A G E N D A

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METRO REM

METRO

MEETING: RATE REVIEW COMMITTEE

DATE: October 25, 2000

DAY: Wednesday

TIME: 6:00 - 7:30 p.m.

PLACE: Metro Regional Center
Room 101

AGENDA

1. Call to Order and Roll Call (5 min) .... *Councilor Ed Washington*

2. Approve Minutes (5 min) .... *Councilor Ed Washington*

3. Fiscal Year 2001-02 Tip Fee Recommendation (80 min) .... *Tom Chaimov*

   Action requested: *Recommend regional system fee and Metro tip fee for FY 2001-02.*

Please call Tom Chaimov at Metro with any questions at 503-797-1681.

Attachment:
A. Minutes from September 13, 2000 meeting
B. Memo and Tip Fee Scenarios
C. Criteria analysis

Committee Members:
Councilor Ed Washington
Dr. James Strathman
Jerry Powell
Bernie Deazley
Dean Kampfer
Steve Schwab
Paul Matthews

TC:gbc
cc (w/o attachments): Interested Parties
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MEETING SUMMARY
RATE REVIEW COMMITTEE
Metro Regional Center – Room 270
September 13, 2000

Present:

Members	Metro	Guests
Councilor Ed Washington, Chair	Terry Petersen, Director, REM	Ray Phelps, Allied Waste
Bernie Deazley	Maria Roberts, Budget & Finance Admin.	Easton Cross, BFI
Jerry Powell	Doug Anderson, Waste Reduction, Planning, & Outreach Manager	Doug Drennan, Grabhorn Ind.
Steve Schwab	Leann Linson, Business & Regulatory Affairs Mgr	Wayne Rifer, Budget Advisory Committee
James Strathman	Jim Watkins, Environmental & Engineering Services Manager	
	Tom Chaimov, Budget & Finance	
	Scott Klag, Waste Reduction	
	Roy Brower, Regulatory Affairs	
	Janet Matthews, Policy & Program Mgr	

Members Absent:
Dean Kampfer
Paul Matthews

Councilor Washington called the meeting to order.

Approval of Minutes

Steve Schwab moved to approve the July minutes; the Committee unanimously agreed. Bernie Deazley then moved to approve the June minutes, and the Committee members were again all in favour.

Update

Terry Petersen told the group that the evaluation criteria had been discussed with Councilor Washington's REM Committee; follow-up work is being done. Several REM Committee members asked if there were ways to prioritize the criteria; that is being worked on. Also, regarding going forward with a special rate for organic waste, an ordinance incorporating comments from this Committee has been drafted and will be presented to REM Committee and the Solid Waste Advisory Committee.

Hazardous Waste Fees

Scott Klag made a presentation based on the results of his work in the Hazardous Waste Steering Committee, which has been looking into how best to implement new strategies for this wastestream. They've looked into whether or not to keep charging fees to customers at Metro's Household Hazardous Waste Facilities, and whether or not to charge the same or similar fees at collection events. A long-term goal is to have some disposal cost be charged at the point of sale. He explained the history behind the fees, which were implemented several years ago partly to cover the cost of disposal, and partly as a theoretical deterrent to purchasing hazardous products in the first place. The fees actually collected don't even come close to covering the cost of disposal, and business at both the facilities and the collection events has continued to grow, indicating little or no deterrent success.

Each year, Metro's Recycling Information staff receive about 22,000 calls asking about household hazardous waste services; often, even though the facility fee is nominal ($5 for up to 35 gallons of hazardous waste and/or paint), people will wait to dispose at a collection event, which is free. The Steering Committee is very concerned about the safety of stockpiling hazardous materials in this manner.

After much research and discussion, the Steering Committee is proposing that the fee be waived for a trial period of three years, after which time the policy can be reexamined. They feel it's extremely important to educate the public about the actual cost of disposing hazardous household products, and that it's not covered by normal garbage collection fees.

James Strathman asked how much revenue has been generated by the current fee? Scott answered approximately $40,000. Collection is inconsistent because of a policy that if a customer is also disposing other garbage at the transfer station, the fee is waived, and others use coupons that are periodically given out. In still other cases, judgement calls are made to waive the fee for very small amounts. Nearly 70% of customers don't pay the fee. Dr. Strathman asked if there's evidence that people dispose illegally to avoid the fee; Scott responded that while that may happen, people tend to just stockpile. He added that Metro is trying to target the program towards risk reduction, which includes trying to understand what motivates people to properly manage their waste. Removing the fee would help level the playing field while the next steps can be determined. The exceptions would be the CEG (commercially exempt generator) program, which would continue to charge for disposal, and any barrels of hazardous waste.

Councilor Washington asked Steve Schwab if he felt collection of household hazardous waste should be done at the curbside. Mr. Schwab replied that legally, once it's put in a hauler's truck, the waste is considered "commercial", and the liability questions would also loom large. Yes, the public would most likely be happy to dispose their chemicals in this manner, but.... Jim Watkins interjected that the possibility of chemical reactions would make it very dangerous.

