

MINUTES
Troutdale City Council – Regular Meeting
Troutdale City Hall
104 SE Kibling Avenue
Troutdale, OR 97060-2099

January 22, 2002

Mayor Thalhofer called the meeting to order at 7:00pm.

1. PLEDGE OF ALLEGIANCE, ROLL CALL, AGENDA UPDATE

Mayor Thalhofer called on Councilor Smith to lead us in the Pledge of Allegiance.

PRESENT: Smith, Ripma, Thompson, Thalhofer, Kight and Rabe.

ABSENT: Daoust (excused).

STAFF: Galloway, Rauch, Kvarsten, Allen and Stickney.

GUESTS: See Attached List.

Mayor Thalhofer asked are there any agenda updates?

Kvarsten replied we have no changes this evening Mr. Mayor.

2. CONSENT AGENDA:

2.1 Accept Minutes: November 13, 2001 Regular Meeting and December 11, 2001 Regular Meeting.

MOTION: Councilor Thompson moved to adopt the consent agenda. Seconded by Councilor Kight. Motion passed unanimously.

3. PUBLIC COMMENT: Please restrict comments to non-agenda items at this time.

Mayor Thalhofer asked is there anyone here that would like to speak to us on a non-agenda item?

No public comment received.

4. STATE OF THE CITY MESSAGE:

Mayor Thalhofer delivered the State of the City Message.

5. COMMITTEE APPOINTMENTS: Budget Committee, Parks Advisory Committee, Planning Commission and Citizens Advisory Committee.

Mayor Thalhofer stated that the selection committee was comprised of the City Council and the Chair of the respective committee.

Mayor Thalhofer read the Selection Committee's recommendation for appointments to each of the committees (a copy of the recommendation is included in the council packet).

MOTION: Councilor Ripma moved that the City Council approve the recommendation made by the Selection Committee. Seconded by Councilor Kight.

VOTE: Councilor Smith – Yes; Councilor Ripma – Yes; Councilor Thompson – Yes; Mayor Thalhofer – Yes; Councilor Kight – Yes; Councilor Rabe – Yes. Approved 6-0.

6. PUBLIC HEARING / ORDINANCE (Introduced 1/8/02): An Ordinance imposing a tax on solid waste disposal sites and amending Title 3 of the Troutdale Municipal Code.

Mayor Thalhofer read the Ordinance title and opened the Public Hearing at 7:18pm.

Kevin Rauch, Environmental Specialist, stated this is the second public hearing on an ordinance imposing a tax on solid waste disposal sites. The city's fiscal year 2001-02 adopted budget anticipated the enactment of a per ton tax on solid waste disposal sites. To implement that budgetary action staff initially drafted an ordinance that would have established a \$0.50 per ton tax on such sites resulting in an estimated annual revenue of \$30,000 to \$40,000. I addressed the Council at their January 8th meeting and you had some concerns and questions for me which I have researched and included in my staff report that you have tonight. The council directed staff to compare Waste Managements Recycle America facility with similar material recovery facilities in the region. The table included in my staff report outlines the three facilities, WRI in Wilsonville, Pride Disposal in Sherwood and Recycle America in Troutdale. The first table is a breakdown of the respective fees at each of the facilities. The council also directed staff to investigate similar taxes or franchise fees that are assessed at the material recycle facilities (MRF's) in the region. I contacted the cities of Wilsonville and Sherwood as well as Washington County. Currently there are no similar taxes on these material recycle facilities. The third item council directed me to do was to amend the ordinance to tax only the material sent out the back door to the landfill and remove any implications that the tax would be charged on the recyclable content of the waste stream. I have amended the ordinance to direct the tax to only be charged on the residual waste that would go out the back door. The fourth item the council asked me to do was to amend the amount of the per ton tax to incorporate the portion of the proposed tax revenue that would be lost due to the movement from the front door to the back door of the tax. In doing that I took the fiscal year 2000-01 numbers provided by Waste Management for their Recycle America Facility and calculated that the amount of lost revenue that we would see by moving that fee from the front to back door, that came out to around \$9,000. We would need to raise the tax from \$0.50 to \$0.65 to make up that lost revenue. Lastly, I took a look at what the

breaking point might be where haulers turn away from Recycle America and go to a different facility in the region. It is a real hard number to put your finger on. Every hauler is going to give you a different answer. I did some research at Metro to see in the last fiscal year who actually used the facility. Metro's numbers show that 83% of the time it was a Waste Management owned and operated company and the remaining 17% of the business came from 13 different hauling companies. The Staff recommends that the proposed ordinance be adopted to amend Title 3 of the Troutdale Municipal Code imposing a tax on solid waste disposal sites as outlined in the proposed ordinance.

