

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING)
METRO CODE CHAPTER 5.02 TO)
REVISE THE TONNAGE CHARGE FOR)
DISPOSAL AT METRO TRANSFER)
STATIONS AND TO MAKE OTHER)
RELATED CHANGES)

ORDINANCE NO. 01-918A

Introduced by Mike Burton,
Executive Officer

WHEREAS, Metro Code Chapter 5.02 establishes solid waste charges for disposal services at Metro South and Metro Central transfer stations; and

WHEREAS, the per-ton revenue required to recover the cost of Metro's solid waste programs has increased; and

WHEREAS, the last Metro solid waste tip fee increase occurred in 1992; 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 5.02.025 is amended to read:

5.02.025 Disposal Charges at Metro South & Metro Central Station

(a) The fee for disposal of solid waste at the Metro South Station and at the Metro Central Station shall consist of:

- (1) ~~a Tonnage Charge of \$62.50~~ as provided in subsection (b), for each ton of solid waste delivered for disposal;
- (2) ~~all applicable solid waste taxes as established in Metro Code Chapter 7.01, which excise taxes shall be stated separately;~~ and
- (3) ~~a Transaction Charge of \$5.00~~ 6.00 for each Solid Waste Disposal Transaction.

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

- (1) A disposal charge of ~~\$29.75~~ \$33.02 per ton;
- (2) A regional transfer charge of ~~\$6.56~~ 7.68 \$7.53 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 ~~320-340~~ pounds or less of ~~\$1517~~, which shall consist of a minimum Tonnage Charge of ~~\$4011.00~~ plus a Transaction Charge of ~~\$56.00~~ 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.

SECTION 2. Metro Code Section 5.02.035 is amended to read:

5.02.035 Litter Control Surcharge

(a) A surcharge of \$25 per ton, up to a maximum amount of \$100, shall be levied against any customer who disposes of solid waste or a Recoverable Solid Waste at Metro Central Station or at Metro South Station if, when entering the facility, any portion of the customer's waste or Recoverable Solid Waste is unsecured and visible to Metro scalehouse personnel.

(b) No surcharge shall be levied under this section if the solid waste or Recoverable Solid Waste is only visible through a secure covering.

(c) Notwithstanding subsection (a) of this section, a surcharge of \$4 per Solid Waste Disposal Transaction shall be levied against any customer who disposes of a single load of solid waste or recoverable solid waste that weighs ~~320-340~~ pounds or less and that is unsecured and visible to Metro scalehouse personnel.

(d) The surcharge provided for in this section shall be collected in the same manner as Metro collects all other disposal fees and charges at the facility.

SECTION 3. Metro Code Section 5.02.045 is amended to read:

5.02.045 System Fees

(a) Regional System Fee: Solid waste system facility operators shall collect and pay to Metro a Regional System Fee of ~~\$21.90~~24.00 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.

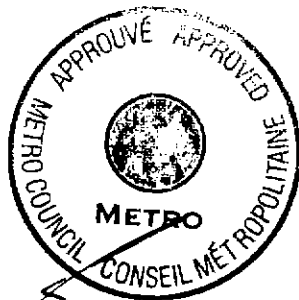
(b) Metro Facility Fee: Metro shall collect a Metro Facility Fee of ~~\$2.552~~902.55 per ton for all solid waste delivered to Metro Central Station or Metro South Station.

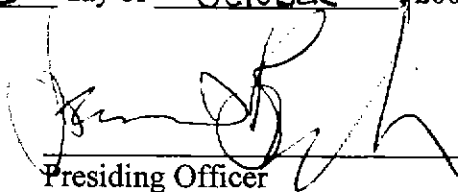
(c) System fees described in paragraph (a) shall not apply to exemptions listed in section 5.01.150(b) of this Code.

SECTION 4. Effective Date.

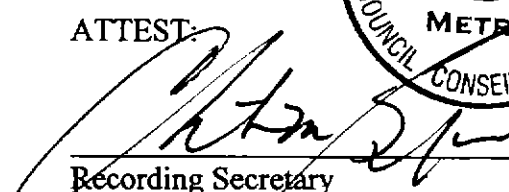
The amendment to Metro Code provided for in this Ordinance shall take effect July 1, 2002.

ADOPTED by the Metro Council this 25th day of OCTOBER, 2001.

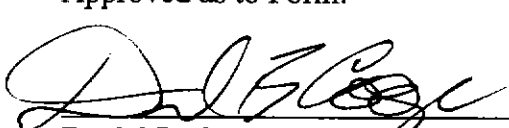




Presiding Officer

ATTEST:


Recording Secretary

Approved as to Form:


Daniel B. Cooper, General Counsel

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SOLID WASTE AND RECYCLING COMMITTEE REPORT

CONSIDERATION OF ORDINANCE NO. 01-918A, FOR THE PURPOSE OF AMENDING METRO CODE CHAPTER 5.02 TO REVISE THE TONNAGE CHARGE FOR DISPOSAL AT METRO TRANSFER STATIONS AND TO MAKE OTHER RELATED CHANGES

Date: October 18, 2000

Presented by: Councilor McLain

Committee Recommendation: At its October 17 meeting, the committee considered Ordinance No. 01-918 and voted unanimously to send the ordinance, as amended, to the Council with a do pass recommendation. Voting in favor: Councilors McLain, Monroe and Chair Atherton.

