



METRO

Agenda

MEETING: METRO COUNCIL WORK SESSION
DATE: November 03, 2009
DAY: Tuesday
TIME: 1:00 p.m.
PLACE: Metro Council Chamber

CALL TO ORDER AND ROLL CALL

- | | | | |
|----------------|-----------|---|----------------|
| 1:00 PM | 1. | DISCUSSION OF AGENDA FOR COUNCIL REGULAR MEETING, NOVEMBER 5, 2009/ADMINISTRATIVE/CHIEF OPERATING OFFICER COMMUNICATIONS | |
| 1:15 PM | 2. | SOLID WASTE ADVISORY COMMITTEE (SWAC) & RATE REVIEW DISCUSSION | Korot/Anderson |
| 2:00 PM | 3. | CRITERIA FOR REGIONAL BALLOT MEASURE PROPOSALS | Cotugno |
| 2:45 PM | 4. | COUNCIL BRIEFINGS/COMMUNICATION | |

ADJOURN

Agenda Item Number 2.0

**SOLID WASTE ADVISORY
COMMITTEE (SWAC) & RATE
REVIEW DISCUSSION**

PRESENTED BY MATT KOROT,
SCOTT ROBINSON, AND DOUG
ANDERSON

Metro Council Work Session
Tuesday, November 3, 2009
Metro Council Chamber

METRO COUNCIL
Work Session Worksheet

Presentation Date: November 3, 2009 Time: 1:50 PM Length: 30 minutes

Presentation Title: Changes to the Solid Waste Rate Setting Process

Service, Office, or Center: Finance and Regulatory Services

Presenter: Douglas Anderson (x1788)

NOTE: This topic is presented together with a discussion of changes to the Solid Waste Advisory Committee (SWAC) by Matt Korot of the Sustainability Center, x1760.

ISSUE & BACKGROUND

This work session is an opportunity to discuss improvements to Metro's solid waste rate setting process. Last month, Metro Councilors and stakeholders received a white paper identifying strengths and deficiencies in the current system. Among the concerns:

- The current process is heavily weighted toward the technical work.
- Relatively little time is provided for the public to review and comment on the rates during each annual rate cycle.
- The Metro Council has less time to hear and deliberate on the rates than is typical for similar public rate setting processes.
- There is no truly independent review of the rates.
- There is no regularly scheduled review of rate criteria and policies.

If adopted, Ordinance No. 09-1223 would implement a new framework for the rate setting process that addresses these concerns, resulting in improvements to the quality and effectiveness of the process. Figure 1 on the next page outlines the current approach. Figure 2 shows the process that is envisioned within the new framework. Several differences are immediately apparent. The approach depicted in Figure 2 is aligned with contemporary best practices for setting municipal utility rates and would:

- Increase the efficiency of the technical work.
- Provide for truly independent review of the rates.
- Improve the quality of the information available to the public and the council.
- Increase the time available for the public and stakeholders to review and comment.
- Align the rate and budget processes so the council can assess the rate impact of budget changes and the budget impact of rate changes each year.
- Provide the council with adequate time to hear and deliberate on rates.
- Establish periodic reviews so that rate criteria and policies remain relevant and support the council's objectives.