The Councilor cautioned that while removing the fee seems like a good idea, nothing is ever really "free." He wants to be sure that the fee removal would actually benefit in the recovery of household hazardous waste, and not simply move the cost to something else. Scott responded that under this proposal, the public would be educated about the true cost of disposing hazardous household products, and that the fee removal would only be for a limited time. Councilor Washington then suggested phasing the fee back in slowly, moving it up over a matter of time.

Mr. Schwab said that if it's a temporary situation, the proposal should be referred to as a "fee waiver" rather than simply free disposal. Is there enough money in the budget to dispose of what might come in? Scott answered that they anticipate between 7 – 11,000 people in the first year. Dr. Strathman asked about possibly charging fees at the collection events. Scott replied that this idea was discussed at length by the Steering Committee, but they came to the conclusion that it's a bigger priority to draw more people in to the collection sites and facilities so that they can learn about alternatives to hazardous household products. There were also many factors taken into consideration from the entire history of the current fees and collection events that led them to the same conclusion.

Further discussion of other options followed, such as retaining the fee to pay for education (the problem of inconsistency between the facilities vs events would remain, which some people perceive as actually discriminating against those who take the time to drive to the facilities). Taking donations has been considered, but there could be collection problems.

In answer to a query from Councilor Washington, Scott said that waste characterization studies indicate there is still household hazardous waste showing up at the transfer stations in mixed loads.

Terry Petersen mentioned that the sharps program has been a huge success. Since actively educating the public and taking sharps in approved containers, there's been a significant decline in the number of needles found in household trash. Mr. Schwab said that if anyone from his company sees sharps or cans of household hazardous waste in curbside loads, they carefully remove the items and leave them back at the curb with an educational brochure from Metro.

Mr. Petersen then asked if Mr. Klag's proposal is something the Committee thinks is worth staff discussing further with Metro Council; the consensus was that it is.

Five-Year Financial Forecast

Prior to Tom Chaimov's presentation, Dr. Strathman asked how self-haul customers are picked-up in forecasting models. Doug Anderson said that a DEQ Waste Composition Study selected intercept samples at disposal sites and noted mode of transport. They didn't trace that back to zone of generation, but took an overall average. How well is generation forecasted, zone to zone? Tom replied that the calendar year 1999 forecast was remarkably close, but it's compared more facility to facility than zone to zone, using data and history.

Tom began his presentation of the five-year financial forecast by pointing out that this forecast is different in detail to the one-to-two year budgeting. Planning numbers are more "ballpark," but on a relative scale, reliable conclusions can be drawn.

The old forecast assumes no new transfer stations and no improvement in recovery, so its conclusions are outdated. The new forecast (as shown in agenda packet attachments) assumes licensing new stations, which would take tonnage away from Metro transfer stations, therefore raising Metro's unit cost of doing business. It also incorporates a 10% "leakage" from the tonnage scenarios and predicts a 0.5% increase in the regional recovery rate every year. The financial model presented only examines variations in revenues, beginning with this Fiscal Year's adopted budget (FY 2000-01) and increasing it out five years using CPI and reasonable growth assumptions. No additions or removal of programs are incorporated. He continued, explaining tonnage growth and other factors within the "most likely" scenario.

Maria added that there is a constraint that $3 million must be kept in the General Capital Reserve account at all times, so if this year the reserve is only projected to last three more years, $1 million must be raised each year to assure the minimum $3 million will be there when the reserve (which is currently being used to help keep the rate down) is gone.

The slides show that the unit cost for the Regional System Fee this year is $14.80, whereas Metro only charges $12.90. So if, this year, Metro's unit cost is only $60.70, and the tip fee is $62.50, why not lower the rate? Tom showed that the $2 shortfall from the Regional System Fee, which is collected on every ton in the system adds up to $2.6 million dollars. At the same time, the charts show that per unit, there's an approximate over-charge of $4 per ton disposal fee, but that is only charged to people who come to the transfer station, or about one-half million tons in the new forecast, resulting in an overall $600,000 shortfall.

He gave an analogy of milk: Grocery stores always lose money on milk; they keep milk prices a little low just to get customers, knowing they'll buy many other items that they'll make up their profits on. What if a store didn't make enough money to cover the milk, aka, the store's "loss leader?" What if most customers only came in for that milk? That's what's happening with the regional programs. Metro is incurring a loss on recycling, hazardous waste, etc. and not collecting enough on disposal to make up for those loss-leaders.

Doug Anderson remarked that one of the major changes is that the bottom line is about a quarter-million tons less than historically are coming to Metro transfer stations because of new regional transfer stations, as well as a surprising inflation increase. These factors, as well as the regional projects, add to the problem.