Existing Law: This ordinance is one of four ordinances that the Council will be considering as a package. The ordinances amend Metro Code provisions relating to facility regulation, flow control, Metro tip fees and the regional system fee credit program. The ordinances seek to address four major objectives: 1) achieving Metro's waste reduction and recycling goals, 2) provide local disposal facility access and reduce vehicle miles traveled (VMT), 3) maintain the efficient operations of Metro transfer station facilities, and 4) provide financial benefit to the ratepayer. The committee and the Solid Waste Advisory Committee (SWAC) reviewed the elements of the proposed ordinances in both a conceptual and draft form over a series of several meeting prior to taking final action on the ordinance package.

Metro Code Chapter 5.02 establishes the overall Metro tip fee, including the components that make up the fee, such as the regional system fee.

Committee Issues/Discussion: Terry Petersen, Regional Environmental Management Director, presented the staff report. He noted the Metro had last increased its tip fee in 1992. For several years following this fee increase unanticipated tonnage increases, the renegotiation of several major solid waste contracts, and a robust economy resulted in Metro operating revenues exceeding Metro's operating costs. The Metro Council determined that this additional revenue should be returned to the region's solid waste ratepayers in the form of a lower Metro tip fee. The additional revenue, as represented by the REM "undesignated" fund balance, has been used for several years to "buy-down" the tip fee to its current level of \$62.50.

However, more recently, the downturn in the economy and the loss of tonnage from the Metro facilities to other facilities has resulted in an increase in Metro operating costs. The end of the current fiscal year will deplete the undesignated fund balance previously used to buy down the tip fee. As a result, the REM staff is recommending that the tip fee be increased, effective July 1, 2002. The original ordinance proposed that the tip fee be increased to \$65.50 and the regional system fee from \$12.90 to \$15. Petersen noted that, despite the proposed increase, the Metro region still has one of the lowest tip fees on the West Coast.

The committee voted to amend the ordinance to reduce the proposed increase by \$.50 to \$65/ton by reducing the regional transfer charge and Metro facility fee components of the fee. This amendment resulted from the committee's adoption of McLain amendment #2, which will increase in the tonnage flow to the Metro transfer stations.

Petersen indicated that the proposed fee change had been reviewed and approved by the Rate Review Committee.

**EXECUTIVE SUMMARY
ORDINANCE 01-918**

**AMENDING METRO CODE CHAPTER 5.02 TO REVISE THE TONNAGE CHARGE FOR
DISPOSAL AT METRO TRANSFER STATIONS**

PROPOSED ACTION

- Adopt Ordinance 01-918 that increases the Regional System Fee from \$12.90 to \$15.00 and the Metro tip fee from \$62.50 to \$65.50 (assuming \$5.22 per-ton Excise Tax), effective July 1, 2002.

WHY NECESSARY

- Metro's solid waste revenue base (i.e., tonnage base) has decreased more rapidly than Metro's cost of providing solid waste services; hence, Metro's costs on a per ton basis have increased.
- The calculated fees are based on rate policy guidance from the Solid Waste and Recycling Committee and citizen input from the Rate Review Committee (see Attachment 5).
- Metro's solid waste tipping fee has not increased since 1992.

ISSUES/CONCERNS

- The calculated \$65.50 tip fee and \$15.00 Regional System Fee are based on a number of assumptions, namely tonnage, expenses, and cost allocations. Any change in these assumptions (i.e., higher or lower tonnage, higher or lower expenses, a change in allocation) will change the calculated fees.
- The per-ton Excise Tax rate on solid waste is determined each March for the following fiscal year; therefore, the Excise Tax rate for FY 2002-03 will not be known until March, 2002. Accordingly, Metro's total tip fee will not be known until that time, which is why the proposed Ordinance states the tip fee components separately.
- At \$65.50, the Metro tip fee will still be one of the lowest among similar long-haul waste disposal systems on the West Coast.
- Since 1993, per-can municipal charges for garbage service have increased about 13%; over the same period, Metro's tip fee has *decreased* 13%.

BUDGET/FINANCIAL IMPACT

- The proposed change to the Regional System Fee and Metro tip fee should have no effect on the FY 2001-02 budget because the new fees would not take effect until July 1, 2002. The Undesignated Fund Balance, currently \$3.6 million, will be almost depleted by June 30, 2002.
- If the proposed fee increases are adopted, during FY 2002-03 the Rate Stabilization Reserve Account will be reduced by about \$2.1 million, leaving \$2.5 million in that account, the amount recommended by Metro's reserve level guidelines.
- Given current forecasts and assumptions, if the proposed fee increases are not adopted, then Metro's FY 2002-03 solid waste revenue will fall approximately \$2.4 million below expectations, mainly due to a shortfall in revenues from the Regional System Fee.

