

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING )  
METRO CODE CHAPTER 5.02 TO )  
MODIFY THE DIRECT-HAUL )  
DISPOSAL CHARGE, AND TO )  
FACILITATE PAYMENT BY PERSONAL )  
CHECK FOR DISPOSAL SERVICES AT )  
METRO TRANSFER STATIONS )

ORDINANCE NO. 01-913

Introduced by Mike Burton,  
Executive Officer

WHEREAS, Metro authorizes certain solid waste facilities to transport waste directly to the Columbia Ridge Landfill; and

WHEREAS, Metro pays for the disposal of such waste and is reimbursed by the direct haulers on a per-ton basis an amount equal to the Direct-haul Disposal charge specified in Metro Code Chapter 5.02; and

WHEREAS, the actual per-ton cost of disposal at Columbia Ridge Landfill varies throughout the year; and

WHEREAS, inflation and solid waste tonnage fluctuations have increased the per-ton cost of disposal at Columbia Ridge Landfill such that the current Direct-haul Disposal charge is inadequate to recover Metro's disposal costs; and

WHEREAS, a variable Direct-haul Disposal charge will, on average, recover actual disposal costs; and

WHEREAS, Metro Code Chapter 5.02 permits payment for disposal services at Metro South and Metro Central transfer stations in cash, by credit, or by guaranteed check; and

WHEREAS, guaranteed checks no longer are a practical method of payment because few banks offer personal check guarantees; now, therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

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

5.02.030 Charges for Direct-haul Disposal

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 per ton charge of ~~\$16.78 per ton~~ as provided in this

section for the disposal of solid waste which is generated or originates within the Metro boundary and which the facility directly transports to the Columbia Ridge Landfill.

For each ton disposed under this section during each calendar quarter, such direct haul disposal charge shall be equal to the sum of the total amount that Metro paid to its contract operator for disposal of solid waste during the previous calendar quarter divided by the sum of the number of tons of solid waste disposed by Metro at the Columbia Ridge Landfill during the previous calendar quarter and the number of tons of solid waste disposed under Direct-Haul authorization during the previous calendar quarter.

**SECTION 2.** Metro Code Section 5.02.060 is amended to read:

5.02.060 Account Policy at Metro Solid Waste Disposal Facilities

(a) Disposal charges, including all fees and taxes, may be paid at the time of disposal in cash, by credit card, or by ~~guaranteed~~-check, or may be paid under Metro's credit policy. No credit shall be granted to any person prior to approval of a credit application in a form or forms provided by Metro.

(b) Metro's executive officer shall establish and maintain appropriate account requirements for new and existing accounts, which requirements shall be designed to diminish Metro's risk of loss due to nonpayment. Existing account holders may be required to make new application for credit or provide additional guarantees, as deemed necessary or prudent by the executive officer.

(c) Account charges shall accrue on a monthly basis. Metro will mail statements on or about the 10th day of the month for disposal services rendered in the prior month. A statement must be paid no later than the last business day of the month in which it is mailed; the statement will be considered past due thereafter. A payment shall under no circumstances be considered received by Metro unless it is delivered personally to the Metro Department of Administrative Services during business hours or, if delivered by mail, received in Metro's mail room on or before the due date.

(d) A finance charge of 1.5 percent shall be assessed on all past due charges on the 15th day of the month following the month in which a statement is mailed, and on the 15th day of each month thereafter. Finance charges will be assessed only on unpaid past due balances, and not on previously assessed finance charges. Finance charges will continue to be assessed on negotiated repayment schedules. Payments will be applied first to finance charges and then to the oldest amount past due.

(e) An account that is 15 days past due may be placed on a cash only basis, until all past due disposal and finance charges are paid. Facility access may be denied to a person whose account is past due and unpaid for 30 days. A decision to place an account on a cash only basis or deny facility access shall be at the discretion of the director of the Department of Administrative Services.

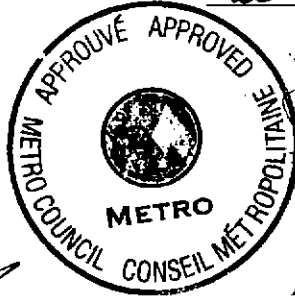
(f) An account customer that sells, terminates, or makes a substantial change in the scope of its business after its application for credit has been approved must notify Metro immediately. Failure to provide the notice required by this subsection may result in termination of credit at Metro facilities pending reapplication for credit.

