

BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF NAMING A)	RESOLUTION NO. 91-1485
TASK FORCE TO EXAMINE ISSUES)	
RELATED TO THE SOLID WASTE)	Introduced by the Solid
DISPOSAL RATE PROCESS)	Waste Committee

WHEREAS, The Council of the Metropolitan Service District is authorized under Metro Code Section 5.01.170 to appoint a five-member Rate Review Committee to gather information and provide recommendations for the establishment of rates; and

WHEREAS, The Performance Audit of Metro's Solid Waste Function recommended that:

- * Representatives of Metro Staff, Council staff, and the Rate Review Committee should be appointed to an ad hoc task force to clarify and clearly articulate the role of the Rate Review Committee;
- * Metro should change the composition of the Rate Review Committee;
- * The Rate Review Committee should report to the Council;
- * The Rate Review Committee should be provided with adequate time to review proposed solid waste rates;
- * The Rate Review Committee should be charged with responsibility for the review of proposed direct and indirect expenses used to determine the solid waste rates; and

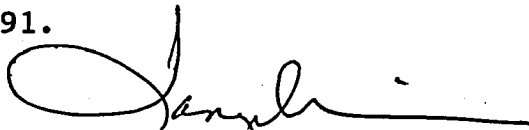
WHEREAS, The Metro Adopted Budget contains a budget note requiring that a joint task force be established to examine the rate review process, with the Council Solid Waste Committee Chair acting as task force chair; and

WHEREAS, Metro Code Section 2.01.140 provides that the standing committees of the Council may appoint task forces, subject to Council approval; now, therefore,

BE IT RESOLVED,

1. That a 7-member Special Task Force on the Rate Review Process be established (Membership listed in Exhibit A).
2. That the scope of the task force's work include, but not be limited to examining the: 1) purpose, authority, and responsibilities of the Rate Review Committee; 2) need to set rate review criteria or standards; 3) committee membership and appointment process; 4) support staff for the committee; 5) relationship of rate review and budget preparation time lines; and 6) ongoing access to relevant information by committee members.
3. That the Task Force complete its work and submit its recommendations to the Council Solid Waste Committee in writing.

ADOPTED by the Council of the Metropolitan Service District
this 12th day of September, 1991.



Tanya Collier, Presiding Officer

EXHIBIT A
RESOLUTION NO. 91-1485

Membership of Rate Review Task Force

1. Councilor Judy Wyers (Chair)
2. Councilor Ruth McFarland
3. Bob Martin, Director of Solid Waste (or designee)
4. Jennifer Sims, Director of Finance & Management Information Management (or designee)
5. Estle Harlan, Representative, Hauling industry
6. Tom Miller, Miller's Sanitary Service, Representative, Hauling industry
7. Ross Hall, Chair, Metro Rate Review Committee



METRO

2000 S.W. First Avenue
Portland, OR 97201-5398
503/221-1646

Memorandum

To: Solid Waste Committee Members
From: John Houser, Council Analyst
Date: August 20, 1991
Re: Solid Waste Rate Review Committee

During the FY 1991-92 budget process, the Council added a budget note to the Solid Waste Department budget (Attachment 1) calling for the establishment of a task force to examine the rate review process and submit a written report to the Council Solid Waste Committee by December 15, 1991. Task force membership is to include representatives of the hauling industry, the Solid Waste Department and Council staff and be chaired by the chair of the Solid Waste Committee.

Based on the language in the note which identifies the Solid Waste Committee Chair as the Chair of the task force, it would be most appropriate for Council staff to provide support for the work of the task force. In addition, use of council staff as staff for the task force would be justified because the rate review committee was established by Council ordinance to assist the Council in reviewing rate proposals and most of the issues to be examined by the task force will be process and procedure-oriented or related to the responsibilities of the review committee in assisting the Council.