Figure 1
Current Process

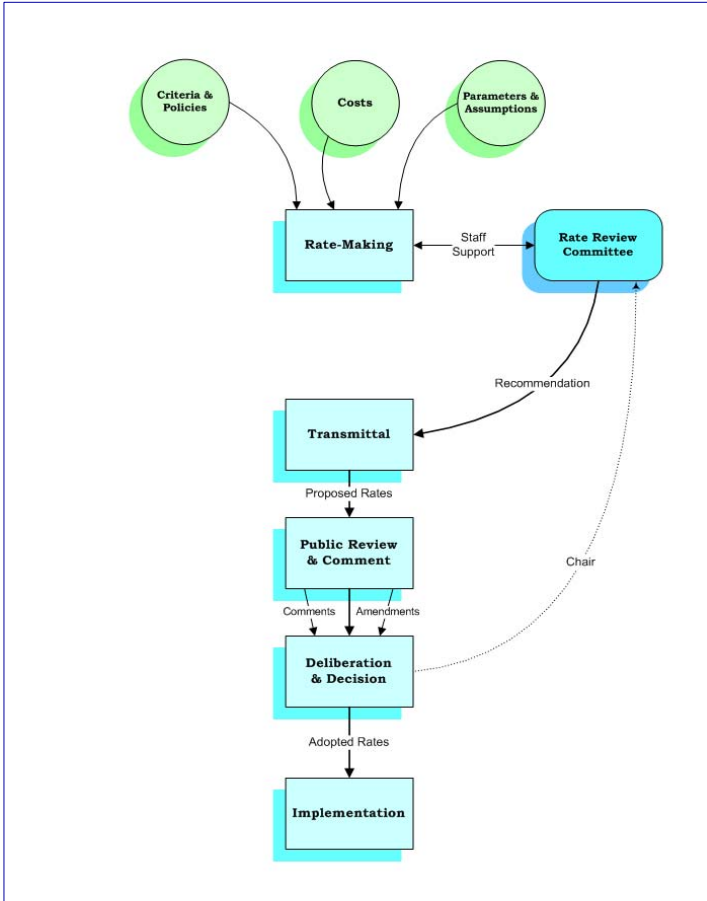
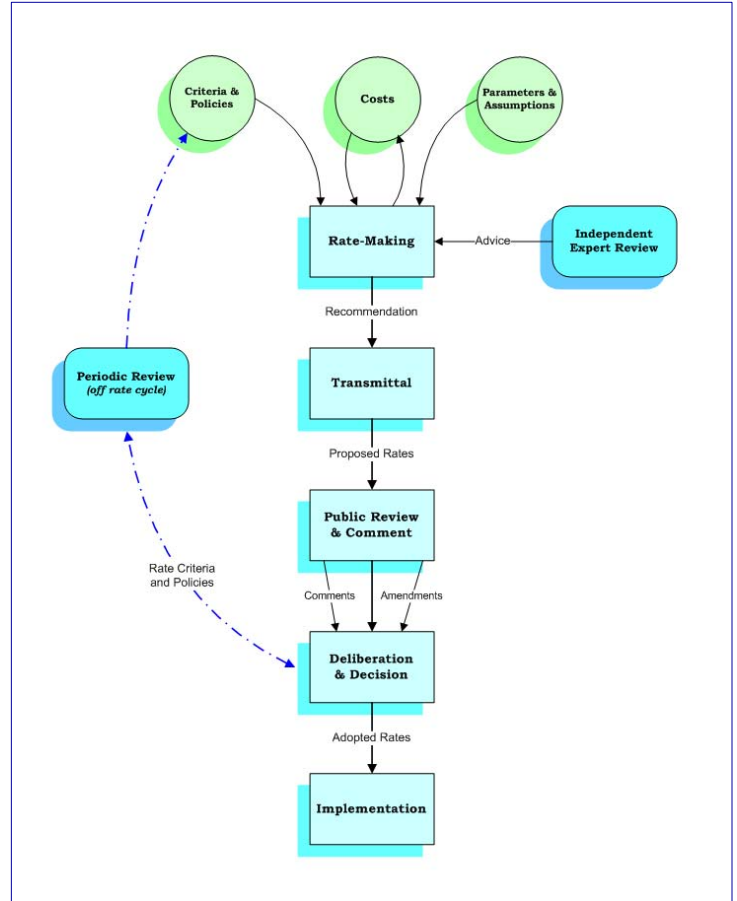


Figure 2
Proposed Process



The various functions that Metro Code section 2.19.170 currently assigns to the Rate Review Committee are distributed among the appropriate process steps in Figure 2 where they can be realized more effectively. Accordingly, Ordinance No. 09-1223 also repeals Metro Code section 2.19.170 and eliminates the committee.

OPTIONS AVAILABLE

Rate-Setting Framework: Options

Metro is not required by law to adopt a rate setting framework. However, the absence of adopted procedures is unusual among governments that control utility prices. As a best practice, it supports transparency, consistency and continuity of the process over time. Staff has crafted the elements of the proposed framework with an eye to balancing an appropriate level of specification with providing flexibility during each rate cycle.