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 01-918, FOR THE PURPOSE OF AMENDING METRO CODE CHAPTER 5.02 TO REVISE THE TONNAGE CHARGE FOR DISPOSAL AT METRO TRANSFER STATIONS AND TO MAKE OTHER RELATED CHANGES

Date: September 14, 2001

Presented by: Terry Petersen

PROPOSED ACTION

Adopt a \$15.00 Regional System Fee and a \$60.28 per-ton Metro tip fee, *excluding Excise Tax*, effective July 1, 2002. In addition, to reflect the higher per-ton tip fee, adopt a new minimum tip fee of \$17, including a \$6 Transaction Fee. Adopt other minor related changes to be consistent with the new Regional System Fee and Metro tip fee.

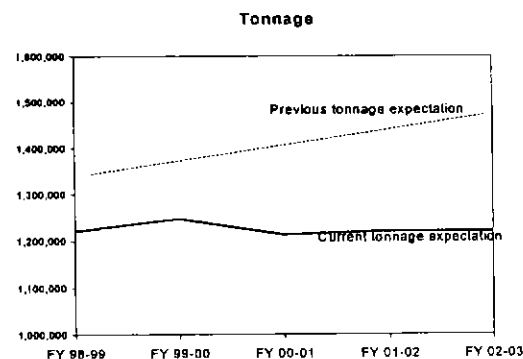
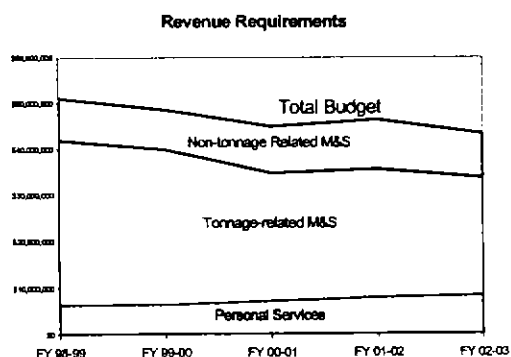
EXISTING LAW

Metro Code Chapter 5.02 sets the disposal charges, including Excise Tax, at Metro Central and Metro South transfer stations at \$62.50 per ton of mixed waste plus a \$5 fee per load Transaction Fee. The minimum tip fee, based on a 320-pound load, is currently \$15, including the \$5 Transaction Fee.

Metro Code Chapter 7.01 provides that the Metro tip fee of Chapter 5.02 of the Metro Code should include Excise Tax " [u]nless stated separately" (7.01.025 (b)). This Ordinance proposes to state disposal charges and Excise Tax separately because the actual FY 2002-03 per-ton Excise Tax will not be adopted until after this Ordinance is considered by the Metro Council.

SUMMARY

In October 1999, the Metro tip fee was projected to be \$62.50 per ton through FY 2002-03, with a Regional System Fee of \$12.90. A key assumption of this forecast was that the steady tonnage growth of the 1990s would continue into the next decade.



Since then, REM's actual costs of doing business have decreased over 10%. But at the same time, the tonnage from which Metro recovers its costs ("revenue tonnage") has fallen almost 17% below previous expectations. In addition, the proportion of revenue tonnage delivered to Metro's transfer stations might drop from 60% to about 45% or less, depending on future policy decisions. With fewer tons from which to recover costs, Metro's cost per ton has increased. Now, with the current tonnage forecast, a Metro tip fee of about \$69 per ton in FY 2002-03, including an \$18 per ton Regional System Fee, would recover Metro's anticipated costs.

Metro can take actions to mitigate the impact of passing on such increased costs to the ratepayer, namely:

1. **Use the Rate Stabilization reserve funds** to reduce the FY 2002-03 rate. \$2.1 million from the Rate Stabilization fund would reduce the Regional System Fee by \$1.71 and would leave \$2.5 million remaining in that account.
2. **Control expenditures.** Acknowledging that some FY 2001-02 expenditures were one-time only expenditures and are not necessary in future budgets reduces the Regional System Fee by \$0.63.
3. **Follow the cost allocation policy** of recovering from the broadest rate base all the costs of programs that have a regional benefit. Under such a policy, all overhead costs are allocated to the Regional System Fee. Implementing this policy would increase the Regional System Fee by \$0.91, but would simultaneously reduce the cost per ton of disposal by \$1.96, for a net reduction in the total tip fee of \$1.05.
4. **Raise the per load Transaction Fee** at Metro transfer stations to \$6 from the current \$5, due to the declining number of transactions. This would reduce the revenue needed from the per-ton disposal fee by \$0.60.

These combined actions would reduce the Regional System Fee requirements by \$1.43 per ton and reduce the cost per ton of disposal by an additional \$2.56, producing a FY 2002-03 Regional System Fee and Metro tip fee of \$15.00 and \$65.50, respectively, assuming a \$5.22 per ton Excise Tax. The minimum disposal fee would increase to \$11 from \$10, and with a \$1 increase in the Transaction Fee, the total minimum tip fee would increase to \$17 from the current \$15.

Even with these fee increases, Metro's fees will still be among the lowest on the West Coast for similar long-haul disposal systems.

RATE POLICIES

The following rate policies form the foundation for the FY 2002-03 rate projections in this report. These policies were reviewed by the Metro Solid Waste and Recycling Committee on July 18, 2001. They were also reviewed by Metro's Rate Review Committee and form the basis for the Committee's recommendation (Attachment 5).

