

# A G E N D A

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**METRO**

## Agenda

MEETING: METRO COUNCIL REGULAR MEETING  
DATE: October 21, 1999  
DAY: Thursday  
TIME: 2:00 PM  
PLACE: Council Chamber

### CALL TO ORDER AND ROLL CALL

#### 1. INTRODUCTIONS

#### 2. CITIZEN COMMUNICATIONS

#### 3. EXECUTIVE OFFICER COMMUNICATIONS

#### 4. AUDITOR COMMUNICATIONS

#### 5. MPAC COMMUNICATIONS

#### 6. CONSENT AGENDA

- 6.1 Consideration of Minutes for the October 12, 1999 Metro Council Public Hearing and October 14, 1999 Metro Council Regular Meeting.

#### 7. ORDINANCES - SECOND READING

- 7.1 **Ordinance No. 99-825**, For the Purpose of Amending Metro Code Section 5.02.025 to Modify the Disposal Charge at the Metro South and Metro Central Transfer Stations. Bragdon
- 7.2 **Ordinance No. 99-824**, For the Purpose of Amending Metro Code Chapter 7.01 to Modify and Adjust Excise Taxes and making other Related Amendments. Washington
- 7.3 **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. Washington

#### 8. COUNCILOR COMMUNICATION

### ADJOURN

**Cable Schedule for October 21, 1999 Metro Council Meeting**

	<b>Sunday (10/24)</b>	<b>Monday (10/25)</b>	<b>Tuesday (10/26)</b>	<b>Wednesday (10/27)</b>	<b>Thursday (10/21)</b>	<b>Friday (10/22)</b>	<b>Saturday (10/23)</b>
<b>CHANNEL 11</b> <b>(Community Access</b> <b>Network)</b> (most of Portland area)						2:00 P.M. *	
<b>CHANNEL 21</b> <b>(TVCA)</b> (Washington Co., Lake Oswego, Wilsonville)	7:00 P.M. *	1:00 A.M. *		7:00 P.M. *			
<b>CHANNEL 30</b> <b>(TVCA)</b> (NE Washington Co. - people in Wash. Co. who get Portland TCI)	7:00 P.M. *			7:00 P.M. *			
<b>CHANNEL 30</b> <b>(CityNet 30)</b> (most of Portland area)		POSSIBLE 2:00 P.M. (previous meeting)					
<b>CHANNEL 30</b> <b>(West Linn Cable Access)</b> (West Linn, Rivergrove, Lake Oswego)		12:00 P.M. (previous meeting)	7:00 P.M. (previous meeting)	1:00 P.M. (previous meeting)		8:00 P.M. (previous meeting)	7:00 A.M. (previous meeting)
<b>CHANNEL 19 or</b> <b>CHANNEL 33</b> <b>(ATT Consumer Svcs.)</b> (Milwaukie)	4:00 P.M. (previous meeting)					10:00 P.M. (previous meeting)	9:00 A.M. (previous meeting)
<b>Channel 30 (Multnomah</b> <b>Community Television)</b> (E. Multnomah County)					7:00 p.m. (10/4 public hearing)		

\* These meetings may be preceded by a 30-minute public affairs program, *The Regional Report*, produced by Metro.

***PLEASE NOTE THAT ALL SHOWING TIMES ARE TENTATIVE BASED ON THE INDIVIDUAL CABLE COMPANIES' SCHEDULES.***

**PUBLIC HEARINGS:** Public Hearings are held on all Ordinances second read and on Resolutions upon request of the public.

Agenda items may not be considered in the exact order. For questions about the agenda, call Clerk of the Council, Chris Billington, 797-1542.  
For assistance per the American Disabilities Act (ADA), dial TDD 797-1804 or 797-1540 (Council Office).

Consideration of the October 12, 1999 Metro Council Public Hearing and October 14, 1999 Metro Council Meeting minutes.

Metro Council Meeting  
Thursday, October 21, 1999  
Council Chamber

## MINUTES OF THE METRO COUNCIL MEETING

October 12, 1999

Milwaukie City Hall Chamber

Councilors Present: Rod Monroe (Presiding Officer), Susan McLain, Ed Washington, Rod Park, Bill Atherton, David Bragdon, Jon Kvistad

**Presiding Officer Monroe** convened the Regular Council Meeting at 5:02 p.m.

**Councilor Bragdon** introduced Milwaukie Mayor Carolyn Tomei. He expressed his appreciation for the effort she has contributed towards improvements in the area.

**Mayor Tomei** welcomed the Metro Council to the City, and the students of LaSalle High School. She thanked Metro and all of its staff for the contributions made on behalf of the communities it served, as well as Metro projects such as its Greenspaces Program, and its Transportation Improvement Program.

Mayor Tomei expressed appreciation for Metro's Growth Management Committee's support of 2040 local goals and the City's request to redesignate Milwaukie as a town center.

Mayor Tomei introduced Jack Elder, Executive Director of Milwaukie's Downtown Development Association, who was to make a presentation explaining the vision and projected plan of the Milwaukie Town Center Concept.

**Mr. Elder** welcomed the Councilors to Milwaukie. He stated that the departure of traditional businesses from the Milwaukie downtown area have contributed to its decline. The City was working hard to bring business back and to support the remaining businesses. The City had a 1% vacancy rate, but the current business mix did not attract shoppers. The new town center concept would bring their 97 Regional Center Plan to fruition. New development supporting a mixed use of downtown as the center of development, new residences, efficient transportation and a place where people want to live, work, shop, and play were part of the plan. One hundred and fifty new jobs would be brought into the City by means of the new Reliable Credit building currently under construction. The South Corridor Transportation Plan, including a new transit center for Milwaukie at the former Safeway location, would open streets and provide parking. The summer Farmer's Market proved to be a great success. Since February, Milwaukie had been working on a new framework plan for downtown and the riverfront. The hope was to return the community to the river despite the McLoughlin Boulevard barrier. Crandall Arambula had been working on the design of the downtown plan, to be completed by the end of the year.

Mr. Elder added that Metro's continued support and assistance were needed on the framework plan; with critical transportation projects, such as the reconstruction of McLoughlin Boulevard and the relocation of the current transit center; reclamation of the riverfront, and protection of Kellogg and Johnson Creeks. Mr. Elder pointed to a design plan to access the river and redesign the downtown core area, which could take between 10 and 30 years to complete.

**Councilor Atherton** applauded Mr. Elder for the vision and plan that was under development. He stated that Milwaukie was a transportation hub and had an opportunity to develop by means of the railroad line. Had any plans for the railroad right-of-way been considered? There were vehicles that could utilize the existing lines that were less expensive than light rail, quiet, efficient and diesel powered.

**Mr. Elder** said that he would like to further discuss this with Councilor Atherton.

**Councilor Atherton** said that Metro was currently working on a regional transportation plan. Implementation and funding of roadway infrastructure in the region could be paid by the user and by growth's paying its own way. Large retailers have negatively impacted the downtown area. He suggested that Milwaukie look at a regional transportation plan where growth paid its own way, so flexible federal government funding could be used for rail, bikeway and non-auto kinds of transportation needs.

**Mayor Tomei** said that the Milwaukie Council had discussed that issue, and it was very committed to having growth pay its own way.

**Councilor Atherton** said he had prepared some proposals on that topic, and regional transportation plan decisions would be made this year.

**Mayor Tomei** said that the City of Milwaukie was very interested in system development charges being increased to meet the actual cost of growth.

**Presiding Officer Monroe** introduced Mark Turpel, Manager, Metro Growth Management Services.

**Mr. Turpel** began his presentation with a slide show. (A hard copy of Mr. Turpel's slide presentation is attached to the meeting record.) He reviewed the Urban Growth Report, which was intended to verify state Goal 14 that deals with urbanization issues and how the need for new jobs and housing within the region would be met. He said that the urban growth boundary might need to be amended, in addition to changes being made inside the urban growth boundary.

He said this analysis was being done to comply with state law to maintain a 20-year land supply. The Metro Code requires the analysis be revisited every five years. In 1998, one-half of the land need had been identified, and the balance would be identified by the end of 1999, barring a good-cause extension. Additional capacity needs could be met by amending the urban growth boundary or adopting regulations to increase capacity. There were 3,527 acres added last year by ordinance, and 1,831 acres were proposed to be added to the boundary by resolutions of intent. The current status of the technical work that the staff had accomplished based on assumptions directed by the Growth Management Committee conclude with a 200 residential dwelling unit surplus within the urban growth boundary, and a 270-acre job surplus. The state's regional Goal 5 requirements and the federal government's Endangered Species Act might alter that picture. The urban growth boundary might need to be moved to accommodate nearly 15,000 additional dwelling units and about 700 acres of land for jobs.

Mr. Turpel said in 1997 the Council did an initial analysis which determined a 32,370 dwelling unit and 2,900 jobs surplus. With the added urban growth boundary areas, there was an increase of about 200 dwelling units. The 1997 urban growth report differs from the current update. The differences relate to the amount of growth that has occurred during that amount of time; the urban growth boundary amendments of almost 18,000 units developed; new policy assumptions like Title 3 and reduced upzoning; and GIS mapping refinements. Gross vacant buildable lands (exempt lands, platted lots, streets, schools, parks) were set aside to clearly reflect the net buildable acres of approximately 22,000 acres. There remained about 13,000 acres of residential lands and about 8,600 acres of non-residential (commercial and industrial) lands. The total dwelling unit capacity of about 187,500 could be accommodated within the current urban growth boundary. That figure, added to the urban growth boundary amendment areas, totaled an estimate of 205,400 dwelling units. However, in anticipation of regulations yet complete, staff has estimated there could be a deficit of 14,800 dwelling units.

Mr. Turpel also reviewed the employment analysis. He said the bottom line employment statistics are 270 net acres of current urban growth boundary surplus; 8,634 net acres of employment land supply; and 8,364 net acres of employment land demand. A computer model, dubbed "Zelda," computed the employment land demand using individual employee forecasting information, and industrial, retail, office and other commercial demands by county/subarea. The employment land supply conclusion was 270 acres of current urban growth boundary surplus land, with 964 acres held for protected areas, leaving a deficit of about 700 acres needing to be added to the urban growth boundary if the streamside regulations were enacted.

**Mr. Turpel** said that this information would be reviewed again in five years.

**Councilor Atherton** asked whether the 700-acre deficit due to the environmental protection issues included Clark County.

**Mr. Turpel** said it did not.

**Councilor Atherton** asked for an estimate of how many people a day commute from Washington to Oregon to work.

**Councilor Kvistad** said there are about 50,000 commuter trips each way, and about 250,000 total trips across the two bridges each day.

**Councilor Atherton** cited a recent report done by a study group on industrial land supply, and its conclusion was that about half of the industrial land in the region was located in Clark County. How did that affect Metro's planning and jobs/housing balance?

**Mr. Turpel** said that in the last 20 years, the amount of residential growth in the four-county area within the Metro jurisdictional boundary had been about 70%, but the job rate was about 82%. Therefore, the region had achieved more jobs than housing, which could account for the impacts on the transportation system.

**Councilor Atherton** asked why there was an imbalance in housing development in this region.

**Mr. Turpel** said that he understood the land prices to be higher here than in Clark County. In some cases, a job expertise in a certain area would attract specialized individuals (for example, Intel), whereas Clark County had more diversity and less pronounced specialties.

**Councilor Atherton** asked about the density per acre that the fields of warehousing and trucking demand.

**Mr. Turpel** said that much of the warehousing had been improved with inventory control techniques, so the building could be very large but actually have a small number of employees.

## **1. PUBLIC HEARING ON URBAN GROWTH BOUNDARY ISSUES**

**Mr. George Van Bergen**, 12366 SE Gilford Drive, Milwaukie, said he has been a long-time resident. He said he appreciated Mr. Turpel's presentation. He was interested in more specific Milwaukie information. Milwaukie has a huge transportation problem. Milwaukie had complied as much as it could with the 2040 Growth Concept Plan. He questioned how the redevelopment plan for Milwaukie could be effected with so many non-city voters. He stated the need for a major, public funding source, and also private funding sources.

**Mr. Van Bergen** said Milwaukie had gone along with the mixed use residential and employment units of the 2040 Growth Concept Plan. Mr. Van Bergen asked where the jobs would come from. With regard to transportation, using the rail lines is a good idea, but nothing ever comes from the suggestions made regarding developing it for public transportation. He summed up by stating that Milwaukie would support a good, viable plan, but for Metro to guard against forcing a policy on Milwaukie. He expressed his appreciation for the Metro Council's public meeting in Milwaukie.

**Presiding Officer Monroe** said that when the funding for the Beaverton, Tigard, Tualatin, and Wilsonville commuter line was completed, it would be time to look at a Milwaukie commuter line. It would enable people from Milwaukie to get by rail to Washington County.

**Councilor McLain** commented on the jobs issue raised by Mr. Van Bergen. She said that the Clackamas County Commission and the MPAC members had discussed it and were aware of the imbalance. The problem is to figure out where the jobs can be created, because the land to support the jobs has not been identified.

**Presiding Officer Monroe** said that another part of that issue was transportation.

**Councilor Atherton** asked the La Salle students how many thought the future would be better, and how many thought the future would be worse. The vote was about even. He said it typified his previous public surveys.

## **2. COUNCILOR COMMUNICATION**

**Councilor Washington** thanked Mr. Van Bergen and the students for attending the evening meeting.

**Councilor Kvistad** thanked the City of Milwaukie for making their Council Chambers available.

**Councilor McLain** said Metro would have its regular Council Meetings on Thursday, October 21, 1999, and October 28, 1999, at the Metro Regional Center, 600 NE Grand Avenue, Portland, Oregon. Council meetings have been held in Gresham, Hillsboro. They anticipated having a meeting in Wilsonville. She thanked the audience for attending.

**Councilor Kvistad** stated that the public transportation hearings will be on October 20, 1999, at Conestoga Intermediate School; October 21, 1999, at Gresham City Hall; October 26, 1999, at Metro Regional Center; and on October 28, 1999, at the Monarch Motor Hotel.

**Presiding Officer Monroe** suggested contacting Metro Regional Center at 797-1540 for additional information.

**3. ADJOURN**

There being no further business to come before the Metro Council, Presiding Officer Monroe adjourned the meeting at 6:04 p.m.

Prepared by,

A handwritten signature in cursive script, appearing to read "Patricia Mannhalter".

Patricia Mannhalter  
Council Assistant

*Agenda Item Number 7.1*

**Ordinance No. 99-825**, For the Purpose of Amending Metro Code Section 5.02.025 to Modify the Disposal Charge at the Metro South and Central Transfer Stations

***Second Reading***

Metro Council Meeting  
Thursday, October 21, 1999  
Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO CODE	)	ORDINANCE NO. 99-825
SECTION 5.02.025 TO MODIFY THE DISPOSAL	)	
CHARGE AT THE METRO SOUTH AND METRO	)	Introduced by
CENTRAL TRANSFER STATIONS	)	Councilor Bragdon

WHEREAS, it is desirable to review the disposal fees and other fee components charged at Metro's regional solid waste facilities in light of certain amendments to significant Metro solid waste contracts; and

WHEREAS, it is necessary to adjust the Tonnage Charge of Metro's disposal rate system to take advantage of the savings resulting from these solid waste contract amendments; and

WHEREAS, the Metro Rate Review Committee convened pursuant to Chapter 5.08 of the Metro Code and reviewed the disposal fees and other fee components for the Metro Central and Metro South Transfer Stations; now, therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

SECTION 1. Metro Code Section 5.02.025 is amended to read:

(a) The fee for disposal of solid waste at the Metro South Station and at the Metro Central Station shall consist of a Tonnage Charge of ~~\$62.50~~ \$62.00 for each ton of solid waste delivered for disposal and a Transaction Charge of \$5.00 for each Solid Waste Disposal Transaction.

(b) The Tonnage Charge specified in subsection (a) of this section includes:

- (1) A disposal charge of ~~\$38.61~~ \$30.02 per ton;
- (2) A regional transfer charge of ~~\$7.00~~ \$6.56 per ton;
- (3) The fees specified in section 5.02.045;
- (4) An enhancement fee of \$.50 per ton; and
- (5) DEQ fees totaling \$1.24 per ton.

(c) Notwithstanding subsection (a) of this section, there shall be a minimum solid waste disposal charge at the Metro South Station and at the Metro Central Station for loads of solid waste weighing 320 pounds or less of \$15, which shall consist of a minimum Tonnage Charge of \$10.00 plus a Transaction Charge of \$5 per Transaction.

(d) Total fees assessed in cash at the Metro South Station and at the Metro Central Station shall be rounded to the nearest whole dollar amount, with any \$0.50 charge rounded down.

(e) The Director of the Regional Environmental Management Department may waive disposal fees created in this section for Non-commercial Customers of the Metro Central Station and of the Metro South Station under extraordinary, emergency conditions or circumstances.

~~(f) The following table summarizes the disposal charges to be collected by Metro from all persons disposing of solid waste at Metro South Station and Metro Central Station.~~

<del>_____ METRO SOUTH STATION</del>	
<del>_____ METRO CENTRAL STATION</del>	
<del>Tonnage Charge Component</del>	<del>\$/Ton Rate</del>
<del>Disposal Charge</del>	<del>38.61</del>
<del>Regional System Fee</del>	<del>14.00</del>
<del>Metro Facility Fee</del>	<del>1.15</del>
<del>Regional Transfer Charge</del>	<del>7.00</del>
<del>_____</del>	
<del>Metro Tonnage Charges</del>	<del>\$60.76</del>
<del>_____</del>	
<del>Additional Fees</del>	
<del>Enhancement Fee</del>	<del>0.50</del>
<del>DEQ Fees</del>	<del>1.24</del>
<del>_____</del>	
<del>Total Tonnage Charges:</del>	<del>\$62.50</del>
<del>_____</del>	
<del>\$/Transaction</del>	
<del>Per-Transaction Charge</del>	<del>\$5.00</del>
<del>_____</del>	
<del>Minimum Tonnage Charge</del>	<del>\$10.00</del>

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

## STAFF REPORT:

IN CONSIDERATION OF ORDINANCE NO. 99-825 FOR THE PURPOSE OF AMENDING METRO CODE CHAPTER 5.02.025, TO MODIFY THE DISPOSAL CHARGE AT THE METRO SOUTH AND METRO CENTRAL TRANSFER STATIONS.

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Date: October 1, 1999

Presented by: Terry Petersen

### PROPOSED ACTION:

Adopt Ordinance No. 99-825. If adopted, the solid waste charges in Ordinance 99-825 would be effective on the appropriate dates 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 charges in Ordinance 99-825. Specifically, the key elements of Ordinance 99-825 will allow Metro to:

- Reduce the disposal charge at the Metro transfer stations to \$62.00 per ton.
- Create sufficient cash reserves to stabilize the \$62.00 per ton charge for up to four years.
- Increase general fund revenues for essential non-solid waste Metro responsibilities, such as growth management planning, by about \$3.0 million per year. See Excise Tax Ordinance 99-824.
- Increase funding for waste reduction and hazardous waste services by about \$1.0 million per year.

## SOLID WASTE FEES AND CHARGES AT METRO TRANSFER STATIONS:

The individual fees and charges as proposed in Ordinance 99-825 compare to current fees and charges as follows:

	<u>Current</u>	<u>Proposed</u>
Disposal Charge(1)	\$38.61	\$30.02
Metro Facility Fee(2)	1.15	\$ 2.55*
Regional Transfer Charge(3)	\$ 7.00	\$ 6.56
Regional System Fee(4)	\$14.00	\$12.90*
Excise Tax (5)	<u>(included in above)**</u>	<u>\$ 8.23</u>
<b>Total Rate</b>	<b>\$60.76</b>	<b>\$60.26</b>
<u>Additional Fees</u>		
Enhancement Fee	\$ .50	\$ .50
DEQ Fees	<u>\$ 1.24</u>	<u>\$ 1.24</u>
<b>Total Disposal Fee</b>	<b>\$62.50</b>	<b>\$62.00</b>

\* These are the fees specified in Metro Code, Section 5.02.045; see Ordinance 99-823 for details.

\*\* The current tax included in the solid waste fee component is equivalent to \$5.05 per ton.

(1) The Disposal Charge includes the contractual price for waste transport and disposal. The proposed charge of \$30.02 reflects the renegotiated lower contract prices.

(2) The Metro Facility Fee currently includes contributions to facility renewal and replacement, and certain management costs at the Metro Transfer Stations. The proposed higher fee of \$2.55 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.

(3) The Regional Transfer Charge is Metro's contractual price for operation of the Metro Transfer Stations. The proposed rate is lower because it does not include the excise tax as does the current transfer charge.

(4) The Regional System Fee is collected by facility operators and paid to Metro on a per ton basis. The new rate is \$21.90, with a \$9.00 credit to be applied to those qualifying facilities. The \$12.90 shown in this table reflects the \$9.00 credit being applied. See Ordinance 99-823 for details.