The council’s options are to *stand pat with the proposed framework; or add, amend or eliminate* any of the elements of the framework. Staff will be prepared to answer questions about the effects of change at the work session. The elements are:

1. **Purpose.** The stated purpose of the rate setting framework is “to establish a consistent, predictable, open and transparent framework” for the rate process.

2. **Frequency.** The framework confirms that council will consider rates annually.
3. **Rate-Making.** Responsibility for the technical work is shifted from the Rate Review Committee to the Chief Operating Officer. Minimum requirements are established, including incorporation of adopted rate criteria and policies (see 6 below) and subjecting the work to independent expert review—another charge of the committee.
4. **Transmittal of Proposed Rates.** The Chief Operating Officer must transmit proposed rates to the council at the same time as the Budget Officer transmits the proposed budget. The rates must be fully documented and include the report of the independent expert. This step is intended as the demarcation point when the rates “go public.”
5. **Public Review and Comment.** The framework urges the council to “open public hearings on the proposed rates on a time line designed to coincide with public hearings on the proposed annual budget.” The timing of the transmittal of proposed rates (much earlier than current practice) is intended to support this objective.
6. **Periodic Review** of rate criteria and policies. Adoption of this element will help institutionalize the practice. The ordinance proposes that these reviews would be managed by the COO, who would bring findings and recommendations to the Metro Council for consideration. Participants would include a broad range of stakeholders. Ideally, these reviews would be held off the annual rate setting cycle to allow focus on the issues. At the end of each review, the council would adopt by resolution the rate criteria and policies that it found to be in the public interest. These resolutions would become explicit design factors in subsequent rate setting cycles.

Rate Review Committee: Options

As mentioned above, the current functions of the Rate Review Committee are distributed among more appropriate process steps. Accordingly, the ordinance repeals the committee and implements Option 3, Independent Expert Review. There are other choices for the committee, summarized below from the white paper.

The council’s choices are to *confirm Option 3, choose another option, or combine options*. The status quo remains an option but is not listed separately. Staff will be prepared to answer questions about the effects of each choice at the work session.

1. **Balance of Interests.** This option modifies the committee’s current composition by excluding members with a direct economic stake in the outcome and/or reducing the number of industry seats. The “balance” comes with the addition of a voting member from the Chief Operating Officer’s staff to represent Metro’s interests.
 - 1.a In support of a similar option, one member of the current Rate Review Committee suggests retaining two industry members, but restricting eligibility to independent haulers. This member further suggests that Metro retain the chair but not add the second voting member.
2. **Independent Citizen Review.** This option completely revises the committee composition to provide for independent members comprised of citizens, local government solid waste staff, or a combination of the two.
3. **Independent Expert Review.** This is a no-committee option. Under this option, rates would be reviewed by an independent contracted expert prior to the Chief Operating Officer’s transmittal of the proposed rates to the council. This model is in wide contemporary use. Ordinance No. 09-1223 implements this option.

4. **Hybrids.** These options are not mutually exclusive. For example, the choice of Option 3 need not preclude a separate committee as well (Option 1 or 2).

IMPLICATIONS AND SUGGESTIONS

What kinds of policy questions might be considered in the periodic off-cycle reviews? Some examples follow. This list is intended to be suggestive, not exhaustive.

1. **Public rates in a public-private system.** In 2006, the Metro Council found that a mixed public-private system was the best option for delivery of regional disposal services [Resolution No. 06-3729]. It is well known that Metro's rates affect the economic condition of the private system. (And the study that supported the resolution confirmed this.) However, there are no policies (adopted or otherwise) to guide whether and how Metro should take private system economics into account when setting its own rates. Periodic review is an appropriate forum to consider this issue.
2. **Self haul pricing.** Metro's current practice is to move toward full-cost pricing of self-haul, neither supporting or discouraging it through price signals. This policy emerged from a joint subcommittee of SWAC and the Rate Review Committee several years ago. The council may wish to consider formal adoption of such policies.
3. **New legislation.** House Bill 2671, adopted in the 2009 legislative session, expands Metro's allowable use of solid waste fee revenue. The council may wish to adopt policies and guidelines for implementing this new authority.
4. **Sustainability.** From time to time various councilors have asked whether solid waste rates can be better aligned with sustainability goals. The review cycles offer a forum for considering options.