After further discussion of the numbers and unit costs, Mr. Schwab commented that it looks like the fee needs to be raised by $1.90.

Tom continued, showing three scenarios. He noted that on agenda packet Attachment C, slide 11 should say "Buy Down RSF and Disposal." If $62.50 stays for the next couple of years, the reserves will be just about exhausted, including the Rate Stabilization Fund. In order to pull the rate down now, the Rate Stabilization Fund would have to be used. Either way, the rate will have to go up or expenses be reduced at that point.

With current allocations, some Undesignated Funds must be used to maintain a $62.50 tip fee into the future, he said. However, there is a choice: Should Metro "buy down" the Regional System Fee, or buy down disposal? Metro imposes the RSF on all waste in the system (about 1.3 million tongs), but charges for disposal only on waste delivered to Metro transfer stations (about 500,000 tons). If, for example, the rate is bought down (or subsidized) by $1, the cost to Metro differs depending on which component (RSF vs disposal) is bought down. If disposal is subsidized, it will cost the Undesignated Fund about $500,000, and only Metro customers would benefit. If the RSF is subsidized, it will cost $1.3 million, and all users of the solid waste system will benefit.

Therefore, while subsidizing only Metro customers would cost a little less, the undesignated fund would be spent a little bit slower and stretch out the $62.50 longer, but when the reserves run out, there'd be a big jump.

Buying down the fee to keep it at $62.50 for one more year, it could be allowed to ramp up more slowly over the next years, spending all of the undesignated balance, but retaining a fully funded rate stabilization account at the end of five years. Raising the transaction fee by $1 would also help keep the tip fee down by about $0.65 by the end of that time.

In conclusion, Tom asked that in terms of revenue adequacy, should the tip fee be reduced this year? According to the presentation, he recommends that that's not a sound idea. In terms of equity and cost-of-service, should the Regional System Fee be increased?

Mr. Petersen said perhaps the Committee should think about the scenarios presented for further discussion at the next meeting. Councilor Washington requested that the same presentation be made to Council.

The meeting adjourned at 7:30 p.m. The next meeting will be October 25, 2000.

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Enclosure B

METRO

DATE: October 25, 2000

TO: Rate Review Committee

FROM: Terry Petersen, Director, Metro Regional Environmental Management

RE: Fiscal Year 2001-2002 Regional System Fee and Metro tip fee

On October 25, 2000, the Regional Environmental Management Department will solicit from the Rate Review Committee a recommendation regarding the Regional System Fee ($12.90) and Metro tip fee ($62.50) for the fiscal year 2001-2002.

Attached is a packet of information to aid the committee members in evaluating two options: Leave all fee components as is ($12.90/$62.50) vs. raise the regional system fee to $14.50 per ton. The first six pages contain three paired figures; in each case a graph followed by a table of detailed financial figures:

1. Total Unit Cost: Per ton cost of doing business. Essentially, expenses divided by the number of tons of solid waste in the Metro system.
2. Status Quo: Five-year projection of the Metro tip fee and Regional System Fee if no change is made for FY 2001-02. $62.50 can be maintained for one additional year.
3. Ramp up Regional System Fee: A tip fee scenario in which the Regional System Fee is increased over two years to equal unit cost, and the Metro tip fee is maintained at $62.50 for two additional years.

Also attached is a separate packet summarizing the two tip fee scenarios (numbers 2 and 3, above) in terms of rate-setting criteria. Without loss of content, the criteria have been edited from their adopted form for grammar, clarity, and consistency in wording. Both the original and revised criteria are included. The tip fee scenarios are evaluated in terms of the revised criteria. Please contact Tom Chaimov prior to the October 25th meeting with any concerns about the revisions.

Should you have any questions regarding this material, please contact Tom Chaimov at Metro, at (503) 797-1681.