(5) The current Metro excise tax of 8.5% is included in the individual solid waste fees and charges. The proposed rates and fees in Ordinance 99-825 do not include the

excise tax. Instead, the proposed rates and fees reflect a conversion to a per ton excise tax. See Ordinance 99-824 for details.

### **FISCAL IMPACT:**

The revenue projected to be raised through the fees and charges in Ordinance 99-825 will be less than required given projected expenditure levels, tonnage forecasts, and assuming the excise tax remains the same (see Ordinance 99-824). To offset this shortfall in revenue requirements, the reserves in the Undesignated Fund Balance and the Rate Stabilization Account will be used as shown below:

Fiscal Year	Revenue Requirements	Metro Tip Fee	Rate Revenue	Undesignated Fund Balance Offset	Rate Stabilization Acct. Offset
FY00/01	\$ 45.1 million	\$ 62.00	\$ 45.0 million	\$ 0.1 million	\$ 0.00
FY01/02	\$ 47.6 m	\$ 62.00	\$ 46.3 m	\$ (1.3) m	\$ 0.00
FY02/03	\$ 49.5 m	\$ 62.00	\$ 47.7 m	\$ (1.8) m	\$ 0.00
FY03/04	\$ 51.6 m	\$ 62.00	\$ 49.1 m	\$ (0.8) m	\$ (1.7) m
FY04/05	\$ 53.6 m	\$ 63.70	\$ 52.3 m *	\$ 0.00	\$ (1.3) m

\* Tip Fee increases \$1.70/ton

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

*Agenda Item Number 7.2*

**Ordinance No. 99-824, For the Purpose of Amending Metro Code Chapter 7.01 to Modify and Adjust Excise Taxes and Making other Related Amendments**

***Second Reading***

Metro Council Meeting  
Thursday, October 21, 1999  
Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO	)	ORDINANCE NO. 99-824
CODE CHAPTER 7.01 TO MODIFY AND ADJUST	)	
METRO EXCISE TAXES AND MAKING OTHER	)	Introduced by
RELATED AMENDMENTS	)	Councilor Bragdon

WHEREAS, it is desirable to review the excise tax imposed use of the facilities, equipment, systems, functions, services, or improvements, owned, operated, certified, licensed, franchised, or provided by Metro; and

WHEREAS, it is necessary to adjust the excise taxes imposed by Metro Chapter 7.01 to take advantage for the public interest of the savings resulting from certain recent amendments to significant Metro solid waste contracts; and

WHEREAS, this 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 Section 7.01.010 is amended to read:

For the purposes of this chapter unless the context requires otherwise the following terms shall have the meaning indicated:

(a) "Accrual basis accounting" means revenues are recorded in the accounting period in which they are earned and become measurable whether received or not.

(b) "Cash basis accounting" means revenues are recorded when cash is received.

(c) "District facility" means any facility, equipment, system, function, service or improvement owned, operated, franchised or provided by the district. District facility includes but is not limited to all services provided for compensation by employees, officers or agents of Metro, including but not limited to the Metro Washington Park Zoo, Metro ERC facilities, all solid waste system facilities, and any other facility, equipment, system, function, service or improvement owned, operated, franchised or provided by the district.

(d) "Facility Retrieval Rate" shall have the meaning assigned thereto in Metro Code Section 5.02.015(i).

~~(d)~~(e) "Installment payments" means the payment of any amount that is less than the full payment owed either by any user to the district or to an operator or by an operator to the district.

~~(e)~~(f) "Metro ERC facility" means any facility operated or managed by the Metropolitan Exposition-Recreation Commission.

~~(f)~~(g) "Operator" means a person other than the district who receives compensation from any source arising out of the use of a district facility. Where the operator performs his/her functions through a managing agent of any type or character other than an employee, the managing agent shall also be deemed an operator for the purposes of this chapter and shall have the same duties and liabilities as his/her principal. Compliance with the provisions of this chapter by either the principal or managing agent shall be considered to be compliance by both.

~~(g)~~(h) "Person" means any individual, firm, partnership, joint venture, association, governmental body, joint stock company, corporation, estate, trust, syndicate, or any other group or combination acting as a unit.

~~(h)~~(i) "Payment" means the consideration charged, whether or not received by the district or an operator, for the use of a district facility, valued in money, goods, labor, credits, property or other consideration valued in money, without any deduction.

~~(i)~~(j) "Processing Residual shall have the meaning assigned thereto in Metro Code Section 5.02.015(s).

~~(j)~~(k) "Recovery Rate" shall have the meaning assigned thereto in Metro Code Section 5.02.015(u).

~~(k)~~(l) "Solid waste system facility" means all facilities defined as such pursuant to section 5.05.010(t) including but not limited to all designated facilities set forth in section 5.05.030 and any non-system facility as defined in section 5.05.010(i) that receives solid waste from within the Metro boundary whether pursuant to an authorized non-system license or otherwise.

~~(l)~~(m) "Source Separate" or "Source Separated" or "Source Separation" means that the person who last uses recyclable material separates the recyclable material from Solid Waste.

~~(m)~~(n) "Source-separated recyclable material" or "Source-separated recyclables" means material that has been Source Separated for the purpose of Reuse, Recycling, or Composting.

~~(n)~~(o) "Tax" means the tax imposed in the amount established in subsection 7.01.020, and includes both the tax payable by a user and the aggregate amount of taxes due from an operator during the period for which he/she is required to report and pay the tax.

~~(o)~~(p) "User" means any person who pays compensation for the use of a district facility or receives a product or service from a district facility subject to the payment of compensation

SECTION 2. Metro Code Section 7.01.020 is amended to read:

7.01.020 Tax Imposed

(a) For the privilege of the use of the facilities, equipment, systems, functions, services, or improvements owned, operated, certified, licensed, franchised, or provided by the district, each user shall pay a tax of 7.5 percent of the payment charged by the operator or the district for such use unless a lower rate has been established as provided in subsection 7.01.020(b). ~~Each user of all solid waste system facilities shall pay an additional tax of 1.0 percent of the payment charged by the operator or the district.~~ The tax constitutes a debt owed by the user to the district which is extinguished only by payment of the tax directly to the district or by the operator to the district. The user shall pay the tax to the district or to an operator at the time payment for the use is made. The operator shall enter the tax on his/her records when payment is collected if the operator keeps his/her records on the cash basis of accounting and when earned if the operator keeps his/her records on the accrual basis of accounting. If installment payments are paid to an operator, a proportionate share of the tax shall be paid by the user to the operator with each installment.

(b) The council may for any period commencing no sooner than July 1 of any year and ending on June 30 of the following year establish a tax rate lower than the rate of tax provided for in subsection 7.01.020(a) by so providing in an ordinance adopted by the district. If the council so establishes a lower rate of tax, the executive officer shall immediately notify all operators of the new tax rate. Upon the end of the fiscal year the rate of tax shall revert to the maximum rate established in subsection 7.01.020(a) unchanged for the next year unless further action to establish a lower rate is adopted by the council as provided for herein.

(c) In lieu of taxes imposed under (a) of this section, for the privilege of the use of the solid waste system facilities, equipment, systems, functions, services, or improvements, owned, operated, certified, licensed, franchised, or provided by the district, each user of all solid waste system facilities shall pay a tax of \$8.23 for each ton of solid waste exclusive of source separated recyclable materials accepted at the solid waste system facilities.

(d) The following users of solid waste system facilities shall be allowed a credit in the amount of \$4.40 per ton against the Excise Tax otherwise due under Section 7.01.020(c):

(1) Any person delivering authorized, non-putrescible waste to any landfill that is authorized to receive such waste through a Metro franchise or Designated Facility Agreement; or

(2) Any Person delivering authorized, non-putrescible waste under the authority of a Metro Non System License.

(e) 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 Excise Tax otherwise due under Section 7.01.020(c) or (d)

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:

Excise Tax Credit Schedule

<u>Recovery Rate</u>		<u>Excise Tax Credit per ton of no more than</u>
<u>From Above</u>	<u>Up To &amp; Including</u>	
<u>0%</u>	<u>20%</u>	<u>0.00</u>
<u>20%</u>	<u>25%</u>	<u>0.15</u>
<u>25%</u>	<u>30%</u>	<u>0.50</u>
<u>30%</u>	<u>35%</u>	<u>1.00</u>
<u>35%</u>	<u>40%</u>	<u>1.25</u>
<u>40%</u>	<u>100%</u>	<u>1.50</u>

(e)(f) In lieu of taxes imposed under (a) and (c) of this section and notwithstanding section 7.01.050(a)(6), operators of solid waste facilities licensed or franchised under chapter 5.01 of this Code to deliver putrescible waste directly to the district's contract operator for disposal of putrescible waste shall pay a tax in the amount of ~~\$1.76~~ \$8.23 per ton of putrescible waste delivered directly to the district's contract operator for disposal of putrescible waste.

SECTION 3. Section 4 of this Ordinance is added to and made a part of Metro Code Chapter 7.01.

SECTION 4. Commencing with the Metro fiscal year beginning July 1, 2002, and each year thereafter, the taxes imposed by Section 7.01.020(c) shall be increased by a percentage equal to (a) the annualized rate of increase in the Consumer Price Index, All Items, for Portland-Vancouver (All Urban Consumers) reported for the first six months of the federal reporting year as determined by the appropriate agency of the United States Government or (b) the most nearly equivalent index as determined by the Metro Council if the index described in (a) is discontinued.

ADOPTED by the Metro Council this \_\_\_\_\_ day of \_\_\_\_\_, 1999.

\_\_\_\_\_  
Rod Monroe, Presiding Officer

ATTEST:

Approved as to Form:

\_\_\_\_\_  
Recording Secretary

MDF:jep 1:\DOCS\09 SW\13RATES.FIN\99taxord perton.DOC

\_\_\_\_\_  
Daniel B. Cooper, General Counsel

## **STAFF REPORT**

### **CONSIDERATION OF ORDINANCE NO. 99-824 AMENDING METRO CODE CHAPTER 7.01 TO MODIFY AND ADJUST METRO EXCISE TAXES AND MAKING OTHER RELATED AMENDMENTS**

Date: October 1, 1999

Presented by: Terry Petersen

## **BACKGROUND**

At the present time an excise tax is collected from users of facilities, products or services provided by Metro or its licensed, franchised, or regulated interests. The rate established by the Council is 7.5% of the payment for that use, product or service. Also, each user of solid waste system facilities pays an additional 1% to be used to support Regional Parks and Greenspaces programs. The exceptions to this tax are listed in subsection 7.01.050 of the Metro Code.

The recently re-negotiated solid waste contracts for transport and disposal have provided an opportunity to consider how to allocate the resulting cost reductions. In order to capture these cost reductions for other uses, the level of the excise tax needs to be adjusted. The Council has held a number of public hearings to receive comment on how to utilize the contract cost reductions. Options included:

- *Funding of charter mandated programs;*
- *Restoring fund balances to fiscally prudent levels;*
- *Mitigating cost increases in disposal of solid waste within the Region;*
- *Enhancing recycling efforts to meet regional targets and funding the growth in hazardous waste services; and*
- *Many other suggestions.*

## **ANALYSIS AND OPTIONS**

An analysis was performed by staff that compared the present percentage tax structure to a per-ton tax. A number of per ton options were initially analyzed, including a flat rate, a higher rate at Metro transfer stations only, and a 3-tier system (wet waste, dry waste, and residual from Material Recovery Facilities).

Each of these options were measured against the following design criteria:

- ◆ What is the level of certainty that this option would produce revenue that would continue at a stable predictable rate?
- ◆ How does this option promote waste reduction activities?
- ◆ Would this option be fair and understandable?
- ◆ What would be the administrative costs associated with this option?
- ◆ Does this option provide a level playing field for all stakeholders?

This analysis was reviewed with the REM Council Committee on September 22, 1999. The committee gave general direction to staff to develop the 3-tier tax option because it:

- ◆ Provides a stable basis for forecasting revenue
- ◆ Ensures that the facilities that receive the greatest benefit from the contract savings will pay a higher proportion of the tax
- ◆ Shares the tax burden more equally across the region
- ◆ Promotes waste reduction activities by holding the rate paid by the Material Recovery Facilities (MRFs) steady at the current effective rate per ton

The tax structure in Ordinance 99-824 establishes a version of the 3-tier option, with the tiers accomplished through credits. A single per ton tax of \$8.23 is proposed with a credit of \$4.40 for non-putrescible waste. In addition, there is a proposed credit system whereby material recovery facilities can receive a further tax credit depending upon their recovery rate. The proposed credit schedule is shown below.

The proposed Excise Tax Credit for recycling will allow facilities that have higher recovery rates to receive a tax credit based on a sliding scale as outlined below. This scale is similar to the one used for the Regional System Fee Credit program.

Recovery Rate		Tax Credit Per Ton
From	To	
0%	20%	\$0
20%	25%	\$0.15
25%	30%	\$0.50
30%	35%	\$1.00
35%	40%	\$1.25
40%	100%	\$1.50

### **FISCAL IMPACT**

At the currently authorized rate of 8.5% it is forecast that excise tax receipts from solid waste facilities will be approximately \$6 million in FY 2000-01. Due to the re-negotiation of the solid waste contracts, there is \$6.1 million "gross" savings available in FY 2000-01. Ordinance 99-824 as proposed would replace \$3 million of the contract cost reductions with additional general revenue that can be used for non-solid waste purposes.

On average, the effective financial impact on solid waste facilities, projected for FY 2000-01 is shown below:

<u>Type of Facility</u>	<u>Effective Rate Per Ton (w/current tax rates)</u>	<u>Effective Rate Per Ton * (w/proposed tax rates)</u>	<u>Change from Current Rate</u>
Transfer Stations	\$5.05	\$8.23	\$3.18
Reloads/Wet Waste	\$4.78	\$8.23	\$3.45
Landfills	\$3.83	\$3.83	\$0
MRFs/Residual	\$2.72	\$2.72**	\$0

\* After tax credit

\*\* This is the effective tax rate if the MRF recovers 35% or more of the mixed dry waste received at the facility. If the MRF recovers 20% or less, the per-ton tax rate would effectively be the same as the landfills. If the recovery rate is between 20-35%, the effective tax rate will be between \$3.83 and \$2.72.

Within each of the facility types shown, there is currently variation between individual facilities in the per ton amount of excise tax paid to Metro. This variation is caused by the different prices charged at different facilities. For example, the current per ton excise tax at Hillsboro Landfill is \$4.30 and the current rate at Lakeside Landfill is \$3.28.

The proposed tax rate structure in Ordinance 99-824 effectively averages the current tax rates for the same facility types. Therefore, converting to the proposed rate structure will cause some facilities to pay more, and other less, than they currently pay. Of all the options studied, the proposed tax structure is the most revenue neutral in terms of tax increases being associated with offsetting decreases in contract savings.

Ordinance 99-824 also includes an inflationary adjustment. Beginning in FY 2002-03, the excise tax on solid waste facilities would be annually adjusted by the percentage change in the Consumer Price Index (CPI), all items, for Portland-Vancouver (all Urban Consumers) as reported for the first half of the Federal reporting year.

*Agenda Item Number 7.3*

**Ordinance No. 99-823**, For the Purpose of Amending Metro Code Section 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

***Second Reading***

Metro Council Meeting  
Thursday, October 21, 1999  
Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO CODE )	ORDINANCE NO. 99-823
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 ~~\$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;
- (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.

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

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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.

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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.

**WASTE MANAGEMENT**

7227 NE 55th Avenue  
Portland, OR 97218  
(503) 331-2221  
(503) 493-7824 Fax

October 21, 1999

Metro Presiding Officer  
Metro Council Members  
METRO  
600 NE Grand Avenue  
Portland, OR 97232

Re: Ordinance 99-824

Dear Presiding Officer and Council Members:

Thank you for the opportunity to testify on Ordinance 99-824. Waste Management would like to commend the Council on the criteria it has determined should guide solid waste rate and excise tax policy. Waste Management shares the Council's interest in designing a rate and excise tax that offers revenue certainty, that is fair, that creates a level playing field, that promotes waste reduction, that is readily understood and explained and that minimizes the cost of administration. These are admirable goals.

Unfortunately, with regard to a few Metro facilities, ordinance 99-824 would, unless the Council adopts Monroe Amendment No. 2, fall short on at least two of the Council's criteria. As originally proposed, the excise tax would not be fair and would not create a level playing field as to certain facilities. Those facilities would experience a net negative revenue impact from the combined effect of Change Order No. 8 and the new tax.

For example, an \$8.23/ton flat excise tax rate on transfer stations would increase the excise tax paid at the Forest Grove Transfer Station (FGTS) by approximately 66%. That represents an increase in Waste Management's cost of operations in excess of \$300,000 per year. Because the waste from FGTS is hauled to the Riverbend Landfill, FGTS will not realize any of the savings in transfer and disposal costs that will accrue at Metro Central and South. It is our understanding that other facilities will experience similar negative results.

According to Metro Staff's own calculations, the following facilities will be negatively impacted:

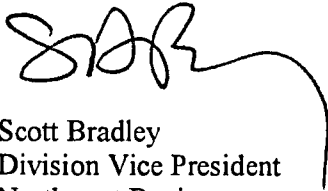
<b>PREJUDICED FACILITIES</b>	
<b>FACILITY</b>	<b>NEGATIVE IMPACT</b>
Forest Grove Tran. Stn.	\$276,091
Marion County	\$14,549
Lakeside Landfill	\$33,063
Columbia Ridge Landfill	\$10,432
Finley Buttes	\$9,229
Riverbend Landfill	\$3,320
Wastech	\$70,764
Pride Disposal	\$11,648
Recycle America	\$37,910

The increase would put companies running these facilities in a position of having to consider recouping their loss from the customer base.

Fortunately, Presiding Officer Monroe has proposed an amendment that substantially improves the ordinance. Monroe Amendment No. 2 will delay implementation of the tax at facilities otherwise prejudiced. This will allow those facilities time to prepare for the impact of the tax. It would also reduce the impact of the tax by exempting the small amount of out-of-district waste coming through the facilities.

Waste Management thus strongly supports Monroe Amendment No. 2 as the best way to achieve Metro's tax policies.

Sincerely,

A handwritten signature in black ink, appearing to read 'SAB', with a long, sweeping horizontal line extending to the right.

Scott Bradley  
Division Vice President  
Northwest Region

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## October 21 Council Meeting

### Process For Addressing Ordinances 99-823, 99-824, and 99-825

## PUBLIC HEARING

### Motion 1--Councilor Bragdon moves Ordinance 99-825

### Motion 2 --Councilor Bragdon moves to substitute a \$62.50 rate for the proposed \$62 rate

(Optional)—Councilor Kvistad could move to substitute the rate proposed in his Amendment #1 (\$56.15) or his Amendment #2 (\$58.11)

Assuming adoption of the Bragdon substitution: Ordinance 99-825 will have been substantively amended and therefore final Council will be delayed until October 28.

### Motion 3 – Councilor ? moves Monroe Amendment #1 (Amends both 99-824 and 99-823)

(Optional)—Councilor Kvistad could move to substitute any of his amendment proposals and Councilor Atherton could move to substitute his amendment

Assuming that the motions to substitute fail and the main motion to adopt Monroe Amendment is adopted,

There are two “stand alone” amendments that could (should) then be considered:

Monroe Amendment #2-- Affecting the Forest Grove Transfer Station (the original 2a and 2b amendments are now combined in a single amendment )

Technical Amendments—Sets an effective date for the ordinances of February 1, 2000.

## METRO COUNCIL BUDGET WORK SESSION

October 11, 1999

Oregon Convention Center

**COUNCILORS PRESENT:** Rod Monroe, Presiding Officer; Susan McLain, Deputy Presiding Officer; Jon Kvistad; Ed Washington; Rod Park; Bill Atherton; David Bragdon

**OTHERS PRESENT:** Mike Burton, Executive Officer; Jennifer Sims; Tony Mounts; Terry Petersen, John Houser

**Presiding Officer Monroe** called the meeting to order at 1:00 PM. He introduced the session, the purpose of which was to begin forming the FY 2000-01 budget. Important to that would be determining how best to use the solid waste disposal savings.

**Jeff Stone, Council Chief of Staff**, explained that during the last budget session, everyone had requested more policy direction early in the budget formation process, to avoid fewer large-scale changes during the decision-making later on. This year several issues require particular policy direction. In addition, the outcomes of policy different decisions need to be discussed.

**Bruce Warner, Chief Operating Officer**, gave an overview of today's work session. He outlined the expected outcomes of the session, which are to

- understand the overall Metro budget process and timeline;
- understand and discuss the three solid waste ordinances, which set the stage for discretionary revenues that might be available in the next fiscal year;
- discuss the three solid waste savings ordinances—their elements, fiscal impacts, and stakeholder input to date; and
- discuss fund balances.

The major area of focus would be to review, discuss, and provide policy direction for next year's budgets. Toward that end the discussion would include current revenues and expenditures, fund balances for the general fund, maintenance of existing programs, restoration of services cut last time, and new and additional services or programs. These will have a major impact on decisions regarding the solid waste ordinances. Finally, the department would like Council to identify any other information it needs before it makes its policy decisions.