Task Force Membership

The budget note outlines several types of representatives for inclusion on task force, but does not address the overall size of the task force. For discussion purposes the committee may wish to consider the following proposed task force membership:

- *Two councilors (possibly the chair and vice-chair of the Solid Waste Committee)

- *Council Analyst for the Solid Waste Committee

- *Two Metro Department Staff (either two from the Solid Waste Department, or one from Solid Waste and one from Finance and Information)

- *Two current or former members of the rate review committee, and

- *Two representatives from the hauling industry

Task Force Timelines

The budget note calls for a task force report to be filed with the Council Solid Waste Committee by December 15, 1991. Historically, the rate review committee begins it's work in late November or early December. If changes are proposed in the operation of the committee that would require Council action, the work of task force should be completed to allow final Council action by December 1, 1991. The following is a proposed timeline for the work of the task force:

- September 6 -- naming of task force members
- September -- two task force meetings to receive testimony from councilors, Metro staff, current and former rate review committee members and local government officials involved in solid waste-related regulation
- October -- two meetings
 - 1st meeting --discussion and development of proposed recommendations
 - 2nd meeting --review of proposed ordinances, resolutions, or other documents to implement recommendations
- November -- final meeting (if needed) to review any changes in recommendations resulting from October meetings
- November 11 -- filing of recommendations with Council Solid Waste Committee
- November 19 -- Solid Waste Committee Hearing
- November 28 -- Council Consideration of Recommendations

Task Force Issues

There will be a number of issues that the task force may wish to examine. A partial listing of these would include:

- 1) Purpose, Authority and Responsibilities of the Rate Review Committee (The ordinance creating the committee provides only that the committee shall "gather information and provide recommendations for the establishment of rates." See attachment 2)
- 2) Rate Setting Review Criteria (Members of the review committee have expressed concern that they have no criteria or standards by which to judge rate proposals)

- 3) Appointment Process (Nature of Committee Membership and Timing of Appointments)
- 4) Support Staff for the Work of the Committee
- 5) Relationship of Rate Review Timelines and Budget Preparation Timelines (currently budget data that affect rate decisions is not available until late in the rate review process, limiting the decisionmaking ability of the rate review committee)
- 6) Conduct of Meetings (including setting agendas, conducting meetings, should this be the responsibility of the committee chair?)
- 7) Timely and ongoing access to relevant information (Committee members have expressed concern that they do not receive information on a timely basis)

Clearly the work of the task force must be coordinated with the Solid Waste Department and the Department of Finance and Information. But, it is also important to remember that the purpose of the rate review committee is to assist the Council in evaluating rate proposals and therefore, the operation of the committee should be geared to providing timely assistance to the Council in its rate evaluation process.

Solid Waste Revenue Fund

1. *Budget and Finance Division: Task Force to Examine the Rate Review Process*

A joint task force, including but not limited to representatives from the hauling industry, Solid Waste Department, the current Rate Review Committee, and Council staff, assisted by General Counsel, and chaired by the Council Solid Waste Committee Chair or the Chair's designee, shall meet beginning in July 1991, to examine the rate review process. A written report outlining recommendations shall be submitted to the Council Solid Waste Committee no later than December 15, 1991.

2. *Budget and Finance Division: Reports to Council Solid Waste Committee*

The Department should provide the Solid Waste Committee with the following reports at the times indicated:

- a. a monthly financial management report, beginning with a report for the month of July, 1991, to be provided no later than August 31, 1991;
- b. a supplemental narrative explaining the assumptions underlying the solid waste disposal rate model and summarizing the data, to be provided at the time the rate ordinance is filed with Council.
- c. a summary of the data contained in each Solid Waste Information System report, and an assessment of the meaning of the data for system operation, to be provided in each quarterly Solid Waste Information System Report.
- d. compliance audit findings, to be provided at the next regularly scheduled meeting after an audit is complete.

3. *Operations Division: Reclassification Study for Facilities Superintendent Position*

The Department in consultation with the Personnel Office shall complete a reclassification study for the Facilities Superintendent position, and report the results to the Finance Committee.