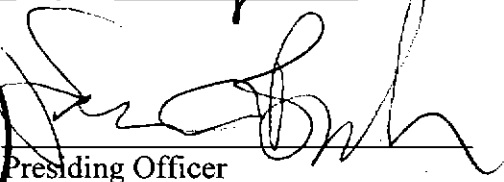
(g) The Department of Administrative Services may adjust accounts receivable and reverse finance charges in accordance with prudent credit practices. Adjustments over \$500 shall be reported to the council in writing on a monthly basis, and adjustments over \$10,000 shall require council approval.

(h) The executive officer may end pursuit of an account receivable, consistent with prudent credit practices, when the likelihood of collecting does not justify further collection costs. Such action shall be reported to the council in writing on a monthly basis when the amount exceeds \$500, and amounts over \$10,000 shall require council approval.

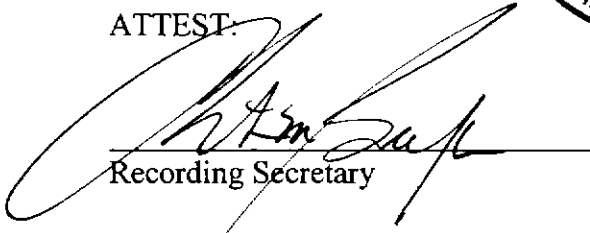
(Ordinance No. 82-146, Sec. 11. Amended by Ordinance No. 90-350; Ordinance No. 91-386C, Sec. 8; Ordinance No. 92-455, Sec. 1. Repealed and re-established by Ordinance No. 93-504A. Amended by Ordinance No. 97-681B, Sec. 6; Ordinance No. 98-720A, Sec. 24.)

ADOPTED by the Metro Council this 26<sup>th</sup> day of July, 2001.

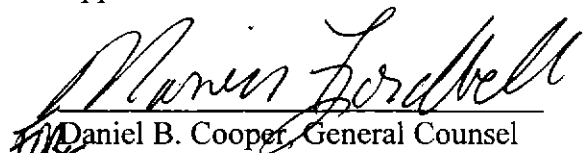


  
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Presiding Officer

ATTEST:

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

Approved as to Form:

  
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for Daniel B. Cooper, General Counsel

## **EXECUTIVE SUMMARY ORDINANCE 01-913**

### **PROPOSED ACTION**

- Adopt Ordinance 01-913 that modifies the direct-haul disposal charge, and facilitates payment by personal check for disposal services at Metro transfer stations.

### **WHY NECESSARY**

- The current direct-haul charge of \$16.78 per ton, set in Metro Code Chapter 5.02, is more than one dollar less than Metro's forecasted cost of disposal for FY 2001-2002, and will result in a revenue shortfall of about \$45,000 during the fiscal year.
- Guaranteed checks, one of the payment methods permitted at Metro's transfer stations, are no longer commonly available at banks. Not requiring such a check guarantee would simplify payment for many transfer station customers.

### **ISSUES/CONCERNS**

- Currently, direct-haul facilities reimburse Metro \$16.78 per ton, as specified in Metro Code Chapter 5.02, for disposal that will cost Metro over \$18 per ton in FY 2001-2002. This will result in a revenue shortfall of about \$45,000 during FY 2001-2002.
- Modifying the direct-haul charge to a per ton charge for the current calendar quarter based on actual costs incurred during the previous calendar quarter would dramatically lower the probability of a revenue shortfall from Direct-haul disposal.
- Metro transfer station customers who wish to pay by check currently cannot write Metro a personal check unless accompanied by a check guarantee card. Most banks no longer offer such guarantee cards, effectively leaving cash and credit as the only two payment methods accepted at Metro transfer stations.
- Permitting payment by personal check without requiring a bank guarantee would once again make payment by check practicable for Metro transfer station customers.
- Permitting payment by non-guaranteed personal check at Metro transfer stations introduces some risk that "bad" checks may be accepted for payment; however, transfer station personnel have already developed risk reduction measures to minimize the acceptance of bad checks (e.g., comparing personal information from valid ID to that printed on check, requiring check signer to be present, and not accepting temporary checks). In addition, scalehouse staff conducted a three-month trial accepting personal checks with the above risk reduction measures in place and observed no increase in the number of bad checks written.