**Terry Petersen**, Acting Director of the Regional Environmental Management (REM) Department, showed a PowerPoint presentation and explained the three ordinances that were first-read in Council last Thursday and would be second-read on Thursday, October 14, 1999. (Hard copies of the presentation are attached to the meeting record.) Mr. Petersen emphasized that the ordinances address two different policy issues: 1) how to utilize the contract cost reductions; and 2) how to structure the excise tax.

**Councilor McLain** asked whether the \$0.50 reduction in the tip fee responded to the "Dakota" plan. She asked if the \$362,000 would then not be needed if the tipping fee were kept at its current level. Mr. Petersen said yes; that is money that could be collected and spent on some other program.

### Ordinance No. 99-824

The key objective would be to capture some of the contract cost reductions for non solid-waste uses. That would need to be done through the excise tax. The excise tax is currently uniform for all facilities, at 8.5% of the revenues collected. It is not uniform on a per ton basis, because the prices vary among the facilities. The proposed change would be an attempt to level the playing field and create incentives for waste reduction through the structure of the excise tax.

The rates in the ordinance would capture \$3 million on top of the current excise tax revenues. It would change the tax from a percentage to a tiered per-ton rate, beginning at \$8.23 on all transfer station waste,

with a credit \$4.40 for dry waste, resulting in an effective rate of \$3.83 on dry waste. The tiers would be created through credit, rather than having tiered rates. The second credit would be for recycling for facilities that do recovery. For less than 20% recovery, the fee would be \$3.83—the same as that for dry-waste land fills. As the recycling rate increases, the credit would increase up to \$1.50, for an effective rate for \$2.33 for facilities doing more than 40% recycling. This would be the per-ton rate on the residual the facility sends to the landfill.

**Mr. Petersen** said this would add a tax incentive to existing incentives to recycle, which include avoidance of landfill costs and the regional system credit fee.

**Councilor Atherton** asked if this kind of graduated incentive program had been used anywhere else in the country. He asked if this type of structure would encourage companies to avoid serving certain customers or to encourage people to dump in “strange” places.

**Mr. Petersen** said the best example is Metro’s regional system credit fee that has been used in the past few years. The new structure would be similar to that, only provide a greater incentive.

**Councilor Bragdon** said that those who might be sorting farther upstream would not get credit.

**Mr. Petersen** said the highest priority has been to encourage source separation, but some recyclables still remain in the mixed waste. Metro would like as much of that pulled out as possible.

**Councilor McLain** said this credit was not the only credit available. Source-separated waste goes into another system where it receives a credit. The purpose of this credit is to encourage more recycling that has not in the past been captured at these particular material recovery facilities.

**Mr. Petersen** offered the example of a large construction site as opposed to a small one. At large sites, haulers can put out separate boxes for different types of materials. At smaller sites that is not practical, so waste and recyclables end up together. That waste ends up either all in a landfill or having some of the recyclables recovered. This structure would encourage facilities to try to recover more recyclable material from those types of loads.

**Presiding Officer Monroe** said source-separated material that goes directly to a recycling facility is not taxed at all.

**Mr. Petersen** said that is correct. He pointed out that by creating an average rate, some facilities would pay more than others would. For example, Waste Management would pay \$298,000 more in fees and taxes than it currently pays. That facility could lower that by recycling more. That would not be true at Forest Grove. The biggest chunk of the money is the uniform excise tax at transfer stations out at Forest Grove. The \$8.23 in excise tax out at Forest Grove is about a \$3.00/ton increase at that facility. There would be no credit for recovery as no recovery takes place, and there would be no not be opportunities for that facility to reduce that rate. Other facilities would be able to realize the recycling credit.

**Councilor McLain** said that although the Forest Grove facility does not have a recycling floor, it could create a recycling system and thereby receive credit.

**Mr. Petersen** said that would be possible, although it might be difficult. He distributed a sheet that summarized the potential impact on various facilities (titled, “Excise Tax/Contract Savings, attached to the meeting record).

#### Ordinance No. 99-823

One of the objectives of this ordinance is to make sure that waste going outside of Metro’s system does not increase costs for waste remaining in the system. Another objective is to reduce the direct haul charge, to reflect the new contract prices. That would apply to waste transported through other facilities, such as the one in Wilsonville and Recycle America out in Troutdale, which haul directly to Arlington under Metro’s contract.

The price schedule (see PowerPoint slides, attached to meeting record) shows that the more waste delivered, the lower would be the per-ton price. Thus, every ton of waste hauled outside this system would increase the rate for those inside the system by about \$9.00 a ton. To compensate for that, the \$9.00 has been added back into the regional system fee, which would range from \$12.90 to \$21.90. An automatic credit would be offered for any waste that remains inside the system. That would mean the effective rate for waste remaining in the system would remain essentially unchanged.

**Presiding Office Monroe** asked if that system would meet federal flow-control decisions.

**Mike Burton**, Executive Officer, said Metro would not be dictating where garbage would go; it would be offering incentives for remaining inside the system.

**Presiding Officer Monroe** asked if that would pass Constitutional muster.

**Mr. Petersen** said the attorneys were working with the department on this and felt comfortable with it.

**Councilor Washington** recommended that the material presented today be put in a form that clearly communicated the message to the public.

**Mr. Petersen** distributed a sheet showing the net impact on facilities of the proposed changes.

**Mr. Stone** said one of the purposes of today's discussion was to understand the fiscal impact of different decisions (titled "Excise Tax/Contract Savings," attached to the meeting record).

**Councilor McLain** noted that the REM committee had discussed the fairness of charges among different types of facilities. She asked Mr. Petersen whether in his view the proposed ordinances addressed those concerns.

**Mr. Petersen** said yes, although the increases in the tax do not exactly match the decreases in contract savings. He said an exact match would require a non-uniform tax system.

**Councilor McLain** said she thought the ordinances presented the opportunity for fairness, in that facilities could lower their costs through doing more recycling.

**Councilor Park** said his concern in REM discussions was not so much about equality of the wholesale price, but that the excise tax be the same amount per ton regardless of the point of generation or disposal. He thought the proposed changes would do that.

**Presiding Office Monroe** said he had serious concerns about keeping appropriate reserves in fund balances in both the solid waste and general funds. He had requested that a thorough discussion on that topic be part of today's work session.

**Mr. Burton** said he also had serious concerns about both those fund balances.

**Councilor Kvistad** said he thought this might be an opportunity to do much more restructuring, beyond moving rates up or down by \$0.50. He would like to see a far greater rate reduction, accompanied by less spending. He would like to see a different approach to how Metro supports itself.

**Mr. Burton** said he had hoped this discussion would generate specific ideas, so the departments would know how to prepare their budgets. He said no decisions would obviously be made today, he had hoped to get a feeling for what the Council had in mind.

**Presiding Officer Monroe** said the spending decisions would be made later, as part of the ongoing budget process.

**Councilor Kvistad** said the taxing decision was the issue, not the spending one. He said he would prefer to sell the transfer stations and pay off the bonds. He would like to discuss rate reductions of \$1.00 or \$2.00/ton. He would like to discuss moving to privatization. He would like to talk about how to take the excise tax yoke off Metro's own facilities—MERC facilities, the Zoo, etc.—and talk about what that would do the larger organization. He said he did not want to wait for six months to discuss this again.

**Presiding Officer Monroe** said discussions of the excise tax on Metro facilities were spending decisions that would be made during the budget process. He said if Metro had discretionary money, it could decide to spend it by lowering those taxes. He said privatization of the transfer stations could come at any time. He said no decisions with regard to the tipping fee or even the per ton tax would be fixed; they could always be revisited and would be, at least annually.

**Councilor Kvistad** said in his view the system was broken. He said this savings presented an opportunity to do something about it. He said his philosophy began by suggesting all the savings be returned.

**Presiding Officer Monroe** asked to whom he would like to return the savings—the City of Portland?

**Councilor Kvistad** he would just give it back and then let the public deal with where it goes after that.

**Mr. Burton** said he would like to know specifics so he could begin planning the budget. If Councilor Kvistad was proposing a whole new taxing structure, he would like to hear the specifics.

**Councilor Kvistad** said he would prefer that Metro put out a ballot measure to fund the agency, to see how much the public supports Metro's mission. He said Metro might be surprised at how the public feels about what it is doing.

**Councilor McLain** said she had understood one of the reasons to keep the current rate at its current level was to keep recycling rates up. She said reducing the tipping fee would likely hurt recycling. She advocated keeping the current fee. She said as to looking at how this agency if funded, Metro was in the middle of things she thought it had an obligation to finish.

**Councilor Washington** said he was comfortable with the tipping fee where it is. He requested a summary table showing the fiscal effect of different reductions in the excise tax on gate receipts at MERC and the Zoo. He asked what the impact would be on personnel as well.

**Jennifer Sims**, Administrative Services Director, gave an overview of the budget process. She said the budget cycle never ends. She said that right now the departments were working from a set of assumptions, which would turn into requests to the Executive Officer and then fold into the proposed budget. This meeting was an opportunity to develop assumptions along the Council's policy lines. She said several things that had been done in shaping this year's budget would affect next year's budget. One of the key things was that a savings program had been begun that would generate carryover to be programmed as revenue. She said that was one-time only money that would not be available again. Another thing involved reductions in materials and services. Also, the general fund balance was expended. She said there were salary and wage obligations for cost of living and merit and step adjustments that had been projected at about 5%.

**Mr. Burton** added that year new contracts had been signed with the ASFME, which would be in force for three years.

**Councilor Washington** said he understood the 2% the cost of living adjustment. He asked about the 3% merit/step adjustment—who gets it and how it is administered.

**Ms. Sims** said the union contract specifies 5% steps based on seniority. She said employees who have reached the tops of their steps average about 3%. Non-union employees are eligible for merit increases. These comprise some of the assumptions staff has been given to work with in shaping their budgets.

**Presiding Officer Monroe** said the entire Council staff are non-union and are thus eligible for merit increases, rather than step increases.

**Ms. Sims** said that in addition to the increases, materials and services had been assumed to increase by about 2%. A current excise tax allocation has also been assumed, which means that all the increases would need to be absorbed within that allocation.

**Councilor Washington** asked whether a change in the excise tax would change that assumption.

**Ms. Sims** said if the excise tax was cut, other cuts would need to be made to absorb those increases. The current assumption is that there would be no additional revenues.

**Michael Morrissey**, Council Analyst, asked whether the money carried over could be used for those purposes.

**Ms. Sims** said those funds were used this year. They would not be available next year. She said the number given to the departments for this year was the same as that given for next year, and it is higher than what available resources would be if there is no additional revenue. (The chart, titled "Current General Fund Condition, is in the PowerPoint hard copies, attached to the meeting record.) She pointed out that the chart shows Metro has cost allocations in addition to the excise tax to help pay for general fund expenses. The main point was that the fund balance has been declining.

**Councilor Bragdon** asked why expenditures have risen.

**Ms. Sims** said money goes for planning, parks—land banking costs have been added—wage and salary increases, and general fund increases related to [inaudible]. She said excise tax makes up about 4% of the total current revenues. Of that, the portion on solid waste Metro and non-Metro facilities is about 74%. If the ordinance were implemented to add \$3 million of the savings, it would increase the solid waste portion to 83%, thereby increasing the reliance on that as a base revenue stream for excise tax.

**Tony Mounts**, Financial Planning Manager, referred to the chart titled, "General Fund Revenues and Expenditures History and Projected Needs" (included in the PowerPoint hard copies, attached to the meeting record). He said this represents a worst-case scenario. He reviewed the policy drivers that would influence the Council's decisions on the ordinances, including what level of fund balance should be maintained and what level of service should be provided. Issues related to that include what should be done if the actual fund balance at year's end is higher or lower than expected. He said one of the options that has been discussed is re-establishing a \$1 million fund balance to provide a level of security and to obtain a positive bond rating for projects such as the Expo expansion.

**Presiding Officer Monroe** said, by way of background, that in 1992 Metro came up about 5% short and had to make dramatic cuts. He said if the \$1 million were in place, Metro could sustain two years of downturns similar to the one in 1992. He said in his view, \$1 million in the general fund would be prudent.

**Mr. Burton** said there are fund balances, also, within each department.

**Presiding Officer Monroe** said when the previous Council cut the tipping fee a few years ago, it depleted the REM fund balance. He said that was a conscious decision by the Council. The fund is now gone.

**Mr. Petersen** said the REM department has a number of reserve accounts. He showed a table of what they would be over the next five years (titled "Use of Savings," attached to the meeting record) if the tipping fee were reduced to \$62/ton. He pointed out those that would drop—the undesignated fund balance (now at \$3.8 million, drawn down to \$0 in three years); the capital reserve account (now at \$6.4 million, drawn down to \$700 thousand in three years); a rate-stabilization account (now at \$3 million, drawn down to \$0 by 2004-05); and the rate-stabilization account (now at \$5.5 million, drawn down to \$1.2 million). Other accounts, such as the St. John's Landfill Account, would stay constant. Several accounts for debt services

dedicated for bond payment cannot be used for anything else. In addition, the department has working capital for cash flow and an operating contingency fund.

**Councilor McLain** said there was a difference between the first two accounts that would be drawn down and the second two. She said advisory groups had discussed the undesignated fund balance and thought it was too big. They thought it should go to \$0. She said all the accounts were not the same, and not all should be kept at their current level or replaced.

**Mr. Burton** said existing balances were used to keep the rates stable.

**Councilor Atherton** asked if money had been set aside to maintain the Metro Central Building.

**Ms. Sims** said about \$400,000 had been put aside.

**Councilor Atherton** noted that REM seemed to have the only maintenance account that was fully funded.

**Mr. Burton** said that is correct; that although funds have been set aside, they are inadequate, especially in the Parks Department.

**John Houser**, Council Analyst, said the possibility had been discussed of setting aside \$1 million a year for rate stabilization. That would generate about \$650 thousand toward maintaining the rate at its current level. He asked if that had been included in the assumptions.

**Mr. Petersen** said it had been included and can be viewed as an additional offset to the revenue requirements. If that were not available, the accounts would be drawn down faster than what is shown in the table.

**Mr. Houser** said that the renewal and replacement account is reviewed every three years by an outside reviewer, who has recommended keeping that fund at \$750 a year. He asked if that fund balance would be drawn down in spite of putting that \$750 thousand a year aside.

**Mr. Petersen** said yes.

**Mr. Houser** said his concern was that when major pieces of equipment break, such as the compactor, it costs \$750 thousand. If the fund balance is only \$1.2 million, only a few things need break to use that all up.

**Presiding Officer Monroe** said he was concerned about that, also. He would like to see \$3 to \$5 million in that account.

**Mr. Burton** asked if the solid waste area had a standard amount that should be kept in reserve.

**Ms. Sims** said that each type of reserve has a different requirement—debt services, one year; renewal and replace is set by engineers; contingency is set by cash flow plus 5% to 10% of operating expenses.

**Presiding Officer Monroe** said the numbers indicated to him that the Council should seriously consider the possibility of spending little of the fund balance, but using it to shore up the fund balances in both the general fund side and the solid waste side. Then, the Council should make decisions about cuts or spending in the long-term budget process for the full fiscal year that starts next July. He said this would be prudent for two reasons. First, it would immediately shore up the lagging reserves. Second, it would give the Council more time to make the long-term decisions about how this agency operates.

**Councilor Bragdon** agreed in principle, but noted that some of the solid waste fund balances ought to be depleted. He thought it was a timing issue, considering not all the fund balances were the same.

**Mr. Burton** pointed out that the St. John's account must be set aside to deal with environmental problems that had accumulated over the 50 years before Metro inherited the landfill. What remains to be done and how much it will cost are big questions.

**Mr. Petersen** said Metro does not yet have a final closure plan from the Department of Environmental Quality (DEQ) for that landfill, which contributes to the cost uncertainty. In addition, there is uncertainty about Metro's future flow of waste.

**Councilor Park** distributed a spreadsheet he developed using Mr. Petersen's numbers (showing Scenarios #1 and #2, attached to the meeting record). He asked said the general question was what philosophy should guide policy. He said he was concerned that the REM funds not be drained too much by moving too much money into the general fund. He said he was concerned for what would happen in the year 2005.

**Ms. Sims** said there were three variables involved: what the tip fee is, how long you hold it at that, and how much is retained in the solid waste funds.

**Councilor Washington** said he agreed with Councilor Park. He said he would like to see long-term projections. He thought the priority should be to re-establish the funds and keep them at a prudent level.

**Councilor McLain** asked Mr. Petersen to address the effects of the ordinances with respect to the three variables that Ms. Sims identified. She said the REM committee had recommended developing a policy that would hold the tip fee stable for three or four years. Beyond that, it might not be wise to hold it at the same level, depending on what happens to recycling and to the industry. She said what remains is to decide which funds should be re-established and which ones should be allowed to go to \$0.

**Mr. Burton** noted that the scenarios show the renewal and replacement fund dropping over the next five years. He said he would be a little nervous about that. He said the rate-stabilization fee was key. He said if the decision was to keep it stable beyond four years, the fund would need to be replenished. The capital reserve and undesignated funds probably should be spent.

**Presiding Officer Monroe** noted that the sustainable tipping fee was \$63.50, not \$62.50. The Council had lowered it on purpose, to draw down the stabilization reserves.

**Mr. Burton** noted that the scenarios assume the rate has been lowered to \$62/ton. If the fee were kept at \$62.50, there would be an addition \$360,000/year.

**Councilor Park** said his intention in creating the scenarios was to see what a sustainable rate might be that did not dip into the reserves. He said realistically, under scenario #2, the money shown going back to the general fund could go instead to the ratepayers and not deplete any reserves. He said he was uncertain about the capital reserves.

**Presiding Officer Monroe** said he understood the Council felt the bulk of the money should go back into the solid waste arena first, to stabilize rates and enhance recycling. The split with the general fund should be determined after identifying those needs.

**Mr. Petersen** said the level of reserves over the next few years would be adequate. He said the issues lie four or five years out. Then, without a reserve account, the tip fee might needs to be raised.

**Presiding Officer Monroe** asked for a head nod from the Council on whether to re-establish a general fund balance of about \$1 million, as a first step. The Council nodded. Councilor Kvistad qualified his agreement by saying that his first preference would be to return all the savings to the rate-payers, but if any were kept, he would agree to replenish the general fund balance.

**Mr. Mounts** referred to the PowerPoint slide titled, "Maintain Current Services." The numbers reflect the cost of maintaining current services and assume no new revenues. He said departments have been instructed to do their budgets based on those assumptions. About \$600 thousand would be required to

restore prior cuts. He explained the service issues that would be require more money, such as those in Transportation and Growth Management.

**Councilor McLain** said the services did not represent enhancements, but rather obligations that have already been agreed upon or programs that had already begun.

**Mr. Mounts** outlined other services that would require additional money, including (but not limited to) business services, park operations, support for 2040 implementation, requirements to provide expanded legal notice, and regional community investment grants. He referred to the slides titled, "Base Case," "Example #1," and "Example #2" (in the meeting record). Examples #1 and #2 assume \$3 million of the savings would be put in the general fund.

**Councilor Kvistad** requested a line-item breakout for the base case, by department.

**Mr. Mounts** said he would provide that to him. He said more detail would be available in November.

**Presiding Officer Monroe** noted that lost revenue should be considered as additional cost; for example, if Metro facilities were to receive reductions in their excise taxes.

**Councilor Washington** recalled discussions from last year about departments' having money left that was carried over. He asked if these assumptions included that money.

**Mr. Mounts** said they did not.

**Ms. Sims** said that given the actual beginning fund balance of about \$438 thousand and the rate at which it is being spend, the ending balance would be about \$7 thousand. She said she expected that there would be some carry-forward, but not much. The carry-forward would come from budget cuts made last year in anticipation of lower revenues.

**Mr. Burton** said the departments could make their spending reports available to the Council.

**Councilor McLain** requested to see contract progress reports. She said that would be helpful in determining the status of projects by department.

**Presiding Officer Monroe** asked what the total was for personal services funded from the excise tax in the general fund.

**Ms. Sims** said she did not have that number calculated. She would let them know.

**Presiding Officer Monroe** said that **Mr. Burton** would like to be advised today whether he needs to have his staff develop budgets based upon known resources--a budget that would require \$1.27 million in total cuts. The alternative would require an infusion of money from the solid waste savings.

**Councilor Atherton** said he would recommend using the current revenues to form the budget. He would also recommend paying off debt. He thought that would be prudent given the uncertainty in the future. He thought 50% of the savings would be necessary to keep the solid waste system whole and to apply \$1 million for the general fund balance. The other money—the \$3 million—could be used to pay down debt that would provide future flexibility for parks and maintenance. A "legacy" fund could be created to carry out the parks strategy. He said he was uncomfortable starting new programs or paying for planning for local jurisdictions without first taking care of existing liabilities.

**Mr. Burton** asked what the first opportunity would be to pay down the debt.

**Ms. Sims** said 2004. She said that would require \$3.4 million per year be put into a fund for defeasance, so when the bonds are called they could be paid off.

