

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING SOLID WASTE CHARGES AND USER FEES FOR FY 2017-18.) ORDINANCE NO. 17-1395) 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, 2017.

ADOPTED by the Metro Council this 23 day of March, 2017.

Signature of Tom Hughes, Council President, with circular stamp: APPROVED APPROVED METRO COUNCIL COUNCIL METRO

Attest:

Signature of Nellie Papsdorf, Recording Secretary

Approved as to Form:

Signature of Alison R. Kean, Metro Attorney

Exhibit “A” to Ordinance No. 17-1395

SCHEDULE OF SOLID WASTE FEES AND CHARGES

Effective July 1, 2017

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\$ 63.20
- (2) Wood waste or yard debris (separated or comingled)..... 48.69
- (3) Residentially generated organic waste.....67.50
- (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..... 18.12

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

Exhibit "A" (Amended) to Ordinance No. 17-1395

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STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 17-1395 FOR THE PURPOSE OF ADOPTING SOLID WASTE CHARGES AND USER FEES FOR FY 2017-18.

Date: March 16, 2017

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 \$94.95 in FY 2017-18. This is a decrease of \$1.30(1.35%) from the current rate. It will result in a small decrease every month to ratepayers. The change is driven by a decrease in the regional system fee of \$0.36 and a \$0.95 decrease in the Metro Excise Tax. The tonnage charge for garbage will only increase \$0.01. (More information on the Regional System Fee is provided on the next page.)
- Transaction fees of \$2 for staffed transactions (fees paid by self-haulers) and \$1 for automated transactions will remain unchanged.
- The minimum load size will remain at 380 pounds, while the minimum load charge is 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 \$6.40 per ton for commercial organics, however, 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 \$103,364 in FY 2017-18. This rate decision will be reviewed annually for appropriateness.
- The tip fee for clean wood and yard debris is increasing by \$0.91 per ton.

Adoption of Ordinance No. 17-1395 would authorize the following charges at Metro regional transfer stations, effective July 1, 2017.

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

Rates Effective July 1, 2017

Rates	Current	Proposed	Change
Fees per transaction			
Users of staffed scales	\$10.00	\$10.00	\$- 0 -
Users of automated scales	2.00	2.00	- 0 -
Fees per ton (Tip Fees)			
Mixed solid waste ("refuse")	\$ 96.25	\$ 94.95	- \$ 1.30
Clean wood	48.78	49.69	0.91
Yard Debris	48.78	49.69	0.91
Residential organics	64.61	68.50	3.89
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 \$18.12 and \$2.50 per ton, respectively. System fees raise about \$25 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 \$3.1 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 decreasing by 36 and the excise tax is decreasing 95 cents. These changes, combined with an increase in the tonnage charge one cent results in the Metro tip fee decreasing by \$1.30 – \$94.95 per ton from \$96.25 per ton.

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

Rates Effective July 1, 2017

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>	\$63.20	\$48.69	\$67.50	65.23
Pass-Throughs <i>Government fees and taxes levied at disposal sites.</i>				
Regional System Fee	\$18.12	_*-	_*-	_*-
Metro excise tax	10.81	_*-	_*-	_*-
DEQ fees	1.82	_*-	_*-	_*-
Enhancement Fee	1.00	1.00	1.00	1.00
Total = Tip Fee	\$94.95	\$49.69	\$68.50	\$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 2017-18 Rates

There are four main reasons for the changes in the proposed FY 2017-18 rates.

1. **Tonnage.** Staff expects year-over-year mixed solid waste tonnage increases to continue through FY 2017-18, with private stations expected to realize the bulk of the increase. The added tonnage has put downward pressure on marginal costs, resulting in a decrease regional system fees and minimal increases tonnage charges for mixed solid waste.
2. **Changes in demand for wood waste & yard debris.** In the fall of 2015, SP Recycling, which received 80% of Metro's wood waste from mixed recovery operations, closed operations. The effect has been a significant diversion wood waste tonnage to the mixed solid waste stream. Metro now charges the same rate for wood and yard debris. Thus, decreases in wood tons since the SP Recycling closure coupled with a forecasted year over year decrease in yard debris tons have put upward pressure on the unit cost to process this waste. For FY 2017-18, the wood/yard debris rate is expected to increase 91 cents.
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 2017-18. 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 2017-18, the excise tax rate will decrease 95 cents to \$10.81 per ton.