1. Fixed costs directly associated with providing disposal services at Metro transfer stations should be recovered only from users of Metro disposal services, i.e., through the Transaction Fee.
2. Variable costs of Metro disposal services should be recovered only from users of Metro disposal services, i.e., through the Metro tip fee.
3. Costs of Metro regional services should be recovered from the beneficiaries of those programs, i.e., through the Regional System Fee.
4. Costs associated with investments that guarantee the provision of disposal infrastructure, and made on behalf of the general public, should be recovered from the general public, i.e., through the Regional System Fee.
5. Administration, space rent in Metro Regional Center, legal, human services, and other overhead support is of benefit to the region as a whole. Costs for these services should be recovered from the general public, i.e., through the Regional System Fee.

ANALYSIS OF RECENT COST CHANGES

Both internal and external factors have led to the increased cost per ton. External factors include changes in the economic environment and solid waste system. Internal factors include programmatic, regulatory, and budgetary choices that Metro has made. Two attached bar graphs (Attachments 1 and 2) depict the following detailed explanation graphically.

External Changes

- **Slowing Economy & Improved Recovery:** In 1999, a reasonable assumption was that solid waste revenue tons in the Metro region would continue to grow at a steady rate of about 2%, as it had during most of the 1990s. But with a slowing regional economy and improved waste reduction, the expectation for tonnage growth has been revised downward. Tonnage growth is expected to remain flat for the next two years--as it has for the past three, then resume a 2% growth rate after FY 2002-03. Uncontrollable reduced tonnage expectations add approximately \$.47 to the Regional System Fee and \$.57 to the cost per ton of disposal, for a total of \$1.04.
- **Inflation:** Metro's three major contracts for transfer, transport, and disposal of waste all incorporate an automatic annual increase based on inflation. In addition, Metro provides annual cost of living increases for personnel. Higher than expected inflation has added approximately \$0.76 to the Regional System Fee and \$0.65 to per-ton disposal costs. Previous rate models have employed a constant 2.6% price inflator for those costs that can be expected to increase regularly each year. The current model employs a more sophisticated approach to price inflation, based on the type of cost (see list of model assumptions in Attachment 3).
- **Fuel:** Related to inflation, fuel costs have been much higher than expected, adding an additional \$0.36 to the cost per ton of disposal.

Internal Choices

In the past several years, through regulatory changes, expanded programs, and budgetary adjustments, Metro has made decisions to improve the solid waste system for the citizens of the region.

- **Regulatory Changes:** While much of the regional tonnage decline discussed earlier can be attributed to a slowing economy and improved waste reduction, the following policy decisions also contribute to the further reduction in the regional revenue tonnage forecast and in diversion of tonnage away from Metro's transfer stations:
 - Granting Non-System Licenses since FY 1998-99 has diverted about 60,000 tons of waste away from Metro's two transfer stations, increasing Metro's cost per ton. Granting these licenses has added \$0.84 to the cost per ton of Metro's disposal services. No change in the current Non-System License tonnage is forecast.
 - Raising local transfer station tonnage caps or granting a new transfer station franchise (policy decision to be determined) is incorporated into the current rate model. To model this, beginning with the April 2001 tonnage forecast, about 100,000 tons are assumed to be diverted away from Metro transfer stations and redirected to private facilities. This regulatory system change is forecast to increase the cost per ton of Metro's disposal services by \$1.17.
 - Exempting cleanup materials contaminated by hazardous substances from paying the entire system fee and excise tax, effective October 2000, effectively reduced regional revenue tonnage by about 50,000 tons and added \$0.62 to the cost per ton for regional programs. The tonnage impact of this decision is already incorporated into REM's April 2001 tonnage forecast and into the adjusted forecast used to calculate the rate.

In total, Metro policy decisions and potential future decisions that affect revenue tonnage are projected to increase the cost per ton \$2.63.

- **Programmatic Changes:** Since 1999, Metro has expanded its waste reduction (organics & market development), hazardous waste, education and outreach, audit and regulatory programs as well as its legal services. Increased non-CIP capital expenditures have also been authorized. In total, these controllable operating expenses add about \$0.73 to the Regional System Fee.
- **Enhanced services:** The new public unloading area at Metro South transfer station will add approximately \$0.45 per ton to disposal operations.
- **Budget assumptions:** Since 1999, Metro's capital reserves have been adequate to fund most capital projects. Beginning in FY 2002-03, Metro must recover over \$800,000 annually to maintain the desired minimum balance of \$3 million in REM's capital reserve. This revenue requirement adds an additional \$1.40 to the cost per ton of disposal, recovered through the Metro Facility Fee.
- **Internal transfers:** Slightly higher than expected internal transfers have added about \$0.10 to the Regional System Fee.

Taken together, all the above external and internal factors result in a FY 2002-03 per ton revenue requirement of \$17.34 to pay for Metro's regional programs and a \$68.38 per ton requirement (including all fees and estimated taxes) to process waste delivered to Metro's transfer stations.