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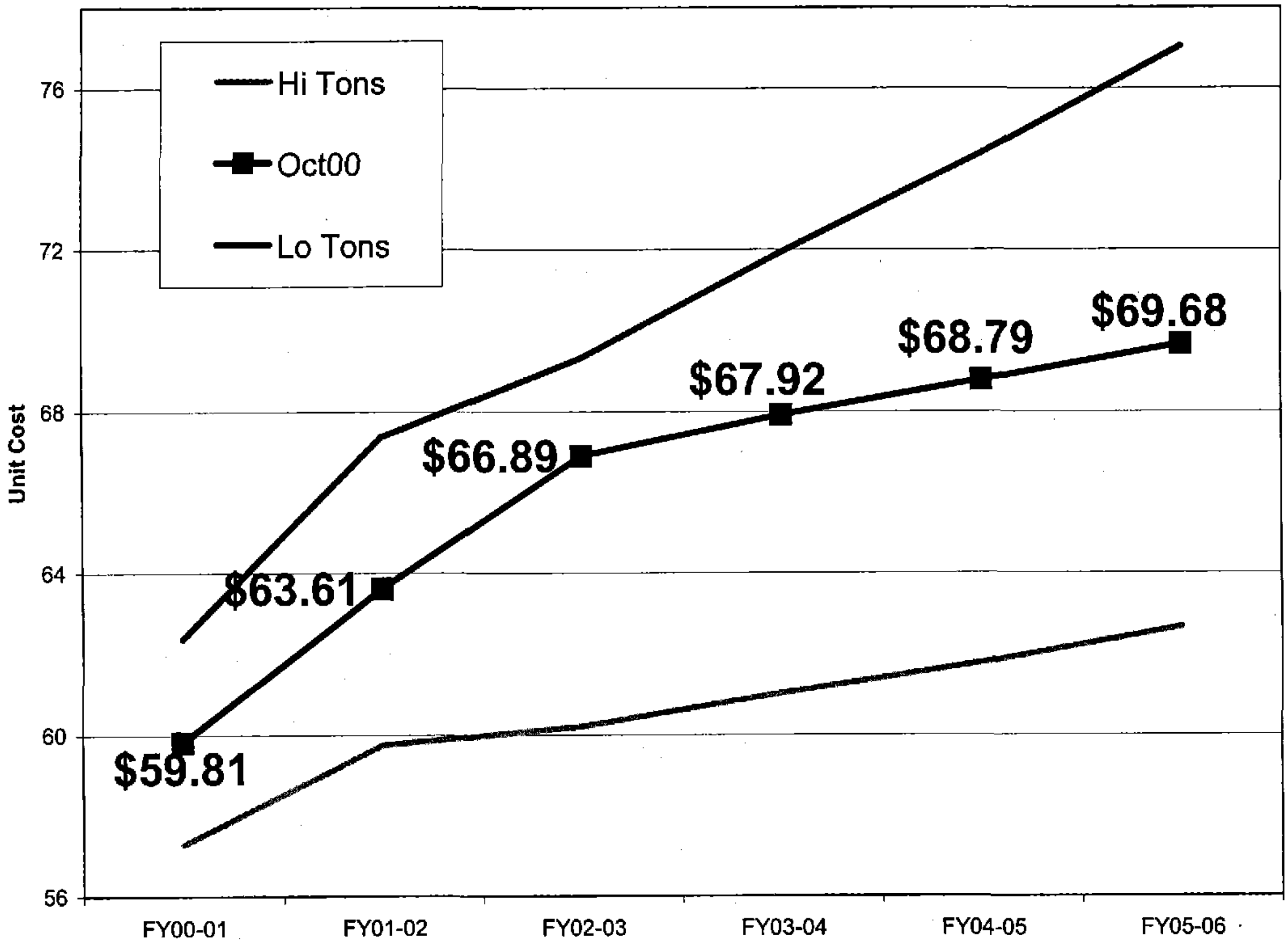
Total Unit Cost (including tax, DEQ, Host; no use of undesignated balance)



Top and bottom lines represent range of expected unit cost from 5-yr Plan

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October 2000 Forecast
Unit Cost

Unit Cost--Oct00 Forecast						
	FY00-01	FY01-02	FY02-03	FY03-04	FY04-05	FY05-06
RSF	$14.67	$15.79	$16.04	$16.23	$16.44	$16.65
MFF*	$2.70	$4.53	$6.69	$6.75	$6.53	$6.33
RTC	$6.60	$6.86	$7.08	$7.29	$7.51	$7.73
Disp	$29.34	$29.79	$30.27	$30.64	$31.08	$31.50
Base	$53.31	$56.97	$60.08	$60.91	$61.56	$62.21
Host,DEQ	$1.74	$1.74	$1.74	$1.74	$1.74	$1.74
Tax (May00 Forecast)	$4.76	$4.90	$5.07	$5.27	$5.49	$5.73
Total	$59.81	$63.61	$66.89	$67.92	$68.79	$69.68
Account Balances						
St. Johns Landfill	$6,574,267	$6,413,914	$6,665,449	$6,883,453	$7,117,912	$7,369,863
Renewal & Replacement	$5,415,202	$4,269,338	$3,634,363	$3,807,049	$4,236,378	$4,692,259
Recycling Bus Assist	$26,732	$28,202	$29,753	$31,390	$33,116	$34,938
MC Reserve Account	$2,821,268	$2,821,268	$2,821,268	$2,821,268	$2,821,268	$2,821,268
MC Debt Service	$2,397,088	$1,370,338	$1,373,613	$1,376,733	$1,379,693	$1,377,488
Gen Acct Cap Res	$4,760,128	$3,556,949	$4,131,697	$3,084,600	$3,000,000	$3,000,000
Rate Stabilization	$2,431,670	$2,431,670	$2,431,670	$2,431,670	$2,431,670	$2,431,670
Working Capital	$5,780,103	$5,780,103	$5,780,103	$5,780,103	$5,780,103	$5,780,103
Contingency	$2,655,888	$2,655,888	$2,655,888	$2,655,888	$2,655,888	$2,655,888
Undesignated	$5,877,300	$5,877,283	$5,877,210	$5,877,054	$5,876,782	$5,876,361
Total	$38,739,646	$35,204,953	$35,401,014	$34,749,208	$35,332,810	$36,039,838
Tonnage						
Metro	612,332	535,807	548,131	560,738	573,635	586,828
Non-Metro	654,151	739,044	753,818	768,798	784,226	799,986
Total	1,266,483	1,274,851	1,301,949	1,329,536	1,357,861	1,386,814