Information/Analysis

1. **Known Opposition.** There is no known opposition. The majority of ratepayers at Metro stations will experience an increase in Metro's tip fee for residential organic waste, wood and yard debris.
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 2017-18 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 decrease the tip fee for mixed solid waste at Metro transfer stations by \$1.30 per ton. It would also increase the tip fees for yard debris, wood and residential organic wastes by the amounts set forth in Table 1.
4. **Budget Impacts.** The rates established by this ordinance are designed to raise \$64.7 million in enterprise revenue during FY 2017-18. This revenue would cover the cash requirements of the proposed FY 2017-18 solid waste budget.

RECOMMENDATION

The Chief Operating Officer recommends adoption of Ordinance No. 17-1395.



Date: March 16, 2017
To: Metro Council
From: Tim Collier, Director, Finance and Regulatory Services
Subject: Solid Waste Rate Report for Fiscal Year 2017-18

As required by Metro Code 5.02.020 (e) (1), this report provides the context for the solid waste rate making process and documents the methodologies, data, assumptions, adopted criteria and any other factors used by the Chief Operating Officer in calculating the proposed rates and the response to the recommendations of the independent review.

Methodology

Last year, Metro engaged a consulting firm to review the solid waste rate setting process and provide recommendations for improving and simplifying development of those rates. In response to recommendations provided by the consultant, Metro implemented a new rate model based on a standard rate setting process:

- Step 1: Identify revenue requirements. This step identifies the total annual financial obligations of the system. This includes operations, capital improvements and replacements and fiscal policy compliance.
- Step 2: Allocate costs. This step establishes rate equity through cost causation or the cause and effect relationship between different costs and activities that cause those costs to be incurred.
- Step 3: Forecast activity. This step establishes a forecast for the solid waste activity anticipated for the coming fiscal year.
- Step 4: Establish Fees/Charges. This step achieves required revenue levels by establishing rates and charges that accurately reflect the cost to provide a particular service.

Step 1 – Identify Revenue Requirements

Revenue requirements are determined by projecting costs for the various solid waste functions that Metro performs. Those functions include:

Disposal Services. Metro owns two transfer stations that provide disposal services to commercial haulers, businesses and the public. Metro staffs the scalehouses, but the operation of the stations, transport and disposal are all performed by private operators under long-term contracts with Metro. Metro finances and manages this function as a municipal utility.

Regional Programs. Metro provides or participates in solid waste services and programs with region-wide impact. Some of these stem from state mandates. Others are driven by Metro's own goals and policies for the solid waste system. These programs and services are closer in form to public goods rather than utility functions. The programs are:

- Household hazardous waste reduction
- Latex paint recovery
- Resource conservation and recycling
- Landfill closure and stewardship

- Illegal dumpsite monitoring and clean-up

Regulation. Metro regulates privately-owned disposal facilities and manages its own flow control authority through a system of licensing, franchising, inspection and enforcement.

Revenue Requirement Summary

	Scalehouses	Municipal Solid Waste	Wood/Yard Debris	Residential Organics	Commercial Organics	Regional System Fee
Revenue Requirement	\$3,169,249	\$ 34,445,784	\$741,973	\$3,725,117	\$1,160,411	\$ 24,951,275
Percentage of Total	4.65%	50.51%	1.09%	5.46%	1.70%	36.59%

Step 2 – Allocate Costs

The rate process uses a cost of service approach that distributes costs based on a proportionate share of costs required to provide service. The methodology used identifies how expenses are allocated to the solid waste system functional areas including disposal and recovery, regional programs, sustainability, clean-up and compliance and general and administrative. Allocations are based on staff time, tickets processed, floor area and tonnage. The allocation factor is designed to be an equitable expression of the how and why the cost is incurred.

The cost of service details cost allocation for an additional layer of service by waste type; mixed solid waste, wood waste, yard debris, residential organics and commercial organics. Costs associated with processing each waste type were reviewed and discussed with Metro staff and/or engineers. The cost of service process reviewed existing cost allocation approaches and identified changes and additional allocation factors used in the process. A sensitivity analysis indicating the rate change/impact of alternative general and administrative cost allocations was included in the review.

Step 3 – Forecast Activity

Metro staff reviewed tonnage information from the current fiscal year and projected anticipated levels of tonnage and transactions by material type at Metro transfer stations and private facilities.