FY 2002-03 CALCULATED RATE

If all of the above increases were passed on to the ratepayer, each ton of disposed waste would be assessed a \$17.34 Regional System Fee, and the Metro tip fee would be \$68.38. Metro has the opportunity to mediate the fee increase that is passed on to the ratepayer. The following list explains the effect of several actions that Metro can take to minimize the impact on ratepayers:

- **Cost allocations:**
 - **Support Services:** Allocating to the Regional System Fee all costs that provide a regional benefit result in the allocation of 100% of support services transfer costs to the Regional System Fee. This action has reduced the above calculated rate by a net \$1.05 per ton.
 - **Transaction Fee:** The Transaction Fee is designed to recover scalehouse costs and a portion of transfer station maintenance costs, i.e., those costs that are more a function of transactions than throughput. Since the Transaction Fee was introduced in FY 1998-99, the tonnage delivered to Metro transfer stations has declined about 150,000 tons (21%). The number of transactions has also declined--but at a much slower rate--from about 350,000 in FY 1998-99 to about 335,000 forecast for FY 2002-03 (a 4% drop). Because some transaction-dependent costs are currently recovered on a per-ton basis, e.g., non-CIP transfer station improvements such as scalehouse painting, pest control, etc., Transaction Fee revenues are not currently covering all associated costs. To more equitably recover transaction-dependent costs, staff recommends and the Rate Review Committee affirms adding the cost of some transfer station improvements to the Transaction Fee allocation. This would include the costs of minor improvements (< \$50,000) that are a result of normal wear and tear at the facilities or that improve operations, but are not a part of major capital improvements. Examples are new signage, scalehouse computers, and painting the transfer station buildings. A \$1 increase in the Transaction Fee, to \$6 per load, would reduce Metro's tip fee by \$0.60. (See Table 2 in Attachment 4, which shows detailed financial data and projections for the rationale behind an increased Transaction Fee.) A higher Transaction Fee would also encourage fewer but larger transactions, reducing the aggregate number of vehicle miles traveled by Metro transfer station customers.
- **Programmatic changes:** Certain waste reduction program expenditures in FY 2001-02 are one-time expenditures. Removing such costs from future years would reduce the forecast cost by \$0.63 per ton.
- **Reserves:** Whereas the Undesignated Fund balance will be almost exhausted by maintaining a \$62.50 tip fee through FY 2001-02, the use of \$2.1 million from the

Rate Stabilization reserve account could be used to lower the Regional System Fee by \$1.71 in FY 2002-03. \$2.5 million would remain in the Rate Stabilization account.

Minimum Tip Fee

The minimum tip fee, now \$15, should be adjusted in accordance with the increased per-ton tip fee. With a \$1.00 increase in the Transaction Fee and an equal increase in the disposal charge, the total minimum tip fee would increase \$2, from \$15 to \$17. In conjunction with this increase, staff proposes a slightly higher minimum load weight of 340 pounds (versus the current 320 pounds). This would classify an estimated 5700 more loads annually as "minimum."

BUDGET IMPACT

There is no impact anticipated on the current FY 2001-02 budget. Revenue forecasts for future budgets (FY 2002-03 and beyond) will incorporate the new fees.

OUTSTANDING QUESTIONS AND POLICY ISSUES

- **Impact on Recovery:** Adoption of this tip fee and Regional System Fee is expected to have minimal impact on recovery. Whereas higher costs for disposal encourage waste reduction and recycling, the size of this calculated tip fee increase is unlikely to have a measurable impact on the behavior of most waste generators.
- **Illegal Dumping:** A tip fee increase of this calculated magnitude is expected to have no impact on the amount of illegal dumping.
- **Future Fee Increases:** If the FY 2002-03 budget assumptions are realized, tip fee and Regional System Fee increases should be expected in FY 2003-04 and beyond because after FY 2002-03, reserve funds available for subsidizing the rate will have reached their minimum recommended balance; any further draw down of reserves would adversely impact Metro's financial management principles.

The following policy decisions have yet to be made. Such policy decisions will materially impact the calculated Metro tip fee and Regional System Fee.

