

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO CODE) ORDINANCE NO. 99-823A
CHAPTER 5.02 TO MODIFY CHARGES FOR DIRECT)
HAUL DISPOSAL, TO MODIFY METRO SYSTEM) Introduced by Mike Burton
FEES, TO CREATE ADDITIONAL REGIONAL) Executive Officer
SYSTEM FEE CREDITS AND MAKING OTHER)
RELATED AMENDMENTS)

WHEREAS, it is desirable to review certain disposal fees and system fees in light of certain amendments to significant Metro solid waste contracts; and

WHEREAS, it is necessary to adjust such fees to take advantage of the savings resulting from these solid waste contract amendments and to implement new solid waste programs that are in the public interest; and

WHEREAS, the Metro Rate Review Committee convened pursuant to Chapter 5.08 of the Metro Code and reviewed such disposal fees and system fees; and

WHEREAS, it is appropriate to make certain related modifications to existing portions of Chapter 5.02 of the Metro Code; and

WHEREAS, the ordinance was submitted to the Executive Officer for consideration and was forwarded to the Council for approval; now, therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

SECTION 1. Metro Code Chapter 5.02.030 is amended to read:

Each facility licensed or franchised under Metro Code Chapter 5.01 and authorized to transport solid waste directly to the Columbia Ridge Landfill shall pay to Metro a charge of \$16.78 per ton of solid waste which is generated or originates within the Metro boundary and which the facility directly transports to the Columbia Ridge Landfill

SECTION 2. Metro Code Section 5.02.045 is amended to read:

(a) Regional System Fee: Solid waste disposal facility operators shall collect and pay to Metro a Regional System Fee of \$21.90 per ton for the disposal of solid waste generated, originating, collected, or disposed of within Metro boundaries, in accordance with Metro Code section 5.01.150.

(b) Metro Facility Fee: Metro shall collect a Metro Facility Fee of \$2.55 per ton for all solid waste delivered to Metro Central Station or Metro South Station

- (c) System fees described in paragraph (a) shall not apply to:
- (1) inert material, including but not limited to earth, sand, stone, crushed stone, crushed concrete, broken asphaltic concrete and wood chips used at disposal facilities for cover, diking, road base, or other productive use at such solid waste disposal facilities;
 - (2) solid waste received at facilities which are licensed, franchised or exempt from regulation under Metro Code Chapter 5.01 and which accomplish materials recovery and recycling as a primary operation; or
 - (3) solid waste received at Transfer Facilities which deliver such wastes to a Metro-owned, licensed, franchised, or designated facility where Metro fees are collected and paid to Metro.

SECTION 3. Metro Code Section 5.02.047 is amended to read:

5.02.047 Regional System Fee Credits

(a) A solid waste facility which is certified, licensed or franchised by Metro pursuant to Metro Code Chapter 5.01 and which attains a Facility Retrieval Rate of 10 percent or greater shall be allowed a credit against the Regional System Fee otherwise due each month under Section 5.02.045 for disposal of Processing Residuals from the facility. The Facility Retrieval Rate and the Recovery Rate shall be calculated for each six-month period before the month in which the credit is claimed. The amount of such credit shall be in accordance with and no greater than as provided on the following table:

System Fee Credit Schedule

Recovery Rate		System Fee Credit of no more than
From Above	Up To & Including	
0%	20%	0.00
20%	25%	1.00
25%	30%	3.00
30%	35%	6.46
35%	40%	8.00
40%	45%	9.82
45%	100%	12.00

(b) The Executive Officer may establish additional administrative procedures regarding the Regional System Fee Credits, including, but not limited to establishing eligibility requirements for such credits and establishing incremental System Fee Credits associated with Recovery Rates which fall between the ranges set forth in paragraph (a) of this section.