QUESTION(S) PRESENTED FOR CONSIDERATION

1. Does the rate setting framework, as set forth in section 1 of the ordinance, strike the right balance between specifications and flexibility? Does the council want to change, add or delete any of the elements of the framework?
2. Does the council want to explore any of the other options for the Rate Review Committee?

LEGISLATION WOULD BE REQUIRED FOR COUNCIL ACTION Yes No
DRAFT IS ATTACHED Yes No

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BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO) ORDINANCE NO. 09-1222
CODE SECTION 2.19.130 TO REVISE THE)
PURPOSE AND MEMBERSHIP OF THE SOLID) Introduced by Council President David
WASTE ADVISORY COMMITTEE) Bragdon

WHEREAS, Metro Code Chapter 2.19 provides the authority for the Metro Council to establish advisory committees, including the purpose, authority and membership of those committees; and

WHEREAS, the Metro Council established the Solid Waste Advisory Committee to provide advice regarding regional solid waste management and planning; and

WHEREAS, the Metro Council wishes to improve the consistency and impact of policy-making advice it receives on recycling and solid waste matters; and

WHEREAS, the Metro Council may determine it necessary to revise the purpose, authority and membership of an advisory committee in order for that committee to more effectively fulfill its function; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

Section 1. Metro Code Amendment. Metro Code Section 2.19.130, “Metro Solid Waste Advisory Committee” (“SWAC”) is repealed and replaced with language in the form attached hereto as Exhibit “A.”

ADOPTED by the Metro Council this 12th day of November, 2009.

David Bragdon, Council President

Attest:

Approved as to Form:

Anthony Andersen, Recording Secretary

Daniel B. Cooper, Metro Attorney

Exhibit A to Ordinance No. 09-1222
Metro Code Title II, Chapter 2.19.130

2.19.130 Metro Solid Waste Advisory Committee (SWAC)

(a) Purpose. The purpose of the Metro Solid Waste Advisory Committee (SWAC) is to develop policy options that, if implemented, would serve the public interest by reducing the amount and toxicity of waste generated and disposed, or enhancing the effectiveness and sustainability of the system through which the region's solid waste is managed. For the purpose of this Section, the term sustainability is as defined in Metro Council Resolution No. 08-3931.

(b) Membership. Members are categorized as follows:

(1) Regular Voting Members:

Jurisdictions with a population under 50,000	3
Jurisdictions with a population between 50,000 and 500,000	3
Jurisdiction with a population over 500,000	1
Total Local Government Members:	7

(2) Non-Voting Members:

Oregon Department of Environmental Quality	1
Non Governmental	1
Solid Waste Industry	3
Chair, Metro	1
Total Non-Voting Members:	6

TOTAL MEMBERS 13

(c) Appointment of Members.

- (1) Local government members shall be nominated by a jurisdiction's presiding executive, appointed by the Metro Council President, and subject to confirmation by the Metro Council. In making the local government

appointments, the Metro Council President will seek members directly involved in solid waste regulation or oversight and those involved in resource conservation.

- (2) The Oregon Department of Environmental Quality (DEQ) member shall be nominated by DEQ's presiding executive, appointed by the Metro Council President, and subject to confirmation by the Metro Council.
- (3) The Metro member shall be nominated by the Chief Operating Officer, appointed by the Metro Council President, and subject to confirmation by the Metro Council. The Chief Operating Officer also shall nominate an alternate Metro member who can serve when the confirmed member is unavailable.
- (4) The remaining non-voting members shall be nominated through a public application process, appointed by the Metro Council President, and subject to confirmation by the Metro Council.

(f) Membership.

(1) Terms of Office.

- (a) The local government members shall serve for a term of two (2) years. A member may be reappointed for additional terms through the process set forth above.
- (b) The DEQ member shall serve until a replacement is nominated by the DEQ executive.
- (c) The Metro member shall serve until a replacement is nominated by the Chief Operating Officer.
- (d) The remaining non-voting members shall serve for a term of two (2) years. A non-voting member in this category may serve for a second consecutive two (2) year term.