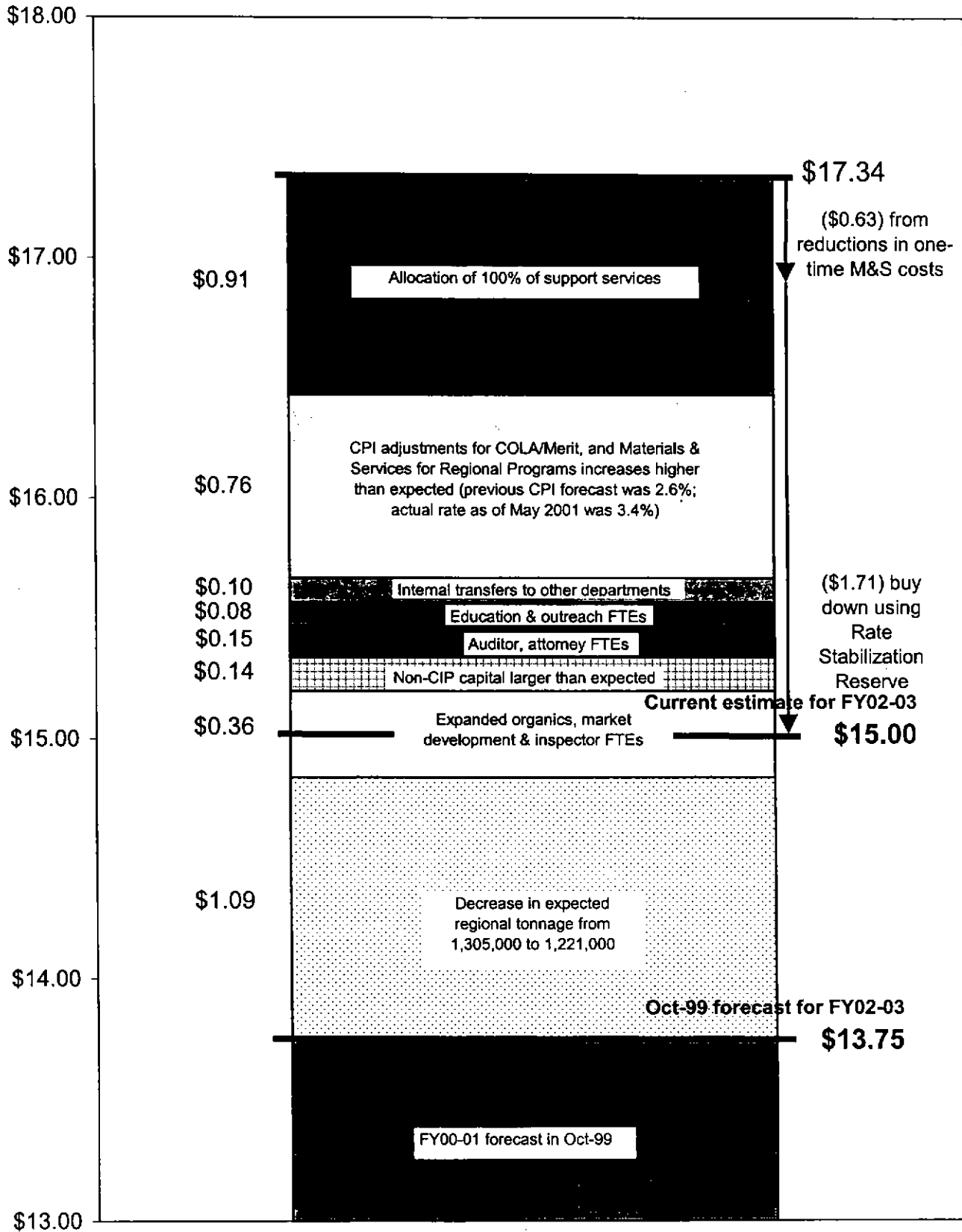
- **Regional System Fee Credit Program:** Maintaining, reducing, or eliminating this program will have a material effect on the calculated Regional System Fee, which is presently based on the assumption that the program will continue at its currently budgeted level.
- **Regional Transfer Stations and Local Transfer Station tonnage caps:** The degree to which transfer capacity is added in the region will have a significant impact on the calculated rate.

EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer recommends approval of Ordinance No. 01-918.

