



City of Salem Solid Waste Committee

Finance Department, Room 230, Conference Room
Thursday, September 19, 2024, 12:00 p.m. – 1:30p.m.

View Via YouTube: https://www.youtube.com/channel/UCQLi9RKZNHu4wfYcs_TC0TA

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PARTICIPANTS

Board Members

Councilor Linda Nishioka, Chair
Councilor Deanna Gwyn
Councilor Micki Varney
Alternate – Councilor Julie Hoy

Staff

Josh Eggleston, Chief Financial Officer
Kali Leinenbach, Budget Manager
Ryan Zink, Senior Fiscal Analyst/Franchise Administrator

Guests

N/A

AGENDA

1. Welcome and call to order
2. Approval of Minutes
 - a. August 15, 2024, Minutes (agenda packet pg. 3)
3. Public Comment – Appearance of persons wishing to address the Board on any solid waste matters
 - a. Written testimony received in advance of the meeting:
Scheppke – SB 488 (agenda packet pg. 5)
4. Action Items
None
5. Management Update/Information Items
 - a. Upcoming events:
 - i. 2024 Sustainability Summit – Marion Sustainable Business Network, September 27, 8am-4pm, Keizer Civic Center
 - ii. Halloween Costume Swap – Salem Cloth Project
October 12, 10am-1pm, Englewood Elementary
 - b. Recycling Modernization Act (RMA) Update

- i. PRO Material Collection Points
- c. Solid Waste Policy Discussion
 - i. Response to 350 Salem OR written testimony during 5/16/2024 meeting
 - ii. Draft Council Policy on Solid Waste Management (agenda packet pg. 7)

6. Other

7. Adjourn

Next Meeting: October 10, 2024

This meeting is being conducted in person, with remote attendance by the public as an option. Interested persons may view the meeting online on [YouTube](#). Please submit written comments on agenda items, or pre-register to provide Public Comment on items not on the agenda, by 5 p.m. or earlier one day prior to the day of the meeting at finance@cityofsalem.net.

Special accommodations are available, upon request, for persons with disabilities or those needing sign language interpretation, or languages other than English. To request accommodations or services, please call 503-540-2371 (TTD/TTY 503-588-6439) at least two business days in advance.

It is the City of Salem's policy to assure that no person shall be discriminated against on the grounds of race, religion, color, sex, marital status, familial status, national origin, age, mental or physical disability, sexual orientation, gender identity, and source of income, as provided by Salem Revised Code 97. The City of Salem also fully complies with Title VI of the Civil Rights Act of 1964, Americans with Disabilities Act of 1990, and related statutes and regulations, in all programs and activities.

CITY OF SALEM SOLID WASTE COMMITTEE Minutes

DATE: August 15, 2024

PLACE: Finance Conference Room (555 Liberty St SE, RM 230)

CHAIRPERSON: Linda Nishioka

STAFF LIAISON: Ryan Zink, Senior Fiscal Analyst 503-588-6258 RZink@cityofsalem.net

View recording via YouTube: <https://www.youtube.com/watch?v=y3Vu0Nm9HHY>

Members Present:

Councilor Linda Nishioka - Chair
Councilor Micki Varney
Councilor Deanna Gwyn (left at 1:45 pm)

Members Absent:

Alternate-Councilor Julie Hoy

Staff Present:

Josh Eggleston, Chief Financial Officer
Kali Leinenbach, Budget Manager
Ryan Zink, Senior Fiscal Analyst/Franchise Administrator
Nitin Joshi, PW Environmental and Operations Technology Manager (left at 1:45 pm)
Julianah Douglas, Climate Action Plan Manager
Kelli Blechschmidt, Management Analyst II
Shengnan Thomas, Administrative Analyst I

Guest Present:

Julie Jackson, Republic Services
Jim Hutchinson, Republic Services
Brain May, Marion County
Derek Neliton, D&O Garbage Service (virtual)
Austin McWiggin, Polk County
Dan Strandy, Marion Resource Recovery Facility
Kevin Hines, Marion Resource Recovery Facility
Nicholas Dahl, Loren's Sanitation and Apple Tree, Inc
Shawn Edmonds, Loren's Sanitation

1. CALL TO ORDER: 12:01 PM / Quorum

2. APPROVAL OF COMMITTEE MINUTES

a. Jul 18, 2024

Motion was moved by Member Gwyn, seconded by Member Varney, and carried by the following vote:

Aye: Unanimous
Nay: None
Abstentions: None

3. PUBLIC COMMENT

a. Jim Scheppke provided testimony regarding medical waste.