(2) Meetings. SWAC shall meet on a schedule determined by the Chairperson, with no fewer than two meetings per calendar year. The Chairperson shall schedule additional meetings as needed to respond to requests from the Metro Council for analysis of particular issues.

(3) Attendance. Members should be present at and participate in all regular meetings. Members who are absent for more than one regular meeting in a calendar year may be asked by the Council President to resign.

- (4) Local government. For the members from jurisdictions with a population under 50,000, the Metro Council shall confirm at least one member each from a community west and east of the Willamette River. A County's population includes only those residents of the County's unincorporated areas.
- (5) Solid Waste Industry. Solid Waste Industry members shall include companies involved in the collection, transfer, processing, disposal, or recycling of Solid Waste generated in the Metro Region.
- (6) Non Governmental. The Non Governmental member shall be from a non-profit organization whose mission related to advancing sustainability in the Metro Region.

(g) Chair. The Chairperson of SWAC shall be the Metro member or, in the Metro's member's absence, the Metro alternate member.

(h) Reports to Council. SWAC shall include a summary of the minority opinions of voting and non-voting members when describing the policy options that it recommends to the Metro Council for consideration.

(i) Subcommittees. SWAC may establish subcommittees of a limited and defined duration. Membership composition shall be determined by SWAC and may include individuals who are not members of the Committee. All such subcommittees shall report to SWAC.

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 09-1222, FOR THE PURPOSE OF AMENDING METRO CODE TITLE II, ADMINISTRATION AND PROCEDURES, TO REVISE THE PURPOSE AND MEMBERSHIP OF THE SOLID WASTE ADVISORY COMMITTEE

Date: November 5, 2009

Prepared by: Matt Korot
503-797-1760

BACKGROUND

The Solid Waste Advisory Committee (SWAC) has historically provided the Metro Council and Metro staff with advice on solid waste policy, plans and programs. In late 2008, following an intense multi-year period of policy-making, Council President Bragdon asked SWAC members and Metro staff to reconsider the function and membership of SWAC in order to help improve the quality and consistency of policy options that come before Councilors. Council President Bragdon expressed concern that SWAC's composition and practices diluted its credibility and impact with the Council because the assortment of private companies casting votes made it difficult for the Council to discern the public interest in SWAC's recommendations. Council President Bragdon observed that, in his opinion, SWAC inhabited an unworkable "gray area" between being an industry lobby group and a neutral policy-advisory group, and that structural change was needed to make it one or the other. Achieving this clarity ultimately would benefit both public and private sector participants by strengthening their collective voice with Council.

After soliciting input from SWAC members, Council President Bragdon directed staff to develop and vet recommendations for a new approach for providing input on policy matters to Council. The proposed code revisions reflect these recommendations. Council President Bragdon also directed staff to meet needs identified by SWAC members for a forum for ongoing dialogue between Metro staff, industry, local governments and other stakeholders, and means through which Metro and its stakeholders can continue to collaborate on the implementation of regional programs. These needs will be met through quarterly discussion roundtables and ad hoc work groups that were described to Council at its work session on June 30, 2008. The first roundtable met in October 2009.

As delineated in the proposed code amendments, the revised SWAC would become more explicitly a policy-oriented group, but no longer give direct policy recommendations to Council. Instead, it would develop multiple options for Council consideration. The committee's membership would shrink from 27 to 13 members, allowing it to serve more effectively as a working group. While its membership would continue to include both public sector and private sector representatives, voting would be limited to local government members. This structure would allow for a variety of perspectives to be integrated into the development of policy alternatives, while ensuring that the options forwarded to Council reflect the opinion of members who represent organizations charged with serving the public interest. The code revisions include a provision to ensure that Council continues to be informed of minority opinions from both voting and non-voting members.