4. *Waste Reduction Division: Preparation of the FY 92-93 Budget*

The summarized line item justification for the Waste Reduction Division shall be prepared in a manner which clearly shows how proposed expenditures are allocated between the Public Affairs Department and the Waste Reduction Division. Additionally, Public Affairs expenditures funded by a transfer from the Waste Reduction Division shall be summarized as well as shown in detail by work program.

5. *Waste Reduction Division: Recycling Credits*

The Solid Waste Department will follow the policy adopted under Metro Code Chapter 5.07, which establishes procedures for calculating recycling credits for eligible nonprofit organizations.

Transportation Planning Fund

1. *Urban Growth Management Program*

The Transportation Department Urban Growth Management Program has identified \$250,000 for Transportation/Land Use Consultant support. Although this support is identified in the Budget Contracts List as a single "A" contract, any contractual work against the \$250,000 will require Transportation Planning Committee and full Council review of the bid documents, prior to release for response, and the final contract, prior to execution.

(d) User Fees shall be paid to the District on or before the 20th day of each month following each preceding month of operation.

(e) There is no liability for User Fees on charge accounts that are worthless and charged off as uncollectible provided that an affidavit is filed with the District stating the name and amount of each uncollectible charge account. If the fees have previously been paid a deduction may be taken from the next payment due to the District for the amount found worthless and charged off. If any such account thereafter, in whole or in part, is collected, the amount so collected shall be included in the first return filed after such collection, and the fees shall be paid with the return.

(f) All User Fees shall be paid in the form of a remittance payable to the District. All User Fees received by the District shall be deposited in the Solid Waste Operating Fund and used only for the administration, implementation, operation and enforcement of the Solid Waste Management Plan.

(Ordinance No. 81-111, Sec. 16; amended by Ordinance No. 86-214, Sec. 1)

5.01.160 Reports from Collection Services: Upon request of the Executive Officer, a solid waste collection service shall file periodic reports with the District, containing information required by the Executive Officer.

(Ordinance No. 81-111, Sec. 17)

5.01.170 Rate Review Committee:

(a) The Council shall appoint a five-member Rate Review Committee to gather information and provide recommendations for the establishment of rates.

(b) Initially, three members shall serve two-year terms and two members shall serve one-year terms, in order to provide continuity in Rate Review Committee membership. Thereafter, Rate Review Committee members shall serve two-year staggered terms.

(c) The members of the Rate Review Committee shall be as follows:

- (1) One Certified Public Accountant with expertise in cost accounting and program auditing.
- (2) One Certified Public Accountant with expertise in the solid waste industry or public utility regulation.

- (3) One local government administrator with expertise in governmental financing, agency budgeting and/or rate regulation.
- (4) Two members of the public.
- (d) No representative or affiliate of the solid waste industry and no employee of the District shall serve on the Rate Review Committee.

(Ordinance No. 81-111, Sec. 18)

5.01.180 Determination of Rates:

(a) No franchisee or operator of a site operating under a District Certificate or Agreement upon the effective date of this chapter shall charge a rate which is not established by the Council or, pending establishment of a rate by the Council, an interim rate established by the Executive Officer.

(b) At the time the Council grants a franchise, or after the Council grants a franchise it shall establish the rate(s) to be charged by the franchisee. The Council may establish uniform rates for all franchisees or varying rates based on the factors specified in this section.

(c) Effective January 1, 1982, before the Council establishes or adjusts any rate, the Rate Review Committee shall investigate the proposed rates and submit a recommendation to the Executive Officer. The Executive Officer shall forward the Committee's recommendation along with his/her recommendation to the Council, after which the Council shall hold a public hearing. The Council shall then set forth its findings and decision.