Questions or comments: Member Gwyn
Answers or comments: Jim Scheppke

4. ACTION ITEMS

a. None

5. MANAGEMENT UPDATE / INFORMATION ITEMS

a. Medical Waste:

- i. Medical Waste collection and disposal
- ii. 2023 Medical Waste Cost of Service Analysis (COSA) and 2024-2025 Proforma

Questions or comments: Chair Nishioka; Members Varney and Gwyn; Nitin Joshi, Environmental and Operations Technology Manager

Answers or comments: Ryan Zink, Franchise Administrator; Julie Jackson, Republic Services; Dan Strandy, Marion Resource Recovery Facility; Kevin Hines, Marion Resource Recovery Facility

b. ReHub – Proposed recycling and refuse facility in Rickreall, OR

Questions or comments: Chair Nishioka; Members Varney and Gwyn; Ryan Zink, Franchise Administrator; Nitin Joshi, Environmental and Operations Technology Manager

Answers or comments: Austin McWiggin, Polk County; Nicholas Dahl, Loren's Sanitation and Apple Tree, Inc

6. OTHER

a. Republic Services – EV Trucks in Salem

Questions or comments: Chair Nishioka; Members Varney and Gwyn; Dan Strandy, Marion Resource Recovery Facility; Josh Eggleston, Chief Financial Officer

Answers or comments: Julie Jackson, Republic Services; Jim Hutchinson, Republic Services

7. ADJOURNMENT: 1:46 pm

The next meeting is scheduled for Thursday, September 19, 2024 at 12:00 pm

Ryan Zink

From: Jim Scheppke <jscheppke@comcast.net>
Sent: Monday, September 16, 2024 3:39 PM
To: Linda Nishioka; Deanna Gwyn; Micki Varney
Cc: Ryan Zink; Phil Carver; Laurie Dougherty
Subject: Testimony for the September 19th Meeting of the Solid Waste Committee

Dear Committee:

I am will be out of town and unable to attend your meeting on September 19th. I understand that Phil Carver will be there representing 350 Salem OR and perhaps other members as well.

Because I am unable to be there I wanted you to have this summary of the just-released report from the DEQ on the implementation of SB 488 that requires continuous monitoring or sampling of 15 toxins specified in the bill. I hope you will be sorry to learn that nearly a year after the enrollment date of the bill, Reworld has not even submitted an approvable plan for monitoring and sampling to the DEQ. Here is a chronology that I extracted from the report ...

SB 488 Chronology

<i>Date</i>	<i>Action</i>	<i>Notes</i>
September 24, 2023	Effective date of SB 488.	Reworld is required to submit a compliance plan to DEQ within three months of the effective date.
December 20, 2023	Reworld submits a monitoring plan.	DEQ rejects the plan for failing to address continuous monitoring or sampling of pollutants as required by SB 488.
January 4, 2024	DEQ sends a warning letter to Reworld.	Warning letter requires Reworld to submit a revised plan by January 25, 2024.
January 22, 2024	Reworld requests an extension of requirement to submit the monitoring plan.	
January 24, 2024	DEQ approves an extension.	The conditions of the extension require Reworld to submit a draft plan by March 4, 2024 and a final plan by March 25, 2024.
February 29, 2024	Reworld's attorney requests another extension.	
March 4, 2024	Reworld submits the draft plan as required by DEQ.	The plan addresses all of the toxins that SB 488 lists for monitoring or continuous sampling except PCBs and dioxin/furans; DEQ agrees to extend the deadline for the final plan until April 25, 2024.

