

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ESTABLISHING)	RESOLUTION NO. 93-1824A
A PROCESS FOR EVALUATION OF)	
METRO'S SOLID WASTE FEES,)	Introduced by Rena Cusma
CONSIDERATION AND REVIEW OF A)	Executive Officer
NEW RATE STRUCTURE FOR FY94-95,)	
AND COMPLETION OF CHAPTER 11)	
(RATES) OF THE REGIONAL SOLID)	
WASTE MANAGEMENT PLAN)	
)	

WHEREAS, Policy 11.0 of the Regional Solid Waste Management Plan (adopted by Ordinance No. 88-266B) states: "The solid waste system shall be developed to achieve stable, equitable and predictable solid waste system costs and rates," and

WHEREAS, Chapter 5.02 of the Metro Code establishes a rate system that is based on per-ton fees for solid waste delivered to designated transfer stations and landfills for disposal; and

WHEREAS, These per-ton fees generate tonnage-dependent revenues that must pay all solid waste costs, regardless of whether those costs are dependent or independent of tonnage; and

WHEREAS, Despite the region's expected population growth, tonnage delivered to designated transfer stations and landfills will decline if regional waste reduction and recycling goals are met; and

WHEREAS, Continuing to pay for all costs of managing and operating the solid waste system entirely through fees assessed on a per-ton basis at transfer stations and

landfills will likely lead to ever increasing per-ton rates that are unstable and inequitable and therefore inconsistent with Policy 11.0; and

WHEREAS, The resolution was submitted to the Executive Officer for consideration and was forwarded to the Council for approval; now therefore,

BE IT RESOLVED, that

1. The Metro Council shall consider and review a new rate structure for FY 94-95 based on a comprehensive review to be completed by January, 1994.
2. The Solid Waste Advisory Committee will review rate alternatives and make recommendations to the Council Solid Waste Committee on a monthly basis for discussion of policy implications. These recommendations will included:
 - A. Short-term modifications feasible for rates to be adopted for FY 94-95.
 - B. Long-term modifications that would make Metro's rates more consistent with adopted or proposed policies but which require additional work before implementation.
 - C. Any other changes in the region's solid waste collection and disposal system that are needed in order to implement short- or long-term recommendations.
3. The Rate Review Committee will consider the recommendations of the Solid Waste Advisory Committee when developing solid waste rates for FY 94-95.
4. Chapter 11 of the Regional Solid Waste Management Plan dealing with solid waste rates will be completed and submitted to the Council for review and adoption by March, 1994.

5. Alternatives to be considered as part of this process will include but are not limited to the following:

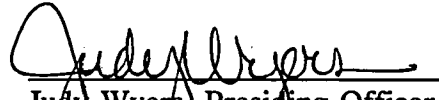
- A. Broaden the Rate Base. Rates are levied over a broader tonnage base than that which arrives at designated transfer stations and landfills for disposal.
- B. Rate Restructuring. Rates are restructured so as to cover tonnage-independent costs with tonnage-independent revenues; and tonnage-dependent costs are covered with per-ton tip fees related to the true costs of handling various waste streams.
- C. Diversify the Revenue Base. Fund some solid waste functions from sources other than system-specific user charges (*e.g.* taxes).

6. Criteria used to evaluate alternatives will include the following:

- A. Consistency. Consistency with Metro's agency-wide planning policies and objectives, including but not limited to the Solid Waste Management Plan, and the economic opportunity and related objectives of Regional Urban Growth Goals and Objectives (RUGGO).
- B. Revenue Adequacy. The generation of sufficient revenues to fund the costs of the solid waste system.
- C. Equity. Charges to users of the waste disposal system are directly related to disposal services received. Charges to residents of the Metro service district who may not be direct users of the disposal system should be related to other benefits received.

- D. Economic Impacts. The economic effects on the various types of rate payers, including the cost of living on residential waste generators and the cost of doing business on non-residential generators, as well as the economic effect on others in the region.
- E. Waste Reduction. The rate structure provides incentives to encourage waste reduction, reuse and recycling.
- F. Affordability. The ability of those paying for the program to bear the costs that they are determined to be responsible for.
- G. Implementation. The relative cost and effort of implementing and administering the rates. Ensure that the rates can be verified and enforced.
- H. Credit Rating Impacts. The effect of the rate structure on Metro's credit rating.
- I. Authority to Implement. The legal ability of Metro to implement the rate structure; the relative ease or difficulty of obtaining the authority if such authority is not already held; and the changes needed to Metro Code to implement the new rate structure.
- J. Reliability. The extent to which anticipated revenues are stable and unlikely to deviate from financial plan expectations.
- K. Predictability. Metro rate adjustments will occur in a predictable and orderly manner such that local governments, haulers, and rate payers will be able to perform effective business planning.

ADOPTED by the Metro Council this 22nd day of July, 1993.