**Councilor Bragdon** said he believed everyone generally agreed that needs in the solid waste area should be addressed first. He also thought everyone agreed that \$1 millions should go to restoring the general fund. As to general fund expenditures in future years, he said many of the expenditures some have called "enhancements" are programs that have been going on, but on a shoestring. He said most areas have a considerable backlog, and money in the general fund should be earmarked for those things. Regarding implementing 2040, the individual cities should help do that. All of that need not be done by Metro.

**Mr. Burton** clarified that the \$1 million in the general fund would remain there. As to implementation of 2040, the Council added 3500 acres to the urban growth boundary (UGB), 2400 of which were uncontested. However, nothing has been done on that acreage, because the properties on which the builders really wanted to build have been contested —i.e., Stafford and St. Mary's. Planning for the uncontested acreage has fallen on the cities, and they do not have the resources to do the necessary planning. He said something needs to be done to break the logjam if those properties are to be developed. He said the question revolves around how much of a role Metro should play in that.

**Presiding Officer Monroe** said the \$1 million should be used only in the event of an unanticipated downturn in the economy. It would be a "rainy day" fund only.

**Councilor McLain** said she thought Metro should help local jurisdictions with their planning. She thought it was Metro's responsibility. She thought the departments could make some cuts—that the entire \$1.27 million need not be forthcoming—but the departments had made cuts last year.

**Councilor Atherton** disagreed and argued that the region needed to find another way to fund the agency than through garbage. He thought parks should find a way to fund its own operation; he thought that local jurisdictions should complain to the state if they didn't like the planning situation. He objected to Metro's making local jurisdictions dependent. He agreed with Councilor Kvistad on the need to seriously examine Metro's role and funding source.

**Councilor Park** asked about the \$1.27 million needed to maintain the current system. He thought the actual growth was more than 10%.

**Ms. Sims** said that the budget is really more than \$7.8 million, because the fund balance is being spent. The current revenue is \$7.8 million, but closer to \$9 million is being spent.

**Councilor McLain** said growth was not the only factor to be considered. She said Metro still has a bond measure of \$135 to buy open spaces; it still has land-banking costs that continue to rise. The public had said it would like Metro to spend the money on that. She said when looking at the increase in the budget, you need to take programs like that into consideration.

**Councilor Park** said his concern was for the rate of growth. He wondered what programs had created growth in the agency. Perhaps the voters should be asked whether those programs should be continued, rather than assuming they want them.

**Ms. Sims** distributed materials concerning forecasts for the future and projections for the 2002 budget, which did not reflect great increases.

**Councilor Washington** said he would prefer to see a budget with cuts, not because he would like to cut budgets, but to see where cuts would be made. As to whether the departments should be expected to be self-sustaining, he did not think that would work. He saw the departments as part of the whole, and as such the agency had a responsibility to take care of them. He would like to have the worst- and best-case scenarios so he would know the boundaries within which he had to work.

**Presiding Officer Monroe** said that would entail devising departmental budgets assuming the base case, assuming maintaining the current level, and an "add package."

**Mr. Burton** said it would be helpful to know what the Council would like to see restored in terms of services if there \$1 million, \$2 million, or \$3 million were available. The worst case would involve, for him, deep cuts in order to restore the \$1 million reserve in the general fund balance.

**Presiding Officer Monroe** said the \$1 million had been decided upon. It should be considered as part of the worst-case scenario. He said now the Councilors needed to identify their priorities for "add" packages.

**Councilor McLain** said her priorities would include those policies she had supported but that could not be adequately funded at the time. Those would include watershed planning and finishing goal 5 work; land-use and transportation planning for areas already brought into the UGB—on the solid waste side—recycling programs.

**Councilor Bragdon** said this presents a great opportunity to explain what the agency does. Words like "maintain existing services" get lost. He would like to see any programs explained as doing what Metro already does.

**Councilor Park** said his discussions with Dave White of the hauling industry indicated that a reduction of only \$0.50/ton would not be worth doing. If that were not done, then \$350 thousand more would be available for programs. His reading of the numbers suggests that with that \$350 thousand, the agency would be fine. He asked what the feeling of the Council was on the \$0.50/ton reduction. Regarding priorities, grants to local governments for planning would be near the top of his list. By planning he said he meant macro planning, not "bricks and mortar."

**Councilor Atherton** disagreed with spending any money to help local jurisdictions plan. He said planning was the cost of growth and should be borne that way. He would prefer that all the money remain in the solid waste system. He asked about selling the transfer stations, as Councilor Kvistad had suggested. He asked if the transfer stations could be sold for a profit. If they could, he would favor that.

**Mr. Burton** said he did not know what the market was for transfer stations. He said he believes they operate because Metro controls the flow. He said it has been a subsidized system. If a company were to try to make a profit, most likely rates would increase dramatically.

**Mr. Petersen** said the larger question was how sale of the transfer stations would affect the ratepayers. One of the reasons Metro was in the business was to try to keep rates down on the public's behalf.

**Presiding Officer Monroe** said the transfer stations had been purchased with publicly subsidized debt. They could not be transferred to private ownership as long as they were encumbered with publicly subsidized debt. Because of the contracts, those debts could not be paid off for four or five years.

**Ms. Sims** said they could be paid off earlier, but with a penalty. She said 2004 would be the first year they could be paid off without penalty.

**Councilor Kvistad** said he would give \$1 million to the general fund to re-establish the reserve. Beyond that, he would prefer the base-case budget. He would not put anything more toward planning. He would like to give some money back to the ratepayers, regardless of how little. He would not favor add packages. He would deal only with critical needs that already exist within the agency. He would prefer to stop taking excise tax from existing facilities, although he did not think he would have enough votes on the Council to pass that preference. He said Metro needed to cut back its spending so it did not exceed its revenues. He said that would be difficult, but it needed to be done.

**Councilor Washington** said he would look at reductions in facility excise taxes. He was concerned about reducing the tip fee, particularly if it were only \$0.50. The public would receive only a couple of cents. He would like to see some of the money put aside to be made available in five years or so, similar to money earmarked for the North Portland Enhancement Grants. That, in his view, would mean more to people than getting a couple of cents off their monthly garbage bill. He said he would also like to see help with

planning and help with parks. He would also like to see reductions begin to be made in the seventh year of the program, to wean programs off this money, as it would be gone in 10 years.

**Mr. Burton** said Councilor Atherton was correct in noting that money not returned amounted to a tax. He said no other government he knew of had a cap on the amount of money they were allowed to charge for franchises and so forth. He said he sympathized with the Councilors who had expressed the desire for a tax base, such as a real-estate transfer tax or any other tax. But that would not be forthcoming without getting a whole new charter passed. He said he could not furnish three different budgets based on the three different cases, but he would try to get them three different scenarios. To do that, he would need to push the budget submission date back. He said he would prefer not to do that, but it would probably be necessary.

**Presiding Officer Monroe** said he liked the scenario Councilor Washington outlined and Councilor Kvistad agreed to, and that was beginning with the base case. In terms of additional needs, his priorities were planning grants to local governments; money for the parks and open spaces programs already purchased; elimination of the excise tax on the zoo accompanied by a roll back in admission price, especially for children.

**Councilor Bragdon** would prefer to keep the money in the general fund, but set apart so that the public would know how that money was being spent. The public should know that it came as a result of good negotiations. He said it would be spent on things Metro currently does, but the public does not know it does. He said that at the end of the year, Metro could explain exactly where that money went—for example, it might say it had built restrooms at Oxbow Park.

**Councilor Atherton** disagreed with Councilor Bragdon that the money had come as a result of good negotiations. He said it had come as a result of changes in the solid waste industry—i.e., through increased competition. He was concerned about other changes that might also be coming. That was the basis of his concern for the debt. He said Metro owns a \$32 million in assets and he wondered what would happen if they weren't worth that in the future. He said smaller stations were springing up as was better recycling.

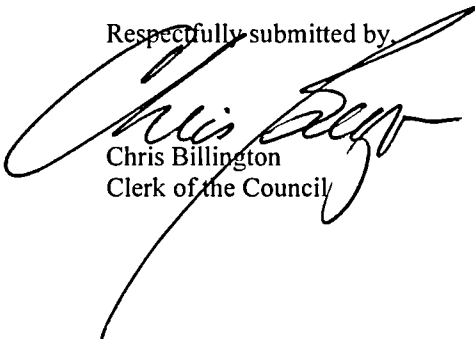
**Councilor Park** said he would like to see a scenario based on the sale of the transfer stations.

**Presiding Officer Monroe** said he did not think that such a sale would be a possibility for at least four years.

**Councilor McLain** said that sale of the transfer stations would be evaluated in the service plan, which has been under development for five years and would be presented to the Council soon.

Presiding Officer Monroe adjourned the meeting at 4:30 PM.

Respectfully submitted by,



Chris Billington  
Clerk of the Council



**METRO**

To: All Councilors

From: John Houser, Senior Council Analyst

Re: Amendment Packet for Ordinances No 99-823, 99-824, and 99-825

Date: October 19, 1999

At the October 21 meeting, the Council is scheduled to consider a wide range of amendments to the trio of ordinances that relate to the allocation of funds from the recent renegotiation of the disposal and transportation solid waste contracts. To facilitate the Council discussion, staff has prepared this packet of information related to the amendments that have been proposed. The packet contains the following information:

- A listing and brief description of each of the amendments that have been proposed
- Copies of the ordinances as originally proposed
- Copies of each proposed amendment with a one-page summary which notes which ordinances are being amended, the location of the amendment in the ordinance, and how the changes relate to the purpose of the amendment. (The amendments are color-coded to allow you to locate them more easily during the meeting. For example, all of the Monroe amendment will be the same color and all of the Kvistad amendments will be the same color.)

## PROPOSED AMENDMENT LIST

The following is a list of all known Councilor amendments to the proposed ordinances:

**Monroe Amendment #1—(Yellow Pages)** Modifies the tax rates proposed in Ordinances No. 99-824 and No. 99-825 to provide for allocating 60% of the projected savings to the General Fund and 40% to the Solid Waste Revenue Fund. If the Council wishes to consider Ordinance No. 99-825 without amendment, the Monroe amendments proposed for this ordinance could be placed in Ordinance 99-823.

**Monroe Amendment #2a—(Yellow Pages)** Modifies the ordinances to delay until July 1, 2000, the implementation of any excise per ton fee for any facility that would have a net negative revenue impact from the new tax. Extension of the repeal beyond July 1, 2000 would be subject to Council approval.

**Monroe Amendment #2b— (Yellow Pages)** Exempts certain out-of-district waste disposed of at a privately owned transfer station from the payment of the per-ton fee. If the amount of out-of-district waste at a facility extends 10% of the monthly tonnage, then the tax would be collected on the amount in excess of 10%.

**Atherton Amendment—(Orange Pages)** Modifies the tax rates in Ordinances No. 99-824 and No. 99-823 to provide for allocating 90% of the projected savings to the Solid Waste Revenue Fund and 10% to the General Fund. Allocations are based on the spending allocations listed in Atherton Option 1.

**Kvistad Amendment #1—(Lilac Pages)** Modifies the Ordinances to provide for a reduction in the current tip fee to a level that would return all of the projected savings to the ratepayers. A per ton tax would be set at a level that would initially collect the same amount as the present excise tax.

**Kvistad Amendment #2—(Lilac Pages)** Modifies the Ordinances to eliminate the excise tax at the Oregon Zoo and on MERC facilities. Would set a per ton fee at a level designed to offset the amount of revenue lost to the General Fund through the elimination of the excise at the zoo and MERC facilities. Remaining funds would fund a tip fee reduction.

**Kvistad Amendment #3—(Lilac Pages)** Modifies the Ordinances to eliminate the excise tax at the Oregon Zoo and on MERC facilities. Would set a per ton fee at a level designed to offset the amount of revenue lost to the General Fund through the elimination of the excise at the zoo and MERC facilities. Would retain the remaining funds in the Solid Waste Revenue Fund for future inflationary increases, rate stabilization, or capital improvement needs.

**Kvistad Amendment #4—(Lilac Pages)** Modifies the ordinances to set a per ton fee at a rate needed to capture all of the projected savings. Funds would be placed in a capital improvement/renewal and replacement account, which could be accessed by the entire agency.

**Washington Amendment—**Councilor Washington has proposed that all of the savings be captured and returned to the citizens of the region in the form of a "kicker-type" check that

would be sent on an annual basis to each household in the region. Initially, the amount of the check would be about \$3.75 for the current fiscal year and \$8.50 in FY 2000-01. This amendment would require no amendments to the proposed ordinances and would eliminate the need to adopt either Ordinance No. 99-824 or 99-825. All of the projected savings would remain in the Solid Waste Revenue Fund and the Council would direct that the savings be returned through action during the budget process.

**Technical Amendment—(Gray Pages)** The ASD and REM staffs have requested that the implementation of any new tax or fee structure occur on the first day of a month to facilitate ease of administration for the departments and the affected facilities. Based on the current Council timeline for completing action on the proposed ordinances, an amendment has been drafted to set a February 1, 2000 implementation date.

**It should be noted that most of the proposed amendments are mutually exclusive. For example, you could not adopt both the Atherton and Monroe #1 amendments as they set different tax rates and would retain differing amounts of revenue for solid waste purposes and the general fund. The technical amendment and Monroe amendments 2a and 2b could be attached to any of the other amendment packages.**

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO CODE )	ORDINANCE NO. 99-823
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 ~~\$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;
- (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.

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.

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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.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO	)	ORDINANCE NO. 99-824
CODE CHAPTER 7.01 TO MODIFY AND ADJUST	)	
METRO EXCISE TAXES AND MAKING OTHER	)	Introduced by
RELATED AMENDMENTS	)	Councilor Bragdon

WHEREAS, it is desirable to review the excise tax imposed use of the facilities, equipment, systems, functions, services, or improvements, owned, operated, certified, licensed, franchised, or provided by Metro; and

WHEREAS, it is necessary to adjust the excise taxes imposed by Metro Chapter 7.01 to take advantage for the public interest of the savings resulting from certain recent amendments to significant Metro solid waste contracts; and

WHEREAS, this 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 Section 7.01.010 is amended to read:

For the purposes of this chapter unless the context requires otherwise the following terms shall have the meaning indicated:

(a) "Accrual basis accounting" means revenues are recorded in the accounting period in which they are earned and become measurable whether received or not.

(b) "Cash basis accounting" means revenues are recorded when cash is received.

(c) "District facility" means any facility, equipment, system, function, service or improvement owned, operated, franchised or provided by the district. District facility includes but is not limited to all services provided for compensation by employees, officers or agents of Metro, including but not limited to the Metro Washington Park Zoo, Metro ERC facilities, all solid waste system facilities, and any other facility, equipment, system, function, service or improvement owned, operated, franchised or provided by the district.

(d) "Facility Retrieval Rate" shall have the meaning assigned thereto in Metro Code Section 5.02.015(i).

~~(d)~~(e) "Installment payments" means the payment of any amount that is less than the full payment owed either by any user to the district or to an operator or by an operator to the district.

~~(e)~~(f) "Metro ERC facility" means any facility operated or managed by the Metropolitan Exposition-Recreation Commission.

~~(f)~~(g) "Operator" means a person other than the district who receives compensation from any source arising out of the use of a district facility. Where the operator performs his/her functions through a managing agent of any type or character other than an employee, the managing agent shall also be deemed an operator for the purposes of this chapter and shall have the same duties and liabilities as his/her principal. Compliance with the provisions of this chapter by either the principal or managing agent shall be considered to be compliance by both.

~~(g)~~(h) "Person" means any individual, firm, partnership, joint venture, association, governmental body, joint stock company, corporation, estate, trust, syndicate, or any other group or combination acting as a unit.

~~(h)~~(i) "Payment" means the consideration charged, whether or not received by the district or an operator, for the use of a district facility, valued in money, goods, labor, credits, property or other consideration valued in money, without any deduction.

~~(i)~~(j) "Processing Residual shall have the meaning assigned thereto in Metro Code Section 5.02.015(s).

~~(j)~~(k) "Recovery Rate" shall have the meaning assigned thereto in Metro Code Section 5.02.015(u).

~~(k)~~(l) "Solid waste system facility" means all facilities defined as such pursuant to section 5.05.010(t) including but not limited to all designated facilities set forth in section 5.05.030 and any non-system facility as defined in section 5.05.010(i) that receives solid waste from within the Metro boundary whether pursuant to an authorized non-system license or otherwise.

~~(l)~~(m) "Source Separate" or "Source Separated" or "Source Separation" means that the person who last uses recyclable material separates the recyclable material from Solid Waste.

~~(m)~~(n) "Source-separated recyclable material" or "Source-separated recyclables" means material that has been Source Separated for the purpose of Reuse, Recycling, or Composting.

~~(j)~~(o) "Tax" means the tax imposed in the amount established in subsection 7.01.020, and includes both the tax payable by a user and the aggregate amount of taxes due from an operator during the period for which he/she is required to report and pay the tax.

~~(k)~~(p) "User" means any person who pays compensation for the use of a district facility or receives a product or service from a district facility subject to the payment of compensation

SECTION 2. Metro Code Section 7.01.020 is amended to read:

7.01.020 Tax Imposed

(a) For the privilege of the use of the facilities, equipment, systems, functions, services, or improvements owned, operated, certified, licensed, franchised, or provided by the district, each user shall pay a tax of 7.5 percent of the payment charged by the operator or the district for such use unless a lower rate has been established as provided in subsection 7.01.020(b). ~~Each user of all solid waste system facilities shall pay an additional tax of 1.0 percent of the payment charged by the operator or the district.~~ The tax constitutes a debt owed by the user to the district which is extinguished only by payment of the tax directly to the district or by the operator to the district. The user shall pay the tax to the district or to an operator at the time payment for the use is made. The operator shall enter the tax on his/her records when payment is collected if the operator keeps his/her records on the cash basis of accounting and when earned if the operator keeps his/her records on the accrual basis of accounting. If installment payments are paid to an operator, a proportionate share of the tax shall be paid by the user to the operator with each installment.

(b) The council may for any period commencing no sooner than July 1 of any year and ending on June 30 of the following year establish a tax rate lower than the rate of tax provided for in subsection 7.01.020(a) by so providing in an ordinance adopted by the district. If the council so establishes a lower rate of tax, the executive officer shall immediately notify all operators of the new tax rate. Upon the end of the fiscal year the rate of tax shall revert to the maximum rate established in subsection 7.01.020(a) unchanged for the next year unless further action to establish a lower rate is adopted by the council as provided for herein.

(c) In lieu of taxes imposed under (a) of this section, for the privilege of the use of the solid waste system facilities, equipment, systems, functions, services, or improvements, owned, operated, certified, licensed, franchised, or provided by the district, each user of all solid waste system facilities shall pay a tax of \$8.23 for each ton of solid waste exclusive of source separated recyclable materials accepted at the solid waste system facilities.

(d) The following users of solid waste system facilities shall be allowed a credit in the amount of \$4.40 per ton against the Excise Tax otherwise due under Section 7.01.020(c):

(1) Any person delivering authorized, non-putrescible waste to any landfill that is authorized to receive such waste through a Metro franchise or Designated Facility Agreement; or

(2) Any Person delivering authorized, non-putrescible waste under the authority of a Metro Non System License.

(e) 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 Excise Tax otherwise due under Section 7.01.020(c) or (d)

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:

Excise Tax Credit Schedule

<u>Recovery Rate</u>		<u>Excise Tax Credit per ton of no more than</u>
<u>From Above</u>	<u>Up To &amp; Including</u>	
<u>0%</u>	<u>20%</u>	<u>0.00</u>
<u>20%</u>	<u>25%</u>	<u>0.15</u>
<u>25%</u>	<u>30%</u>	<u>0.50</u>
<u>30%</u>	<u>35%</u>	<u>1.00</u>
<u>35%</u>	<u>40%</u>	<u>1.25</u>
<u>40%</u>	<u>100%</u>	<u>1.50</u>

(e)(f) In lieu of taxes imposed under (a) and (c) of this section and notwithstanding section 7.01.050(a)(6), operators of solid waste facilities licensed or franchised under chapter 5.01 of this Code to deliver putrescible waste directly to the district's contract operator for disposal of putrescible waste shall pay a tax in the amount of ~~\$1.76~~ \$8.23 per ton of putrescible waste delivered directly to the district's contract operator for disposal of putrescible waste.

SECTION 3. Section 4 of this Ordinance is added to and made a part of Metro Code Chapter 7.01.

SECTION 4. Commencing with the Metro fiscal year beginning July 1, 2002, and each year thereafter, the taxes imposed by Section 7.01.020(c) shall be increased by a percentage equal to (a) the annualized rate of increase in the Consumer Price Index, All Items, for Portland-Vancouver (All Urban Consumers) reported for the first six months of the federal reporting year as determined by the appropriate agency of the United States Government or (b) the most nearly equivalent index as determined by the Metro Council if the index described in (a) is discontinued.