Councilor Ripma asked the wording on the ordinance under section 3.30.020 where it states the amount of \$0.65 per ton on all solid waste processed. I couldn't tell if that was on the back door by the way it read. I assume it is defined somewhere.

Rauch stated you will find that in the definition of solid waste. It states that solid waste does not include materials recovered and delivered to a viable recycling market.

Councilor Kight asked if we are talking about wet material we are talking about non-recyclables right?

Rauch replied yes.

Councilor Kight stated I asked you to compare Recycle America in Troutdale to WRI in Wilsonville and Pride Disposal in Sherwood. What I need to know is if you were to put these three facilities side by side, are they identical? In other words do they have the same labor group or overhead that the Troutdale facility has?

Rauch replied I can't answer that question specifically. I would think the representative from Waste Management would have a better answer for you. Being that they are all in this region they are all required to get the same amount of recovery, minimum recovery rate set by Metro.

Councilor Kight asked using the figures that you provided to us, I noticed that there is about a \$6.00 differential between the Troutdale facility and WRI. WRI is approximately \$6.00 cheaper and the Sherwood facility is \$5.00 cheaper. Why do you think there is such a large difference between what the Troutdale facility is charging and these other two facilities are charging?

Rauch replied one argument might be that there is more labor-intensive work and more people working at Recycle America sorting material. Again, these questions would be better addressed to Waste Management.

Councilor Kight asked nobody else in any of these other facilities has a tax like this, correct?

Rauch replied correct.

Councilor Kight asked when you talked to these folks did you ask if they were anticipating putting a tax on it?

Rauch replied the people that I talked to hadn't considered the idea.

Councilor Kight asked since we are breaking new ground here, have you thought about a graduated or phased in tax?

Rauch replied if the Council wanted to go that direction we could investigate that.

Councilor Rabe asked to your knowledge is there any corporate affiliation between Waste Management and Recycle America?

Rauch replied yes, it is a Waste Management owned facility.

Councilor Rabe asked was this tax initiated at a budget committee meeting?

Erik Kvarsten, City Administrator, replied yes it was discussed during the budget committee deliberations. At that time we anticipated the Recycle America facility being a regional transfer station and because of that there is, by statute, a community enhancement fee that is allowed to be charged on those facilities. That is the policy basis for this fee. Again, Waste Management did apply for that facility to be upgraded to a regional transfer station but that was turned down. The budget committee discussion and inclusion of that estimated revenue was based on the anticipation of this fee or a similar fee being enacted.

Councilor Rabe asked why would this money go to the general fund as opposed to a specific location for a specific purpose?

Kvarsten replied the community enhancement fee, using that as the policy basis for us enacting this fee, that typically goes to the general fund which provides the general government services.

Councilor Rabe asked would it be fair to say that if this revenue were being collected that it would go to the general fund and it would be equally distributed amongst the departments that are financed through the general fund?

Kvarsten replied as you know in the general fund there is a revenue side, which includes property tax, state shared revenues, development fees, permit fees, court fines and franchise fees. This fee would fall in line with that. On the expenditure side of the general fund are police, fire, community development which includes parks, recreation, building, planning and the administration of all of those functions. This tax will support all of the general fund.

Councilor Rabe stated so a fair response to someone who may ask me where this money goes to, I could specifically say that it would go to public services that the city renders and help offset the shortcomings of the budget.

Kvarsten replied that would be accurate.

Councilor Kight asked did Metro also look at imposing a tax on this particular facility or other similar facilities?

Rauch replied I am not sure about a tax but they do have a host of fees that they impose on all solid waste transactions in the Metro region.

Councilor Kight asked do you know if they are planning on increasing those fees?

Rauch replied some fees are going to be increased in July. One being the regional system fee.

Councilor Kight asked do you know what that is going to amount to?

Rauch replied from \$12.90 to \$15.00 per ton.

Councilor Rabe stated at the last hearing I recall seeing a breakdown as to the cost that a resident might experience due to this increase. Do we still have that figure?

Rauch replied right around \$0.004 or \$0.005 that was with a \$0.50 tax.

Councilor Rabe asked so it would be fair to say it would be around a nickel or so increase per month that I might notice on my bill?

Rauch replied correct.

Mayor Thalhoffer asked at some point is Metro going to make this a regional transfer station?

Rauch replied that is a possibility.

Councilor Kight asked the \$2.10 increase that Metro is going to impose in July, is that on the front door or back door?

Rauch replied back door.

Councilor Kight asked has that already been passed by the Metro Council?

Rauch replied yes.