Judy Wyers, Presiding Officer

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BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ESTABLISHING)	RESOLUTION NO. 93-1824A
A PROCESS FOR EVALUATION OF)	
METRO'S SOLID WASTE FEES,)	Introduced by Rena Cusma
[ADOPTION] CONSIDERATION AND)	Executive Officer
REVIEW OF A NEW RATE STRUCTURE)	
FOR FY94-95, AND COMPLETION OF)	
CHAPTER 11 (RATES) OF THE)	
REGIONAL SOLID WASTE)	
MANAGEMENT PLAN)	

WHEREAS, Policy 11.0 of the Regional Solid Waste Management Plan (adopted by Ordinance No. 88-266B) states: "The solid waste system shall be developed to achieve stable, equitable and predictable solid waste system costs and rates," and

WHEREAS, Chapter 5.02 of the Metro Code establishes a rate system that is based on per-ton fees for solid waste delivered to designated transfer stations and landfills for disposal; and

WHEREAS, These per-ton fees generate tonnage-dependent revenues that must pay all solid waste costs, regardless of whether those costs are dependent or independent of tonnage; and

WHEREAS, Despite the region's expected population growth, tonnage delivered to designated transfer stations and landfills will decline if regional waste reduction and recycling goals are met; and

WHEREAS, Continuing to pay for all costs of managing and operating the solid waste system entirely through fees assessed on a per-ton basis at transfer stations and

landfills will likely lead to ever increasing per-ton rates that are unstable and inequitable and therefore inconsistent with Policy 11.0; and

WHEREAS, The resolution was submitted to the Executive Officer for consideration and was forwarded to the Council for approval; now therefore,

BE IT RESOLVED, that

1. The Metro Council shall [~~adopt~~] consider and review a new rate structure for FY 94-95 based on a comprehensive review to be completed by January, 1994.
2. The Solid Waste Advisory Committee will review rate alternatives and make recommendations to the Council Solid Waste Committee on a monthly basis for discussion of policy implications. These recommendations will included:
 - A. Short-term modifications feasible for rates to be adopted for FY 94-95.
 - B. Long-term modifications that would make Metro's rates more consistent with adopted or proposed policies but which require additional work before implementation.
 - C. Any other changes in the region's solid waste collection and disposal system that are needed in order to implement short- or long-term recommendations.
3. The Rate Review Committee will consider the recommendations of the Solid Waste Advisory Committee when developing solid waste rates for FY 94-95.
4. Chapter 11 of the Regional Solid Waste Management Plan dealing with solid waste rates will be completed and submitted to the Council for review and adoption by March, 1994.

5. Alternatives to be considered as part of this process will include but are not limited to the following:
- A. Broaden the Rate Base. Rates are levied over a broader tonnage base than that which arrives at designated transfer stations and landfills for disposal.
 - B. Rate Restructuring. Rates are restructured so as to cover tonnage-independent costs with tonnage-independent revenues; and tonnage-dependent costs are covered with per-ton tip fees related to the true costs of handling various waste streams.
 - C. Diversify the Revenue Base. Fund some solid waste functions from sources other than system-specific user charges (*e.g.* taxes).
6. Criteria used to evaluate alternatives will include the following:
- A. Consistency. Consistency with Metro's agency-wide planning policies and objectives, including but not limited to the Solid Waste Management Plan, and the economic opportunity and related objectives of Regional Urban Growth Goals and Objectives (RUGGO).
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- D. Economic Impacts. The economic effects on the various types of rate payers, including the cost of living on residential waste generators and the cost of doing business on non-residential generators, as well as the economic effect on others in the region.
- E. Waste Reduction. The rate structure provides incentives to encourage waste reduction, reuse and recycling.
- F. Affordability. The ability of those paying for the program to bear the costs that they are determined to be responsible for.
- G. Implementation. The relative cost and effort of implementing and administering the rates. Ensure that the rates can be verified and enforced.
- H. Credit Rating Impacts. The effect of the rate structure on Metro's credit rating.
- I. Authority to Implement. The legal ability of Metro to implement the rate structure; the relative ease or difficulty of obtaining the authority if such authority is not already held; and the changes needed to Metro Code to implement the new rate structure.
- J. Reliability. The extent to which anticipated revenues are stable and unlikely to deviate from financial plan expectations.
- K. Predictability. Metro rate adjustments will occur in a predictable and orderly manner such that local governments, haulers, and rate payers will be able to perform effective business planning.

ADOPTED by the Metro Council this _____ day of _____, 1993.

