the status quo, which is based on historical allocations that were not designed with Regional Waste Plan goals in mind. Staff acknowledge that implementing programs that achieve the Regional Waste Plan goals will inherently come with costs and staff have designed criteria to balance cost impacts with meaningful progress.

Staff note that the public comments from the City of Wilsonville include some factual errors about the allocation model. These have been addressed in Metro's Public Comments Report available on the Metro website.

Answers to several questions received as public comments have previously been addressed by staff in presentations, written letters, and a [Responses to Questions](#) document emailed to stakeholders on April 30 and available on Metro's website. These resources are being expanded with the arrival of new questions.

Public comment from private transfer station operators

Public comments from two transfer station operators, Pride and Republic were received, one in written form and one in both oral testimony and written form. The following comments were made in each:

- A suggestion that Metro consider total compensation in the wages criteria and a comment that Metro is not transparent about the wages at the public transfer stations.

Staff response:

Metro acknowledges that total compensation may be a more robust approach than minimum wage. To use total compensation would require additional time, data, and engagement to define a clear criterion that can be implemented effectively. In order to implement this goal in 2021 and 2022 per Council's direction, the proposed rules use the hourly wage approach that is consistent with related Metro work in other sectors such as construction, Metro's DEI team recommendations, and state minimum hourly wage laws. Bonus pay for workers in entry-level positions is less systematic and does not ensure consistent and racially equitable compensation. Further, staff suggest that implementing a minimum hourly wage for this criterion is a small but symbolic first step in committing to and advancing the Regional Waste Plan's compensation-related goals.

- A suggestion not to make major changes to goals on a short timeline, particular those that involve equipment, to give transfer stations more time to plan their capital investments and operations.

Staff response:

The criteria for the environmental goal allow three options. One of the three options to meet this goal has not changed – that is the option to use R99/alternative diesel for long haul transport, which requires no modifications to engines or equipment. The other two options changed from the 2021 plan to the 2022 plan, which is indeed a short time period because of the mid-year implementation of the program this year. Staff are committed to working toward a 2- to 3-year horizon for setting criteria and establishing allocations in the future.

- A suggestion that Metro return to the 2021 version of the Rates criterion by allowing stations to charge up to 5 percent above Metro's rates in 2022.

Staff response:

Metro's rates are increasing July 1, 2021, and the new rates provide room for private transfer stations to increase their rates if they feel it is important to do so. In addition, as noted above, Metro acknowledges the categorical differences between transfer stations including taxes, revenue margins, and services, but categorical differences do not constitute a demonstration of hardship.

- In addition, Republic listed four outstanding questions about Metro's own accountability, previous studies, and access to private facility financial information.

Staff note that answers to two of the questions listed are addressed in the current [Responses to Questions](#) document available online and emailed to stakeholders on April 30. One was addressed in two May public presentations. A fourth question suggests that Metro already has information about private transfer station costs and published it in the 2018 Rate Transparency Report and asks what additional information is needed. Staff note that the Rate Transparency report details the limitations of this report including accuracy and completeness of both data and the model. This study does not constitute an analysis and does not contain the information needed to understand how the proposed goals-based allocation criteria will impact costs at transfer stations.

STAFF RECOMMENDATIONS

1. Staff recommends advancing the proposed 2022 goals-based allocation plan and criteria to the Chief Operating Officer for approval.

STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION

- How is this related to Metro's Strategic Plan or Core Mission?
 - The Regional Waste Plan identifies the operations and services of solid waste facilities as keys to advancing regional goals. Metro's wet waste allocations can be used to incentivize actions that achieve Regional Waste Plan and other Metro goals. Council adopted the framework for tonnage allocations in 2018 to ensure that Metro would receive at least 40 percent of the regional wet waste tonnage as specified in Metro Code.
- How does this advance Metro's racial equity goals?

- The proposed criteria related to Regional Waste Plan *Goals 3 and 4: Living Wages and Benefits and Increase Diversity of the Workforce*, are positioned to advance racial equity. *Goal 12: Environmental Impacts* also disproportionately affect people of color.
- How does this advance Metro’s climate action goals?
 - The inclusion of criteria related to Goal 12: Reduce nuisance, safety, and environmental impacts addresses reduction of greenhouse gases.
- Known Opposition/Support/Community Feedback
 - Stakeholder feedback is summarized by group above. Broadly, most stakeholders have noted their commitment to the goals and stated their support for programs that promote progress toward these goals. Transfer station operators have voiced concern that investments made to meet criteria are uneven in their costs and impacts on operations, both categorically between private and public stations as well as individually between private stations with unique characteristics.
- Explicit list of stakeholder groups and individuals who have been involved in policy development or provided feedback to the proposal.
 - Private transfer station owners and operators
 - Oregon Refuse and Recycling Association (ORRA)
 - Local government solid waste directors
 - Metro Regional Waste Advisory Committee (RWAC)

Background

In March 2019, Metro adopted the 2030 Regional Waste Plan (RWP), which sets the policy direction for the region’s garbage and recycling system. The foundations of this plan are: (1) equity—centering the voices, values and needs of communities of color and historically marginalized groups in the region’s solid waste and recycling system; and (2) reducing the environmental impacts of materials throughout their life cycle, from extraction to production, use and end-of-life management

The plan is implemented in many ways; through collaborative programs with local government partners and community organizations, and through required actions that bring consistent standards and incentivize progress toward regional goals. Metro Code and Administrative Rules are the mechanism used to implement the required elements of the plan.