(c) The following users of Metro solid waste system facilities shall be allowed a credit in the amount of \$9 per ton against the Regional System Fee otherwise due under Section 5.02.045(a):

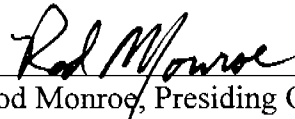
- (1) Users of Metro Central and Metro South Transfer Stations;
- (2) Any Person delivering authorized waste:

(A) to any landfill or other solid waste facility that is authorized to receive such waste through a Metro license certificate franchise or Designated Facility Agreement; or

(B) under the authority of a Metro Non System License.

SECTION 4. The amendments to the Metro Code provided for in this Ordinance shall take effect on February 1, 2000.

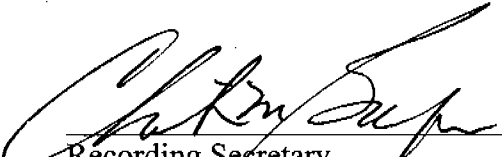
ADOPTED by the Metro Council this 28th day of OCTOBER, 1999.



Rod Monroe, Presiding Officer

ATTEST:

Approved as to Form:



Recording Secretary



Daniel B. Cooper, General Counsel

MDF:jep
ord99-823.rdl.doc

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SECTION 1. Metro Code Chapter 5.02.030 is amended to read:

Each facility licensed or franchised under Metro Code Chapter 5.01 and authorized to transport solid waste directly to the Columbia Ridge Landfill shall pay to Metro a charge of ~~\$24.93~~ \$16.78 per ton of solid waste which is generated or originates within the Metro boundary and which the facility directly transports to the Columbia Ridge Landfill

SECTION 2. Metro Code Section 5.02.045 is amended to read:

(a) Regional System Fee: Solid waste disposal facility operators shall collect and pay to Metro a Regional System Fee of ~~\$14.00~~ \$21.90 per ton for the disposal of solid waste generated, originating, collected, or disposed of within Metro boundaries, in accordance with Metro Code section 5.01.150.

(b) Metro Facility Fee: Metro shall collect a Metro Facility Fee of ~~\$1.15~~ \$2.55 per ton for all solid waste delivered to Metro Central Station or Metro South Station

- (c) System fees described in paragraph (a) shall not apply to:
- (1) inert material; including but not limited to earth, sand, stone, crushed stone, crushed concrete, broken asphaltic concrete and wood chips used at disposal facilities for cover, diking, road base, or other productive use at such solid waste disposal facilities;
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(b) The Executive Officer may establish additional administrative procedures regarding the Regional System Fee Credits, including, but not limited to establishing eligibility requirements for such credits and establishing incremental System Fee Credits associated with Recovery Rates which fall between the ranges set forth in paragraph (a) of this section.

(c) The following users of Metro solid waste system facilities shall be allowed a credit in the amount of \$9 per ton against the Regional System Fee otherwise due under Section 5.02.045(a):

(1) Users of Metro Central and Metro South Transfer Stations;

(2) Any Person delivering authorized waste:

(A) to any landfill or other solid waste facility that is authorized to receive such waste through a Metro license certificate franchise or Designated Facility Agreement; or

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ADOPTED by the Metro Council this _____ day of _____, 1999.

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ADOPTED by the Metro Council this _____ day of _____, 1999.

Rod Monroe, Presiding Officer

ATTEST:

Approved as to Form:

Recording Secretary

Daniel B. Cooper, General Counsel

MDF:jep
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STAFF REPORT:

IN CONSIDERATION OF ORDINANCE NO. 99-823 FOR THE PURPOSE OF AMENDING METRO CODE CHAPTER 5.02, TO MODIFY CHARGES FOR DIRECT HAUL DISPOSAL, TO MODIFY METRO SYSTEM FEES, TO CREATE ADDITIONAL REGIONAL SYSTEM FEE CREDITS, AND MAKING OTHER RELATED AMENDMENTS.

Date: October 1, 1999

Presented by: Terry Petersen

PROPOSED ACTION:

Adopt Ordinance No. 99-823. If adopted, the solid waste charges for direct haul disposal, Metro system fees, and additional regional system fee credits in Ordinance 99-823 would be effective on the appropriate date following Council approval.

