

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING ) ORDINANCE NO. 10-1237  
METRO CODE CHAPTER 5.02 )  
TO ESTABLISH METRO'S SOLID WASTE ) Introduced by Chief Operating Officer  
DISPOSAL CHARGES AND SYSTEM FEES FOR ) Michael J. Jordan with the concurrence of  
FISCAL YEAR 2010-11 ) Council President David Bragdon

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

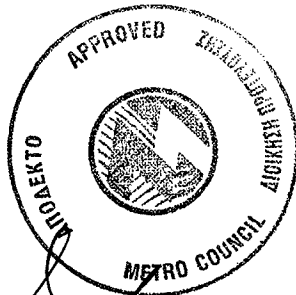
WHEREAS, Metro Code Chapter 5.02 establishes fees assessed on solid waste generated within the District or delivered to solid waste facilities regulated by or contracting with Metro; and,

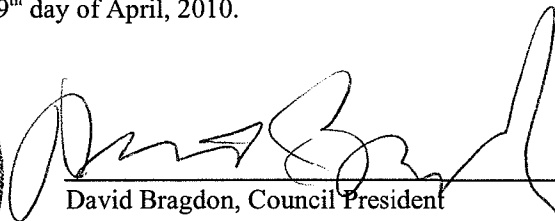
WHEREAS, Metro's costs for solid waste services and programs have changed; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:


- Section 1. Metro Code Amendment. Metro Code section 5.02.025 is amended in the form attached hereto as Exhibit "A."
- Section 2. Metro Code Amendment. Metro Code section 5.02.045 is amended in the form attached hereto as Exhibit "B."
- Section 3. Metro Code Amendment. Metro Code section 5.02.047 is amended in the form attached hereto as Exhibit "C."
- Section 4. Effective Date. Pursuant to Metro Code section 7.01.020(e)(1), the provisions of this ordinance shall become effective on August 1, 2010, or 90 days after adoption by Metro Council, whichever is later.

ADOPTED by the Metro Council this 29<sup>th</sup> day of April, 2010.

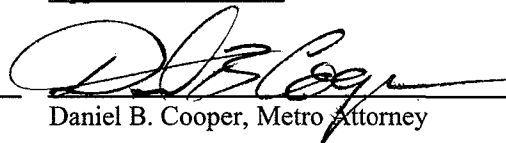


  
\_\_\_\_\_  
David Bragdon, Council President

Attest:

  
\_\_\_\_\_  
Anthony Andersen, Recording Secretary

Approved as to Form:

  
\_\_\_\_\_  
Daniel B. Cooper, Metro Attorney

**Exhibit "A" to Ordinance No. 10-1237**

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

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) The following charges for each ton of solid waste delivered for disposal:
  - (A) A tonnage charge of ~~\$51.65~~56.45 per ton,
  - (B) The Regional System Fee as provided in Section 5.02.045,
  - (C) An enhancement fee of \$.50 per ton, and
  - (D) DEQ fees totaling \$1.24 per ton;
- (2) All applicable solid waste taxes as established in Metro Code Chapter 7.01, which excise taxes shall be stated separately; and
- (3) The following Transaction Charge for each Solid Waste Disposal Transaction:
  - (A) For each Solid Waste Disposal Transaction completed at staffed scales, the Transaction Charge shall be ~~\$10.00~~11.00.
  - (B) For each Solid Waste Disposal Transaction that is completed at the automated scales, the Transaction Charge shall be \$3.00.
  - (C) Notwithstanding the provisions of subsection (A), the Solid Waste Disposal Transaction Charge shall be \$3.00 in the event that a transaction that is otherwise capable of being completed at the automated scales must be completed at the staffed scales due to a physical site limitation, a limit or restriction of the computer operating system for the automated scales, or due to a malfunction of the automated scales.

(b) Notwithstanding subsection (a) of this section,

- (1) 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 ~~440~~400 pounds or less of \$28, which shall consist of a minimum Tonnage Charge of ~~\$18.00~~17.00 plus a Transaction Charge of ~~\$10.00~~11.00 per Transaction.
- (2) The Chief Operating Officer may waive collection of the Regional System Fee on solid waste that is generated outside the District, and collected by a hauler that is regulated by a local government unit, and accepted at Metro South Station or Metro Central Station.

(c) 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.

(d) The Director of Parks and Environmental Services ~~the Solid Waste & Recycling 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.

**Exhibit "B" to Ordinance No. 10-1237**

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

5.02.045 Regional System Fees

(a) The Regional System Fee shall be \$~~17.53~~16.72 per ton of solid waste, prorated based on the actual weight of solid waste at issue rounded to the nearest one-hundredth of a ton.