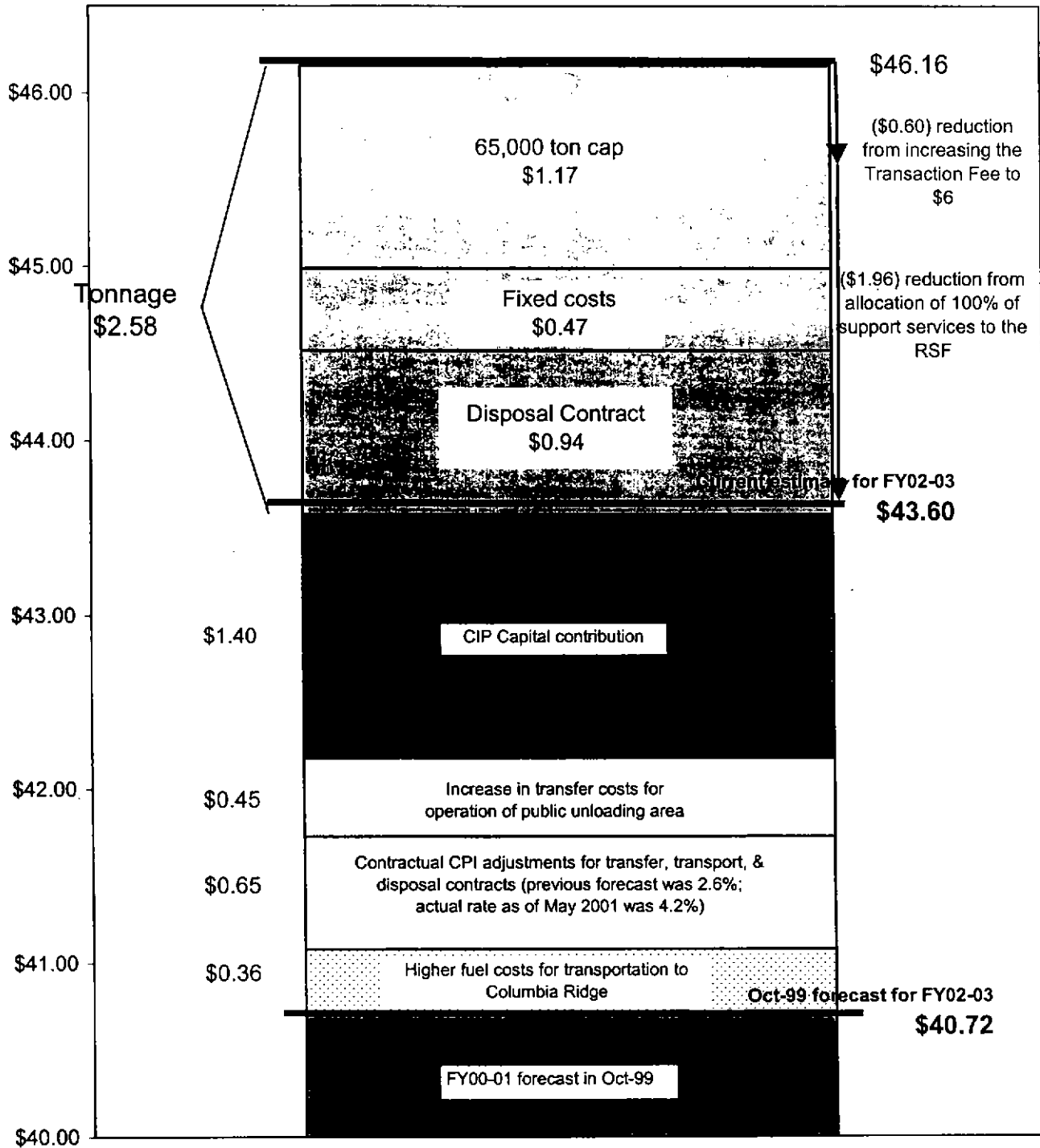
FY 2002-03 Regional System Fee

Per-ton Cost Increases Since October 1999



FY 2002-03 Disposal Services

Per-ton Cost Increases Since October 1999



FY2002-03 Tip Fee Assumptions

Policy Decisions (Council direction received)

1. Current \$62.50 tip fee and \$12.90 Regional System Fee are maintained through FY 2001-02.
2. All support services transfers are allocated to the Regional System Fee.
3. Undesignated funds almost depleted by year end FY 2001-02. \$2.1 million Rate Stabilization used to buy down Regional System Fee in FY 2002-03, leaving approximately \$2.5 million remaining in the Rate Stabilization reserve account.

Policy Decisions (Council decision to be determined)

4. Tonnage forecast = April 2001. Forecast is adjusted by diverting about 100,000 tons away from Metro transfer stations to private facilities due to possible regulatory changes.
5. Regional System Fee Credit program maintained at current \$900,000 in FY 2002-03.
6. Transaction Fee = \$6.

Technical Decisions

7. Cost Inflatons
 - The Wharton Economic Forecasting Associates (WEFA) national CPI forecast (2.65%, the same inflator used by the DRC) is used to inflate general Materials & Services costs. This inflator is applied to 52% of M&S costs; the remaining 48% of M&S costs are forecast as constant due to contract terms or other constraints.
 - REM's three major contracts (transfer, transport, disposal) include the West-A All Urban price index inflator. This index is approximately 0.5% higher each year than the WEFA forecast used for M&S and is integrated into forecasted contract cost behavior.
 - A higher cost inflator (5%) is used for Personal Services due to contractual increases (COLA and merit increases) and increases in health care benefit costs.
 - Internal transfers, primarily influenced by non-REM Personal Services costs, are modeled at a 4% annual rate of increase.
8. Capital requirements reduced \$500,000 for FY 2002-03.
9. One-time expenses from FY00-01 do not continue into FY01-02 and beyond.

Calculated Tip Fee

	Current Fee	Calculated Fee	Change	% Change
Regional System Fee	\$12.90	\$15.00	\$2.10	16%
Disposal	42.82	43.60	0.78	2%
DEQ & Rehab & Enhancement	1.74	1.74	-	-
Excise Tax	5.04	(estimated) 5.22	.18	4%
Total Tip Fee	\$62.50	(rounded) \$65.50	\$3.00	5%

Table 1. Calculated Tip Fee: Components that make up the calculated tip fee.

Transaction Fee Analysis

Description	FY98-99	FY 2002-03	Change
Environmental & Engineering Management Services (50%)	\$168,106	\$160,646	(\$7,460)
Scalehouse Services	1,020,581	1,082,633	62,052
Scalehouse Maintenance (PS & M&S)	376,010	496,625	120,615
Non-CIP Transfer Station Improvements	-	309,400	309,400
Total	1,564,697	2,049,304	484,607
Loads	348,614	334,430	(14,184)
Total Cost per Load	\$4.48	\$6.13	\$1.65

Table 2. Transaction Fee Analysis: Costs allocated to the Transaction Fee in FY98-99 when it was established at \$5 per load compared to FY 2002-03 proposed allocations, which indicate a \$6 per load Transaction Fee.

RATE REVIEW COMMITTEE

FY 2002-03 SOLID WASTE FEES

Attachment 5

The Rate Review Committee (RRC) is charged by the Metro Council to review and make recommendations regarding Solid Waste Disposal Rates.

On June 27, July 11, and August 1, 2001 the RRC reviewed and discussed cost allocations, the latest Metro tonnage forecast, technical assumptions such as projected inflation rates, and the impact that other factors such as expanded waste reduction programs and required reserve contributions have on the cost of Metro's solid waste services.