Summary of Tonnage Forecast

Facility	Material Class	Projected		% Change
		FY 2016	FY 2017	
Metro Central	Wet waste	172,661	191,394	10.85%
Metro Central	Dry waste	60,268	63,480	5.33%
Metro South	Wet Waste	156,852	161,732	3.11%
Metro South	Dry waste	124,178	128,450	3.44%
Private	Wet waste	437,013	483,624	10.67%
Private	Dry waste	397,039	467,517	17.75%

Summary of Transactions

Facility	Transaction Type	Projected		% Change
		FY 2016	FY 2017	
Metro Central	Staffed	92,214	90,388	-1.98%
Metro Central	Automated	52,850	56,310	6.55%
Metro South	Staffed	181,561	192,304	5.92%
Metro South	Automated	50,110	47,058	-6.09%

Step 4: Establish Fees/Charges

Unit costs were developed for each rate/fee charged. The unit costs were analyzed to identify any warranted shifts in cost burden that could improve equity between the fees/charges. The result of the cost of service process is a calculated rate/fee for providing solid waste services.

Summary of Fees and Charges for FY 2017-18

	Mixed Solid Waste	Clean Wood/Yard Debris	Residential Organics	Commercial Organics
Transaction Fee				
Staffed Scalehouse	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
Automated Scalehouse	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
Tip Fee				
Tonnage Charge	\$ 63.20	\$ 48.69	\$ 67.50	\$ 65.23
Regional System Fee	\$ 18.12			
Excise Tax	\$ 10.81			
DEQ Fees	\$ 1.82			
Community Enhancement Fees	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Total Tip Fee	\$ 94.95	\$ 49.69	\$ 68.50	\$ 66.23

Assumptions

See Attachment A for the full list of assumptions used in the rate model. Key points are summarized below:

- Costs for disposal charges driven by contract cost inflation
- Other expenses based on budget estimates used in the Chief Operating Officer's budget
- Overall inflation assumptions match those used in the FY 2017-18 budget process
- Tonnage forecast is based on the forecast developed for the FY 2017-18 budget process and five year forecast

Criteria

In developing the rates, staff relied on Metro's legal authority as determined by the Metro Code and Oregon Revised Statute, as well as policies adopted by the Metro Council and other informal guidance used by staff. Those factors and criteria are summarized below.

Authority. Metro's authority to charge fees for goods and services is derived from the Oregon Constitution, from the Metro Charter and from the provisions of Oregon law, including Oregon Revised Statutes Chapter 268. ORS 268 also enumerates Metro's authorities over solid waste.

Allowable expenditures are set in state law. Under state law, Metro is limited to using the revenue derived from disposal fees only on activities related to solid waste. Specifically:

[T]he metropolitan service district shall use moneys collected by the district as service or user fees for solid waste disposal for (1) activities of the metropolitan service district related to solid waste, including activities of regional concern that are directly related to reducing the environmental impact from the generation, collection, transportation, processing and disposal of solid waste; and (2) planning, administrative and overhead costs for activities of the district related to solid waste. *[Oregon Revised Statutes section 459.335]*

User charges limited to the cost of service. The Metro Charter restricts the types of costs that may be recovered from user charges:

... charges for the provision of goods or services by Metro may not exceed the costs of providing the goods or services. These costs include, but are not limited to, costs of personal services, materials, capital outlay, debt service, operating expenses, overhead expenses, and capital and operational reserves attributable to the good or service. *[Metro Charter, Chapter III. Finance, Section 15]*

Metro code section 5.01.150 and Chapter 5.02 govern solid waste rates. (Chapter 7.01 governs the Metro excise tax generally, and various subsections address the solid waste excise tax in particular.)

Adopted Policies. In 1993 Metro adopted policies (Resolution 93-1824A) to guide choices during rate making:

- Financial Criteria
 - Revenue adequacy, reliability and predictability
 - Authority to implement
 - Implementation and administrative cost and effort
 - Impact on credit rating
- Economic Effects
 - Rate payer equity and affordability
 - Impacts on the costs of living and of doing business in the region
- Environmental and Management
 - Consistency with agency-wide planning policies and the Solid Waste Management Plan
 - The rate structure should encourage waste reduction, reuse, and recycling

Bond Covenants. Metro continues to employ a number of the business practices that implemented its bond covenants even though the bonds were retired in December 2008:

- Pay as you go: means that ongoing costs are to be paid with ongoing revenue.
- Coverage to ensure revenue adequacy. One of Metro's practices for meeting the debt service coverage was to base the revenue requirement on the budget rather than expected expenditures. Metro generally continues to follow this practice. Exceptions are explicitly noted.
- Operating surpluses. The priority for the use of operating surpluses is: restore contingencies, fund the new capital reserve, and hold any remaining surplus as undesignated fund balance.