(b) Any waste hauler or other person transporting solid waste generated, originating, or collected from inside the Metro region shall pay Regional System Fees to Metro for the disposal of such solid waste. Payment of applicable system fees to the operator of a Designated Facility shall satisfy the obligation to pay system fees, provided that, if such solid waste is transported to a Designated Facility outside of the Metro region, then such waste hauler or other person must have informed the operator of the Designated Facility that the solid waste was generated, originated or collected inside the Metro region. In any dispute regarding whether such waste hauler or other person informed such operator that the solid waste was generated, originated, or collected inside the Metro region, such waste hauler or other person shall have the burden of proving that such information was communicated.

(c) Designated Facility operators shall collect and pay to Metro the Regional System Fee for the disposal of solid waste generated, originating, collected, or disposed of within Metro boundaries, in accordance with Metro Code Section 5.01.150.

(d) When solid waste generated from within the Metro boundary is mixed in the same vehicle or container with solid waste generated from outside the Metro boundary, the load in its entirety shall be reported at the disposal site by the generator or hauler as having been generated within the Metro boundary, and the Regional System Fee shall be paid on the entire load unless the generator or hauler provides the disposal site operator with documentation regarding the total weight of the solid waste in the vehicle or container that was generated within the Metro boundary and the disposal site operator forwards such documentation to Metro, or unless Metro has agreed in writing to another method of reporting.

(e) System fees described in this Section 5.02.045 shall not apply to exemptions listed in Section 5.01.150(b) of this Code.

**Exhibit "C" to Ordinance No. 10-1237**

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

5.02.047 Regional System Fee Credits

Any person delivering Cleanup Material Contaminated by Hazardous Substances that is derived from an environmental cleanup of a nonrecurring event, and delivered to any Solid Waste System Facility authorized to accept such substances shall be allowed a credit in the amount of \$~~15.03~~14.22 against the Regional System Fee otherwise due under Section 5.02.045(a) of this Chapter.

## STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 10-1237 FOR THE PURPOSE OF AMENDING METRO CODE CHAPTER 5.02 TO ESTABLISH METRO'S SOLID WASTE DISPOSAL CHARGES AND SYSTEM FEES FOR FISCAL YEAR 2010-11

Date: April 15, 2010

Prepared by: Douglas Anderson

## EXECUTIVE SUMMARY

**Solid Waste Rates.** Adoption of Ordinance No. 10-1237 would implement the rates shown in boldface in the following table. As a result, on August 1, 2010, the Metro tip fee would rise by \$5.10 per ton to \$85.85 and the Regional System Fee collected from privately-owned disposal sites would fall \$0.81 to \$16.72 per ton.

### Proposed Solid Waste Disposal Charges Effective August 1, 2010 through July 31, 2011

Solid Waste Rates	Current Rates	Provisional	Change
Transaction Fees			
<b>Staffed scales</b>	\$10.00	<b>\$11.00</b>	\$1.00
<b>Automated scales</b>	\$3.00	<b>\$3.00</b>	- 0 -
Per-ton rates:			
<b>Tonnage Charge</b>	\$51.65	<b>\$56.45</b>	\$4.80
<b>Regional System Fee</b>	\$17.53	<b>\$16.72</b>	<b>(\$0.81)</b>
Excise tax	\$9.83	\$10.94	\$1.11
DEQ & host fees	\$1.74	\$1.74	- 0 -
Metro Tip Fee	\$80.75	\$85.85	\$5.10
Minimum load charge	\$28	<b>\$28</b>	- 0 -

## BACKGROUND

**Why the Changes?** Three types of changes since last year affect the rates:

- Policy
- Costs
- Process

## Policy

Last year, facing a potential \$10 increase in the tip fee, and considering the impact on ratepayers during the economic downturn, the Metro Council explicitly chose a *one-time* departure from its “pay as you go” policy on rates. In simple terms, “pay as you go” is a universally-recognized best business practice, and means that current costs are to be paid from current (*i.e.*, rate) revenue. To implement the departure from pay-as-you-go, Metro used over \$2.4 million of its solid waste fund balance to cover certain one-time costs, backfill various appropriations, and make the annual deposit into the Renewal & Replacement account.

In contrast, the proposed FY 2010-11 rates are based once again on the pay-as-you-go principle. This explains approximately half of the increase shown in the table.