### **BUDGET/FINANCIAL IMPACT**

- Making the recommended change to the Direct-haul charge will increase projected revenues by approximately \$45,000.

- **Permitting payment by personal check at Metro transfer stations is not anticipated to have any measurable financial effect on Metro.**

## STAFF REPORT

CONSIDERATION OF ORDINANCE NO. 01-913, FOR THE PURPOSE OF AMENDING METRO CODE CHAPTER 5.02 TO MODIFY THE DIRECT-HAUL DISPOSAL CHARGE, AND TO FACILITATE PAYMENT BY PERSONAL CHECK FOR DISPOSAL SERVICES AT METRO TRANSFER STATIONS.

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April 2001

Presented by: Terry Petersen

### BRIEF DESCRIPTION OF ORDINANCE

This ordinance would codify that a new direct-haul charge calculation be implemented. This change would ensure that facilities that direct haul solid waste to Columbia Ridge Landfill pay an amount equal to the actual cost of solid waste disposal. It would not change the established Metro solid waste tip fee of \$62.50 per ton.

Additionally, this ordinance would remove the requirement for a *guaranteed* check from customers paying by check for disposal services at Metro transfer stations. This change would benefit mainly relatively low-volume self-haul customers by allowing them to write personal checks at Metro transfer stations.

### EXISTING LAW

#### *Direct-haul Charge*

Individual solid waste facility franchise agreements authorize certain solid waste facilities to haul solid waste directly to the Columbia Ridge Landfill. Recycle America, WRI, and Pride Disposal are examples of facilities with direct-haul authority.

Metro pays for the disposal of direct-hauled waste as if delivered under the Metro-Waste Management disposal contract. To recover the cost of disposal, Metro bills the direct hauler \$16.78 per ton disposed, an amount set in Metro Code Chapter 5.02.

#### *Guaranteed Check*

Metro Code Chapter 5.02 authorizes payment for disposal services at Metro's two transfer stations "in cash, by credit card, or by guaranteed check." Because few banks still offer check guarantee cards, few customers have one. Hence, few transfer station customers are permitted to pay by check.

### BACKGROUND

#### *Direct-haul Charge*

The direct-haul designation was designed to preserve system efficiencies by granting certain solid waste facilities the authority to haul wet waste directly to Columbia Ridge Landfill for disposal. Metro pays for the cost of such direct-haul disposal as if under its disposal services contract with Waste Management, and bills direct haulers \$16.78 per ton, as specified in Metro Code Chapter 5.02.

Because of inflation and tonnage fluctuations, Metro anticipates that its average per-ton disposal price at Columbia Ridge Landfill during Fiscal Year 2001-2002 alone will be in excess of \$18.00. If the Direct-haul disposal charge remains at \$16.78 per ton, this will cause a shortfall in disposal revenue of at least \$45,000 due to direct hauling (\$1.29 per ton shortfall x 34,456 direct-haul tons = \$44,448).

Approving the proposed Code change will significantly reduce the probability of such a shortfall in direct-haul disposal revenues.

#### *Guaranteed Check*

At the time Section 5.02.060 (a) of the Metro Code was adopted specifying the acceptable methods for payment of disposal services at Metro's transfer stations, guaranteed checks were a commonly available form of payment. This is no longer the case, as few banks now offer check guarantees.

Allowing customers to write personal checks to pay for disposal services at Metro's transfer stations instead of requiring a *guaranteed* check will update this section of the Metro Code. New security measures for screening personal checks have been developed and tested by transfer station personnel and approved by transfer station management. These include checking for the issuing bank's name and address, verifying that the personal information from valid state-issued identification matches that printed on the check, requiring the check signer to be present, and not accepting temporary checks. Over a three-month test period, such measures provided adequate protection against bad checks.

#### **BUDGET IMPACT**

##### *Direct-haul Charge*

This Ordinance should have approximately a \$45,000 positive effect on revenue. Without the direct-haul change, Metro will undercollect disposal revenue by about \$45,000. With the change, an estimated no revenue shortfall is expected due to Direct-haul disposal.

##### *Guaranteed Check*

Accepting personal checks at Metro transfer stations will have no measurable impact on Metro's budget.

#### **OUTSTANDING QUESTIONS**

None

#### **EXECUTIVE OFFICER'S RECOMMENDATION**

The Executive Officer recommends approval of Ordinance 01-913.