ADOPTED by the Metro Council this \_\_\_\_\_ day of \_\_\_\_\_, 1999.

\_\_\_\_\_  
Rod Monroe, Presiding Officer

ATTEST:

Approved as to Form:

\_\_\_\_\_  
Recording Secretary

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\_\_\_\_\_  
Daniel B. Cooper, General Counsel

## **STAFF REPORT**

### **CONSIDERATION OF ORDINANCE NO. 99-824 AMENDING METRO CODE CHAPTER 7.01 TO MODIFY AND ADJUST METRO EXCISE TAXES AND MAKING OTHER RELATED AMENDMENTS**

Date: October 1, 1999

Presented by: Terry Petersen

## **BACKGROUND**

At the present time an excise tax is collected from users of facilities, products or services provided by Metro or its licensed, franchised, or regulated interests. The rate established by the Council is 7.5% of the payment for that use, product or service. Also, each user of solid waste system facilities pays an additional 1% to be used to support Regional Parks and Greenspaces programs. The exceptions to this tax are listed in subsection 7.01.050 of the Metro Code.

The recently re-negotiated solid waste contracts for transport and disposal have provided an opportunity to consider how to allocate the resulting cost reductions. In order to capture these cost reductions for other uses, the level of the excise tax needs to be adjusted. The Council has held a number of public hearings to receive comment on how to utilize the contract cost reductions. Options included:

- *Funding of charter mandated programs;*
- *Restoring fund balances to fiscally prudent levels;*
- *Mitigating cost increases in disposal of solid waste within the Region;*
- *Enhancing recycling efforts to meet regional targets and funding the growth in hazardous waste services; and*
- *Many other suggestions.*

## **ANALYSIS AND OPTIONS**

An analysis was performed by staff that compared the present percentage tax structure to a per-ton tax. A number of per ton options were initially analyzed, including a flat rate, a higher rate at Metro transfer stations only, and a 3-tier system (wet waste, dry waste, and residual from Material Recovery Facilities).

Each of these options were measured against the following design criteria:

- ◆ What is the level of certainty that this option would produce revenue that would continue at a stable predictable rate?
- ◆ How does this option promote waste reduction activities?
- ◆ Would this option be fair and understandable?
- ◆ What would be the administrative costs associated with this option?
- ◆ Does this option provide a level playing field for all stakeholders?

This analysis was reviewed with the REM Council Committee on September 22, 1999. The committee gave general direction to staff to develop the 3-tier tax option because it:

- ◆ Provides a stable basis for forecasting revenue
- ◆ Ensures that the facilities that receive the greatest benefit from the contract savings will pay a higher proportion of the tax
- ◆ Shares the tax burden more equally across the region
- ◆ Promotes waste reduction activities by holding the rate paid by the Material Recovery Facilities (MRFs) steady at the current effective rate per ton

The tax structure in Ordinance 99-824 establishes a version of the 3-tier option, with the tiers accomplished through credits. A single per ton tax of \$8.23 is proposed with a credit of \$4.40 for non-putrescible waste. In addition, there is a proposed credit system whereby material recovery facilities can receive a further tax credit depending upon their recovery rate. The proposed credit schedule is shown below.

The proposed Excise Tax Credit for recycling will allow facilities that have higher recovery rates to receive a tax credit based on a sliding scale as outlined below. This scale is similar to the one used for the Regional System Fee Credit program.

Recovery Rate		Tax Credit Per Ton
From	To	
0%	20%	\$0
20%	25%	\$0.15
25%	30%	\$0.50
30%	35%	\$1.00
35%	40%	\$1.25
40%	100%	\$1.50

## **FISCAL IMPACT**

At the currently authorized rate of 8.5% it is forecast that excise tax receipts from solid waste facilities will be approximately \$6 million in FY 2000-01. Due to the re-negotiation of the solid waste contracts, there is \$6.1 million "gross" savings available in FY 2000-01. Ordinance 99-824 as proposed would replace \$3 million of the contract cost reductions with additional general revenue that can be used for non-solid waste purposes.

On average, the effective financial impact on solid waste facilities, projected for FY 2000-01 is shown below:

<u>Type of Facility</u>	<u>Effective Rate Per Ton (w/current tax rates)</u>	<u>Effective Rate Per Ton * (w/proposed tax rates)</u>	<u>Change from Current Rate</u>
Transfer Stations	\$5.05	\$8.23	\$3.18
Reloads/Wet Waste	\$4.78	\$8.23	\$3.45
Landfills	\$3.83	\$3.83	\$0
MRFs/Residual	\$2.72	\$2.72**	\$0

\* After tax credit

\*\* This is the effective tax rate if the MRF recovers 35% or more of the mixed dry waste received at the facility. If the MRF recovers 20% or less, the per-ton tax rate would effectively be the same as the landfills. If the recovery rate is between 20-35%, the effective tax rate will be between \$3.83 and \$2.72.

Within each of the facility types shown, there is currently variation between individual facilities in the per ton amount of excise tax paid to Metro. This variation is caused by the different prices charged at different facilities. For example, the current per ton excise tax at Hillsboro Landfill is \$4.30 and the current rate at Lakeside Landfill is \$3.28.

The proposed tax rate structure in Ordinance 99-824 effectively averages the current tax rates for the same facility types. Therefore, converting to the proposed rate structure will cause some facilities to pay more, and other less, than they currently pay. Of all the options studied, the proposed tax structure is the most revenue neutral in terms of tax increases being associated with offsetting decreases in contract savings.

Ordinance 99-824 also includes an inflationary adjustment. Beginning in FY 2002-03, the excise tax on solid waste facilities would be annually adjusted by the percentage change in the Consumer Price Index (CPI), all items, for Portland-Vancouver (all Urban Consumers) as reported for the first half of the Federal reporting year.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO CODE	)	ORDINANCE NO. 99-825
SECTION 5.02.025 TO MODIFY THE DISPOSAL	)	
CHARGE AT THE METRO SOUTH AND METRO	)	Introduced by
CENTRAL TRANSFER STATIONS	)	Councilor Bragdon

WHEREAS, it is desirable to review the disposal fees and other fee components charged at Metro's regional solid waste facilities in light of certain amendments to significant Metro solid waste contracts; and

WHEREAS, it is necessary to adjust the Tonnage Charge of Metro's disposal rate system to take advantage of the savings resulting from these solid waste contract amendments; and

WHEREAS, the Metro Rate Review Committee convened pursuant to Chapter 5.08 of the Metro Code and reviewed the disposal fees and other fee components for the Metro Central and Metro South Transfer Stations; now, therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

SECTION 1. Metro Code Section 5.02.025 is amended to read:

(a) The fee for disposal of solid waste at the Metro South Station and at the Metro Central Station shall consist of a Tonnage Charge of ~~\$62.50~~ \$62.00 for each ton of solid waste delivered for disposal and a Transaction Charge of \$5.00 for each Solid Waste Disposal Transaction.

(b) The Tonnage Charge specified in subsection (a) of this section includes:

- (1) A disposal charge of ~~\$38.61~~ \$30.02 per ton;
- (2) A regional transfer charge of ~~\$7.00~~ \$6.56 per ton;
- (3) The fees specified in section 5.02.045;
- (4) An enhancement fee of \$.50 per ton; and
- (5) DEQ fees totaling \$1.24 per ton.

(c) Notwithstanding subsection (a) of this section, there shall be a minimum solid waste disposal charge at the Metro South Station and at the Metro Central Station for loads of solid waste weighing 320 pounds or less of \$15, which shall consist of a minimum Tonnage Charge of \$10.00 plus a Transaction Charge of \$5 per Transaction.

(d) Total fees assessed in cash at the Metro South Station and at the Metro Central Station shall be rounded to the nearest whole dollar amount, with any \$0.50 charge rounded down.

(e) The Director of the Regional Environmental Management Department may waive disposal fees created in this section for Non-commercial Customers of the Metro Central Station and of the Metro South Station under extraordinary, emergency conditions or circumstances.

~~(f) The following table summarizes the disposal charges to be collected by Metro from all persons disposing of solid waste at Metro South Station and Metro Central Station.~~

<del>_____</del> METRO SOUTH STATION <del>_____</del> METRO CENTRAL STATION	
<u>Tonnage Charge Component</u>	<u>\$/Ton Rate</u>
<del>_____</del> Disposal Charge	<del>_____</del> 38.61
<del>_____</del> Regional System Fee	<del>_____</del> 14.00
<del>_____</del> Metro Facility Fee	<del>_____</del> 1.15
<del>_____</del> Regional Transfer Charge	<del>_____</del> 7.00
<del>_____</del>	
<del>_____</del> Metro Tonnage Charges	<del>_____</del> \$60.76
<del>_____</del> Additional Fees	
<del>_____</del> Enhancement Fee	<del>_____</del> 0.50
<del>_____</del> DEQ Fees	<del>_____</del> 1.24
<del>_____</del>	
<del>_____</del> Total Tonnage Charges:	<del>_____</del> \$62.50
<del>_____</del>	
<u>\$/Transaction</u>	
<del>_____</del> Per Transaction Charge	<del>_____</del> \$5.00
<del>_____</del> Minimum Tonnage Charge	<del>_____</del> \$10.00

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  
I:\DOCS\09 SW\13RATES FIN\99rateord dakota.DOC

## **STAFF REPORT:**

IN CONSIDERATION OF ORDINANCE NO. 99-825 FOR THE PURPOSE OF AMENDING METRO CODE CHAPTER 5.02.025, TO MODIFY THE DISPOSAL CHARGE AT THE METRO SOUTH AND METRO CENTRAL TRANSFER STATIONS.

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Date: October 1, 1999

Presented by: Terry Petersen

### **PROPOSED ACTION:**

Adopt Ordinance No. 99-825. If adopted, the solid waste charges in Ordinance 99-825 would be effective on the appropriate dates 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 charges in Ordinance 99-825. Specifically, the key elements of Ordinance 99-825 will allow Metro to:

- Reduce the disposal charge at the Metro transfer stations to \$62.00 per ton.
- Create sufficient cash reserves to stabilize the \$62.00 per ton charge for up to four years.
- Increase general fund revenues for essential non-solid waste Metro responsibilities, such as growth management planning, by about \$3.0 million per year. See Excise Tax Ordinance 99-824.
- Increase funding for waste reduction and hazardous waste services by about \$1.0 million per year.

## SOLID WASTE FEES AND CHARGES AT METRO TRANSFER STATIONS:

The individual fees and charges as proposed in Ordinance 99-825 compare to current fees and charges as follows:

	<u>Current</u>	<u>Proposed</u>
Disposal Charge(1)	\$38.61	\$30.02
Metro Facility Fee(2)	1.15	\$ 2.55*
Regional Transfer Charge(3)	\$ 7.00	\$ 6.56
Regional System Fee(4)	\$14.00	\$12.90*
Excise Tax (5)	<u>(included in above)**</u>	<u>\$ 8.23</u>
<b>Total Rate</b>	<b>\$60.76</b>	<b>\$60.26</b>
<u>Additional Fees</u>		
Enhancement Fee	\$ .50	\$ .50
DEQ Fees	<u>\$ 1.24</u>	<u>\$ 1.24</u>
<b>Total Disposal Fee</b>	<b>\$62.50</b>	<b>\$62.00</b>

\* These are the fees specified in Metro Code, Section 5.02.045; see Ordinance 99-823 for details.

\*\* The current tax included in the solid waste fee component is equivalent to \$5.05 per ton.

(1) The Disposal Charge includes the contractual price for waste transport and disposal. The proposed charge of \$30.02 reflects the renegotiated lower contract prices.

(2) The Metro Facility Fee currently includes contributions to facility renewal and replacement, and certain management costs at the Metro Transfer Stations. The proposed higher fee of \$2.55 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.

(3) The Regional Transfer Charge is Metro's contractual price for operation of the Metro Transfer Stations. The proposed rate is lower because it does not include the excise tax as does the current transfer charge.

(4) The Regional System Fee is collected by facility operators and paid to Metro on a per ton basis. The new rate is \$21.90, with a \$9.00 credit to be applied to those qualifying facilities. The \$12.90 shown in this table reflects the \$9.00 credit being applied. See Ordinance 99-823 for details.

(5) The current Metro excise tax of 8.5% is included in the individual solid waste fees and charges. The proposed rates and fees in Ordinance 99-825 do not include the

excise tax. Instead, the proposed rates and fees reflect a conversion to a per ton excise tax. See Ordinance 99-824 for details.

### **FISCAL IMPACT:**

The revenue projected to be raised through the fees and charges in Ordinance 99-825 will be less than required given projected expenditure levels, tonnage forecasts, and assuming the excise tax remains the same (see Ordinance 99-824). To offset this shortfall in revenue requirements, the reserves in the Undesignated Fund Balance and the Rate Stabilization Account will be used as shown below:

Fiscal Year	Revenue Requirements	Metro Tip Fee	Rate Revenue	Undesignated Fund Balance Offset	Rate Stabilization Acct. Offset
FY00/01	\$ 45.1 million	\$ 62.00	\$ 45.0 million	\$ 0.1 million	\$ 0.00
FY01/02	\$ 47.6 m	\$ 62.00	\$ 46.3 m	\$ (1.3) m	\$ 0.00
FY02/03	\$ 49.5 m	\$ 62.00	\$ 47.7 m	\$ (1.8) m	\$ 0.00
FY03/04	\$ 51.6 m	\$ 62.00	\$ 49.1 m	\$ (0.8) m	\$ (1.7) m
FY04/05	\$ 53.6 m	\$ 63.70	\$ 52.3 m *	\$ 0.00	\$ (1.3) m

\* Tip Fee increases \$1.70/ton

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

## Monroe Amendments

### Amendment #1

**Intent.** Ordinance No. 99-824, as currently written, would retain about \$3 million of the projected contract savings in the Solid Waste Revenue Fund. The remaining \$3 million in savings would be allocated to the General Fund through a per ton fee of \$8.23. The intent of this amendment would be to increase the allocation to the general fund with a corresponding decrease in the allocation to the Solid Waste Revenue Fund. The allocation to the Solid Waste Revenue Fund would be \$2.4 million and the allocation to the General Fund would be \$3.6 million.

**Nature of the Amendments.** To achieve the intent noted above, amendments are proposed to both Ordinances No. 99-824 and 99-825.

#### Ordinance 99-824 Amendments—

- 1) In Section 2 (Metro Code Section 7.01.020 (c)), the proposed per ton fee of \$8.23/ton would be increased to \$9/ton.

This change is needed because the amendment would divert an additional 10% of the projected savings to the general fund. Under the provisions of the proposed ordinance those funds that are to be placed in the general fund are captured through the per ton fee.

- 2) In Section 2 (Metro Code Section 7.01.020(d)), the proposed per ton fee credit for the delivery of dry waste to an authorized facility would increase from \$4.40 to \$5.17 per ton.

Dry waste landfills that accept dry waste from the region (ie. Hillsboro and Lakeside) will not directly benefit from the terms of the renegotiated waste contracts. On average, these facilities pay \$3.83/ton in Metro excise taxes. Because the proposed ordinance would set a per ton fee of \$8.23/ton, unless an adjustment is made, the tax paid by the facilities would more than double. Therefore, the proposed ordinance also provides a credit of \$4.40 per ton to reduce the effective per ton fee to the average amount currently paid by these facilities.

Because Monroe Amendment #1 increases the per ton fee to \$9/ton, the amendment also increases the amount of the credit to \$5.17 to insure that the effective fee is no greater than the current average amount paid by the facilities.

Ordinance No. 99-825 Amendments (Note: Should the Council wish to consider this ordinance without amendment, or if the ordinance fails, the amendments noted below could be added to Ordinance 99-823.)

- 1) In Section 1 (Metro Code 5.02.025(a) and (b)), the tip fee would be retained at the current level of \$62.50/ton. The disposal charge and regional transfer charge components of the fee would be lowered to \$29.75 and \$6.56/ton.

It is the assumption of the amendment that the tip fee would remain the same. The disposal charge and the regional transfer charge would be lowered because additional funds would be captured for the general fund.

## **Amendment #2**

**Intent.** This amendment would add language to Ordinance No. 99-824 to provide that the implementation of any new per ton fee would be delayed until July 1, 2000 for any facility that would have a net negative revenue impact from the new tax. The facilities would continue to pay the current 8.5% excise tax. The exemption from any new per ton fee would sunset on June 30, 2000. Thus, any extension of the exemption would require Council action to change or eliminate this sunset date.

The amendment also would exempt a portion of the out-of-district waste disposed of at a privately owned transfer station from the payment of the new per ton fee. The Metro Code currently authorizes the collection of the regional system fee and the excise tax on waste that is generated outside Metro's boundaries, but is disposed of at a transfer station inside of Metro's boundaries. In practice, both the regional system fee and the excise tax are collected on out-of-district waste at Metro's transfer stations, but only the excise tax is collected at the privately-owned Forest Grove transfer station.

**Nature of the Amendments.** Language to implement the intent of this amendment would be included as a new Section 3 which would be added to Ordinance No. 99-824.

- 1) Section 3(a) outlines the current excise tax provisions in the Code and provides that qualifying facilities may continue to pay at the existing rate.
- 2) Section 3(b) defines the term "qualifying facility" as a facility that has a "negative revenue impact" from any new per ton tax.
- 3) Section 3(c) defines how the calculation is made to determine if the facility has a negative net impact from the implementation of the new per ton fee.
- 4) Section 3(d) provides that, if the calculation in sub(c) is negative, then the facility may continue to pay based on the existing excise tax rate.
- 5) Section 3(e) sunsets the provisions of the amendment, effective June 30, 2000.
- (6) A new Section 5 and Section 6 would also be added to the ordinance.

Section 5 simply places the amendment language in Section 6 in the appropriate section of the existing Metro Code (Section 7.01.050(a)) which outlines certain excise tax exemptions

Section 6 exempts out-of-district waste disposed of at a privately-owned facility from the excise tax or per ton fee, provided that the amount of out of district waste does not exceed 10% of the total amount of waste disposed out at the facility on a monthly basis. Out of district waste that exceeds the 10% cap would be subject to the excise tax.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO CODE ) Proposed Amendments to  
SECTION 5.02.025 TO MODIFY THE DISPOSAL ) ORDINANCE NO. 99-825  
CHARGE AT THE METRO SOUTH AND METRO ) Introduced by Presiding Officer  
CENTRAL TRANSFER STATIONS ) Rod Monroe

On pages 1 and 2, delete Section 1 and replace it with the following:

"SECTION 1. Metro Code Section 5.02.025 is amended to read:

(a) The fee for disposal of solid waste at the Metro South Station and at the Metro Central Station shall consist of a Tonnage Charge of ~~\$62.50~~ ~~\$62.00~~ \$62.50 for each ton of solid waste delivered for disposal and a Transaction Charge of \$5.00 for each Solid Waste Disposal Transaction.

(b) The Tonnage Charge specified in subsection (a) of this section includes:

- (1) A disposal charge of ~~\$38.61~~ ~~\$30.02~~ \$29.75 per ton;
- (2) A regional transfer charge of ~~\$7.00~~ \$6.56 per ton;
- (3) The fees specified in section 5.02.045;
- (4) An enhancement fee of \$.50 per ton; and
- (5) DEQ fees totaling \$1.24 per ton.

(c) Notwithstanding subsection (a) of this section, there shall be a minimum solid waste disposal charge at the Metro South Station and at the Metro Central Station for loads of solid waste weighing 320 pounds or less of \$15, which shall consist of a minimum Tonnage Charge of \$10.00 plus a Transaction Charge of \$5 per Transaction.

(d) Total fees assessed in cash at the Metro South Station and at the Metro Central Station shall be rounded to the nearest whole dollar amount, with any \$0.50 charge rounded down.

(e) The Director of the Regional Environmental Management Department may waive disposal fees created in this section for Non-commercial Customers of the Metro Central Station and of the Metro South Station under extraordinary, emergency conditions or circumstances."

~~(f) The following table summarizes the disposal charges to be collected by Metro from all persons disposing of solid waste at Metro South Station and Metro Central Station.~~

METRO SOUTH STATION  
METRO CENTRAL STATION

<u>Tonnage Charge Component</u>	<u>\$/Ton Rate</u>
Disposal Charge	38.61
Regional System Fee	14.00
Metro Facility Fee	1.15
Regional Transfer Charge	7.00
Metro Tonnage Charges	\$60.76
<u>Additional Fees</u>	
Enhancement Fee	0.50
DEQ Fees	1.24
Total Tonnage Charges:	\$62.50
	<u>\$/Transaction</u>
Per Transaction Charge	\$5.00
Minimum Tonnage Charge	\$10.00

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO	)	Proposed Amendments to
CODE CHAPTER 7.01 TO MODIFY AND ADJUST	)	ORDINANCE NO. 99-824
METRO EXCISE TAXES AND MAKING OTHER	)	Introduced by Presiding Officer
RELATED AMENDMENTS	)	Rod Monroe

On pages 3 and 4, delete Section 2 and replace it with the following:

"SECTION 2. Metro Code Section 7.01.020 is amended to read:

7.01.020 Tax Imposed

(a) For the privilege of the use of the facilities, equipment, systems, functions, services, or improvements owned, operated, certified, licensed, franchised, or provided by the district, each user shall pay a tax of 7.5 percent of the payment charged by the operator or the district for such use unless a lower rate has been established as provided in subsection 7.01.020(b). ~~Each user of all solid waste system facilities shall pay an additional tax of 1.0 percent of the payment charged by the operator or the district.~~ The tax constitutes a debt owed by the user to the district which is extinguished only by payment of the tax directly to the district or by the operator to the district. The user shall pay the tax to the district or to an operator at the time payment for the use is made. The operator shall enter the tax on his/her records when payment is collected if the operator keeps his/her records on the cash basis of accounting and when earned if the operator keeps his/her records on the accrual basis of accounting. If installment payments are paid to an operator, a proportionate share of the tax shall be paid by the user to the operator with each installment.