April 8, 2024	Reworld submits another draft plan.	The plan still fails to adequately address continuous sampling for PCBs and dioxin/furans.
July 23, 2024	Reworld's attorney submits a request for reconsideration to DEQ.	The request says that "several conditions [of SB 488] are impossible to satisfy or will produce data that are not representative of ... actual emissions;" DEQ has 60 days to review and respond.
September 15, 2024	DEQ submits "Report on the Implementation of SB 488" to the Legislature.	

I hope the Solid Waste Committee will discuss this and share your concerns with the Council's Legislative Committee. There are fears that Reworld is just stalling for time until the next Legislative session when they might try to undo SB 488. I hope the City of Salem will actively lobby for no modifications to the requirements of SB 488.

Thank you for your service on the Solid Waste Committee.

Jim

Jim Schepke, Ward 2
 jschepke@comcast.net
 503-269-1559

City of Salem

Solid Waste Management Council Policy

INTRODUCTION

Salem operates within a regional, integrated solid waste system that spans two counties, franchises with six solid waste companies, and relies heavily on the infrastructure owned and operated by both commercial and governmental solid waste partners (e.g., transfer stations, resource recovery facilities, and disposal sites).

To date, Salem Revised Code Chapter 47 which outlines solid waste management and the historical precedent set by interpretation and application of that code over decades has guided the administration of solid waste management in Salem. This City Council Policy will provide direction to staff as Salem continues to consider how solid waste is managed.

GOVERNANCE

Solid Waste Management in the City of Salem is governed primarily by Oregon Revised Statutes 459 and 459A and Salem Revised Code Chapter 47 – Solid Waste Management. Also, the Salem Climate Action Plan provides recommended strategies for reducing greenhouse gas emissions from the purchase of goods, and the collection, transportation, and disposal of solid waste.

Relevant sections of ORS 459 and 459A include, but are not limited to:

- Cities have primary responsibility for solid waste management services – ORS 459.017(b)
- Cities may displace competition by issuing exclusive franchises if service areas are allocated – ORS 459A.085(3)
- Cities in Oregon with at least 4,000 people must provide the opportunity to recycle – ORS 459A.005
- Marion County flow control authority – ORS 459.125
- SB 582 – Plastic Pollution and Recycling Modernization Act (Effective January 1, 2022) – ORS 459A 860-975

Relevant sections of SRC Chapter 47 include, but are not limited to:

- Purpose: To protect the public health, safety, and welfare - SRC 47.015
- Rates and billing - SRC 47.099

Relevant section of the Salem Climate Action Plan:

- Appendix 8: Climate Action Plan Strategy List, Section 7: Materials & Waste

PURPOSE

This policy establishes practices which will guide the administration of solid waste management, and in particular, the establishment and adjustment of solid waste management rates within the City of Salem. To this end, this policy includes the following elements: the basis for calculating rates, allowable and unallowable expenses, forecast factors, allowable operating margin, and low-income discount.

POLICY STATEMENTS

- Cost-based rates:

To ensure rates prohibit rate preferences and other discriminatory practices (SRC 47.015(d)), rates shall be established to the greatest extent practicable on a cost-of-service basis.

The cost-of-service basis shall be applied to lines of business (e.g., cart, container, and drop box), and levels of service (e.g., subscribed cart size, recycling, mixed organics, special items, etc.) within the lines of business.

To the extent practicable, the rate approved for each service will equal the cost of providing that service plus the allowable return.