Independent Review Response

CH2M Hill Engineers, Inc. provided the following recommendations in their report dated March 1, 2017:

Recommendations:

1) Implement a rate review process that looks at a longer horizon period (current period is 1 year). We recommend a 3-5 year planning period so potentially large rate impacts associated with unusually large capital replacements or other large one time expenditures can be spread out over a period of years rather than a single year. This strategy would help avoid potential large spikes in rates. Strategic use of reserves, such as the Rate Stabilization Fund, can also be used to mitigate the effects of significant increases in costs.

Response: Staff recently began evaluating potential options for incorporating a longer planning horizon into the rate development process.

2) Where applicable in the model, refer to actual historical revenues and expenditures instead of budget data when information is available.

Response: Staff will evaluate opportunities to include additional historical actual revenue and expense data into the model.

3) Metro may want to consider options for redefining its capital funds to meet specific needs. For example, Metro could consider setting a target balance in its capital fund that is sufficient to meet its needs if a large component of its system were to fail prematurely. This is a consistent with the recommendation from the FCS Group Review of Reserve Funds from August 2015.

Response: As part of incorporating a long-term planning horizon into the rate setting process, Staff from Finance and Regulatory Services will work with Property and Environmental Services to, where applicable, align capital funds with specific needs and benchmarks as prescribed by the FCS Group Reserve Study.

4) By funding the rate stabilization fund from annual budget surpluses, the balance of this fund has been climbing. Metro may want to define a target balance for its Rate Stabilization Fund, or range within which this fund will be managed.

Response: Staff from Finance and Regulatory Services and Property and Environmental Services will work together to establish feasible reserve targets for the Rate Stabilization Fund.

5) Based on the current balances in the utility's reserve funds, Metro may want to consider drawing down some of the reserves in its operating and rate stabilization funds to offset the need for rate increases in the current or future years. Similarly, additional contributions to the Capital Fund may not be warranted given the existing and projected capital improvement plan. Thus, funds that may have been accumulating in the Capital Fund could be used to offset rate increases in the current or future years.

Response: Metro concurs with this recommendation and plans to use rate stabilization reserves in FY2017-18 to avoid a significant increase in the commercial organics rate. Similar considerations are reviewed annually for all waste types.

6) The model that was provided for CH2M's review includes financial projections that are based on Metro's existing rates and charges. In the future, Metro may want to consider updating its financial model to reflect its proposed rates, prior to having its model results reviewed by an outside consultant. This would help ensure that the independent review can evaluate Metro's pro forma financial results given the rates that are proposed for adoption. For the current year review, the rates that are being proposed for FY 2017-18, reflect only minor changes from the rates that are currently in effect, and thus should not have materially different results. However, if more significant rate adjustments had been proposed, it will be important for the outside consultant to evaluate the financial results given those proposed rate adjustments.

Response:

Metro concurs and will update proposed rates into the revenue calculation prior to submission for 3rd party review. This addition will not impact how rates are calculated as they are strictly based on cost of service.



Solid Waste Rate Study

Assumptions

Attachment A

Economic & Financial Factors		FY 2018
General Cost Inflation		1.98%
Construction Cost Inflation		3.26%
Labor Cost Inflation		2.67%
Benefit Cost Inflation		10.00%
Weighted Labor and Benefits		4.90%
General Inflation plus Composite Growth		7.55%
Customer Growth		5.47%
No Escalation		0.00%
CPI Inflation - Central		1.96%
CPI Inflation - South		1.91%
CPI Inflation - CM. Organics		1.58%
CPI Inflation - Disposal		1.50%
CPI Inflation - Transport		1.69%
Fuel Cost Escalation		7.19%
Manual Input		
Investment Interest		0.50%
Labor and Benefits Split		
Salary Share		69.53%
Benefits Share		30.47%

Accounting Assumptions		FY 2018
FISCAL POLICY RESTRICTIONS		
Minimum Operating Fund Balance Target		
Select Minimum Operating Fund Balance Target	1	
1 - Defined as Days of O&M Expenses		
Min. Op. Fund Balance Target (days of O&M expense)		45
Max. Op. Fund Balance (days of O&M expense)		45
2 - Amount at Right ==>		
Min. Op. Fund Balance Target		\$ 4,000,000
Max. Op. Fund Balance		\$ 4,000,000
Minimum Capital Fund Balance Target		
Select Minimum Capital Fund Balance Target	2	
1 - Defined as % of Plant		
Plant-in-Service in FY 2014		\$
Minimum Capital Fund Balance - % of plant assets		1.00%
2 - Amount at Right ==>		\$ 1,200,000
EQUIPMENT REPLACEMENT FUNDING		
Select Equipment Replacement Funding Strategy	4	
Depreciation in FY 2014		\$
Amount of Annual Cash Funding from Rates		
1 - Equal to Annual Depreciation Expense		\$ 1,381,447
2 - Equal to Annual Depreciation less Annual Debt Principal Payments		\$ 1,381,447
3 - Equal to Amount at Right ==>		\$ -
4 - Do Not Fund Equipment Replacement		