There are three other key elements of the proposed revisions to SWAC's membership. First, industry views on solid waste and recycling matters would be solicited through regular outreach efforts and working groups on specific topics. Although private companies would no longer have official voting power on SWAC, the opinions of private companies and trade associations would be gathered through

more appropriate means than having them vote on public policy issues. Second, responsibility for chairing the committee is transferred from a Metro Councilor to a Metro staff person. While timely consultation with the Council will be a key factor in SWAC’s effectiveness as an advisory group, staff has not identified a compelling reason for the committee to continue to be chaired by a Councilor. Third, recognizing that sustainability provides the underpinning for much of the policy work in the region, the membership provisions of the proposed code specifically call for resource conservation expertise among the local government members and reserve a spot for a non-governmental sustainability expert.

The local government representatives will be drawn from three membership categories based on population. The Metro region’s jurisdictions are listed by these categories in the table below.

<i>Jurisdiction</i>	<i>2008 Population¹</i>	<i>Membership Category</i>
Barlow	140	Under 50,000
Rivergrove	350	
Johnson City	675	
Durham	1,395	
Banks	1,435	
North Plains	1,905	
King City	2,775	
Estacada	2,820	
Wood Village	3,100	
Molalla	7,590	
Sandy	8,005	
Fairview	9,735	
Damascus	9,975	
Cornelius	10,955	
Happy Valley	11,455	
Gladstone	12,215	
Multnomah County Uninc.	12,268	
Troutdale	15,465	
Sherwood	16,420	
Wilsonville	17,940	
Milwaukie	20,915	
Forest Grove	21,465	
West Linn	24,400	
Tualatin	26,040	
Oregon City	30,405	
Lake Oswego	36,590	
Tigard	47,150	
Beaverton	86,205	50,000 to 500,000
Hillsboro	89,285	
Gresham	100,655	
Clackamas County Uninc.	178,176	
Washington County Uninc.	214,055	
Portland	575,931	Over 500,000
¹ Derived from 2008 Oregon Population Report, Population Research Center, PSU.		

ANALYSIS/INFORMATION

1. Known Opposition

Most of the solid waste industry representatives currently on SWAC oppose the membership and voting provisions of the proposed revisions, because they perceive it as a diminution of their role in the development of Metro policies.

2. Legal Antecedents

Metro Code, as referenced above.

3. Anticipated Effects

Revisions to the purpose and membership of SWAC in the manner provided by the Metro Code.

4. Budget Impacts

Staff time to manage and provide administrative support to SWAC. The combined commitment to SWAC, the quarterly roundtables and periodic work groups should be roughly equivalent to that expended for SWAC support in the past.

RECOMMENDED ACTION

Metro Council adoption of Ordinance No. 09-1222.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO)	ORDINANCE NO. 09-1223
CODE CHAPTER 5.02 TO ADOPT SOLID)	
WASTE RATE SETTING PROCEDURES, AND)	
AMENDING METRO CODE CHAPTER 2.19 TO)	
REPEAL THE SOLID WASTE RATE REVIEW)	Introduced by Council President David
COMMITTEE)	Bragdon

WHEREAS, The public interest is served by setting forth in specific form the processes by which Metro develops, reviews and adopts solid waste fees and charges; and

WHEREAS, The authority, responsibilities and membership of the Rate Review Committee as adopted by Metro Ordinance No. 91-436A no longer meet Metro’s needs; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

Section 1. Metro Code Amendment. Metro Code Chapter 5.02 shall be amended in the form attached hereto as Exhibit “A.”

Section 2. Metro Code Amendment. Metro Code Section 2.19.170, “Rate Review Committee (RRC),” is repealed.

ADOPTED by the Metro Council this 12th day of November, 2009.

David Bragdon, Council President

Attest:

Approved as to Form:

Anthony Andersen, Recording Secretary

Daniel B. Cooper, Metro Attorney

Exhibit "A" to Ordinance No. 09-1223

METRO CODE - TITLE V SOLID WASTE
CHAPTER 5.02 DISPOSAL CHARGES AND USER FEES

5.02.020 Establishment of Disposal Fees and Charges; Procedures

(a) Purpose. The purpose of this section is to establish a consistent, predictable, open and transparent framework for the adoption of solid waste disposal fees and charges by Metro.

(b) Definitions. As used in this subsection, "rates" means any of Metro's solid waste fees or charges as set forth in Metro Code section 5.02.025 or 5.02.045. "Rate year" means a period of 365 consecutive days (366 leap year days) commencing from the date on which a rate becomes effective.