Mayor Thalhoffer asked is there anyone here that would like to speak to us on this issue?

Adam Winston of Waste Management stated there is a question on the transfer station issue. I wish I could tell you when that may or may not occur. We did apply twice last year and it was clear that we were not going to get the votes so we decided not to go forward with it. I believe there was a question on the enhancement fee. If there was a transfer station as part

of the Oregon Statutes there is a \$0.50 enhancement fee that is applied on the back door tonnage that is administered by Metro and then it is given to the city in which that facility is located. I believe that enhance fee is suppose to go to specific solid waste programs and not to the general fund.

Dean Kampfer stated I believe that it is for the enhancement of the community and the facility so it has to be something related to enhancing the area around the facility.

Kvarsten stated we have a disagreement on the statute Mayor.

Winston stated there was also a lot of discussion on how these and other Metro fees will affect the ratepayer. We put together the changes in fees that are going to happen or are anticipated to happen that are coming forward in July. The regional system fee is going up \$2.10 and that is imposed on all Metro regulated facilities. The Metro Council is considering raising excise tax for greenspace anywhere from \$0.20 to \$10.00 per ton; we anticipate it to be more like \$1.00. If you take the Metro tax impact on solid waste TIP fee that is \$3.47, which is the \$1.00 for the greenspace, the regional system fee and the excise tax and then add on the proposed Troutdale tax of \$0.65 per ton. We now have an impact on Recycle America TIP of \$4.12 per ton. All of the other facilities would be impacted by a rate of \$3.47 per ton. This would have an impact of about \$0.25 per month for Troutdale residential customers. Councilor Kight asked why our TIP fee is higher than the other two facilities. There are a couple of factors that obviously you have to take into consideration; the facility itself, volumes and the type of waste stream they have. To give you an example; Recycle America is a fully paved lot and Pride Disposal is not a fully paved lot. That is going to have an impact on the fixed cost. The mix of the facility, your fixed cost, your labor cost will all have an affect on your TIP fee. The difference is they probably have more volume or they have less costs or a combination of both.

Councilor Thompson asked with Metros increased cost, you are going to have to request a rate increase anyway aren't you?

Winston replied yes.

Mayor Thalhoffer stated I remember when the Oregon City landfill was first built. Before it was built there was a lot of discussion as to whether Oregon City wanted it or not. One of the things they did was they had an enhancement fee. I understood, at least in those days, that you could use that enhancement fee for anything they wanted to in the community. That is not your understanding?

Kvarsten replied the statutory language allows up to \$1.00 per ton and that is to deal with impacts within the enhancement area. A number of cities, Forest Grove for example, declared the entire city the impacted area thus both in law and practice the enhancement fee is dedicated to some of those same kinds of things as Councilor Rabe mentioned. Again, this is not an enhancement fee but the same kind of underlying rationale for that fee can be applied to this tax.

Councilor Kight asked on the excise tax imposed by Metro, why did they take out the difference between the system fee and the excise tax?

Winston replied the regional system fee is money that is collected for solid waste systems and that money is used for solid waste issues. The excise tax is general fund money.

Councilor Kight stated you give numbers for Metro's solid waste TIP fee of \$3.47 and you have added in the anticipated increase of tax of \$0.65 for the City of Troutdale giving you a total increase of \$4.12 in taxes that will go into affect in the next few months. If you don't include the \$0.65 that the City of Troutdale is considering, what would the total increase be to residents per month?

Winston replied it would be about \$0.20.

Councilor Kight asked what is the average can size for Troutdale?

Winston replied 32 gallon.

Councilor Kight asked if the City of Troutdale was selected as a transfer site, there is a host fee that we could implement of \$0.50 per ton. Do we have any discretion as to what that fee is since there is a margin from \$0.00 to \$1.00 or is that set by Metro?

Marnie Allen, City Attorney, stated the fee is set by Metro but there is some flexibility to work with Metro to get them to change the amount of that fee. In essence it would require a coordinated approach in asking them to amend their current ordinance and increase the fee. That fee still would remain separate and apart from the fee that the city imposes and collects.

Councilor Kight asked if we had that host fee, would that be for all of the haulers that go to that facility so that it wouldn't just affect the folks that live in Troutdale but all of the area that is serviced by that transfer site, is that correct? Given that 83% of the haulers are Waste Management haulers and obviously a good portion of that probably comes from Troutdale, but would the other haulers in the other areas also have to pay this fee and that would then be transferred to the folks that they are picking up garbage from in the east county area, am I right?

Allen replied I think that is correct but I don't think that is any different then the way the fee that the city is considering adopting tonight would work. For example, it would be passed on, if there were a rate increase, to all of the customers who use the haulers that bring the waste to Recycle America.