*increase in 01-02 due to $185K transfer stn. capital and $300K transfer for support services

*increase in 02-03 due to capital improvements that in 00-01 and 01-02 were paid from reserves

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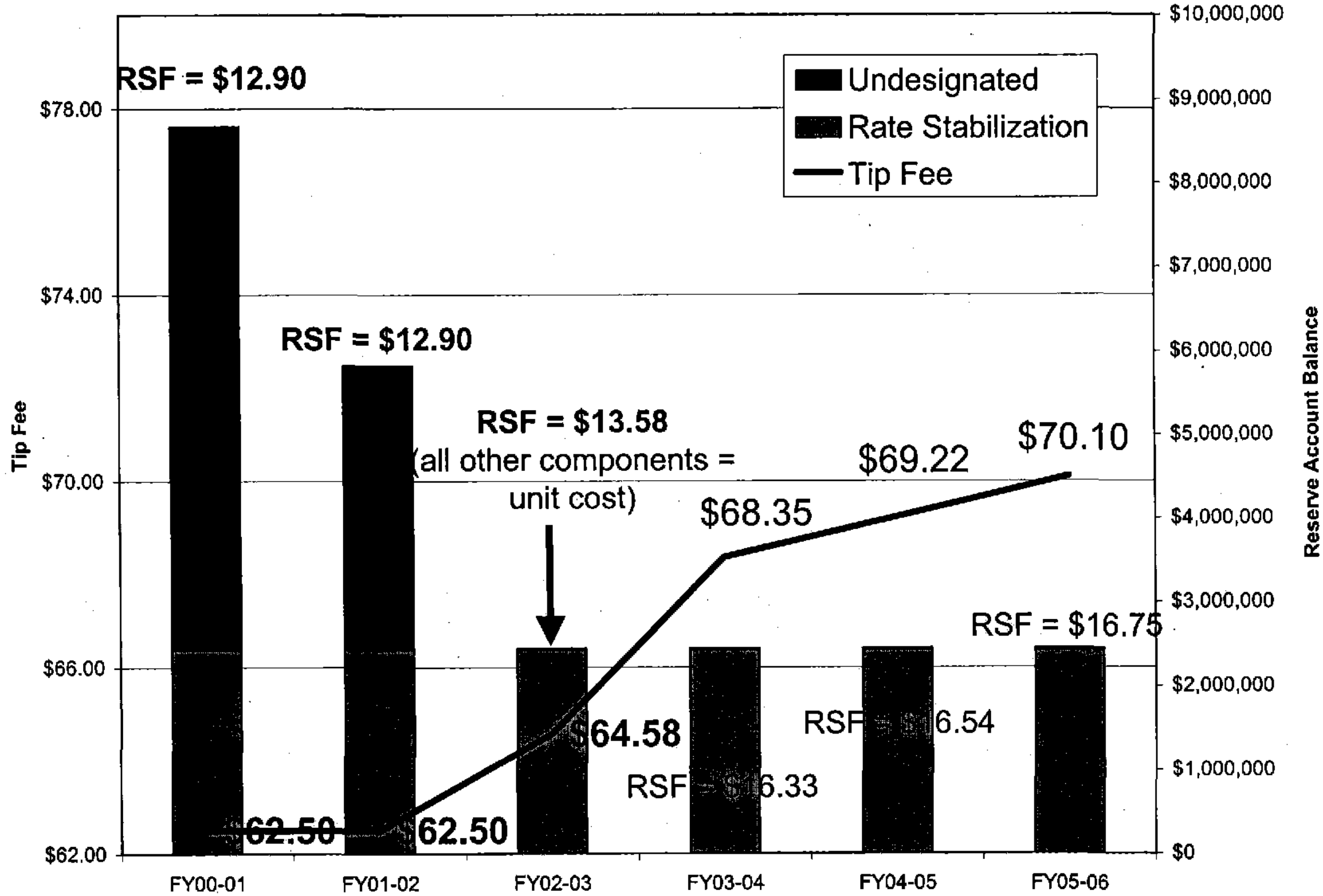
Preliminary