(b) The council may for any period commencing no sooner than July 1 of any year and ending on June 30 of the following year establish a tax rate lower than the rate of tax provided for in subsection 7.01.020(a) by so providing in an ordinance adopted by the district. If the council so establishes a lower rate of tax, the executive officer shall immediately notify all operators of the new tax rate. Upon the end of the fiscal year the rate of tax shall revert to the maximum rate established in subsection 7.01.020(a) unchanged for the next year unless further action to establish a lower rate is adopted by the council as provided for herein.

(c) In lieu of taxes imposed under (a) of this section, for the privilege of the use of the solid waste system facilities, equipment, systems, functions, services, or improvements, owned, operated, certified, licensed, franchised, or provided by the district, each user of all solid waste system facilities shall pay a tax of \$8.23\$9.00 for each ton of solid waste exclusive of source separated recyclable materials accepted at the solid waste system facilities.

(d) The following users of solid waste system facilities shall be allowed a credit in the amount of ~~\$4.40~~\$5.17 per ton against the Excise Tax otherwise due under Section 7.01.020(c):

(1) Any person delivering authorized, non-putrescible waste to any landfill that is authorized to receive such waste through a Metro franchise or Designated Facility Agreement; or

(2) Any person delivering authorized, non-putrescible waste under the authority of a Metro Non System License.

(e) 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 Excise Tax otherwise due under Section 7.01.020(c) or (d) 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:

Excise Tax Credit Schedule

<u>Recovery Rate</u>		<u>Excise Tax Credit per ton of no more than</u>
<u>From Above</u>	<u>Up To &amp; Including</u>	
0%	20%	0.00
20%	25%	0.15
25%	30%	0.50
30%	35%	1.00
35%	40%	1.25
40%	100%	1.50

(ef) In lieu of taxes imposed under (a) and (c) of this section and notwithstanding section 7.01.050(a)(6), operators of solid waste facilities licensed or franchised under chapter 5.01 of this Code to deliver putrescible waste directly to the district's contract operator for disposal of putrescible waste shall pay a tax in the amount of ~~\$1.76~~\$9.00 per ton of putrescible waste delivered directly to the district's contract operator for disposal of putrescible waste."

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO	)	Proposed Amendments to
CODE CHAPTER 7.01 TO MODIFY AND ADJUST	)	ORDINANCE NO. 99-824
METRO EXCISE TAXES AND MAKING OTHER	)	Introduced by Presiding
RELATED AMENDMENTS	)	Officer Rod Monroe
		(Monroe Amendment 2)

On page 4, insert the following after Section 2 and renumber the subsequent sections:

"SECTION 3. Alternative Interim Excise Tax for Qualifying Facilities

(a) For the privilege of the use of the solid waste system facilities, equipment, systems, functions, services, or improvements, owned, operated, certified, licensed, franchised, or provided by the district, each Qualifying Facility as defined in this Section shall pay a tax of 8.5 percent of the payments charged by the operator or the district for the use of all solid waste system facilities, together with any tax due under Metro Code Section 5.02.045, during any month in which the provisions of this Section are effective. Such taxes shall be in lieu of the taxes imposed under Section 2 of this Ordinance.

(b) For the purpose of this section, a Qualifying Facility shall mean a solid waste system facility which obtains a negative Net Revenue Impact as calculated under this Section during any month in which the provisions of this section are effective.

(c) Net Revenue Impact shall be calculated by adding:

(i) The total amount of any charges exclusive of any excise tax that would have been due under Metro Code Section 5.02.030 prior to February 1, 2000 from the solid waste system facility, less the total amount of charges, if any, that would be due from such facility as of February 1, 2000, in the event that Section 1 of Metro Ordinance No. 99-823 is adopted;

To the sum of

(ii) The total amount of excise tax that the solid waste system facility would have been due under both Metro Code Section 5.02.045 and 7.01.020 prior to February 1, 2000, less the total amount of excise tax that would be due on such tonnage in the event that Section 2 of this Ordinance is adopted.

(d) If the result of the calculation set forth in subsection (c) is a negative number, the solid waste system facility shall be deemed a Qualifying Facility and shall be

entitled to pay a tax of 8.5 percent of the payment charged by the operator for the use of such facility. If result of the calculation set forth in subsection (c) is a positive number, the solid waste system facility shall pay the tax set forth in Section 2 of this Ordinance.

(e) The provisions of this Section are repealed June 30, 2000."

On page 4, insert the following after Section 4:

"SECTION 5. Section 5 is added to and made a part of Metro Code 7.01.050(a)

"SECTION 6. Users disposing of solid waste that has been generated outside the district and is disposed at any privately owned facility franchised under Metro 5.01.045(c)(1), provided that the tonnage amount of out of district solid waste disposed each month at such facility does not exceed 10% of the total amount of solid waste disposed each month at the facility. Any tonnage amount of out of district solid waste which exceeds 10% of the total amount of solid waste disposed each month at such facility shall be subject to the provisions of Metro Code 7.01.020"

## Atherton Amendment

**Intent.** Ordinance No. 99-824, as currently written, would retain about \$3 million of the projected contract savings in the Solid Waste Revenue Fund. The remaining \$3 million in savings would be allocated to the General Fund through a per ton fee of \$8.23. During the current fiscal the Atherton amendment would set a per ton fee that is designed to capture about \$1 million which would be used to rebuild the general fund balance. The remaining savings (\$1.6 million) would remain in the Solid Waste Revenue Fund and be dedicated to rate stabilization and enhanced recycling programs. Beginning with FY 2000-01, the purpose of the Atherton amendment would be to retain a significantly larger percentage of the projected savings in the Solid Waste Revenue Fund (\$5.4 million annually) and reduce the allocation to the General Fund to about \$600,000 annually. The additional funds retained in the Solid Waste Revenue Fund would be dedicated to debt retirement. A total of \$2.35 million would be set aside annually through FY 04-05 for this purpose.

**Nature of Amendment.** To achieve the intent noted above, amendments are proposed for Ordinances No. 99-824 and No. 99-823.

Ordinance No. 99-824 amendments:

- 1) In Section 2, (Metro Code Section 7.01.020), a new (e) would be added to repeal the proposed \$8.23 per ton fee effective June 30, 2000.

The per ton fee proposed in the existing ordinance would generate sufficient funds to restore the general fund balance during the current fiscal year. But, since the amendment would retain a much larger percentage of the savings in the Solid Waste Revenue Fund, beginning July 1, 2000, a different, lower per ton fee would need to become effective on that date

- 2) In Section 2, (Metro Code Section 7.01.020), sub (f) would provide for a lower per ton fee (\$5.67) effective July 1, 2000.

This amendment would achieve the intent of the amendment to direct about 90% of the projected savings to the Solid Waste Revenue Fund.

- 3) In Section 2, (Metro Code Section 7.01.020), sub(f) the proposed per ton fee credit for the delivery of dry waste to an authorized facility would decrease from the \$4.40/ton rate in the proposed ordinance to \$1.87/ton effective July 1, 2000.

Dry waste landfills that accept dry waste from the region (ie. Hillsboro and Lakeside) will not directly benefit from the terms of the renegotiated waste contracts. On average, these facilities pay an average of \$3.83/ton in Metro excise taxes. Because the proposed ordinance would set a per ton fee of \$8.23/ton, unless a adjustment is made, the tax paid by the facilities would more than double. Therefore, the proposed ordinance also provides a credit of \$4.40 per ton to reduce the effective per ton fee to the average amount currently paid by these facilities.

Because the Atherton Amendment decreases the per ton fee to \$5.67/ton, the amendment also decreases the amount of the credit to \$1.87 to insure that the effective fee is no greater than the current average amount paid by the facilities.

Ordinance No. 99-823 Amendments:

- 1) New language would be added prior to Section 1 to amend Metro Code Section 5.02.025. Amendments to sub (b) would set a new disposal charge. A new sub (c) and (d) also are added to this code section. Sub (c) repeals the change in the disposal charge contained in the amended sub (b). The repeal is effective June 30, 2000. Sub (d) then establishes a new disposal charge that would be effective July 1, 2000.

This new charge is higher than the rate in the proposed ordinance because a greater portion of the savings is allocated to the Solid Waste Revenue Fund. (Note: the disposal fee is only the portion of the total tip fee that relates to transportation and disposal charges. The proposed rate effective July 1, 2000 is still \$5.81/ton less than the current charge.)

- 2) In Section 2, (Metro Code Section 5.02.045), a new sub (e) and (f) are added. Sub (e) repeals the change in the facility charge contained in the proposed ordinance. The repeal is effective June 30, 2000. Sub (f) then establishes a new facility charge that would be effective July 1, 2000.

This new charge is higher than the rate in the proposed ordinance because a greater portion of the savings is allocated to the Solid Waste Revenue Fund.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING	)	Proposed Amendments to
METRO CODE CHAPTER 7.01 TO MODIFY	)	ORDINANCE NO. 99-824
AND ADJUST METRO EXCISE TAXES	)	
AND MAKING OTHER RELATED	)	Introduced by
AMENDMENTS	)	Councilor <b>Atherton</b>

On page 3 of the Ordinance, insert the following provisions in Section 2 after the language proposed to be added as NEW Metro Code Section 7.01.020 (d):

“(e) The provisions of 701.020 (c) and (d) are repealed effective June 30, 2000.

(f) Effective July 1, 2000, in lieu of taxes imposed under (a) of this section, for the privilege of the use of the solid waste system facilities, equipment, systems, functions, services, or improvements, owned, operated, certified, licensed, franchised, or provided by the district, each user of all solid waste system facilities shall pay a tax of \$5.67 for each ton of solid waste exclusive of source separated recyclable materials accepted at the solid waste system facilities.

(g) The following users of solid waste system facilities shall be allowed a credit in the amount of \$1.84 per ton against the Excise Tax otherwise due under Section 7.01.020(c):

(1) Any person delivering authorized, non-putrescible waste to any landfill that is authorized to receive such waste through a Metro franchise or Designated Facility Agreement; or

(2) Any Person delivering authorized, non-putrescible waste under the authority of a Metro Non System License.

(h) 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 Excise Tax otherwise due under Section 7.01.020(c) or (d) 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:

Excise Tax Credit Schedule

Recovery Rate		Excise Tax Credit per ton of no more than
From Above	Up To & Including	
0%	20%	0.00
20%	25%	0.15
25%	30%	0.50
30%	35%	1.00
35%	40%	1.25
40%	100%	1.50

(i) In lieu of taxes imposed under (a) and (c) of this section and notwithstanding section 7.01.050(a)(6), operators of solid waste facilities licensed or franchised under chapter 5.01 of this Code to deliver putrescible waste directly to the district's contract operator for disposal of putrescible waste shall pay a tax in the amount of \$8.23 per ton of putrescible waste delivered directly to the district's contract operator for disposal of putrescible waste."

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BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO CODE	)	Proposed Amendments to
CHAPTER 5.02 TO MODIFY CHARGES FOR DIRECT	)	ORDINANCE No. 99-823
HAUL DISPOSAL, TO MODIFY METRO SYSTEM	)	
FEES, TO CREATE ADDITIONAL REGIONAL	)	Introduced by
SYSTEM FEE CREDITS AND MAKING OTHER	)	Councilor Atherton
RELATED AMENDMENTS	)	

On page 1 of the Ordinance, insert the following provisions before Section 1 and renumber the subsequent sections:

"SECTION 1. Metro Code Section 5.02.025 is amended to read:

(a) The fee for disposal of solid waste at the Metro South Station and at the Metro Central Station shall consist of a Tonnage Charge of \$62.50 for each ton of solid waste delivered for disposal and a Transaction Charge of \$5.00 for each Solid Waste Disposal Transaction.

(b) The Tonnage Charge specified in subsection (a) of this section includes:

- (1) A disposal charge of ~~\$38.61~~ \$30.52 per ton;
- (2) A regional transfer charge of \$7.00 per ton;
- (3) The fees specified in section 5.02.045;
- (4) An enhancement fee of \$.50 per ton; and
- (5) DEQ fees totaling \$1.24 per ton.

(c) The provisions of 5.02.025(b) are repealed effective June 30, 2000.

(d) Effective July 1, 2000, the Tonnage Charge specified in subsection (a) of this section includes:

- (1) A disposal charge of \$32.80 per ton;
- (2) A regional transfer charge of \$7.00 per ton;
- (3) The fees specified in section 5.02.045;

(4) An enhancement fee of \$.50 per ton; and

(5) DEQ fees totaling \$1.24 per ton.

(~~ce~~) Notwithstanding subsection (a) of this section, there shall be a minimum solid waste disposal charge at the Metro South Station and at the Metro Central Station for loads of solid waste weighing 320 pounds or less of \$15, which shall consist of a minimum Tonnage Charge of \$10.00 plus a Transaction Charge of \$5.00 per Transaction.

(~~df~~) Total fees assessed in cash at the Metro South Station and at the Metro Central Station shall be rounded to the nearest whole dollar amount, with any \$0.50 charge rounded down.

(~~eg~~) The Director of the Regional Environmental Management Department may waive disposal fees created in this section for Non-commercial Customers of the Metro Central Station and of the Metro South Station under extraordinary, emergency conditions or circumstances.

~~(f) The following table summarizes the disposal charges to be collected by Metro from all persons disposing of solid waste at Metro South Station and Metro Central Station.~~

<u>METRO SOUTH STATION</u>	
<u>METRO CENTRAL STATION</u>	
<u>Tonnage Charge Component</u>	<u>\$/Ton Rate</u>
<u>Disposal Charge</u>	<u>\$38.61</u>
<u>Regional System Fee</u>	<u>14.00</u>
<u>Metro Facility Fee</u>	<u>1.15</u>
<u>Regional Transfer Charge</u>	<u>7.00</u>
<u>Metro Tonnage Charges</u>	<u>\$60.76</u>
<u>Additional Fees</u>	
<u>Enhancement Fee</u>	<u>\$0.50</u>
<u>DEQ Fees</u>	<u>1.24</u>
<u>Total Tonnage Charges:</u>	<u>\$62.50</u>
	<u>\$/Transaction</u>
<u>Per-Transaction Charge</u>	<u>\$5.00</u>
<u>Minimum Tonnage Charge</u>	<u>\$10.00"</u>

On page 1 of the Ordinance, insert the following provisions in Section 2 after the language proposed to be added as NEW Metro Code Section 5.02.045(b):

“(e) The provisions of 5.02.045 (b) are repealed effective June 30, 2000.

(f) Effective July 1, 2000, Metro shall collect a Metro Facility Fee of \$2.83 per ton for all solid waste delivered to Metro Central Station or Metro South Station.”

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## Kvistad Amendments

### Amendment #1

**Intent.** This amendment provides that, during the current fiscal year, a per ton fee would be set to raise \$1.5 million for the general fund. These funds would be allocated to provide \$1 million to restore the general fund balance and \$500,000 would be allocated to allow the MERC to complete design work on a Phase 3 building at the Expo Center. The city of Portland has indicated that it would be willing to delay the required landscaping improvements at the facility pending the completion of Phase 3 design work which would allow the city to determine the nature of the landscaping improvements that would be required.

Beginning July 1, 2000, the amendment would provide for a reduced tip fee that would return all of the projected contract savings to solid waste ratepayers.

**Nature of the Amendments.** Amendments to Ordinances No. 99-823 and 99-824.

Ordinance No 99-823 amendments:

- 1) New language would be added prior to Section 1 to amend Metro Code Section 5.02.025. Amendments to sub (b) would set a new disposal charge. A new (c) and (d) also are added to this code section. Sub (c) repeals the change in the disposal charge contained in the amended sub (b) effective June 30, 2000. Sub (d) then establishes a tip fee of \$56.15 that would become effective July 1, 2000. Sub (e) would set the disposal charge and regional transfer charge portion of the tip fee at an amount that reflects the contract savings in each of these fee components.

Setting the tip fee at this amount would return all of the contract savings as a fee reduction. The tip fee would include the base cost per ton after the contract savings plus an excise tax that would collect an amount equal to current tax collections (\$5.02/ton)

- 2) Section 2 (Metro Code 5.05.045(b)), would be amended to reduce the Metro facility fee to \$0.76/ton.

Ordinance No. 99-824 amendments:

- 1) Section 2 (Metro Code 7.01.020), following sub (b), new subsection through (k) would be added to the proposed ordinance.

Subsections (c) through (e) establish the per ton fee and the dry waste fee credit that would be effective from February 1, 2000 through June 30, 2000. These are the rates that would be needed to capture to \$1.5 million that would be used to restore the general fund balance and fund the Phase 3 design work at the Expo Center. The per ton fee would be higher than that that is in the original proposed ordinance (\$9.10 vs. \$8.23) because a higher percentage of the savings for this period would be captured for other purposes. The dry waste disposal credit is

increased from \$4.40 to \$5.27/ton to keep the effective average tax rate for dry waste landfills at \$3.83.

- 2) New subsection (e) would lower the per ton fee to \$5.02/ton, effective July 1, 2000.

This tax rate would provide revenue equivalent to that collected by the existing excise tax

- 3) New subsection (g) would lower the dry waste credit from \$5.27 to \$1.19/ton. Because of the lower per ton fee included in sub (e), the dry waste landfill credit is also lowered. The effective tax rate for these facilities would remain at \$3.83/ton.

- 4) New subsections (l) through set the appropriate taxation levels for direct haulers.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO CODE	)	Proposed Amendments to
CHAPTER 5.02 TO MODIFY CHARGES FOR DIRECT	)	ORDINANCE No. 99-823
HAUL DISPOSAL, TO MODIFY METRO SYSTEM	)	
FEES, TO CREATE ADDITIONAL REGIONAL	)	Introduced by
SYSTEM FEE CREDITS AND MAKING OTHER	)	Councilor Kvistad
RELATED AMENDMENTS	)	(Kvistad I)

**On page 1 of the Ordinance, insert the following before Section 1:**

"Metro Code Section 5.02.025 is amended to read:

(a) The fee for disposal of solid waste at the Metro South Station and at the Metro Central Station shall consist of a Tonnage Charge of \$62.50 for each ton of solid waste delivered for disposal and a Transaction Charge of \$5.00 for each Solid Waste Disposal Transaction.

(b) The Tonnage Charge specified in subsection (a) of this section includes:

- (1) A disposal charge of ~~\$38.61~~ \$31.25 per ton;
- (2) A regional transfer charge of ~~\$7.00~~ \$6.45 per ton;
- (3) The fees specified in section 5.02.045;
- (4) An enhancement fee of \$.50 per ton; and
- (5) DEQ fees totaling \$1.24 per ton.

(c) The provisions of 5.02.025(b) are repealed effective June 30, 2000.

(d) Effective July 1, 2000, the fee for disposal of solid waste at the Metro South Station and at the Metro Central Station shall consist of a Tonnage Charge of \$56.15 for each ton of solid waste delivered for disposal and a Transaction Charge of \$5.00 for each Solid Waste Disposal Transaction.

(e) The Tonnage Charge specified in subsection (d) of this section includes:

- (1) A disposal charge of \$29.17 per ton;
- (2) A regional transfer charge of \$6.56 per ton;

(3) The fees specified in section 5.02.045;

(4) An enhancement fee of \$.50 per ton; and

(5) DEQ fees totaling \$1.24 per ton.

(ef) Notwithstanding subsection (a) of this section, there shall be a minimum solid waste disposal charge at the Metro South Station and at the Metro Central Station for loads of solid waste weighing 320 pounds or less of \$15, which shall consist of a minimum Tonnage Charge of \$10.00 plus a Transaction Charge of \$5.00 per Transaction.

(dg) Total fees assessed in cash at the Metro South Station and at the Metro Central Station shall be rounded to the nearest whole dollar amount, with any \$0.50 charge rounded down.

(eh) The Director of the Regional Environmental Management Department may waive disposal fees created in this section for Non-commercial Customers of the Metro Central Station and of the Metro South Station under extraordinary, emergency conditions or circumstances.