Goal 16.0 of the plan provides direction to “Maintain a system of facilities, from smaller recycling drop-off depots to larger full-service stations, to ensure equitable distribution of and access to services.” Metro oversees this system and sets requirements for private facilities that receive waste. This includes actions to implement Metro code that establishes that at least 40 percent of the region’s wet waste should flow to the two public transfer stations, Metro South in Oregon City and Metro Central in northwest Portland.

Goals-based allocation approach

In 2016, Council directed staff to develop a system for annually allocating tonnage to private transfer stations to increase transparency and predictability and to ensure that Metro stations receive at least 40 percent of the regional tonnage. With the adoption of the Regional Waste Plan in 2019, staff began work on a new tonnage allocation approach that incorporated Plan goals into the allocation methodology.

Staff designed a phased approach in order to create a smooth transition to the new system. The Phase 1 approach (Figure 1, left side, below), was implemented for 2020 allocations. In Phase 1, each transfer station is allocated tonnage based on equal and proportional shares of the adjusted regional tonnage forecast.

For Phase 2, calendar year 2021, Council has directed staff to add a voluntary, goals-based allocation component to incentivize regional progress toward achieving Regional Waste Plan goals (Figure 1, center). Council directed staff to develop a methodology for allocating tonnage to private transfer stations that choose to apply for goals-based tonnage. This methodology includes criteria for up to five Regional Waste Plan Goals (listed in the table above) that transfer stations that seek goals-based tonnage must meet in order to receive these additional tonnage allocations.

In Phase 3, the goals-based share is designed to completely replace the transitional-phase proportional tonnage share.

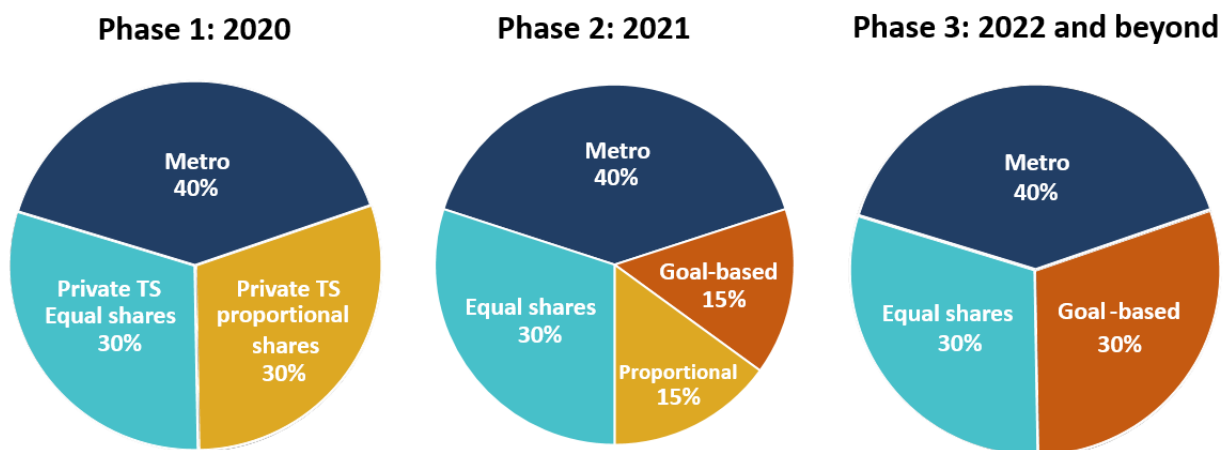


Figure 1: Phased allocation approaches; percents of adjusted regional (forecast) tonnage

Staff suspended work in March 2020 on the Phase 2 methodology because of concerns about the ability to engage with key stakeholders during the pandemic.

In August and September 2020, Council directed staff to restart the Phase 2 work and to implement a goals-based approach in determining calendar year 2021 allocations, allowing

more time for criteria development through a mid-year (July 1) implementation. Criteria for 2021 goals-based allocations were finalized on March 31, 2021. Criteria for 2022 goals based allocations presented here were developed by continuing and, in some cases, expanding the 2021 criteria in order to advance regional waste plan goals.

ATTACHMENTS

None

- Is legislation required for Council action? Yes ☒ No
- If yes, is draft legislation attached? Yes ☐ No
- What other materials are you presenting today?
 - PowerPoint presentation