Status Quo: Keep Regional System Fee at $12.90 in FY01-02



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Preliminary

October 2000 Forecast

Status Quo Tip Fee--Keep Regional System Fee at $12.90 in FY01-02

	FY00-01	FY01-02	FY02-03	FY03-04	FY04-05	FY05-06
RSF	$12.90	$12.90	$13.58	$16.33	$16.54	$16.75
MFF	$2.55	$2.55	$6.72	$6.81	$6.59	$6.38
RTC	$6.56	$6.56	$7.10	$7.33	$7.55	$7.78
Disp	$29.75	$29.75	$30.37	$30.87	$31.31	$31.72
Gap	$4.24	$4.10	$0.00	$0.00	$0.00	$0.00
Base	$56.00	$55.86	$57.77	$61.34	$61.99	$62.63
Host,DEQ	$1.74	$1.74	$1.74	$1.74	$1.74	$1.74
Tax	$4.76	$4.90	$5.07	$5.27	$5.49	$5.73
Tip Fee	$62.50	$62.50	$64.58	$68.35	$69.22	$70.10
Account Balances						
Rate Stabilization	$2,431,670	$2,431,670	$2,431,670	$2,431,670	$2,431,670	$2,431,670
Undesignated	$6,241,174	$3,390,879	$10,593	$14,444	$14,445	$14,447
Total	$8,672,844	$5,822,549	$2,442,263	$2,446,114	$2,446,115	$2,446,117

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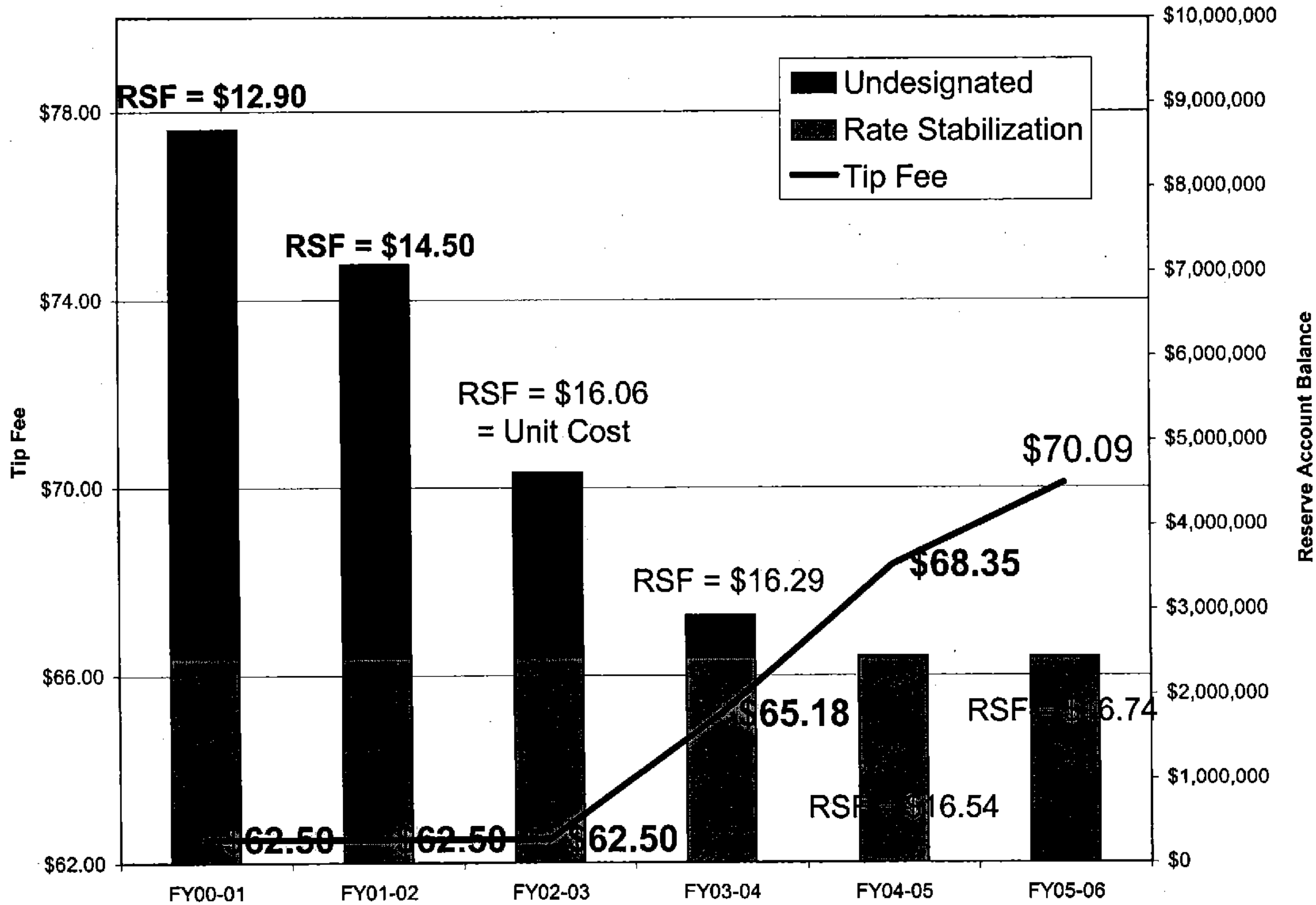
Preliminary

