

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING SOLID WASTE CHARGES AND USER FEES FOR FY 2016-17.) ORDINANCE NO. 16-1369) Introduced by Chief Operating Officer Martha Bennett with the concurrence of Council President Tom Hughes

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

WHEREAS, Metro Code chapters 5.01 and 5.02 establish user fees on solid waste accepted at all disposal sites in the system; and,

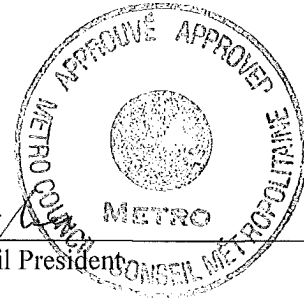
WHEREAS, Metro Code Section 5.06.030 establishes a community enhancement fee in an amount not to exceed \$1.00 on solid waste delivered to eligible solid waste facilities in the Metro region; and,

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

THE METRO COUNCIL ORDAINS AS FOLLOWS:

- Section 1. Solid Waste Fees and Charges. The schedule of solid waste fees and charges attached hereto as Exhibit "A" is approved, and shall be implemented on the Effective Date of this ordinance.
Section 2. Effective Date. This ordinance shall become effective on July 1, 2016.

ADOPTED by the Metro Council this 31st day of March 2016.



Tom Hughes, Council President

Attest:

Approved as to Form:

Alexandra Eldridge, Recording Secretary

Alison R. Kean, Metro Attorney

Exhibit "A" to Ordinance No. 16-1369

SCHEDULE OF SOLID WASTE FEES AND CHARGES

Effective July 1, 2016

Charges at Metro Central Station and Metro South Station

Tonnage Charges by waste class

The rates per ton pursuant to Metro Code sections 5.02.025(a)(1) and 5.02.029 shall be:

- (1) Mixed solid waste\$ 63.19
- (2) Wood waste or yard debris (separated or comingled)..... 47.78
- (3) Residentially generated organic waste.....63.61
- (4) Commercially generated organic waste (Metro Central only).....65.23

Transaction Charges by transaction class

The rates per transaction pursuant to Metro Code 5.02.025(a)(3) shall be:

- (1) For users of staffed scales\$ 10.00
- (2) For users of automated scales2.00

Minimum Charges

Minimum tonnage charges pursuant to Metro Code sections 5.02.025(b) and 5.02.029(h)(2) shall be based on 380 pounds for all classes of solid waste.

Fees on Disposal of Solid Waste

Regional System Fees by waste class

The rates per ton pursuant to Metro Code sections 5.01.150, 5.02.045 and 5.02.047 shall be:

- (1) Cleanup material contaminated by hazardous substances\$ 2.50
- (2) All other solid wastes..... 18.48

Community Enhancement Fees

The rates per ton pursuant to Metro Code sections 5.06.030 shall be:

- (1) Putrescible solid waste.....\$ 1.00
- (2) Non-putrescible solid waste (as authorized by Metro Chief Operating Officer) 1.00

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 16-1369 FOR THE PURPOSE OF ADOPTING SOLID WASTE CHARGES AND USER FEES FOR FY 2016-17.

Date: March 17, 2016

Presented by: Tim Collier, FRS (Ext. 1913)

Summary

Each year, the Chief Operating Officer proposes new solid waste rates as part of the budget process. The changes are needed to keep current with costs and tonnage flows.

Main points of this legislation.

- Metro's tip fee for garbage is proposed to be \$96.25 in FY 2016-17. This is an increase of \$1.27(1.3%) from the current rate. It will result in a small increase every month to ratepayers. The increase is driven by an increase in the regional system fee of \$0.09, an increase in the tonnage charge of \$0.32, a \$0.28 increase in the Metro Excise Tax and a \$0.58 increase in fees collected on behalf of DEQ . (More information on the Regional System Fee is provided on the next page.)
- Transaction charges are proposed to be reduced \$2 for staffed transactions (fees paid by self-haulers) and \$1 for automated transactions based on recommendations outlined in a recent 3rd party study of Metro transfer station costs of service.
- The minimum load size was increased to 380 pounds , while the minimum load charge was held constant at \$28
- Tip fee increases are proposed for residential organic waste accepted at Metro regional transfer stations. This increase stems from increases in Metro's per-ton contract cost. The rate model also suggests an increase of \$4.60 per ton for commercial organics, but staff is proposing to keep the rate flat to support Metro's recovery work in this area. The impact of this rate buy-down is projected to be \$71,594 in FY 2016-17. This rate decision will be reviewed annually for appropriateness.
- The tip fee for clean wood and yard debris is decreasing by \$2.78 per ton.

Adoption of Ordinance No. 16-1369 would authorize the following charges at Metro regional transfer stations, effective July 1, 2016.

Table 1. Proposed Solid Waste Charges at Metro Regional Transfer Stations

Rates Effective July 1, 2016

Rates	Current	Proposed	Change
Fees per transaction			
Users of staffed scales	\$12.00	\$10.00	\$(2.0)
Users of automated scales	3.00	2.00	(1.0)
Fees per ton (Tip Fees)			
Mixed solid waste ("refuse")	\$94.98	\$ 96.25	\$ 1.27
Clean wood	51.56	48.78	(2.78)
Yard Debris	51.56	48.78	(2.78)
Residential organics	60.45	64.61	4.16
Commercial organics	66.23	66.23	- 0 -

Background Part 1. Overview of Metro’s Solid Waste Rates

Metro maintains two classes of solid waste rates. One class, the Regional System Fee, is charged on all disposal. The second class is a suite of charges for services at Metro regional transfer stations only.