~~(f) The following table summarizes the disposal charges to be collected by Metro from all persons disposing of solid waste at Metro South Station and Metro Central Station.~~

<del>METRO SOUTH STATION</del>	
<del>METRO CENTRAL STATION</del>	
<del>Tonnage Charge Component</del>	<del>\$/Ton Rate</del>
<del>Disposal Charge</del>	<del>\$38.61</del>
<del>Regional System Fee</del>	<del>14.00</del>
<del>Metro Facility Fee</del>	<del>1.15</del>
<del>Regional Transfer Charge</del>	<del>7.00</del>
<del>Metro Tonnage Charges</del>	<del>\$60.76</del>
<del>Additional Fees</del>	
<del>Enhancement Fee</del>	<del>\$0.50</del>
<del>DEQ Fees</del>	<del>1.24</del>
<del>Total Tonnage Charges:</del>	<del>\$62.50</del>
<del>\$/Transaction</del>	
<del>Per-Transaction Charge</del>	<del>\$5.00</del>
<del>Minimum Tonnage Charge</del>	<del>\$10.00"</del>

**On page 1 of the Ordinance, delete Section 2 and replace it with the following:**

“SECTION 2. Metro Code 5.05.045 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 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~~\$0.76 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 license, 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 which Metro fees are collected and paid to Metro.”

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BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO	)	Proposed Amendments to
CODE CHAPTER 7.01 TO MODIFY AND	)	ORDINANCE NO. 99-824
ADJUST METRO EXCISE TAXES AND	)	
MAKING OTHER RELATED AMENDMENTS	)	Introduced by Councilor Kvistad
	)	(Kvistad I)

On page 3 of the Ordinance, in Section 2, replace the amendments following amended Metro Code Section 7.01.020 (b) with the following:

“(c) In lieu of taxes imposed under (a) of this section, for the privilege of the use of the solid waste system facilities, equipment, systems, functions, services, or improvements, owned, operated, certified, licensed, franchised, or provided by the district, each user of all solid waste system facilities shall pay a tax of \$9.10 for each ton of solid waste exclusive of source separated recyclable materials accepted at the solid waste system facilities.

(d) The following users of solid waste system facilities shall be allowed a credit in the amount of \$5.27 per ton against the Excise Tax otherwise due under Section 7.01.020(c):

(1) Any person delivering authorized, non-putrescible waste to any landfill that is authorized to receive such waste through a Metro franchise or Designated Facility Agreement; or

(2) Any Person delivering authorized, non-putrescible waste under the authority of a Metro Non System License.

(e) The provisions of 701.020 (c) and (d) are repealed effective June 30, 2000.

(f) Effective July 1, 2000, in lieu of taxes imposed under (a) of this section, for the privilege of the use of the solid waste system facilities, equipment, systems, functions, services, or improvements, owned, operated, certified, licensed, franchised, or provided by the district, each user of all solid waste system facilities shall pay a tax of \$5.02 for each ton of solid waste exclusive of source separated recyclable materials accepted at the solid waste system facilities.

(g) The following users of solid waste system facilities shall be allowed a credit in the amount of \$1.19 per ton against the Excise Tax otherwise due under Section 7.01.020(c):

- (1) Any person delivering authorized, non-putrescible waste to any landfill that is authorized to receive such waste through a Metro franchise or Designated Facility Agreement; or
- (2) Any Person delivering authorized, non-putrescible waste under the authority of a Metro Non System License.

(h) 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 Excise Tax otherwise due under this Section 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:

Excise Tax Credit Schedule

Recovery Rate		Excise Tax Credit per ton of no more than
From Above	Up To & Including	
0%	20%	0.00
20%	25%	0.15
25%	30%	0.50
30%	35%	1.00
35%	40%	1.25
40%	100%	1.50

(i) In lieu of taxes imposed under (a) and (c) of this section and notwithstanding section 7.01.050(a)(6), operators of solid waste facilities licensed or franchised under chapter 5.01 of this Code to deliver putrescible waste directly to the district's contract operator for disposal of putrescible waste shall pay a tax in the amount of \$9.10 per ton of putrescible waste delivered directly to the district's contract operator for disposal of putrescible waste."

(j) The provisions of 701.020 (i) are repealed effective June 30, 2000.

(k) Effective July 1, 2000, in lieu of taxes imposed under (a) and (c) of this section and notwithstanding section 7.01.050(a)(6), operators of solid waste facilities licensed or franchised under chapter 5.01 of this Code to deliver putrescible waste directly to the district's contract operator for disposal of putrescible waste shall pay a tax in the amount of \$5.02 per ton of putrescible waste delivered directly to the district's contract operator for disposal of putrescible waste.

## **Amendment #2**

**Intent.** This amendment would modify Ordinances No. 99-823 and No. 99-824 to eliminate the excise tax at the Oregon Zoo and MERC facilities. The per ton fee would be set at a level designed to offset the revenue lost to the General Fund through the elimination of the tax on these facilities (\$1.8 million). The remaining savings (\$4.2 million) would be used to reduce the tip fee, effective July 1, 2000.

### **Nature of the Amendments.**

#### Ordinance 99-823 amendments

- 1) New language would be added prior to Section 1 to amend Metro Code Section 5.02.025. Amendments to sub (b) would set a new disposal charge. A new (c) and (d) also are added to this code section. Sub (c) repeals the change in the disposal charge contained in the amended sub (b) effective June 30, 2000. Sub (d) then establishes a tip fee of \$58.11 that would become effective July 1, 2000. Sub (e) would set the disposal charge and regional transfer charge portion of the tip fee at an amount that reflects the contract savings in each of these fee components.

Setting the tip fee at this level would return all of the savings as a tip fee reduction, except the \$1.8 million needed to offset the elimination of the of the excise tax at the zoo and at MERC facilities.

- 2) Section 2 (Metro Code 5.05.045(b)), would be amended to reduce the Metro facility fee to \$0.76/ton.

#### Ordinance No. 99-824 amendments:

- 1) Section 2 (Metro Code 7.01.020), following sub (b), new subsections (c) through (k) would be added to the proposed ordinance.

Subsections (c) through (e) establish the per ton fee and the dry waste fee credit that would be effective from February 1, 2000 through June 30, 2000. These are the rates that would be needed to capture to \$1.5 million that would be used to restore the general fund balance and fund the Phase 3 design work at the Expo Center. The per ton fee would be higher than that that is in the original proposed ordinance (\$9.10 vs. \$8.23) because a higher percentage of the savings for this period would be captured for other purposes. The dry waste disposal credit is increased from \$4.40 to \$5.27/ton to keep the effective average tax rate for dry waste landfills at \$3.83.

- 2) New subsection (e) would lower the per ton fee to \$6.98/ton, effective July 1, 2000.

This tax rate would provide revenue equivalent to that collected by the existing excise tax, plus the offset for the elimination of the excise tax at the zoo and MERC facilities.

3) New subsection (g) would lower the dry waste credit from \$5.27 to \$3.15/ton. Because of the lower per ton fee included in sub (e), the dry waste landfill credit is also lowered. The effective tax rate for these facilities would remain at \$3.83/ton.

4) New subsections (l) through (k) set the appropriate tax levels for direct haulers.

5) New Sections 5 and 6 would be added to the ordinance to provide for the elimination of the excise at the zoo and MERC facilities. Section 5 makes a technical amendment by replacing a code reference to the Metro Washington Park Zoo and Section 6 would add these facilities to the list of exemptions from the excise tax.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO CODE	) Proposed Amendments to
CHAPTER 5.02 TO MODIFY CHARGES FOR DIRECT	) ORDINANCE No. 99-823
HAUL DISPOSAL, TO MODIFY METRO SYSTEM	)
FEES, TO CREATE ADDITIONAL REGIONAL	) Introduced by
SYSTEM FEE CREDITS AND MAKING OTHER	) Councilor Kvistad
RELATED AMENDMENTS	) (Kvistad II)

**On page 1 of the Ordinance, insert the following before Section 1:**

“Metro Code Section 5.02.025 is amended to read:

(a) The fee for disposal of solid waste at the Metro South Station and at the Metro Central Station shall consist of a Tonnage Charge of \$62.50 for each ton of solid waste delivered for disposal and a Transaction Charge of \$5.00 for each Solid Waste Disposal Transaction.

(b) The Tonnage Charge specified in subsection (a) of this section includes:

- (1) A disposal charge of ~~\$38.61~~\$31.25 per ton;
- (2) A regional transfer charge of ~~\$7.00~~\$6.45 per ton;
- (3) The fees specified in section 5.02.045;
- (4) An enhancement fee of \$.50 per ton; and
- (5) DEQ fees totaling \$1.24 per ton.

(c) The provisions of 5.02.025(b) are repealed effective June 30, 2000.

(d) Effective July 1, 2000, the fee for disposal of solid waste at the Metro South Station and at the Metro Central Station shall consist of a Tonnage Charge of \$58.11 for each ton of solid waste delivered for disposal and a Transaction Charge of \$5.00 for each Solid Waste Disposal Transaction.

(e) The Tonnage Charge specified in subsection (d) of this section includes:

- (1) A disposal charge of \$29.17 per ton;
- (2) A regional transfer charge of \$6.56 per ton;

(3) The fees specified in section 5.02.045;

(4) An enhancement fee of \$.50 per ton; and

(5) DEQ fees totaling \$1.24 per ton.

(cf) Notwithstanding subsection (a) of this section, there shall be a minimum solid waste disposal charge at the Metro South Station and at the Metro Central Station for loads of solid waste weighing 320 pounds or less of \$15, which shall consist of a minimum Tonnage Charge of \$10.00 plus a Transaction Charge of \$5.00 per Transaction.

(dg) Total fees assessed in cash at the Metro South Station and at the Metro Central Station shall be rounded to the nearest whole dollar amount, with any \$.50 charge rounded down.

(eh) The Director of the Regional Environmental Management Department may waive disposal fees created in this section for Non-commercial Customers of the Metro Central Station and of the Metro South Station under extraordinary, emergency conditions or circumstances.

~~(f) The following table summarizes the disposal charges to be collected by Metro from all persons disposing of solid waste at Metro South Station and Metro Central Station.~~

<del>METRO SOUTH STATION</del>	
<del>METRO CENTRAL STATION</del>	
<del>Tonnage Charge Component</del>	<del>\$/Ton Rate</del>
<del>Disposal Charge</del>	<del>\$38.61</del>
<del>Regional System Fee</del>	<del>14.00</del>
<del>Metro Facility Fee</del>	<del>1.15</del>
<del>Regional Transfer Charge</del>	<del>7.00</del>
<del>Metro Tonnage Charges</del>	<del>\$60.76</del>
<del>Additional Fees</del>	
<del>Enhancement Fee</del>	<del>\$0.50</del>
<del>DEQ Fees</del>	<del>1.24</del>
<del>Total Tonnage Charges:</del>	<del>\$62.50</del>
<del>\$/Transaction</del>	
<del>Per Transaction Charge</del>	<del>\$5.00</del>
<del>Minimum Tonnage Charge</del>	<del>\$10.00"</del>

**On page 1 of the Ordinance, delete Section 2 and replace it with the following:**

“SECTION 2. Metro Code 5.05.045 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 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~~ \$0.76 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 license, 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 which Metro fees are collected and paid to Metro.”

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BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO	)	Proposed Amendments to
CODE CHAPTER 7.01 TO MODIFY AND	)	ORDINANCE NO. 99-824
ADJUST METRO EXCISE TAXES AND	)	
MAKING OTHER RELATED AMENDMENTS	)	Introduced by Councilor Kvistad
	)	(Kvistad II)

**On page 3 of the Ordinance, in Section 2, replace the amendments following amended Metro Code Section 7.01.020 (b) with the following:**

“(c) In lieu of taxes imposed under (a) of this section, for the privilege of the use of the solid waste system facilities, equipment, systems, functions, services, or improvements, owned, operated, certified, licensed, franchised, or provided by the district, each user of all solid waste system facilities shall pay a tax of \$9.10 for each ton of solid waste exclusive of source separated recyclable materials accepted at the solid waste system facilities.

(d) The following users of solid waste system facilities shall be allowed a credit in the amount of \$5.27 per ton against the Excise Tax otherwise due under Section 7.01.020(c):

(1) Any person delivering authorized, non-putrescible waste to any landfill that is authorized to receive such waste through a Metro franchise or Designated Facility Agreement; or

(2) Any Person delivering authorized, non-putrescible waste under the authority of a Metro Non System License.

(e) The provisions of 701.020 (c) and (d) are repealed effective June 30, 2000.

(f) Effective July 1, 2000, in lieu of taxes imposed under (a) of this section, for the privilege of the use of the solid waste system facilities, equipment, systems, functions, services, or improvements, owned, operated, certified, licensed, franchised, or provided by the district, each user of all solid waste system facilities shall pay a tax of \$6.98 for each ton of solid waste exclusive of source separated recyclable materials accepted at the solid waste system facilities.

(g) The following users of solid waste system facilities shall be allowed a credit in the amount of \$3.15 per ton against the Excise Tax otherwise due under Section 7.01.020(c):

(1) Any person delivering authorized, non-putrescible waste to any landfill that is authorized to receive such waste through a Metro franchise or Designated Facility Agreement; or

(2) Any Person delivering authorized, non-putrescible waste under the authority of a Metro Non System License.

(h) 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 Excise Tax otherwise due under this Section 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:

Excise Tax Credit Schedule

Recovery Rate		Excise Tax Credit per ton of no more than
From Above	Up To & Including	
0%	20%	0.00
20%	25%	0.15
25%	30%	0.50
30%	35%	1.00
35%	40%	1.25
40%	100%	1.50

(i) In lieu of taxes imposed under (a) and (c) of this section and notwithstanding section 7.01.050(a)(6), operators of solid waste facilities licensed or franchised under chapter 5.01 of this Code to deliver putrescible waste directly to the district's contract operator for disposal of putrescible waste shall pay a tax in the amount of \$9.10 per ton of putrescible waste delivered directly to the district's contract operator for disposal of putrescible waste.

(j) The provisions of 701.020 (i) are repealed effective June 30, 2000.

(k) Effective July 1, 2000, in lieu of taxes imposed under (a) and (c) of this section and notwithstanding section 7.01.050(a)(6), operators of solid waste facilities licensed or franchised under chapter 5.01 of this Code to deliver putrescible waste directly to the district's contract operator for disposal of putrescible waste shall pay a tax in the amount of \$6.98 per ton of putrescible waste delivered directly to the district's contract operator for disposal of putrescible waste."

**On page 3 of the Ordinance, following Section 4, insert the following:**

SECTION 5. Metro Code Section 7.01.010 (c) is amended to read:

(c) "District facility" means any facility, equipment, system, function, service or improvement owned, operated, franchised or provided by the district. District facility includes but is not limited to all services provided for compensation by employees, officers or agents of Metro, including but not limited to the ~~Metro Washington Park~~ Oregon Zoo, Metro ERC facilities, all solid waste system facilities, and any other facility, equipment, system, function, service or improvement owned, operated, franchised or provided by the district.

SECTION 6. Metro Code Section 7.01.050 is amended to read:

“(a) The following persons, users and operators are exempt from the requirements of this chapter:

- (1) Persons, users and operators whom the district is prohibited from imposing an excise tax upon under the Constitution or Laws of the United States or the Constitution or Laws of the State of Oregon.
- (2) Persons who are users and operators of the Portland Civic Stadium, ~~or the~~ Portland Center for the Performing Arts, the Oregon Zoo or any Metro ERC facility.
- (3) Persons whose payments to the district or to an operator constitute a donation, gift or bequest for the receipt of which neither the district nor any operator is under any contractual obligation related thereto.
- (4) Any persons making payment to the district for a business license pursuant to ORS 701.015.
- (5) Any person which is a state, a state agency or a municipal corporation to the extent of any payment made directly to the district for any purpose other than solid waste disposal, use of a Metro ERC facility, or use of the Metro Washington Park Zoo.
- (6) An operator of a solid waste facility certified, licensed, or franchised under chapter 5.01 of this Code, other than any disposal sites or transfer stations owned, operated or franchised by the district, provided that such operator performs resource recovery or performs operations limited to transfer of yard debris.
- (7) Persons making payments to the district on behalf of the Metro Washington Park Zoo for the following purposes:

- (A) Contributions, bequests, and grants received from charitable trusts, estates, nonprofit corporations, or individuals regardless of whether the district agrees to utilize the payment for a specific purpose including all payments to the Zoo Parents program;
  - (B) Corporate sponsorships or co-promotional efforts for events that are open to the general public, or for specific capital improvements, educational programs, publications, or research projects conducted at the zoo;
  - (C) Payments that entitle a person to admission to a fund-raising event benefiting the zoo that is not held on the grounds of the zoo;
  - (D) Payments that entitle a person to admission to a special fund-raising event held at the zoo where the event is sponsored and conducted by a nonprofit organization approved by the council and the primary purpose of which is to support the zoo and the proceeds of the event are contributed to the zoo;
  - (E) Notwithstanding the provisions of subsection (A) through (D) above, all payments received by the district for admission to the zoo, or which entitle individuals to receipt of food, beverages, goods, or rides on the zoo train shall be subject to tax regardless of whether payment is received from an individual or otherwise on behalf of special groups including but not limited to employee and family member picnics, corporate or family parties, or similar events.
- (8) Users and operators paying compensation to any person who is operating and lease property at the Glendoveer Golf Course pursuant to a long-term agreement entered into with Multnomah County prior to January 1, 1994.
  - (9) A tire processor which is regulated pursuant to Metro Code chapter 5.01 and which sorts, classifies or processes used tires into fuel or other products, shall be exempt from payment of excise tax on disposal of residual material produced directly as a result of such process, provided said residual conforms to Environmental Quality Commission standards established pursuant to ORS 459.710(2). This exemption is only granted to the extent, and under the terms, specified in the Metro certificate, license or franchise.

(b) Any person, user or operator that is exempt for the payment of an excise tax pursuant to this section shall nonetheless be liable for compliance with this chapter and the payment of all taxes due pursuant to any activity engaged in by such person which is subject to this chapter and not specifically exempted from the requirements hereof. Any operator whose

entire compensation from others for use of a district facility is exempt from the provisions of this chapter shall be deemed to be a user and not an operator.

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### **Amendment #3**

**Intent.** This amendment is very similar to Amendment #2. It would modify Ordinances No. 99-823 and No. 99-824 to eliminate the excise tax at the Oregon Zoo and MERC facilities. The per ton fee would be set at a level designed to offset the of revenue lost to the General Fund through the elimination of the tax on these facilities (\$1.8 million). The remaining savings (\$4.2 million) would be used to rate stabilization, capital, or renewal and replacement reserves within the Solid Waste Revenue Fund

#### **Nature of the Amendments.**

Ordinance 99-823 amendments: (identical to Amendment #2, except that the disposal charge would be \$4.39 higher to capture the savings within the Solid Waste Revenue Fund instead of a rate reduction):

- 1) New language would be added prior to Section 1 to amend Metro Code Section 5.02.025. Amendments to sub (b) would set a new disposal charge. A new (c) and (d) also are added to this code section. Sub (c) repeals the change in the disposal charge contained in the amended sub (b) effective June 30, 2000. The overall tip fee would remain at \$62.50 under this amendment, however, the new sub (d) would set the disposal charge and regional transfer charge portion of the tip fee at an amount that reflects the contract savings would remain in the Solid Waste Revenue Fund.

Setting the tip fee at this level would retain all of the savings in the solid waste revenue fund, except the \$1.8 million needed to offset the elimination of the of the excise tax at the zoo and at MERC facilities.

- 2) Section 2 (Metro Code 5.05.045(b)), would be amended to reduce the Metro facility fee to \$0.76/ton.

Ordinance No. 99-824 amendments:

- 1) Section 2 (Metro Code 7.01.020), following sub (b), new subsections (c) through (k) would be added to the proposed ordinance.

Subsections (c) through (e) establish the per ton fee and the dry waste fee credit that would be effective from February 1, 2000 through June 30, 2000. These are the rates that would be needed to capture to \$1.5 million that would be used to restore the general fund balance and fund the Phase 3 design work at the Expo Center. The per ton fee would be higher than that that is in the original proposed ordinance (\$9.10 vs. \$8.23) because a higher percentage of the savings for this period would be captured for other purposes. The dry waste disposal credit is increased from \$4.40 to \$5.27/ton to keep the effective average tax rate for dry waste landfills at \$3.83.

- 2) New subsection (e) would lower the per ton fee to \$6.98/ton, effective July 1, 2000.

This tax rate would provide revenue equivalent to that collected by the existing excise tax, plus the offset for the elimination of the excise tax at the zoo and MERC facilities.

3) New subsection (g) would lower the dry waste credit from \$5.27 to \$3.15/ton. Because of the lower per ton fee included in sub (e), the dry waste landfill credit is also lowered. The effective tax rate for these facilities would remain at \$3.83/ton.

4) New subsections (l) through (k) set appropriate tax levels for direct haulers.