Scenario 1: Ramp up Regional System Fee over 2 years



Bold-type values are subsidized

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Preliminary

Tip Fee--Scenario 1			*Unit cost------------------------------------>*			
	FY00-01	**FY01-02**	**FY02-03**	**FY03-04**	**FY04-05**	**FY05-06**
RSF	$12.90	$14.50	$16.06	$16.29	$16.54	$16.74
MFF*	$2.55	$4.53	$6.71	$6.78	$6.59	$6.38
RTC	$6.56	$6.86	$7.09	$7.32	$7.55	$7.78
Disp	$29.75	$29.78	$30.32	$30.79	$31.29	$31.72
Gap	$4.24	$0.19	-$4.49	-$3.01	-$0.85	$0.00
Base	$56.00	$55.86	$55.69	$58.17	$61.12	$62.62
Host,DEQ	$1.74	$1.74	$1.74	$1.74	$1.74	$1.74
Tax	$4.76	$4.90	$5.07	$5.27	$5.49	$5.73
Tip Fee	$62.50	$62.50	$62.50	$65.18	$68.35	$70.09
Account Balances						
Rate Stabilization	$2,431,670	$2,431,670	$2,431,670	$2,431,670	$2,431,670	$2,431,670
Undesignated	$6,241,174	$4,649,813	$2,187,232	$499,352	$11,771	$4,450
Total	$8,672,844	$7,081,483	$4,618,902	$2,931,022	$2,443,441	$2,436,120

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Preliminary

SCENARIO 1
RECOMMEND THAT METRO COUNCIL ADOPT A $14.50 REGIONAL SYSTEM FEE

Criteria Analysis

1. Consistency: Mostly consistent with Regional Solid Waste Management Plan; resolves Metro/Non-Metro inequity problem over two year period.

2. Revenue Adequacy and Reliability: Regional programs would be incompletely funded by the regional system fee by $1.6 million in FY01-02.

3. Equity: Currently, Metro users pay a 33% premium ($4) for regional services compared to non-Metro users. Raising the RSF and subsidizing the difference between $14.50 and unit cost via Undesignated funds would eliminate this inequity. (Policy question: Would it? Whose money is the Undesignated balance?)

4. Waste Reduction: In general, higher costs for disposal encourage waste reduction and recycling. Risks of higher fees include encouraging improper disposal of waste; however, an increase of this magnitude is not expected to have a noticeable impact on improper disposal. (Policy issue: A higher RSF without a higher tip fee could decrease the recovery incentive of system fee credits. High-recovery operations might reduce recovery.)

5. Affordability: If passed on to the end user, the average residential customer would see a curbside bill increase of about one dollar per year (two cents per week). Users of Metro's transfer stations would see no change. Future tip fee increases would occur in FY03-04 and increase to $68 (with a $16.50 RSF) in 3 years. The Undesignated Fund balance would be exhausted in FY04-05. Non-Metro facilities must either pass on or absorb the system fee increase. If a per-ton excise tax goes into effect later this year, an additional financial burden will be placed on most non-Metro facilities.

6. Implementation and Administration: No long-term effect.

7. Credit Rating Impacts: None anticipated.

8. Authority to Implement: Raising the RSF is simply raising an existing fee. Barring passage of Measure 93, this increase is within Metro's authority.

9. Predictability: If recommended now, the new fee will not go into effect until July 1, 2001, giving ample time for affected businesses to prepare. A simultaneous $1.60 decrease in the disposal component of the $62.50 would leave Metro's tip fee unchanged. Orderly fee increases in future should be predictable.

STATUS QUO:
RECOMMEND THAT METRO COUNCIL MAINTAIN A $12.90 REGIONAL SYSTEM FEE

Criteria Analysis

1. Consistency: Mostly consistent with Regional Solid Waste Management Plan, although Metro/Non-Metro inequity is problematic.

2. Revenue Adequacy and Reliability: Regional programs would be incompletely funded by the regional system fee by about $2.5 million in FY01-02.

3. Equity: Currently, Metro users pay a 33% premium ($4) for regional services compared to non-Metro users.

4. Waste Reduction: Economic incentives for waste reduction would remain unchanged.

5. Affordability: In FY01-02, there would be no change. Future tip fee increases would occur in FY02-03 and increase to $68 (with a $16 RSF) in two years. For REM, the Undesignated Fund balance would be exhausted in FY02-03.