1. **Regional System Fee** is a universal charge on the disposal of garbage. It is levied at all landfills, the Marion County waste to energy facility, Forest Grove Transfer Station, and the Metro stations. There are two levels of system fee: one for mixed solid waste, and a reduced rate for environmental cleanup materials. The proposed rates are \$18.48 and \$2.50 per ton, respectively. System fees raise about \$23 million per year and pay for Metro’s regional solid waste programs and services: household hazardous waste, latex paint recovery, St. Johns Landfill management, facility regulation, illegal dumpsite cleanup, and resource conservation and recycling.
2. **Charges for services at the Metro stations** cover the costs of Metro’s transfer station operations, transport, processing and disposal. Each customer pays a two-part fee: a fixed charge for the transaction costs, and a variable charge (“tip fee”) for each ton in the load.
 - **“Transaction Charges”** are the fixed fees for each load of waste accepted. There are two levels of transaction fee: one for users of the staffed scales (mainly self-haulers), and another for users of the automated scales (mainly commercial haulers). Together they raise about \$3.5 million dollars per year and pay for the cost of operating the scalehouses and related functions.
 - **“Tip Fees”** are different for each waste stream – garbage, residential organics, commercial organics, and wood/yard debris – and reflect the costs that are specific to each stream. The current and proposed rates are shown in Table 1.

Every tip fee is made up of a **Tonnage Charge** and various pass-throughs (Table 2). The tonnage charge pays for the costs of doing the work. In this region, the Regional System Fee, Metro excise tax, and DEQ fees are charged on all disposal. Together, Metro’s tonnage charges raise about \$35 million per year, and pay for the costs of station operations, recovery, transport, processing, disposal, capital and management.

Of the add-on components, the Regional System Fee, the DEQ fee and the excise tax are set to experience small increases. The Regional System Fee is increasing by nine cents, the DEQ fee is increasing 58 cents and the excise tax is increasing 28 cents. These changes, combined with an increase in the tonnage charge of \$0.32 results in the Metro tip fee increasing by \$1.27 – \$96.25 per ton from \$94.98 per ton.

Table 2. Components of Proposed Metro Tip Fees by Waste Stream

Rates Effective July 1, 2016

Rate Component	Mixed Solid Waste	Organic Waste		
		Clean Wood or Yard Debris	Residential Organics	Commercial Organics
Tonnage Charge <i>Covers costs of transfer, transport, recovery, disposal.</i>	\$63.19	\$47.78	\$63.61	65.23
Pass-Throughs <i>Government fees and taxes levied at disposal sites.</i>				
Regional System Fee	\$18.48	*_-	*_-	*_-
Metro excise tax	11.76	*_-	*_-	*_-
DEQ fees	1.82	*_-	*_-	*_-
Enhancement Fee	1.00	1.00	1.00	1.00
Total = Tip Fee	\$96.25	\$48.78	\$64.61	\$66.23

* It is the policy of Metro and DEQ to support material recovery and recycling by levying solid waste surcharges and taxes on the waste that is ultimately disposed. For this reason, the Regional System Fee, Metro excise tax, and DEQ fees are not included in the tip fees for organic wastes.

Background Part 2. Understanding the Proposed FY 2016-17 Rates

There are five main reasons for the changes in the proposed FY 2016-17 rates.

1. **Tonnage.** Staff expects year-over-year tonnage increases to continue through FY 2016-17, with private stations expected to realize the bulk of the increase.
2. **Changes in demand for wood waste.** Following the closure of a SP Recycling, which received 80% of Metro's wood waste from mixed recovery operations, a larger portion of regional tonnage will now need to be landfilled. In turn, this waste will be treated as mixed solid waste. Although Metro expects existing recovery targets will not be met as a result of shifts in the wood waste market, it is assumed that recovery bonuses will continue to be paid out to station operators as it has for the last several years.
3. **Changing organics environment** The rates for residential organics continue to be set at a level that covers their costs. The rate increase for residential and commercial organics is driven by underlying costs and tonnage. However, Metro's work on commercial food waste recovery is behind the staff recommendation to keep commercial organics rate flat for FY 2016-17. The financial impact is small and this decision is important to help advance commercial food waste recovery efforts.
4. **The excise tax.** The tax rate is set automatically by a formula in the Code each year, and is never a formal part of the rate ordinance. However, it is related to the rate actions because it is part of the tip fee (Table 2). For FY 2016-17, the excise tax rate will increase 28 cents to \$11.76 per ton.
5. **DEQ Fees.** The Oregon Department of Environmental Quality recently approved a \$0.58 increase in fees.

Information/Analysis

1. **Known Opposition.** There is no known opposition. The majority of ratepayers at Metro stations will experience a small increase in Metro's tip fee.
2. **Legal Antecedents.** The process for setting Metro's solid waste rates are set forth in Metro Code Chapter 5.02. Ordinance 14-1323 removed the specific Metro solid waste rates from Metro Code Chapter 5.02 and requires adoption of the rates via a separate ordinance and rate schedule. Metro reviews solid waste rates annually. The proposed FY 2016-17 rates comply with the restriction set forth in Chapter III, Section 15 of the Metro Charter limiting user charges to the amount needed to recover the costs of providing goods and services.

The excise tax rate is established automatically by a passive mechanism set forth in Metro Code sections 7.01.020 and 7.01.022 and does not require council action to take effect.

3. **Anticipated Effects:** If adopted, this ordinance would increase the tip fee for solid waste at Metro transfer stations by \$1.27 per ton. It would also increase the tip fees for organic wastes by the amounts set forth in Table 1.
4. **Budget Impacts.** The rates established by this ordinance are designed to raise \$64.8 million in enterprise revenue during FY 2016-17. This revenue would cover the cash requirements of the proposed FY 2016-17 solid waste budget.

RECOMMENDATION

The Chief Operating Officer recommends adoption of Ordinance No. 16-1369.