5) New Sections 5 and 6 would be added to the ordinance to provide for the elimination of the excise at the zoo and MERC facilities. Section 5 makes a technical amendment by replacing a code reference to the Metro Washington Park Zoo and Section 6 would add these facilities to the list of exemptions from the excise tax.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO CODE	)	Proposed Amendments to
CHAPTER 5.02 TO MODIFY CHARGES FOR DIRECT	)	ORDINANCE No. 99-823
HAUL DISPOSAL, TO MODIFY METRO SYSTEM	)	
FEES, TO CREATE ADDITIONAL REGIONAL	)	Introduced by
SYSTEM FEE CREDITS AND MAKING OTHER	)	Councilor Kvistad
RELATED AMENDMENTS	)	(Kvistad III)

**On page 1 of the Ordinance, insert the following before Section 1:**

"Metro Code Section 5.02.025 is amended to read:

(a) The fee for disposal of solid waste at the Metro South Station and at the Metro Central Station shall consist of a Tonnage Charge of \$62.50 for each ton of solid waste delivered for disposal and a Transaction Charge of \$5.00 for each Solid Waste Disposal Transaction.

(b) The Tonnage Charge specified in subsection (a) of this section includes:

- (1) A disposal charge of ~~\$38.61~~ \$31.25 per ton;
- (2) A regional transfer charge of ~~\$7.00~~ \$6.45 per ton;
- (3) The fees specified in section 5.02.045;
- (4) An enhancement fee of \$.50 per ton; and
- (5) DEQ fees totaling \$1.24 per ton.

(c) The provisions of 5.02.025(b) are repealed effective June 30, 2000.

(d) The Tonnage Charge specified in subsection (d) of this section includes:

- (1) A disposal charge of \$33.56 per ton;
- (2) A regional transfer charge of \$6.56 per ton;
- (3) The fees specified in section 5.02.045;
- (4) An enhancement fee of \$.50 per ton; and

(5) DEQ fees totaling \$1.24 per ton.

(e) Notwithstanding subsection (a) of this section, there shall be a minimum solid waste disposal charge at the Metro South Station and at the Metro Central Station for loads of solid waste weighing 320 pounds or less of \$15, which shall consist of a minimum Tonnage Charge of \$10.00 plus a Transaction Charge of \$5.00 per Transaction.

(f) Total fees assessed in cash at the Metro South Station and at the Metro Central Station shall be rounded to the nearest whole dollar amount, with any \$0.50 charge rounded down.

(g) The Director of the Regional Environmental Management Department may waive disposal fees created in this section for Non-commercial Customers of the Metro Central Station and of the Metro South Station under extraordinary, emergency conditions or circumstances.

~~(f) The following table summarizes the disposal charges to be collected by Metro from all persons disposing of solid waste at Metro South Station and Metro Central Station.~~

<del>METRO SOUTH STATION</del>	
<del>METRO CENTRAL STATION</del>	
<del>Tonnage Charge Component</del>	<del>\$/Ton Rate</del>
<del>Disposal Charge</del>	<del>\$38.61</del>
<del>Regional System Fee</del>	<del>14.00</del>
<del>Metro Facility Fee</del>	<del>1.15</del>
<del>Regional Transfer Charge</del>	<del>7.00</del>
<del>Metro Tonnage Charges</del>	<del>\$60.76</del>
<del>Additional Fees</del>	
<del>Enhancement Fee</del>	<del>\$0.50</del>
<del>DEQ Fees</del>	<del>1.24</del>
<del>Total Tonnage Charges:</del>	<del>\$62.50</del>
	<del>\$/Transaction</del>
<del>Per Transaction Charge</del>	<del>\$5.00</del>
<del>Minimum Tonnage Charge</del>	<del>\$10.00"</del>

**On page 1 of the Ordinance, delete Section 2 and replace it with the following:**

“SECTION 2. Metro Code 5.05.045 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 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~~ \$0.76 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 license, 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 which Metro fees are collected and paid to Metro.”

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BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO	)	Proposed Amendments to
CODE CHAPTER 7.01 TO MODIFY AND	)	ORDINANCE NO. 99-824
ADJUST METRO EXCISE TAXES AND	)	
MAKING OTHER RELATED AMENDMENTS	)	Introduced by Councilor Kvistad
	)	(Kvistad III)

**On page 3 of the Ordinance, in Section 2, replace the amendments following amended Metro Code Section 7.01.020 (b) with the following:**

“(c) In lieu of taxes imposed under (a) of this section, for the privilege of the use of the solid waste system facilities, equipment, systems, functions, services, or improvements, owned, operated, certified, licensed, franchised, or provided by the district, each user of all solid waste system facilities shall pay a tax of \$9.10 for each ton of solid waste exclusive of source separated recyclable materials accepted at the solid waste system facilities.

(d) The following users of solid waste system facilities shall be allowed a credit in the amount of \$5.27 per ton against the Excise Tax otherwise due under Section 7.01.020(c):

(1) Any person delivering authorized, non-putrescible waste to any landfill that is authorized to receive such waste through a Metro franchise or Designated Facility Agreement; or

(2) Any Person delivering authorized, non-putrescible waste under the authority of a Metro Non System License.

(e) The provisions of 701.020 (c) and (d) are repealed effective June 30, 2000.

(f) Effective July 1, 2000, in lieu of taxes imposed under (a) of this section, for the privilege of the use of the solid waste system facilities, equipment, systems, functions, services, or improvements, owned, operated, certified, licensed, franchised, or provided by the district, each user of all solid waste system facilities shall pay a tax of \$6.98 for each ton of solid waste exclusive of source separated recyclable materials accepted at the solid waste system facilities.

(g) The following users of solid waste system facilities shall be allowed a credit in the amount of \$3.15 per ton against the Excise Tax otherwise due under Section 7.01.020(c):

(1) Any person delivering authorized, non-putrescible waste to any landfill that is authorized to receive such waste through a Metro franchise or Designated Facility Agreement; or

(2) Any Person delivering authorized, non-putrescible waste under the authority of a Metro Non System License.

(h) 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 Excise Tax otherwise due under this Section 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:

Excise Tax Credit Schedule

Recovery Rate		Excise Tax Credit per ton of no more than
From Above	Up To & Including	
0%	20%	0.00
20%	25%	0.15
25%	30%	0.50
30%	35%	1.00
35%	40%	1.25
40%	100%	1.50

(i) In lieu of taxes imposed under (a) and (c) of this section and notwithstanding section 7.01.050(a)(6), operators of solid waste facilities licensed or franchised under chapter 5.01 of this Code to deliver putrescible waste directly to the district's contract operator for disposal of putrescible waste shall pay a tax in the amount of \$9.10 per ton of putrescible waste delivered directly to the district's contract operator for disposal of putrescible waste.

(j) The provisions of 701.020 (i) are repealed effective June 30, 2000.

(k) Effective July 1, 2000, in lieu of taxes imposed under (a) and (c) of this section and notwithstanding section 7.01.050(a)(6), operators of solid waste facilities licensed or franchised under chapter 5.01 of this Code to deliver putrescible waste directly to the district's contract operator for disposal of putrescible waste shall pay a tax in the amount of \$6.98 per ton of putrescible waste delivered directly to the district's contract operator for disposal of putrescible waste."

**On page 3 of the Ordinance, following Section 4, insert the following:**

SECTION 5. Metro Code Section 7.01.010 (c) is amended to read:

(c) "District facility" means any facility, equipment, system, function, service or improvement owned, operated, franchised or provided by the district. District facility includes but is not limited to all services provided for compensation by employees, officers or agents of Metro, including but not limited to the ~~Metro Washington Park~~ Oregon Zoo, Metro ERC facilities, all solid waste system facilities, and any other facility, equipment, system, function, service or improvement owned, operated, franchised or provided by the district.

SECTION 6. Metro Code Section 7.01.050 is amended to read:

“(a) The following persons, users and operators are exempt from the requirements of this chapter:

- (1) Persons, users and operators whom the district is prohibited from imposing an excise tax upon under the Constitution or Laws of the United States or the Constitution or Laws of the State of Oregon.
- (2) Persons who are users and operators of the Portland Civic Stadium, ~~or the~~ Portland Center for the Performing Arts, the Oregon Zoo or any Metro ERC facility.
- (3) Persons whose payments to the district or to an operator constitute a donation, gift or bequest for the receipt of which neither the district nor any operator is under any contractual obligation related thereto.
- (4) Any persons making payment to the district for a business license pursuant to ORS 701.015.
- (5) Any person which is a state, a state agency or a municipal corporation to the extent of any payment made directly to the district for any purpose other than solid waste disposal, use of a Metro ERC facility, or use of the Metro Washington Park Zoo.
- (6) An operator of a solid waste facility certified, licensed, or franchised under chapter 5.01 of this Code, other than any disposal sites or transfer stations owned, operated or franchised by the district, provided that such operator performs resource recovery or performs operations limited to transfer of yard debris.
- (7) Persons making payments to the district on behalf of the Metro Washington Park Zoo for the following purposes:

- (A) Contributions, bequests, and grants received from charitable trusts, estates, nonprofit corporations, or individuals regardless of whether the district agrees to utilize the payment for a specific purpose including all payments to the Zoo Parents program;
  - (B) Corporate sponsorships or co-promotional efforts for events that are open to the general public, or for specific capital improvements, educational programs, publications, or research projects conducted at the zoo;
  - (C) Payments that entitle a person to admission to a fund-raising event benefiting the zoo that is not held on the grounds of the zoo;
  - (D) Payments that entitle a person to admission to a special fund-raising event held at the zoo where the event is sponsored and conducted by a nonprofit organization approved by the council and the primary purpose of which is to support the zoo and the proceeds of the event are contributed to the zoo;
  - (E) Notwithstanding the provisions of subsection (A) through (D) above, all payments received by the district for admission to the zoo, or which entitle individuals to receipt of food, beverages, goods, or rides on the zoo train shall be subject to tax regardless of whether payment is received from an individual or otherwise on behalf of special groups including but not limited to employee and family member picnics, corporate or family parties, or similar events.
- (8) Users and operators paying compensation to any person who is operating and lease property at the Glendoveer Golf Course pursuant to a long-term agreement entered into with Multnomah County prior to January 1, 1994.
  - (9) A tire processor which is regulated pursuant to Metro Code chapter 5.01 and which sorts, classifies or processes used tires into fuel or other products, shall be exempt from payment of excise tax on disposal of residual material produced directly as a result of such process, provided said residual conforms to Environmental Quality Commission standards established pursuant to ORS 459.710(2). This exemption is only granted to the extent, and under the terms, specified in the Metro certificate, license or franchise.

(b) Any person, user or operator that is exempt for the payment of an excise tax pursuant to this section shall nonetheless be liable for compliance with this chapter and the payment of all taxes due pursuant to any activity engaged in by such person which is subject to this chapter and not specifically exempted from the requirements hereof. Any operator whose

entire compensation from others for use of a district facility is exempt from the provisions of this chapter shall be deemed to be a user and not an operator.

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#### **Amendment #4**

**Intent.** This amendment would retain the current tip fee of \$62.50 but would capture all of the projected savings with a per ton fee of \$11.66, effective July 1, 2000. The savings would be placed in a capital improvement/renewal and replacement account which could be accessed by the entire agency.

**Nature of the Amendments.** This amendment would modify Ordinances No. 99-823 and 99-824.

#### Ordinance 99-823 amendments

- 1) New language would be added prior to Section 1 to amend Metro Code Section 5.02.025. Amendments to sub (b) would set a new disposal charge. A new (c) and (d) also are added to this code section. Sub (c) repeals the change in the disposal charge contained in the amended sub (b) effective June 30, 2000. The overall tip fee would remain at \$62.50 under this amendment, however, the new sub (d) would set the disposal charge and regional transfer charge portion of the tip fee at an amount that reflects the contract savings would be placed in a capital reserve/renewal and replacement account.

Setting the tip fee at this level would retain all of the savings in the capital reserve/renewal and replacement fund.

- 2) Section 2 (Metro Code 5.05.045(b)), would be amended to reduce the Metro facility fee to \$0.76/ton.

#### Ordinance No. 99-824 amendments

- 1) Section 2 (Metro Code 7.01.020), following sub (b), new subsection through (k) would be added to the proposed ordinance.

Subsections (c) through (e) establish the per ton fee and the dry waste fee credit that would be effective from February 1, 2000 through June 30, 2000. These are the rates that would be needed to capture to \$1.5 million that would be used to restore the general fund balance and fund the Phase 3 design work at the Expo Center. The per ton fee would be higher than that that is in the original proposed ordinance (\$9.10 vs. \$8.23) because a higher percentage of the savings for this period would be captured for other purposes. The dry waste disposal credit is increased from \$4.40 to \$5.27/ton to keep the effective average tax rate for dry waste landfills at \$3.83.

- 2) New subsection (e) would lower the per ton fee to \$11.66/ton, effective July 1, 2000.

This tax rate would provide revenue to capture all of the savings for the capital reserve/renewal and replacement account.

- 3) New subsection (g) would increase the dry waste credit from \$5.27 to \$7.83/ton. Because of the higher per ton fee included in sub (e), the dry waste

landfill credit is also increased. The effective tax rate for these facilities would remain at \$3.83/ton.

4) New subsections (l) through (k) set appropriate tax levels for direct haulers.

BEFORE THE METRO COUNCIL

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

) Proposed Amendments to  
) ORDINANCE No. 99-823  
)  
) Introduced by  
) Councilor Kvistad  
) (Kvistad IV)

**On page 1 of the Ordinance, insert the following before Section 1:**

“Metro Code Section 5.02.025 is amended to read:

(a) The fee for disposal of solid waste at the Metro South Station and at the Metro Central Station shall consist of a Tonnage Charge of \$62.50 for each ton of solid waste delivered for disposal and a Transaction Charge of \$5.00 for each Solid Waste Disposal Transaction.

(b) The Tonnage Charge specified in subsection (a) of this section includes:

- (1) A disposal charge of ~~\$38.61~~ \$31.25 per ton;
- (2) A regional transfer charge of ~~\$7.00~~ \$6.45 per ton;
- (3) The fees specified in section 5.02.045;
- (4) An enhancement fee of \$.50 per ton; and
- (5) DEQ fees totaling \$1.24 per ton.

(c) The provisions of 5.02.025(b) are repealed effective June 30, 2000.

(d) The Tonnage Charge specified in subsection (d) of this section includes:

- (1) A disposal charge of \$28.88 per ton;
- (2) A regional transfer charge of \$6.56 per ton;
- (3) The fees specified in section 5.02.045;
- (4) An enhancement fee of \$.50 per ton; and

(5) DEQ fees totaling \$1.24 per ton.

(e) Notwithstanding subsection (a) of this section, there shall be a minimum solid waste disposal charge at the Metro South Station and at the Metro Central Station for loads of solid waste weighing 320 pounds or less of \$15, which shall consist of a minimum Tonnage Charge of \$10.00 plus a Transaction Charge of \$5.00 per Transaction.

(f) Total fees assessed in cash at the Metro South Station and at the Metro Central Station shall be rounded to the nearest whole dollar amount, with any \$0.50 charge rounded down.

(g) The Director of the Regional Environmental Management Department may waive disposal fees created in this section for Non-commercial Customers of the Metro Central Station and of the Metro South Station under extraordinary, emergency conditions or circumstances.

~~(f) The following table summarizes the disposal charges to be collected by Metro from all persons disposing of solid waste at Metro South Station and Metro Central Station.~~

<del>METRO SOUTH STATION</del>	
<del>METRO CENTRAL STATION</del>	
<del>Tonnage Charge Component</del>	<del>\$/Ton Rate</del>
<del>Disposal Charge</del>	<del>\$38.61</del>
<del>Regional System Fee</del>	<del>14.00</del>
<del>Metro Facility Fee</del>	<del>1.15</del>
<del>Regional Transfer Charge</del>	<del>7.00</del>
<del>Metro Tonnage Charges</del>	<del>\$60.76</del>
<del>Additional Fees</del>	
<del>Enhancement Fee</del>	<del>\$0.50</del>
<del>DEQ Fees</del>	<del>1.24</del>
<del>Total Tonnage Charges:</del>	<del>\$62.50</del>
<del>\$/Transaction</del>	
<del>Per-Transaction Charge</del>	<del>\$5.00</del>
<del>Minimum Tonnage Charge</del>	<del>\$10.00"</del>

**On page 1 of the Ordinance, delete Section 2 and replace it with the following:**

"SECTION 2. Metro Code 5.05.045 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 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~~ \$0.76 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 license, 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 which Metro fees are collected and paid to Metro.”

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO	)	Proposed Amendments to
CODE CHAPTER 7.01 TO MODIFY AND	)	ORDINANCE NO. 99-824
ADJUST METRO EXCISE TAXES AND	)	
MAKING OTHER RELATED AMENDMENTS	)	Introduced by Councilor Kvistad
	)	(Kvistad IV)

**On page 3 of the Ordinance, in Section 2, replace the amendments following amended Metro Code Section 7.01.020 (b) with the following:**

“(c) In lieu of taxes imposed under (a) of this section, for the privilege of the use of the solid waste system facilities, equipment, systems, functions, services, or improvements, owned, operated, certified, licensed, franchised, or provided by the district, each user of all solid waste system facilities shall pay a tax of \$9.10 for each ton of solid waste exclusive of source separated recyclable materials accepted at the solid waste system facilities.

(d) The following users of solid waste system facilities shall be allowed a credit in the amount of \$5.27 per ton against the Excise Tax otherwise due under Section 7.01.020(c):

(1) Any person delivering authorized, non-putrescible waste to any landfill that is authorized to receive such waste through a Metro franchise or Designated Facility Agreement; or

(2) Any Person delivering authorized, non-putrescible waste under the authority of a Metro Non System License.

(e) The provisions of 701.020 (c) and (d) are repealed effective June 30, 2000.

(f) Effective July 1, 2000, in lieu of taxes imposed under (a) of this section, for the privilege of the use of the solid waste system facilities, equipment, systems, functions, services, or improvements, owned, operated, certified, licensed, franchised, or provided by the district, each user of all solid waste system facilities shall pay a tax of \$11.66 for each ton of solid waste exclusive of source separated recyclable materials accepted at the solid waste system facilities.

(g) The following users of solid waste system facilities shall be allowed a credit in the amount of \$7.83 per ton against the Excise Tax otherwise due under Section 7.01.020(c):

(1) Any person delivering authorized, non-putrescible waste to any landfill that is authorized to receive such waste through a Metro franchise or Designated Facility Agreement; or

(2) Any Person delivering authorized, non-putrescible waste under the authority of a Metro Non System License.

(h) 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 Excise Tax otherwise due under this Section 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:

Excise Tax Credit Schedule

Recovery Rate		Excise Tax Credit per ton of no more than
From Above	Up To & Including	
0%	20%	0.00
20%	25%	0.15
25%	30%	0.50
30%	35%	1.00
35%	40%	1.25
40%	100%	1.50

(i) In lieu of taxes imposed under (a) and (c) of this section and notwithstanding section 7.01.050(a)(6), operators of solid waste facilities licensed or franchised under chapter 5.01 of this Code to deliver putrescible waste directly to the district's contract operator for disposal of putrescible waste shall pay a tax in the amount of \$9.10 per ton of putrescible waste delivered directly to the district's contract operator for disposal of putrescible waste.

(j) The provisions of 701.020 (i) are repealed effective June 30, 2000.

(k) Effective July 1, 2000, in lieu of taxes imposed under (a) and (c) of this section and notwithstanding section 7.01.050(a)(6), operators of solid waste facilities licensed or franchised under chapter 5.01 of this Code to deliver putrescible waste directly to the district's contract operator for disposal of putrescible waste shall pay a tax in the amount of \$6.98 per ton of putrescible waste delivered directly to the district's contract operator for disposal of putrescible waste."

**On page 3 of the Ordinance, following Section 4, insert the following:**

### **Technical Amendment**

**Intent.** Haulers, facility operators, Metro staff and our local partners have indicated that any changes to the tax structure should be implemented on the first day of a month. This would enable a smoother transition from the old to the new system. Based on the current projection that the Council will complete action on the proposed ordinances by October 28, an amendment has been drafted to provide for a February 1, 2000 implementation date. Subject to Council approval, this amendment would be added to all of the ordinances that the Council may adopt related to a new tax structure. Should final Council action on the ordinances be delayed into November, the proposed implementation date would need to be changed to March 1, 2000.

BEFORE THE METRO COUNCIL

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

On page 3, insert the following after Section 3:

"SECTION 4

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

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO	)	Proposed Amendments to
CODE CHAPTER 7.01 TO MODIFY AND ADJUST	)	ORDINANCE NO. 99-824
METRO EXCISE TAXES AND MAKING OTHER	)	Introduced by Mike Burton
RELATED AMENDMENTS	)	Executive Officer

On page 4, insert the following after Section 4:

"SECTION 5

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

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO CODE	)	Proposed Amendments to
SECTION 5.02.025 TO MODIFY THE DISPOSAL	)	ORDINANCE NO. 99-825
CHARGE AT THE METRO SOUTH AND METRO	)	Introduced by Mike Burton
CENTRAL TRANSFER STATIONS	)	Executive Officer

On page 2, insert the following after Section 1:

"SECTION 2

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