6. Implementation and Administration: No effect.

7. Credit Rating Impacts: None anticipated.

8. Authority to Implement: No change.

9. Predictability: No change in FY01-02. Tip fee increases, including regional system fee, in future years should be predictable.

RATE SETTING CRITERIA

Adapted from Resolution #93-1824A

1. *Consistency:* Solid waste rate setting should be consistent with Metro's agency-wide planning policies and objectives, including but not limited to the Solid Waste Management Plan.

2. *Revenue Adequacy and Reliability:* Rates should be sufficient to generate revenues that fund the costs of the solid waste system.

3. *Equity:* Charges to users of the waste management system should be directly related to services received. Charges to residents of the Metro service district who may not be direct users of the disposal system should be related to other benefits received.

4. *Waste Reduction:* The rate structure should encourage waste reduction, reuse, and recycling.

5. *Affordability:* Rate setting should consider the customers' ability to pay, e.g., the cost of living for residential customers and the cost of doing business for commercial customers.

6. *Implementation and Administration:* Rate setting should balance the relative cost and effort of implementing and administering the rates with financial and policy goals. Rates should be enforceable.

7. *Credit Rating Impacts:* The rate structure should not negatively impact Metro's credit rating.

8. *Authority to Implement:* Metro should ensure that it has the legal ability to implement the rate structure; or, if such authority is not already held, evaluate the relative difficulty of obtaining the authority.

9. *Predictability:* Metro rate adjustments should be predictable and orderly to allow local governments, haulers, and rate payers to perform effective planning.

RATE SETTING CRITERIA
Revised 8/21/00 11:06 AM

Background:

A. **Ordinance #91-436A,** Section 1, created in Metro Code Chapter 5.08, Rate Review Committee, the purpose, authority and responsibility, membership, meetings and scheduling, and rate review criteria regarding this committee.

Specifically, 5.08.050 (a) states: *"...the committee shall apply criteria established by resolution of the Council. The Council shall review the established criteria annually, and make revisions as necessary. The committee may recommend to the Council changes in established criteria deemed appropriate by the committee."*

B. **Resolution #93-1824A** was adopted July 22, 1993, FOR THE PURPOSE OF ESTABLISHING A PROCESS FOR EVALUATION OF METRO'S SOLID WASTE FEES, CONSIDERATION OF A NEW RATE STRUCTURE FOR FY 94-95, AND COMPLETION OF CHAPTER 11 (RATES) OF THE REGIONAL SOLID WASTE MANAGEMENT PLAN.

Section 6 of the resolution is the "criteria used to evaluate alternatives".

1. *Consistency:* ~~Consistency~~ Solid waste rate setting should be consistent with Metro's agency-wide planning policies and objectives, including but not limited to the Solid Waste Management Plan~~, and the economic opportunity and related objectives of Regional Urban Growth Goals and Objectives~~.

2. *Revenue Adequacy and Reliability:* ~~The~~ Rates should be sufficient to generate~~ion of sufficient~~ revenues ~~to~~ that fund the costs of the solid waste system. *[Combined with #10.]*

3. *Equity:* Charges to users of the waste ~~disposal~~ management system ~~are~~should be directly related to ~~disposal~~ services received. Charges to residents of the Metro service district who may not be direct users of the disposal system should be related to other benefits received. . *[Combined with #4.]*

~~4. *Economic Impacts:* The economic effects on the various types of rate payers, including the cost of living on residential waste generators and the cost of doing business on non-residential waste generators, as well as the economic effect on others in the region.~~

~~5.~~4. *Waste Reduction:* The rate structure ~~provides incentives to~~should encourage waste reduction, reuse, and recycling.

~~6.~~5. *Affordability:* ~~The ability of those paying for the program to bear the costs that they are determined to be responsible for~~Rate setting should consider the customers' ability to pay, e.g., the cost of living for residential customers and the cost of doing business for commercial customers.

~~7.~~6. *Implementation and Administration:* ~~The~~ Rate setting should balance the relative cost and effort of implementing and administering the rates with financial and policy goals. ~~Ensure that the r~~Rates ~~can~~should be ~~verified and~~ enforced~~able~~.

~~8.~~7. *Credit Rating Impacts:* The ~~effect of the~~ rate structure ~~on~~ should not negatively impact Metro's credit rating.

~~9.~~8. *Authority to Implement:* ~~The legal ability of~~ Metro should ensure that it has the legal ability to implement the rate structure; or, if such authority is not already held, evaluate the relative ~~ease or~~ difficulty of obtaining the authority. ~~if such authority is not already held; and the changes needed to Metro Code to implement the new rate structure.~~

~~10. *Reliability:* The extent to which anticipated revenues are stable and unlikely to deviate from financial plan expectations.~~

~~11.~~9. *Predictability:* Metro rate adjustments ~~will occur in a~~should be predictable and orderly to allow ~~manner such that~~ local governments, haulers, and rate payers ~~will be able~~ to perform effective ~~business~~ planning.