## Costs

Tonnage and inflation are expected to be virtually flat between now and next year, so costs and revenue drive the balance of the rate changes. The main drivers of change are:

- New station operating contracts: cost up 17 percent. Effect on the tip fee: +\$2.52
- A full year of the new transport contract: cost up 9½ percent. Effect on the tip fee: +\$1.45
- Investment income is down 42½ percent. The loss of offsetting revenue means: +\$0.63
- Disposal costs are down 9 percent due to a negotiated settlement with Waste Management in 2007 (Change Order 9). On the tip fee: -\$0.88
- Larger trucks mean fewer trips, meaning fuel costs are down. On the tip fee: -\$0.50
- The budget recognizes over \$1.3 million in new revenue from the statewide PaintCare product stewardship initiative. Effect on the tip fee: -\$1.13
- Of the \$1.11 increase in the excise tax, \$0.49 is an annual adjustment per Metro code that does not require council action. The \$0.62 balance is subject to council adoption of a separate ordinance, the Excise Tax Simplification and Stabilization Ordinance (No. 10-1239), to be first-read on April 15. The effect of this separate ordinance on the tip fee is +\$0.62
- Finally, as mentioned above, the rates are full-cost pay-as-you-go. On the tip fee: +\$2.38

A variety of other, smaller changes combine to round out the net increase to the tip fee. All of this is documented in staff’s Rate Report that will accompany formal transmittal of the proposed rates.

## Process

Last October, the council adopted a new approach toward solid waste rate setting. Among the key changes:

- Align the budget and rate hearing cycles.
- Engage an independent expert to review the rates.
- Periodically review rate criteria and policies.

**Alignment.** The main objectives of this change are to provide more opportunities for the public to review and comment on both the budget and the rates, and to provide the council with immediate feedback on the cross-effects between budget amendments and rate changes.

Budget staff and rate staff have cooperated closely this year in order to deliver rates and the budget on the same schedule. Staff presented the proposed rates at a Council Work Session on March 30, two days before transmittal of the budget. During this transition year the alignment has not been perfect, but the rate and budget ordinances are both scheduled for action on April 29 as originally planned. Staff has

learned from this transition year and looks to apply the lessons learned to next year's process. Completion of a policy review (see "Periodic Review" below) ahead of next year's rate making cycle should contribute toward the improvement of next year's process.

**Independent review.** Finance & Regulatory Services engaged FCS Group of Redmond, Washington for the independent review. Per Metro Code, FCS has delivered its report directly to the Metro Council. In general, FCS found the empirical rate work to be sound and consistent with best practices. FCS found the proposed rate increase to be justified. FCS made recommendations to strengthen the rate making process, including linking it more closely to medium-term and strategic financial planning efforts. In particular, FCS recommended that Metro re-examine its "50% loading" approach toward general and administrative costs; and to ensure that end-of-year "true-up" charges for direct service transfers are based on applicable and objectively measured factors.

**Periodic review of policies and criteria.** The council placed periodic reviews outside the regular rate cycle to allow focus on the policy questions. Periodic reviews will provide a forum for a broad range of stakeholders and interests, and thereby help ensure that rate criteria and policies remain complete and relevant. With the first formal round of periodic review still to come, staff has designed the proposed FY 2010-11 rates to meet the current policies of the council, including a return to the full cost recovery ("pay as you go") policy.

## INFORMATION/ANALYSIS

- 1. Known Opposition.** There is no known opposition.
- 2. Legal Antecedents.** Metro's solid waste rates are set in Metro Code Chapter 5.02. Any change in these rates requires an ordinance amending Chapter 5.02. Metro reviews solid waste rates annually, and has amended Chapter 5.02 when changes are warranted. The excise tax component is controlled by Metro Code sections 7.01.020 and 7.01.023 which do not require annual council action; and by the separate Ordinance No. 10-1239 if the latter is adopted by the council on or about April 29, 2010.
- 3. Anticipated Effects:** If adopted, this ordinance would raise the tip fee and the staffed transaction fee, and reduce the Regional System Fee by the amounts indicated in the table on the first page.

The average effect on the residential customer's curbside collection bill would be about a penny per day, all else equal.

Owners of private solid waste facilities will pay \$0.83 less in Regional System Fee (and, unrelated to this ordinance, an additional \$1.11 in Metro excise tax) on solid waste delivered to a landfill for disposal—a net increase of \$0.30 in Metro fees and taxes. This is the lowest net change since FY 2006-07.

- 4. Budget Impacts.** This ordinance reflects the FY 2010-11 proposed budget and the final adjustment to the new transfer station operations contracts which will be incorporated into the proposed budget as a technical amendment in April..

## RECOMMENDATION

The Chief Operating Officer recommends adoption of Ordinance No. 10-1237.