

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING) ORDINANCE NO. 00-858
METRO CODE CHAPTER 5.02 TO)
EXTEND THE SUNSET DATE FOR) Introduced by Mike Burton,
THE REGIONAL SYSTEM FEE CREDIT) Executive Officer
PROGRAM TO JUNE 30, 2001)

WHEREAS, Metro Ordinance No. 98-720A established the Regional System Fee Credit program to help support material recovery through a performance and incentive-based system; and

WHEREAS, an evaluation of the Regional System Fee Credit program indicated the program may need to be altered in order to achieve the program objective of supporting material recovery in the Metro Region; and

WHEREAS, The Regional Environmental Management Department is presently developing plans which may affect major aspects of the solid waste system; and

WHEREAS, changes to the solid waste system may impact the effectiveness of the Regional System Fee Credit program; and

WHEREAS, coordinating the evaluation of the Regional System Fee Credit program with other on-going evaluations of the solid waste system will allow for consistency; and

WHEREAS, these coordinated efforts will extend beyond June 30, 2000; and

WHEREAS, the Regional System Fee Credit program is scheduled to expire on June 30, 2000, an emergency is declared to exist; 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 Section 5.02.047 is amended to read:

5.02.047 Regional System Fee Credit

(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:

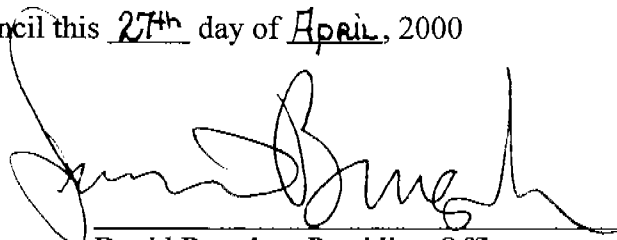
System Fee Credit Schedule

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 provisions of this section are repealed June 30, ~~2000~~2001.

ADOPTED by the Metro Council this 27th day of April, 2000




David Bragdon, Presiding Officer

ATTEST:



Recording Secretary

Approved as to Form:



Daniel B. Cooper, General Counsel

EXECUTIVE SUMMARY
ORDINANCE 00-858
REGIONAL SYSTEM FEE CREDIT PROGRAM
Sunset Date Extension

PROPOSED ACTION

Extend the Regional System Fee Credit program sunset date to June 30, 2001.

WHY NECESSARY

- In a continuing effort to encourage recycling and recovery in the Metro Region, the Regional System Fee Credit program, a recovery-based incentive program, was adopted by the Metro Council and implemented in conjunction with the 1998 disposal rate reduction.
- The credit program was initiated as a one-year pilot project, with a June 30, 1999 sunset date. In April 1999, the original sunset date was extended to June 30, 2000 in order to allow time for an evaluation of the program and analysis and implementation of recommendations resulting from the evaluation.
- An evaluation was completed in July 1999 that reviewed the program for the 11-month period from June 1998 to April 1999.
- Key findings indicated that the program successfully restored the loss in operating margin for facilities with high recovery rates. However, not all facilities experienced increases in recovery tonnage.
- Analysis of the credit program evaluation is still underway in conjunction with analysis of other aspects of the solid waste system, like the potential for private regional transfer stations and restructuring excise taxes.
- The requested extension of the credit program sunset date will create the opportunity to make any future changes to the program consistent with other changes in the solid waste revenue system.

ISSUES/CONCERNS

- The Department is coordinating analysis of the credit program with evaluation of:
 - The structure of solid waste fees and taxes
 - How fees and taxes should be levied
 - Additional private regional transfer stations
 - Minimum recovery rates at private regional transfer stations and other solid waste facilities

BUDGET/FINANCIAL IMPACTS

- None

STAFF REPORT

Consideration of Ordinance No. 00-858, for the purpose of amending Metro Code Chapter 5.02 to extend the sunset date for the Regional System Fee Credit Program to June 30, 2001.

April 5, 2000

Presented by : Terry Petersen

BRIEF DESCRIPTION OF ORDINANCE

Ordinance No. 00-858 extends the sunset date for the Regional System Fee Credit program to June 30, 2001. Consistent with Metro's waste reduction policies, the credit program provides financial incentive to mixed waste processing facilities to achieve material recovery. The credit program was initiated as a pilot project in order to allow for any necessary changes to the structure and design of the program. Further analysis of the credit program should be coordinated with on-going evaluations of other aspects of the solid waste system.

EXISTING LAW

In a continuing effort to encourage recycling and recovery in the Metro Region, the Regional System Fee Credit program, a recovery-based incentive program, was adopted by the Metro Council and implemented in conjunction with the 1998 disposal rate reduction. The credit program was established by Metro Ordinance 98-720A as a pilot project, with a June 30, 1999 sunset date. In April 1999, Ordinance 99-805 extended the sunset date to June 30, 2000 in order to allow time for an evaluation of the program and analysis and implementation of recommendations resulting from the evaluation.

BACKGROUND

An evaluation of the Regional System Fee Credit program was completed in July 1999. The evaluation reviewed the effectiveness of the program for the 11-month period from June 1998 to April 1999. Key findings indicate that the program is functioning as designed. The program successfully restored the loss in operating margin resulting from Metro's reduction of the tip fee.

Although the credit program did "make whole" any facility that achieved recovery rates commensurate with the requirements in place prior to the incentive program, recovery rates at some facilities did decline. It appears that the program may not have offered a great enough incentive to counterbalance the economic effect of certain operational and other changes at those facilities.

These findings prompted the Regional Environmental Management Department to continue its analysis of the program in order to develop recommendations to make the incentive element more effective. The effectiveness of the credit as an incentive to recover is dependent on other elements of the system. Analysis of the credit program should be coordinated with analysis of other aspects of the solid waste system, like the potential for additional private regional transfer stations and the restructuring of solid

waste excise taxes. Extension of the credit program sunset date will create the opportunity to make any future changes to the program consistent with other changes in the solid waste revenue system.

BUDGET IMPACT

None. The Requested FY 2000-01 Budget maintains the funding level of the existing Regional System Fee Credit program (\$900,000).

OUTSTANDING QUESTIONS

The Department is coordinating analysis of the Regional System Fee Credit program with evaluation of:

- Structure of solid waste fees and excise tax
- How fees and taxes should be levied
- Additional private regional transfer stations
- Minimum recovery rates at private regional transfer stations and other solid waste facilities

EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer recommends approval of Ordinance No. 00-858.

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