(d) In determination of rates, the Rate Review Committee, Executive Officer and Council shall give due consideration to the following:

- (1) Operating and nonoperating revenues.
- (2) Direct and indirect operating and nonoperating expenses including franchise fees.
- (3) Nonfranchise profits.
- (4) Reasonable return on investment exclusive of any capital investment in the franchise or any sum paid for the value of the franchise or any other



METRO

2000 S.W. First Avenue
Portland, OR 97201-5398
503/221-1646

Memorandum

To: Solid Waste Committee Members

From: John Houser, Council Analyst

Date: August 13, 1991

Re: Committee Discussion of a Review of the Solid Waste Rate Review Process

The chair has expressed an interest in establishing a task force for the purpose of examining the annual solid waste rate review process. The purpose of the study would be to examine the entire review process including:

- 1) the role of the solid waste department, the council and the solid waste committee, the present rate review committee and outside interests, such as franchisees and haulers:
- 2) public involvement in the process; and
- 3) timelines associated with the annual review process;

It is the chair's intent that this issue be informally discussed at the August 20 meeting. The purpose of the discussion will be to assess committee members interest in the issue, identify councilors concerns about the present process, and how the committee's review could be conducted. It would be most appropriate for the committee's work to be completed prior to the beginning of the rate review process for FY 1992-93.

SOLID WASTE COMMITTEE REPORT

CONSIDERATION OF RESOLUTION NO. 91-1485, FOR THE PURPOSE OF NAMING A TASK FORCE TO EXAMINE ISSUES RELATED TO THE SOLID WASTE DISPOSAL RATE PROCESS

Date: August 29, 1991

Presented by: Councilor Wyers

Committee Recommendation: At the August 20 meeting, the Committee voted unanimously to recommend Council adoption of Resolution No. 91-1485, as amended. Voting in favor: Councilors Gardner, McFarland, McLain and Wyers.

Committee Issues/Discussion: Councilor Wyers introduced the resolution noting that it had been drafted in response to an FY 1991-92 budget note requiring the establishment of a joint task force to examine the rate review process and report recommendations to the Solid Waste Committee by December 15, 1991.

Bob Martin, Solid Waste Department, noted that the department had taken the budget note as direction for the department to establish a task force and had begun screening potential task force members. Councilor Wyers noted that, while there may be some confusion about the role of the committee and the department concerning the task force, it had been her intent that she would appoint the task force members and serve as the chair as directed in the budget note. Martin expressed concern that the resolution was not needed because of the budget note. Several committee members responded that the resolution confirmed the importance of the need for a rate review process study and was the appropriate manner for a Council committee to establish a task force under the Metro Code.

The committee and Martin discussed a Council staff memo related to potential task force membership, timelines and issues to be studied. Martin noted that the efforts of committee and the department appeared to be headed in the same direction. Following the discussion, it was generally agreed that the task force will consist of seven members including two councilors, representatives from the Solid Waste and Finance and Information Management Departments, two representatives of the hauling industry, and a member of the current rate review committee. The task force will be co-staffed by the Council staff and the Solid Waste Department.

The committee discussed the scope of work of the task force. Councilor Wyers noted that the task force should study all aspects of the operation of the current rate review committee. Martin noted that the potential issues cited in the Council staff memo were similar to those identified in the Peat Marwick performance audit and those identified by the department staff. The resolution outlines several potential issues for review by the task force, but does not limit it from reviewing other issues that it may identify.

It was generally agreed that the timeline set forth in the staff memo was ambitious, but that the task force should make every effort to complete its work prior to the next rate review process which will begin in December.

Martin noted that it was not the original purpose of the rate review committee to examine rates at Metro facilities. But several councilors noted that it was time to reexamine the role of the committee, particularly in light of increasing public sensitivity to changes in disposal rates.

Martin expressed concern that he had received the resolution only 15 minutes prior to the start of the meeting and therefore it had not been reviewed by Executive Management or Legal Counsel. Several councilors noted that the wording and intent of the resolution was not complex and that it appeared that the efforts of the committee and the department werer aimed at meeting similar goals.

The committee amended the original resolution to clarify that the task force would have seven members. A second amendment removed a November 15 deadline for the completion of the work of the task force to provide the task force greater flexibility.