Councilor Kight asked is that \$0.50 per ton on the total amount of garbage or is it on the back door?

Rauch replied back door.

Kvarsten stated I would like to clarify that we are viewing this tax that you are considering tonight as a version of that host fee where at some point and time we would not consider an additional host fee. This is the vehicle we are using at this point. It would be up to the Council in the future to discuss what may or may not be appropriate if the Waste Management facility becomes a transfer station. I want to assure you that from a staff prospective we would not ever be in the position of proposing \$1.50 or some other combination of taxes that would make that facility non-competitive.

Mayor Thalhoffer asked is there anyone else who would like to speak to us on this issue?

No further testimony received.

Mayor Thalhoffer closed the Public Hearing at 7:50pm.

MOTION: Councilor Ripma moved to adopt the ordinance. Seconded by Councilor Thompson.

Councilor Ripma stated this revised ordinance is a considerable improvement over the previous version because it responded to all of the public comment that we received. I think by not taxing the recyclable material and just taxing the back door material we are responding to those that commented on it. I do think that it is a cost to the city to have this facility and this is a fair way of compensating the city for having the facility located in our city so I favor it.

Councilor Thompson stated I favor this motion because the tax on solid waste is going to go to the general fund to fund city services. Our budget is constrained and Waste Management is going to ask for a fee increase anyway.

Councilor Smith stated I think it is a good idea. Taxing on the back door doesn't discourage recycling.

Mayor Thalhoffer stated I also favor it because it does not discourage recycling. I understand that by having this tax, if Recycle American did become a transfer station and more tonnage was involved, we are not going to add on to what we are already taxing if I understood Mr. Kvarsten. So I favor the motion.

Councilor Kight stated I am not going to support this. The reason is I am looking at the facility out in Wilsonville and it is \$6.00 cheaper per ton. Pride Disposal in Sherwood is \$5.00 cheaper per ton. The only saving grace for the Troutdale Recycle America facility, which is one of the newest facilities in the Metro area, is the fact that these facilities are not next door to this facility otherwise it would be non-competitive. Lets say this isn't a garbage industry but it is a retail industry. Can you imagine if there was this much difference in price, this Troutdale facility would be quickly out of business. Given the economic condition that we are in right now, Oregon having one of the highest unemployment rates currently, and being in the recession that we are in, I think we need to tighten our belt in Troutdale. We need to live within our means. We

could use that \$40,000 but I am more concerned that Waste Management be competitive with the other haulers in the area as well as the other similar facilities. One of the reasons I asked our staff to look at the similar facilities was to see what the difference was in price. If it was only a difference of \$0.50 or \$1.00 I could have justified this \$0.65 increase in tax. Clearly when there is such a difference in the tonnage cost to the haulers they are going to look for the facility that is going to be the cheaper facility and I think it is going to hurt Waste Managements business. Obviously not for their own haulers but for outside haulers. For that reason I am not going to support this tax.

Councilor Rabe stated when I walked in tonight I did not support it. I reevaluated a couple of questions that were answered regarding the direction of the money and the fact that the tax was initiated through a due process of citizens, staff and elected officials. It is not anything new that was just an immediate fix, it has had due process, it had discussion and the money does not necessarily go into a black hole. I myself would be willing to pay the extra \$0.25 per month to increase city services, so for that reason I am going to support the motion.

VOTE: Councilor Smith – Yes; Councilor Ripma – Yes; Councilor Thompson – Yes; Mayor Thalhofer – Yes; Councilor Kight – No; Councilor Rabe – Yes. Approved 5-1.

7. COUNCIL CONCERNS AND INITIATIVES:

Mayor Thalhofer called this item.

Councilor Smith stated I have no comments this evening.

Councilor Ripma stated I have no comments this evening.

Councilor Thompson stated I have no comments this evening.

Mayor Thalhofer stated there is a Chamber of Commerce meeting at McMenamins tomorrow morning at 7:30. They are going to be talking about development in Troutdale, Wood Village and Fairview. The 4 Cities meeting will be held in Wood Village at 6:30pm Thursday night.

Councilor Kight stated I have no comments this evening.

Councilor Rabe stated I work on Wednesday and Thursday evenings so that is why I will not be attending those meetings.

8. ADJOURNMENT:

**MOTION: Councilor Thompson moved to adjourn. Seconded by Councilor Ripma.
Motion passed unanimously.**

Meeting adjourned at 7:58pm.

Paul Thalhofer, Mayor

Approved February 26, 2002

ATTEST:

Debbie Stickney, City Recorder