Judy Wyers, Presiding Officer

Attest:

Clerk of the Council

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SOLID WASTE COMMITTEE REPORT

CONSIDERATION OF RESOLUTION NO. 93-1824A, FOR THE PURPOSE OF ESTABLISHING A PROCESS FOR EVALUATION OF METRO'S SOLID WASTE FEES, CONSIDERATION AND REVIEW OF A NEW RATE STRUCTURE FOR FY 94-95, AND COMPLETION OF CHAPTER 11 (RATES) OF THE REGIONAL SOLID WASTE MANAGEMENT PLAN

Date: July 8, 1993

Presented by: Councilor McFarland

Committee Recommendation: At the July 6 meeting, the Committee voted unanimously to recommend Council adoption of Resolution No. 93-1824A. Voting in favor: Councilors Buchanan, McFarland, McLain, Washington and Wyers.

Committee Issues/Discussion: Terry Peterson, Solid Waste Planning and Technical Services Manager, explained the intent of the resolution is to establish a framework for a comprehensive review of the solid waste rate structure. It identifies the issues to be examined, establishes a timeline for completion (January 1994), provides for the completion of the RSWMP chapter dealing with rates and specifies the involvement of the Solid Waste Committee, the Solid Waste Advisory Committee and the Rate Review Committee.

Peterson explained that the budget includes \$35,000 to obtain consultant assistance with this project. He noted that the debate over the system management fee and interest from several businesses in seeking rate relief indicates that now would be an appropriate time to comprehensively review the solid waste rate structure.

Councilor Wyers asked if this project would interfere with the performance audit of waste reduction programs. Peterson indicated that the results of the audit would be available prior to the completion of the rate structure study and that any applicable audit recommendations would be addressed in the rate study.

Councilor Wyers expressed concern about wording in the title and body of the resolution that would appear to require the Council to adopt a new rate structure for FY 94-95. Councilor McFarland asked about the involvement of the Rate Review Committee in the study.

Following committee discussion, amendment language was developed to address these issues. The following amendments were approved: 1) in the resolution title, delete the word "adoption" and insert the words "consideration and review", 2) in Be It Resolved (1) delete the word "adoption" and insert the words "consideration and review", and 3) in Be It Resolved (2) add the words "Solid Waste Committee on a monthly basis for discussion of policy implications." The intent of these amendments was to give the Council flexibility in addressing the need for changes in the rate structure and to insure that the Council is kept informed about the progress of the study.

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 93-1824 FOR THE PURPOSE OF ESTABLISHING A PROCESS FOR EVALUATION OF METRO'S SOLID WASTE FEES, ADOPTION OF A NEW RATE STRUCTURE FOR FY94-95, AND COMPLETION OF CHAPTER 11 (RATES) OF THE REGIONAL SOLID WASTE MANAGEMENT PLAN

Date: July 25, 1993

Presented by: Terry Petersen

PROPOSED ACTION

Approval of Resolution 93-1824 will establish a process for comprehensively reviewing Metro's method of funding solid waste programs, adopting a new rate structure for FY94-95, and completing Chapter 11 (rates) of the Regional Solid Waste Management Plan.

FACTUAL BACKGROUND

Metro's policy is to have stable, equitable, and predictable solid waste system costs and rates. Implementing this policy is becoming increasingly difficult given the current reliance on per-ton fees.

As the tip fee has risen during the past few years, certain ratepayers have identified what they consider to be inequities in Metro's rate structure. However, these cases have usually involved specific waste materials, facilities, or generators. Rather than addressing each of these on an individual basis, Resolution 93-1824 will create a process for establishing consistent and uniform guidelines regarding any modification of Metro's rates .

The process established by Resolution 93-1824 includes the following key elements:

1. The Metro Council shall adopt a new rate structure for FY94-95 based on comprehensive review to be completed by January, 1994.
2. The Solid Waste Advisory Committee will conduct the review and make recommendations to the Council and the Rate Review Committee for their consideration. Recommendations will include both short- and long-term changes that could make Metro's rates more consistent with adopted or proposed policies.
3. Chapter 11 of the Regional Solid Waste Management Plan will be presented to the Council for adoption by March, 1994.

4. Alternatives to be considered will include: (1) broadening the rate base by levying rates over tons that arrive at facilities other than just transfer stations and landfills, (2) restructuring rates in order to cover tonnage-independent costs with tonnage-independent user fees, and (3) funding some solid waste functions from sources other than user fees. Any tax options considered as part of the third alternative will be referred to the Tax Study Committee for consideration.
5. Criteria for evaluating these alternatives are established.

Resolution 93-1824 was reviewed and recommend by the Solid Waste Advisory Committee on June 24, 1993.

BUDGET IMPACT

There is no direct budget impact associated with approval of this resolution. The FY93-94 budget includes \$35,000 for professional services to assist in the analysis of Metro's solid waste fees.

EXECUTIVE OFFICER RECOMMENDATION

The Executive Officer recommends approval of Resolution No. 93-1824.

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SOLID WASTE FEES, ADOPTION OF) Introduced by Rena Cusma
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waste system.

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ADOPTED by the Metro Council this _____ day of _____, 1993.

Judy Wyers, Presiding Officer