(c) Frequency. The Council shall consider rates annually and adopt changes as needed.

(d) Rate-Making Requirements; Independent Review. Each year the Chief Operating Officer shall prepare rates for consideration by the Council. Rates shall be regarded as provisional until transmitted to the Council pursuant to paragraph (e) of this section. In preparing provisional rates the Chief Operating Officer shall:

- (1) Consider all sources and uses of funds that affect the Solid Waste Revenue Fund budget during the next rate year.
- (2) Follow generally accepted practices for selection of methodologies, assumptions, requirements, and other technical factors that determine the rates.
- (3) Incorporate rate criteria and policies adopted by resolution of the Council pursuant to paragraph (g) of this section.
- (4) Submit the provisional rates to review by at least one independent expert. The reviewer shall test the provisional rates for accuracy, adequacy, the reasonableness of underlying assumptions, compliance with applicable law and requirements, consistency with adopted criteria of the Council, and any other criteria specified by the Chief Operating Officer or recommended by the reviewer under generally accepted professional or best practices for rate review. The Chief Operating Officer shall provide the reviewer with access to the rate model, data, assumptions, criteria, and any other information that the Chief

Operating Officer used to calculate the provisional rates. At the conclusion of his work, the reviewer shall deliver a written report to the Chief Operating Officer documenting the reviewer's findings, exceptions and recommendations.

- (5) Perform any other forms of due diligence that the Chief Operating Officer finds necessary to meet the purpose of this section.

(e) Transmittal of Proposed Rates to the Council. Each year the Chief Operating Officer shall transmit to the Metro Council in ordinance form a set of proposed rates for consideration. Transmittal of the rates shall coincide with transmittal of the proposed budget by the Budget Officer. At the same time that he transmits the rates, the Chief Operating Officer shall transmit to the Metro Council:

- (1) A report that documents the methodologies, data, assumptions, adopted criteria and the other factors that the Chief Operating Officer used to calculate the proposed rates including his response to the recommendations of the independent review; and
- (2) The report of the independent review prepared pursuant to paragraph (d)(3) of this section.

(f) Public Review and Comment. The Council shall open public hearings on the proposed rates on a time line designed to coincide with public hearings on the proposed annual budget.

(g) Periodic Review of Rate Criteria and Policies. From time to time the Council shall undertake a review of its adopted rate criteria and policies. The purpose of these reviews shall be to assure that adopted criteria and policies reflect the purpose of this section, meet Metro's needs, support Metro's management of the regional solid waste system, and address any findings of the Council that result from the periodic review. The Chief Operating Officer shall initiate the first such periodic review on a time line designed to facilitate consideration by the Council before December 31, 2010. The Chief Operating Officer shall initiate subsequent periodic reviews no less frequently than every three years thereafter. The Council may initiate, or the Chief Operating Officer may propose to initiate, a review of rate criteria or policies at any time.

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 09-1223 FOR THE PURPOSE OF AMENDING METRO CODE CHAPTER 5.02 TO ADOPT SOLID WASTE RATE-SETTING PROCEDURES, AND AMENDING METRO CODE CHAPTER 2.19 TO REPEAL THE SOLID WASTE RATE REVIEW COMMITTEE

Date: November 5, 2009

Prepared by: Douglas Anderson (x1788)

BACKGROUND

It has become increasingly apparent over the last few years that Metro's approach to setting solid waste rates no longer fully meets the needs of Metro, local governments, and solid waste stakeholders. It is also no longer fully aligned with best practices for setting municipal utility rates. Historically the process has focused on technical and fiscal issues almost to the exclusion of the policy environment in which the rates operate. A considerable amount of time is currently spent on technical analysis and committee review at the beginning of the process. As a result, at the end of the process the public has limited opportunities for input, and Metro Council has little time to consider options.

The changes within Ordinance No. 09-1223 are intended to get the best and most complete information before the Metro Council each year, to improve the efficiency of the process, and to implement contemporary best practices for setting solid waste rates. Adoption of the ordinance would establish for the first time a rate setting framework in Metro code (see Exhibit "A" of the ordinance). This alone will improve the transparency and consistency of the process from year to year.

