

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF DIRECTING THE) RESOLUTION NO. 10-4138
CHIEF OPERATING OFFICER TO ADOPT A)
PROGRAM FOR TEMPORARY DEFERRAL) Introduced by Chief Operating Officer
OF THE METRO REGIONAL SYSTEM FEE) Michael J. Jordan, with the concurrence of
FOR MANUFACTURING BUSINESSES) Council President David Bragdon
USING RECYCLABLE MATERIALS)

WHEREAS, the recent economic downturn has hampered businesses that manufacture products derived from recyclable materials that have been recovered from the waste stream; and

WHEREAS, Metro considers manufacturers of products from such materials to be an important component of regional efforts to promote sustainability; and

WHEREAS, pursuant to Metro Code Section 5.02.047, Metro imposes a Regional System Fee on the disposal of solid waste generated, originating or collected from within the Metro region; and

WHEREAS, manufacturers of products derived from recyclable materials that have been recovered from the waste stream may be aided by a temporary, targeted deferral of a portion of their obligation to pay the Metro Regional System Fee on the solid wastes they dispose;

WHEREAS, such a temporary deferral of a portion of the Metro Regional System Fee would require businesses that manufacture products derived from recyclable materials recovered from the waste stream to make use of such funds for capital investment, market development, or other uses that result in waste reduction; now, therefore

BE IT RESOLVED that the Metro Council directs the Metro Chief Operating Officer to develop and implement a program for temporary deferral of the imposition of the Metro Regional System Fees in accordance with the provisions set forth on the attached Exhibit A.

ADOPTED by the Metro Council this ____ day of April, 2010.

WITHDRAWN

David Bragdon, Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney

Exhibit A

Temporary Regional System Fee Deferral Program

Metro will allow deferral of the payment of Metro Regional System Fees to businesses whose primary purpose is the manufacture of new products using a substantial amount of recyclable materials that have been recovered from the waste stream as the raw material or feedstock for manufacturing, if the manufacturing performed also requires the substantial addition of water as an intrinsic part of the manufacturing process. Such businesses may defer payment of Regional System Fees on the portion of the manufacturing process residual containing water that was added during the manufacturing process.

The deferral of the obligation to pay Metro Regional System Fees shall be permitted for a period no greater than 36 months. The Regional System Fees so deferred shall be repaid to Metro over a period no greater than 60 months, with annual interest at a rate equivalent to Metro's average annual investment yield at the time the deferral of payment commences. The time permitted for repayment of the deferred Regional System Fees may be based on the nature of business purpose proposed for the funds that would otherwise have been paid as Regional System Fees.

Deferral recipients must use the deferred Regional System Fee payments for capital investment, market development, or other uses that result in waste reduction. Recipients of a deferral of Regional System Fees must remain in compliance with all obligations to Metro, including any regulatory obligations and the payment of all other debts and financial obligations to Metro. Any failure by deferral recipients to remain in compliance with Metro regulations or to make any payment due to Metro shall result in termination of the deferral with all deferred fees immediately due and payable.

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 10-4138 FOR THE PURPOSE OF DIRECTING THE CHIEF OPERATING OFFICER TO ADOPT A PROGRAM FOR TEMPORARY DEFERRAL OF THE METRO REGIONAL SYSTEM FEE FOR MANUFACTURING BUSINESSES USING RECYCLABLE MATERIALS

Date: April 15, 2010

Prepared by: Scott Robinson,
Deputy Chief Operating Officer

BACKGROUND

As a general policy, waste disposal costs should apply consistently on all solid waste generated within the Metro region. These costs provide a crucial incentive to generators in minimizing land disposal and implementing more sustainable waste management measures, including reducing and preventing solid waste.

The recent economic downturn has hampered business in the Metro region, especially those manufacturers that produce new products that rely on recyclable materials that have been recovered from the waste stream. Some businesses have found it difficult to invest in increased sustainability much less meet ongoing obligations such as utilities, rent and waste disposal. Metro recognizes that some manufacturing businesses that use recyclable material as feedstock may benefit from a temporary deferral from certain costs, such as regional system fees that are contained in waste disposal charges.

Therefore, as a way to provide such manufacturers with temporary relief from payment of regional system fees, the Metro Council, in Resolution No. 10-4138, directs the Chief Operating Officer (COO) to consider requests for deferring payment of a portion of the regional system fee for up to 36 months. In situations where a solid waste generator manufactures new products using recyclable material as a significant source of feedstock, and is willing to invest in tangible waste reduction, then the COO should consider such requests for deferral. Such applications should only be considered in situations where water is intrinsic to producing a new manufactured product and is difficult or expensive to remove but significantly contribute to the weight or volume of waste residual. Such regional system fee deferral should be considered at a percentage that is roughly equivalent to water weight portion of the solid waste residual.

Such requests for deferral must include a proposal to invest the temporary savings in capital investment, market development, or other uses that result in waste reduction. Investments could be made in programs, equipment or technology. Qualified applicants must be in compliance with any Metro regulatory requirements and remain current on all debts and obligations to Metro. The COO shall establish the conditions for repayment of such obligations consistent with Metro's risk and interest policies.

ANALYSIS/INFORMATION

1. **Known Opposition** Unknown.
2. **Legal Antecedents** Metro Code Chapter 5.02 Disposal Charges and User Fees

3. Anticipated Effects

Upon adoption of this resolution, the COO will consider requests from manufacturing businesses meeting the criteria, for deferral of regional system fee payments for a period no greater than 36 months. In cases where designated disposal facilities collect fees on Metro's behalf, Metro will modify the agreements in accordance with requests that are approved by the COO.

It is unclear how many applicants would seek such relief.

4. Budget Impacts

It is not known which companies might seek to apply. Solid waste excise taxes are not subject to deferral. Regional system fees that are deferred would be repaid at a future date and a future fiscal year so the budget impact would be delayed and not permanent. Currently, up to \$16.72 per ton could be available for deferral for qualified applicants.

RECOMMENDED ACTION

Recommend adoption of Resolution No. 10-4138.