BACKGROUND:

Metro recently renegotiated the disposal contract with Waste Management Disposal Services of Oregon (Change Order #8), and the transportation contract with Specialty Transportation Services, Inc. (Change Order #24). The new transport and disposal prices in these renegotiated contracts will result in significant reductions in future payments to Metro's contractors.

During the past six months, Metro has reviewed a wide range of options for managing these contract cost reductions. This review has involved extensive public involvement, including numerous public hearings before the Metro Council, Metro's Solid Waste Advisory Committee, Metro's Rate Review Committee, and other advisory groups.

This public input helped shape the general policy directions that are reflected in the solid waste fees and charges in Ordinance 99-823. Specifically, the key elements of Ordinance 99-823 will allow Metro to:

- Modify the direct haul disposal charge; and
- Ensure that regional ratepayers continue to benefit from the lowest disposal prices in the Pacific Northwest. With the proposed revision to the Regional System Fee, the region's ratepayers will not pay more for disposal services if tonnage is delivered to non-system disposal facilities; and
- Modify the Metro Facility Fee by reallocating certain administrative costs from the Regional System Fee to the facility fee.

DIRECT HAUL DISPOSAL CHARGE:

Currently, three operators are authorized by Metro to directly haul putrescible waste from their facility to the Columbia Ridge Landfill (Pride Recycling Company, Recycle America, and Willamette Resources, Inc.). This direct haul waste is included as part of Metro's disposal contract. The three facilities currently pay Metro a rate of \$24.93 per ton (including excise tax) for disposal services. As a result of the renegotiated disposal contract, the new rate included in Ordinance 99-823 for direct haul waste is \$16.78 per ton (excluding excise tax).

REGIONAL SYSTEM FEE:

The disposal prices in the renegotiated disposal contract are the lowest in the Pacific Northwest. Metro's contractor was able to offer the region these low prices in part because of the large quantity of waste that Metro delivers to the Columbia Ridge Landfill. This "economy of scale" is reflected in the contract price schedule. In this price schedule, the average disposal price decreases as the disposal tonnage increases.

As a result of this contract structure, any waste that is generated in the Metro region and leaves the system, results in an increase in the costs for disposal of waste that remains in the system. This cost is equivalent to approximately \$9.00 for each ton that leaves the system (up to approximately the first 100,000 tons; the cost is higher the higher the tonnage).

As proposed in Ordinance 99-823, the Regional System Fee would be \$21.90, which is assessed against all waste that is generated within the region, protects regional ratepayers by covering the costs of waste exports. However, waste that remains in the regional disposal system would be eligible for a \$9.00 per ton credit, resulting in an effective fee that is equivalent to the current fee of \$12.90. Waste that does not remain in the Metro system would not be eligible for this credit.

Specifically, the \$9.00 credit would be applied to the regional solid waste system users and defined as:

- Users of Metro Central and Metro South Transfer Stations; and
- Any Person delivering authorized waste:
 - (a) to any landfill of other solid waste facility that is authorized to receive such waste through a Metro license, certificate, franchise, or Designated Facility Agreement; or
 - (b) under the authority of a Metro Non System License.

METRO FACILITY FEE:

It is proposed that the Metro Facility Fee be increased from \$1.15 to \$2.55 per ton of solid waste delivered to a Metro Central or Metro South Station. The fee currently includes contributions to facility renewal and replacement, and certain management costs at the Metro Transfer Stations. The proposed higher fee is a result of reallocating appropriate administrative costs to this cost component from the regional revenue (tonnage) base. This change is consistent with a recommendation from consulting firm Black & Veatch, which earlier reviewed Metro's rate structure.

FISCAL IMPACT:

The modification in the direct haul charges, and the Metro Facility Fee, are in conjunction with the fees specified in the staff report for Ordinance 99-825.

The use of the funds from the Undesignated Fund Balance and the Rate Stabilization Account will allow Metro to maintain a disposal charge of \$62.00, given current expenditure levels and projected tonnage, for four years.

EXECUTIVE OFFICER RECOMMENDATIONS:

The Executive Officer recommends approval of Ordinance 99-823.