There are three main changes within this framework:

1. Creating a formal process to review and develop policy objectives for the rates. This "periodic review" would provide a forum for the full range of rate-related interests to be heard and discussed. It would be managed by the Chief Operating Officer, who would bring its findings and recommendations to the Metro Council for consideration. Ideally, it would be held off the annual rate setting cycle to allow focus on the issues. A periodic review would address questions such as: the appropriate tradeoff between high rates as recycling incentives and low rates that minimize ratepayer costs; the role of Metro's rates in the economics of the public-private-disposal system; the design of rates that support long-run environmental sustainability; appropriate self haul charges; and so forth.

At the end of the review, the council would adopt by resolution the rate criteria and policies that it found to be in the public interest. These resolutions would become explicit design factors in subsequent rate setting cycles. Staff has recommended that the first review take place in late 2010, in time for development of the 2011-2012 rates; and every three years thereafter (or more frequently as needed).

2. Improving the effectiveness of the public review and comment period during each annual rate cycle. The framework requires the Chief Operating Officer to develop proposed rates in conjunction with the budget. The idea would be to streamline the technical work so the rates can be released at the same time as the proposed budget, and to hold public hearings on the same time line. This would free up at least a month for the Metro Council, interested parties and the general public to review and comment on the proposed rates. It would provide the Council with enough time to consider the

impact of rate changes on the budget, the impact of budget changes on the rates, and the time to act on either.

3. **Dissolving the Rate Review Committee.** The independent technical review function, currently assigned to the committee, would be performed by an independent expert under contract to the Chief Operating Officer. The consultant's report would be released at the same time as the proposed rates and would be available for review during the public review and comment period described above.

The Metro Council and stakeholders received a white paper on these topics, *Setting Metro's Solid Waste Rates: An Assessment* (also available on the Metro web site), that included recommendations and three specific options for the Rate Review Committee. Stakeholders were invited to comment on the recommendations, and staff offered to meet directly with any person or group. This initiative was also presented with discussion at the Quarterly Solid Waste Stakeholder Roundtable on October 19, 2009.

ANALYSIS/INFORMATION

1. **Known Opposition** Reactions to this initiative by Rate Review Committee members, local governments, and affected members of the solid waste industry have been mixed but generally positive. The mixed reaction comes from leaving the certainty of a known system for a new one. Stakeholders generally support the new process, in particular the move toward a periodic review of rate policies. The alignment of rate hearings with budget hearings, and providing more time for public review and comment each year is well-received. Some stakeholders expressed concerns whether Metro would commit to the new process and follow through, so these stakeholders saw formal adoption of the rate setting framework as a key to institutionalizing these practices.

A number of commenters suggested that, rather than do away with the committee immediately, its current members be invited back to one more session with the express purpose of extracting its collective wisdom, in advance of the first periodic review cycle that would be held in late 2010.

2. **Legal Antecedents** Metro is not required by law to adopt its rate setting framework. However, this is a best practice to support transparency, consistency and continuity of the process over time. Because the authority, responsibilities and membership of the Rate Review Committee is currently set forth in Metro Code, repeal requires an ordinance of the council.
3. **Anticipated Effects** are described in Background above.
4. **Budget Impacts** Staff estimates the net budget impact to be \$5,000 per year or less. The amount of staff time spent on the technical work will remain at about the same level. Staff time formerly spent managing the Rate Review Committee will be converted to procuring the independent consultant and managing the annual and the periodic reviews. There will be savings on materials and services from eliminating the Rate Review Committee, but this will be partly offset by the cost of running the periodic reviews. The main new expense will be the contract for independent review, which will depend on the scope of work. However, this work should not exceed \$10,000 per year, and most likely considerably less than that.

RECOMMENDED ACTION

The Council President recommends adoption of Ordinance No. 09-1223.

Agenda Item Number 3.0

**CRITERIA FOR REGIONAL BALLOT MEASURE
PROPOSALS**

PRESENTED BY ANDY COTUGNO AND
STAFF

Metro Council Work Session
Tuesday, November 3, 2009
Metro Council Chamber