Solid Waste Rate Study

Assumptions

Capital Financing Assumptions		FY 2018
FUNDING SOURCES		
Grants		\$ -
Additional Proceeds (Costs)		
[Extra line]		\$ -
[Extra line]		-
[Extra line]		-
[Extra line]		-
[Extra line]		-
Total Additional Proceeds		\$ -
REVENUE BONDS		
Term (Years)		20
Interest Cost		5.00%
Issuance Cost		1.50%
Revenue Bond Coverage Requirement	1.25	
LOW-INTEREST LOANS		
Term (Years)		20
Interest Cost		1.00%
Required Local Match		5.00%
OTHER LOANS		
Term (Years)		20
Interest Cost		4.00%
Issuance Cost		0.00%

FY 2017-18 Tip & Transaction Fees and Comparison with Current Rates

March 1, 2017

Charges at Metro Transfer Stations	Current	Proposed FY 2017-18	Change	
Transaction Fees (per load)	\$ 10.00	\$ 10.00	\$ -	
Staffed	2.00	2.00	-	
Automated				
Tip Fee for Mixed Solid Waste				
Tonnage Charge	\$ 63.19	\$ 63.20	\$ 0.01	
Regional System Fee	18.48	18.12	(0.36)	
Metro Excise Tax	11.76	10.81	(0.95)	
DEQ Fees	1.82	1.82	-	
Community Enhancement Fee	1.00	1.00	-	
Total = Metro Tip Fee	\$ 96.25	\$ 94.95	\$ (1.30)	-1.35%
Minimum load charge	\$ 28	\$ 28	\$ -	
<i>Maximum pounds per load</i>	380	380	-	

Tip Fees for Organic Wastes at Metro Stations

Waste Class	Current	Proposed FY 2017-18	Change
Wood/yard debris	\$ 48.78	\$ 49.69	\$ 0.91
Residential organics	64.61	68.50	3.89
Commercial organics	66.23	66.23	-

Solid Waste Excise Tax Rate and Yield Analysis

FY 2017-18

Detailed Worksheet

Calculation of the Tonnage Base for the Tax Rate

Waste Subject to Target Recovery

Waste delivered to disposal sites in 2016	1,713,157
<i>of which:</i> Special waste	99,379
Recovery at regional transfer stations	18,730
Environmental cleanup materials	390,201
Solid waste ('counting waste') landfilled after recovery	1,204,847

Disposal if Target Recovery Rate Met

Solid waste landfilled after recovery	1,204,847
Imputed generation at 53.9% recovery	2,612,297
Disposal if 58% recovery target met	1,097,165

Tonnage Base for the Tax Rate

Disposal at target recovery	1,097,165
<i>plus</i> Special waste	99,379
<i>plus</i> Recovery at regional transfer stations	18,730
Target base for the rate	1,215,274

Calculation of Revenue Requirement

Current (FY 2016-17) statutory yield	\$12,915,727
Inflation factor at 1.7% inflation rate	102%
FY 2017-18 statutory yield	\$13,135,294
Revenue requirement	\$13,135,294

Calculation of the Rate

Revenue requirement	\$13,135,294
<i>divided by:</i> Target base for the rate	1,215,274
FY 2017-18 excise tax rate per ton	\$10.81
<i>Change from current rate of \$11.76</i>	<i>(\$0.95)</i>
	<i>(8.1%)</i>

Yield Analysis

FY 2017-18 full-fee projections	
Jul. 1, 2017 tonnage	0
Jul. 1, 2017 revenue at \$11.76 / ton	\$0
Jul. 1, 2017 - Jun. 30, 2018 tonnage	1,393,302
Jul. 1, 2017 - Jun. 30, 2018 revenue at \$10.81 / ton	\$15,061,595
FY 2017-18 projected cleanup tonnage	436,987
Cleanup revenue at \$1.00 per ton	\$436,987
Total expected revenue	\$15,498,582
Statutory yield	\$13,135,294
Revenue over / (under) statutory yield	\$2,363,288
<i>Percentage over / (under) statutory yield</i>	<i>18.0%</i>