- Allowable and Unallowable Expenses:

“Allowable expenses” means those expenses incurred by the franchisee in the performance of this agreement that are allowed by the City as reimbursable by the ratepayer as enumerated below. Allowable expenses are allowable only to the extent that such expenses are known and measurable, calculated according to generally accepted accounting principles (GAAP) on an accrual basis and, when applicable, prorated or allocated to the franchisee’s operations within the City, do not exceed the fair market value of comparable goods or services, and are commercially reasonable and prudently incurred by the franchisee solely in the course of performing its obligations under the franchise. Allowable expenses shall include, but not be limited to, the following:

1. The costs of complying with all laws, regulations or orders applicable to the obligations of franchisees under federal, state or local law, including this City Council Policy, as now or hereafter amended;
2. Disposal costs;
3. Labor costs, including operational and supervisory labor, payroll taxes, workers’ compensation, and benefits;
4. Vehicle and equipment expenses, including vehicle registration fees, motor fuel, oil, tires, rental charges and/or operating lease payments and repairs and maintenance;
5. Expenses of maintaining other capital assets, including rental charges and/or operating lease payments and repair and maintenance;
6. Performance bonds and insurance in at least the amounts and coverages required by the City;
7. Administrative expenses related to data processing, billing and supplies, finance and accounting, franchise administration, human resource and labor management, rate analysis, and regulatory compliance;
8. Low-income discount or other Council-adopted rate assistance programs;
9. Utilities;
10. Training and worker safety expenses;
11. Promotion and public education costs;
12. Depreciation and amortization of capital assets, including any necessary standby or backup equipment used on a regular and ongoing basis in the provision of services under this franchise over standardized economic useful lives of the various assets;

13. Interest expense, other than interest paid with respect to route or franchise acquisition, that is not in excess of market rates ordinarily charged for the various types of financing required for purchases or leases;
14. All surcharges, taxes, or fees, other than state or federal income taxes in connection with franchisee's provision of collection services under this franchise.

"Unallowable expenses" shall include the following:

1. All charitable and political contributions;
 2. Fines and penalties, including without limitation judgments incurred by a franchisee for violation of applicable laws;
 3. Payments for services provided by individuals related by blood or marriage or by affiliated companies to a franchisee to the extent that such payments exceed the reasonable cost that would be charged by an independent third party to provide the substantially equivalent service;
 4. Accruals for future unknown regulatory changes;
 5. Costs associated with purchase of other companies including, but not limited to, employee stock ownership plan payments, goodwill, amortization of goodwill and premiums on key person life insurance policies;
 6. Principal or interest payments on the acquisition of solid waste, recyclable materials and yard debris collection routes; the purchase of equipment and/or facilities to the extent that the price includes goodwill or a premium in excess of fair market value at the time of acquisition;
 7. State and federal income taxes;
 8. Fees paid to a franchisee's board of directors;
 9. Advertising expenses beyond basic collection and recycling promotion and education, and minimal telephone listings under "Garbage Collection" or "Recycling Collection." Display advertisements and entertainment expenses are specifically excluded;
 10. Attorney's fees and related expenses resulting from:
 - a. Any judicial proceeding in which the City and a franchisee are adverse parties, unless the franchisee is the prevailing party,
 - b. Any judicial proceeding in which a franchisee is ruled to be liable due to willful misconduct or gross negligence or in violation of law or regulation;
 11. Any other expenses defined as unallowable and approved by the Council.
- Forecast factors:
 For the process of determining "current and projected operating expenses" as provided in SRC 47.099(f)(2), certain costs are projected using established inflation factors. These factors include:
 - Fuel:** West Coast No. 2 Diesel Ultra Low Sulfur (0-15 ppm) Retail Prices
 - Labor:** Collective Bargaining Agreement(s)
 - Health Insurance:** Oregon Refuse and Recycling Association (ORRA) Health Insurance Plan renewal rate(s)
 - Disposal Rates** - Municipal Solid Waste, Mixed Organics, Commingled Recycling, Medical Waste: As adopted by Marion County Board of Commissioners. Forecast factors for

disposal rates not under Marion County regulatory authority are determined by reviewing disposal fees/rates charged to franchised hauler(s).

For all other expenses, a general inflation factor is applied.

General Inflation: Consumer Price Index for All Urban Consumers (CPI-U), Series Id: CUURN400SA0

- Allowable operating margin:

To ensure rates are adequate to provide necessary solid waste management, recycling, and resource recovery (SRC 47.015(d)) and that in establishing or adjusting rates that a reasonable operation margin be considered (SRC 47.099(f)(5)), rates shall be adequate to provide a pre-tax operating margin equal to ten percent of franchise-wide gross revenues.

