

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING)	ORDINANCE NO. 01-897
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, 2002.)	

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

WHEREAS, Analysis of the Regional System Fee Credit program indicates the program is meeting program objectives; and

WHEREAS, The Regional Environmental Management Department will complete a strategic plan in calendar year 2001 that will address Metro's role in achieving regional recovery goals; and

WHEREAS, The Regional Environmental Management Department and the Rate Review Committee are presently undertaking a comprehensive evaluation of the solid waste disposal rate and its components pursuant to Metro Code Chapter 2.19; and

WHEREAS, Any change in the Regional System Fee component of the Solid Waste Disposal Rate affects the Metro Region's material recovery capacity; and

WHEREAS, The strategic plan and the comprehensive analysis of the solid waste disposal rate are scheduled for completion after June 30, 2001; and

WHEREAS, The Regional System Fee Credit program is scheduled to expire on June 30, 2001; 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 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 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 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%	24.99%	0.00
24.99%	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.

(d) Any person delivering Cleanup Material Contaminated By Hazardous Substances that is derived from an environmental cleanup of a nonrecurring event, and delivered to any Solid Waste System Facility authorized to accept such substances shall be allowed a credit in the amount of \$10.40 against the Regional System Fee otherwise due under Section 5.02.045(a) of this Chapter.

(e) The provisions of section 5.02.047 (a) and (b) are repealed June 30, ~~2001~~2002.

ADOPTED by the Metro Council this 3RD day of May, 2001.



David Bragdon, 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. 01-897, 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, 2002.

Date: March 2001

Presented by: Terry Petersen

PROPOSED ACTION

Adopt Ordinance No. 01-897.

The Metro Executive Officer recommends adoption of Ordinance No. 01-897, extending the sunset date of the Regional System Fee Credit program one year to June 30, 2002.

FACTUAL BACKGROUND AND ANALYSIS

In a continuing effort to support recovery capacity in the Metro Region, the Metro Council adopted the Regional System Fee Credit program, a recovery-based incentive program, in conjunction with the 1998 disposal rate reduction. The incentive program replaced a punitive program that charged an enforcement fee to Material Recovery Facilities (MRFs) not meeting a prescribed recovery rate. The Regional System Fee Credit program was introduced on a temporary basis to help MRFs transition to the lower disposal fees, which reduced the margin between MRF revenue and cost. The program was to ensure continuation of post-collection recovery capacity, and not a direct subsidy of recycling efforts.

The Regional Environmental Management Department initiated the Regional System Fee Credit program in June 1998. The Metro Council intended the program to provide a temporary subsidy to allow MRFs time to adjust to the new economics of the solid waste system. The program's one-year sunset provision is consistent with this intent. The requested REM FY 2001-2002 budget proposes extension of the Regional System Fee Credit program until June 30, 2002 at the current funding level of \$900,000 in order to allow time for a comprehensive evaluation of the solid waste disposal rate and completion of the REM Strategic Plan.

FISCAL IMPACT

Continuation of the Regional System Fee Credit program through FY 2001-2002 results in no projected variance from the requested FY 2001-02 budget. The FY 2001-2002 budget request proposes no changes in funding amount or source for this program from the adopted FY 2000-2001 Budget. The Regional System Fee Credit program is funded from the Regional System Fee, the component of the rate that supports region-wide REM programs.

EXECUTIVE OFFICER RECOMMENDATION

The Executive Officer recommends approval of Ordinance No. 01-897.

EXECUTIVE SUMMARY
ORDINANCE 01-897

REGIONAL SYSTEM FEE CREDIT PROGRAM
Sunset Date Extension

PROPOSED ACTION

- Extends the Regional System Fee Credit program sunset date to June 30, 2002.

WHY NECESSARY

- In a continuing effort to support recovery capacity in the Metro region, the Metro Council adopted, on a temporary basis, the Regional System Fee Credit program, a recovery-based incentive program, in conjunction with the 1998 disposal rate reduction.
- The Regional Environmental Management Department initiated the credit program June 30, 1998. The program, as adopted by the Metro Council, included a one-year sunset provision.
- The requested REM FY 2001-02 budget proposes extension of the Regional System Fee Credit program sunset date until June 30, 2002 in order to allow time for:
 - ⇒ A comprehensive evaluation of the solid waste disposal rate, and
 - ⇒ Completion of the Regional Environmental Management Department Strategic Plan.

ISSUES/CONCERNS

- The Metro Council initiated the Regional System Fee Credit program to lessen the impact of the 1998 rate reduction on material recovery capacity in the region. Without the Regional System Fee Credit program, the 1998 rate reduction would have decreased the margin between cost and revenue for material recovery facilities in the region.
- The Metro Council adopted the Regional System Fee Credit program on a temporary basis to provide material recovery facilities with a “soft landing” as they adjusted to the new economies of the solid waste system.
- The Regional Environmental Management Department and the Rate Review Committee are scheduled to complete a comprehensive evaluation of the solid waste disposal rate in Fiscal Year 2001-02. The rate evaluation will include an analysis of the allocation of costs among the components of the rate. This evaluation may result in recommended changes to the that may change the differential between the Metro Tip Fee and the Regional System Fee.
- The Regional Environmental Management Department is scheduled to complete its Strategic Plan in calendar year 2001. The Strategic Plan will address policies relevant to the Regional System Fee Credit program like Metro’s role in achieving regional recovery goals.

BUDGET/FINANCIAL IMPACTS

- The FY 2001-2002 budget request reflects no proposed changes in funding amount or source for this program from the adopted FY 2000-01 Budget.