



# City of Oregon City

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## Staff Report

File Number: 19-491

**Agenda Date:** 9/4/2019

**Status:** Agenda Ready

**To:** City Commission

**Agenda #:** 7a.

**From:** Public Works Director John Lewis

**File Type:** Ordinance

### **SUBJECT:**

First Reading of Ordinance No. 19-1011, Adding Chapter 8.26 Business Food Waste Requirements to the Oregon City Municipal Code

### **RECOMMENDED ACTION (Motion):**

Staff recommends the City Commission approve the first reading of Ordinance No. 19-1011, Metro Business Food Waste Requirement.

### **BACKGROUND:**

Metro Council has adopted Metro Ordinance No. 18-1418, amending Metro Code to add the Business Food Waste Requirement. Under this ordinance, each local government must require: (1) covered businesses in its jurisdiction to separate and recover food waste; (2) delivery of collected business food waste to a facility authorized by Metro; and (3) property owners and managers to provide space to a covered business to allow the source separation and collection of food waste.

The City Commission heard the first reading of Ordinance No. 19-1011, Business Food Waste Requirement, on August 7, 2019. During the discussion, Commissioners expressed concerns regarding uncertainty about rates and disposal locations for the business food waste. In response, City staff (in conjunction with Oregon City Garbage) completed estimates of the unit costs for four rate scenarios incorporating Oregon City Garbage cost of collection, hauling charges, and disposal tip fees.

Secondly, following the August 7 meeting, Oregon City Garbage requested language changes to the Ordinance that improve the definition of "Food Waste" to ensure that food waste is considered solid waste, and that certain types of waste used for oil production or donations are not considered food waste. Due to these changes, the new version of Ordinance No. 19-1011 is being submitted herein as a first reading.

### **Food Waste Recovery Goals**

State and local regulations identify program requirements to support recycling, waste reduction, and composting. In Oregon, the goal is to increase recovery of food waste from the current recovery rate of 14 percent to 25 percent. The region has had a voluntary business food waste collection program in place for over ten years which has led to recovery of 14 percent of the total 140,000 tons of food waste generated by businesses each year. In 2016, Metro Council reviewed

the region's current commercial food scraps recovery efforts and confirmed their desire to accelerate the region's recovery of food scraps. The Metro Council determined that in order to increase food scraps recovery and attract stable, local processing capacity, the region should:

- Require certain businesses to separate their food scraps and eventually prohibit the disposal of food scraps from other business garbage.
- Determine how to efficiently collect and deliver food scraps for processing.
- Secure local and stable processing capacity.

### **Program Outreach**

In 2017 and 2018, a team of Metro and staff from Beaverton, Clackamas County, Gresham, Portland, Washington County, and the Oregon Department of Environmental Quality developed the policy, ordinance, and administrative rules and conducted outreach with the business community.

Metro staff conducted outreach to individual businesses, business associations, elected officials and boards, chambers of commerce, nonprofits, and government agencies over a period of two years. The majority of outreach was done in person and letters were sent to 2,000 potentially-affected businesses to inform them of the policy under consideration and request their input.

A survey developed and distributed in partnership with the Oregon Restaurant and Lodging Association reached 360 businesses. One-on-one meetings with 25 businesses and business associations were held, and presentations were given to 24 local government councils, commissions, and boards. Metro and local government staff convened meetings with local food rescue agencies and state and county health departments in advance of the policy. Overall, businesses support the policy and support having access to food waste collection services throughout the region.

### **Policy Funding**

Metro has recognized the impacts to both food waste generators and solid waste haulers, and in response have established four mitigation strategies:

Mitigation Strategy #1: Metro will be compensating solid waste haulers for the additional time and distance required to deliver food waste to facilities that accept them. Access to service payments are payments to haulers that travel a longer distance to accepting facilities than they would if this material was mixed with garbage. Access to service payments will be available to Oregon City Garbage until transfer services become available within a reasonable proximity. Metro has committed that these payments will not stop within 5 years. Metro will review the program in 5 years to determine if the access service payments are still warranted.

Mitigation Strategy #2: Metro established tipping fees for commercial food waste that are set significantly lower than other commercial solid waste:

- Delivery tipping fee rates to Metro Central Station located at 6161 NW 61st Avenue in Portland is \$66.23 per ton of food waste versus \$97.45 per ton of general solid waste (32% less than solid waste).
- Delivery tipping fee rates to Willamette Resources Inc. (WRI) in Wilsonville currently posted \$73.70 per ton of food waste versus \$104.00 per ton of general solid waste (29%

less than solid waste).

**Mitigation Strategy #3:** Metro is providing funding to support 2.0 FTE at Clackamas County to help businesses and haulers with program implementation.

**Mitigation Strategy #4:** Metro is funding 50% of interior collection container costs.

This mitigation strategy is estimated to compensate Oregon City Garbage \$35,537 if they haul to Metro Central and \$16,688 if they haul to WRI. Metro funding has already begun for Mitigation Strategies #2 through #4, and Metro funding for Mitigation Strategy #1 will begin with the implementation of the policy in March 2020.

### **Food Waste Collection Rates**

Estimating the food waste rates in Oregon City includes several factors to be considered including collection time, disposal locations and associated haul time, volumes and weights of food waste, frequency of service, collection containers, and logistics. Oregon City Garbage has also asked that the City consider scenarios whereby they meet the program requirements, but they opt out of the access to service payments in an effort to avoid the reporting and logistics driven by Metro's program implementation needs.

The biggest policy uncertainty related to rates is whether or not to allocate the cost of the program to only food waste generators versus spreading the cost of the food waste program to all commercial accounts. The estimated rate scenarios developed are included as attachment Appendix B.

Oregon City Municipal Code 8.20.130 denotes City Commission shall establish and change rates by resolution. Given that the implementation period does not begin until 2020, Oregon City staff and the franchise hauler will work toward a rate change for this program per the guidelines set in OCMC 8.20.130. Despite the March 2020 implementation requirement, Oregon City Garbage has requested that any rate adoption be delayed and effective on July 1, 2020. This request is appropriate as other solid waste fees will likely need to be updated and a July 1 effective date is consistent with past solid waste fee updates.

### **Program Implementation**

Key elements of the ordinance affecting Oregon City are as follows:

- Adopt Ordinance No. 19-1011 that requires that certain food service businesses separate food scraps from other waste and recyclables.
- Flexibility in program implementation such that the program makes sense locally. Governments may also, on a limited basis, grant waivers to businesses that are unable to comply.
- A three-phased program roll-out as follows:
  - o **Group 1** (March 2020): those businesses that generate 1,000 pounds or more of food scraps per week. Metro projects that 15-20 businesses in Oregon City would be affected in this phase.
  - o **Group 2** (March 2021): those businesses that generate 500 pounds or more of food scraps per week. Metro projects that 30-50 businesses in Oregon City would be affected in this phase.

- o **Group 3** (September 2022): K-12 schools and businesses that generate 250 pounds or more of food scraps per week. Metro projects that 50-70 businesses in Oregon City would be affected in this phase.

The City of Oregon City is required to comply with Metro Ordinance No 18-1418 Business Food Scraps. City staff has actively been working with the program stakeholders and continue to resolve concerns, requirements, and impacts of the Metro requirements. Oregon City strives to implement a Business Food Scrap Ordinance which complies with the Metro Ordinances and satisfies the concerns and needs of our community. A solid waste rate resolution will be brought before the City Commission with sufficient time to establish new rates on July 1, 2020.