However, the City Council may decide not to adjust rates if the expected pre-tax operating margin falls between eight and twelve percent of gross revenues.

Pre-tax operating margin will be calculated as:

$$\text{(Total Revenue – Allowable Expenses) / Total Revenue}$$

The ten percent target return on gross revenues is considered sufficient to reflect the level of business risk assumed by the franchisee, to allow investment in equipment, and to ensure quality collection service.

- Low-Income Discount:

With the aim of ensuring rates are “just” (SRC 47.015(d)), the solid waste rate schedule will include a low-income discount with the same program qualifications as the City of Salem Wastewater Rate Assistance Program (e.g., income, age, and/or disability status). This discount will apply to residential customers only. The amount of the discount as a percentage of the subscribed residential service rate will be set or adjusted at the same time as all other solid waste rates.

FUTURE POLICY CONSIDERATIONS

Members of City Council and some community members have expressed a desire to implement changes to garbage and recycling services to incentivize Salem residents and businesses to reduce waste and improve the recoverability of waste that is produced while also ensuring equity within customer rates. City staff are working to implement the Salem Climate Action Plan which includes strategies regarding materials and waste. Additionally, SB 582 known as the Plastic Pollution and Recycling Modernization Act (RMA), will have a direct impact on recycling and recovery practices across the State, including Salem. These topics present Salem with the opportunity to integrate new programs and ideas with existing guidance and best practices. As City Council considers these topics, additional elements may be added to this policy through future updates.

- Salem Climate Action Plan:

The Salem Climate Action Plan (CAP) includes strategies to reduce greenhouse gas emissions from the purchase of goods, and the collection, transportation, and disposal of solid waste. The vision for Materials & Waste strategies (Section 7) in the CAP is that “Salem will be a closed-loop community when it comes to waste, first reducing waste at the source, then repairing and reusing materials, and impacts from disposal will be minimal.” The guiding equity principle is to “ensure that waste disposal practices and requirements do not disproportionately affect low-income neighborhoods or historically marginalized communities.”

Objectives listed in Materials & Waste section of the CAP that may have a direct impact on solid waste management include:

1. Establish data tracking and reporting processes;
 2. Reduce waste at the source and facilitate a closed loop, circular economy;
 3. Set a goal to achieve zero waste (meaning at least 90% of waste is diverted from the landfill through waste reduction, reuse, recycling and composting) in municipal operations;
 4. Reduce food waste to reduce GHG emissions;
 5. Support sustainable material management through financial incentives; and
 6. Reduce air pollution from waste.
- Plastic Pollution and Recycling Modernization Act:
SB 582, known as the Plastic Pollution and Recycling Modernization Act (RMA), became effective January 1, 2022. With recycling program changes starting in July 2025, the RMA will update Oregon’s recycling system by building on local community programs and leveraging the resources of producers to create an innovative system that works for everyone.

This system-wide update will make recycling easier for the public, expand access to recycling services, upgrade the facilities that sort recyclables, and create environmental benefits while reducing social and environmental harms, such as plastic pollution. Producers and manufacturers of packaged items, paper products and food serviceware will pay for many of these necessary improvements and help ensure recycling is successful in Oregon.

Major elements of the RMA that will have a direct impact on solid waste management in Salem:

1. Uniform Statewide Collection List:
 - a. Local government acceptance list – List of items DEQ will require local governments to collect at recycling depots and/or through on-route collection.
 - b. Producer Responsibility Organizations (PROs) acceptance list – List of items DEQ will require PROs to collect, most likely through local recycling depots.
2. Expanded recycling depots for collection of covered items.
3. Financial support from PROs to expand recycling services and address contamination.
4. Required use of new educational resources provided by DEQ.
5. Newly purchased roll-carts, bins, and containers contain at least 10% post-consumer recycled content.
6. Ensure adequate recycling collection and access for multi-family housing.