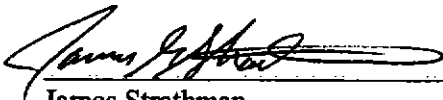
Based on this review, the RRC recommends to the Metro Council the following solid waste fees for FY 2002-03:

- Regional System Fee: \$14.60 per ton (currently \$12.90 per ton)
- Disposal Services at Metro transfer stations: \$43.60 per ton (currently \$42.82 per ton)
- Transaction Fee: \$6.00 per load (currently \$5.00 per load).

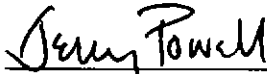
These rates will need to be adjusted prior to Council adoption to reflect the outcome of solid waste policy issues scheduled to be addressed by the Metro Council in the next few months. These issues include the Regional System Fee recycling credit program, local transfer station tonnage caps, and the pending regional transfer station franchise application.

The RRC further recommends that the total Metro tip fee be the sum of the two per-ton charges (Regional System Fee and Disposal Services fee) plus the following:

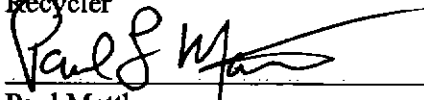
- Metro Excise Tax (to be determined)
- Community Enhancement Fee: \$0.50 per ton
- DEQ Fees: \$1.24 per ton



James Strathman
Finance



Jerry Powell
Recycler



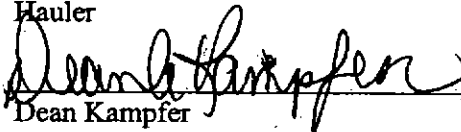
Paul Matthews
Rate Setting



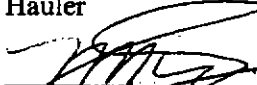
Bill Atherton
Chair, Rate Review Committee



Mike Lechner
Hauler



Dean Kampfer
Hauler



Bernie Deazley
Citizen Representative

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING)
METRO CODE CHAPTER 5.02 TO)
REVISE THE TONNAGE CHARGE FOR)
DISPOSAL AT METRO TRANSFER)
STATIONS AND TO MAKE OTHER)
RELATED CHANGES)

ORDINANCE NO. 01-918

Introduced by Mike Burton,
Executive Officer

WHEREAS, Metro Code Chapter 5.02 establishes solid waste charges for disposal services at Metro South and Metro Central transfer stations; and

WHEREAS, the per-ton revenue required to recover the cost of Metro's solid waste programs has increased; and

WHEREAS, the last Metro solid waste tip fee increase occurred in 1992; 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 5.02.025 is amended to read:

5.02.025 Disposal Charges at Metro South & Metro Central Station

(a) The fee for disposal of solid waste at the Metro South Station and at the Metro Central Station shall consist of:

- (1) ~~a Tonnage Charge of \$62.50 as provided in subsection (b), for each ton of solid waste delivered for disposal;~~
- (2) ~~all applicable solid waste taxes as established in Metro Code Chapter 7.01, which excise taxes shall be stated separately; and~~
- (3) ~~a Transaction Charge of \$5.00~~6.00 for each Solid Waste Disposal Transaction.

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

- (1) A disposal charge of ~~\$29.75~~33.02 per ton;
- (2) A regional transfer charge of ~~\$6.56~~7.68 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~~ 340 pounds or less of ~~\$45~~ 17, which shall consist of a minimum Tonnage Charge of ~~\$10~~ 11.00 plus a Transaction Charge of ~~\$5~~ 6.00 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.

SECTION 2. Metro Code Section 5.02.035 is amended to read:

5.02.035 Litter Control Surcharge

(a) A surcharge of \$25 per ton, up to a maximum amount of \$100, shall be levied against any customer who disposes of solid waste or a Recoverable Solid Waste at Metro Central Station or at Metro South Station if, when entering the facility, any portion of the customer's waste or Recoverable Solid Waste is unsecured and visible to Metro scalehouse personnel.

(b) No surcharge shall be levied under this section if the solid waste or Recoverable Solid Waste is only visible through a secure covering.

(c) Notwithstanding subsection (a) of this section, a surcharge of \$4 per Solid Waste Disposal Transaction shall be levied against any customer who disposes of a single load of solid waste or recoverable solid waste that weighs ~~320~~ 340 pounds or less and that is unsecured and visible to Metro scalehouse personnel.

(d) The surcharge provided for in this section shall be collected in the same manner as Metro collects all other disposal fees and charges at the facility.

SECTION 3. Metro Code Section 5.02.045 is amended to read:

5.02.045 System Fees

(a) Regional System Fee: Solid waste system facility operators shall collect and pay to Metro a Regional System Fee of ~~\$21.90~~ 24.00 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 ~~\$2.55~~2.90 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 exemptions listed in section 5.01.150(b) of this Code.

SECTION 4. Effective Date.

The amendment to Metro Code provided for in this Ordinance shall take effect July 1, 2002.

ADOPTED by the Metro Council this _____ day of _____, 2001.

Presiding Officer

ATTEST:

Approved as to Form:

Recording Secretary

Daniel B. Cooper, General Counsel