

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING SOLID WASTE CHARGES AND USER FEES FOR FY 2018-19. ) ORDINANCE NO. 18-1417  
)  
) 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:

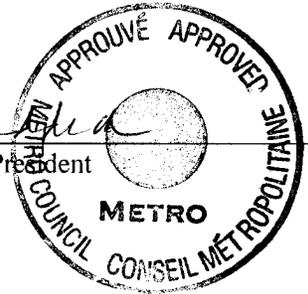
Section 1. Solid Waste Fees and Charges. The schedule of solid waste fees and charges attached hereto as Exhibit "A" is approved, and shall be implemented on the Effective Date of this ordinance.

Section 2. Effective Date. This ordinance shall become effective on July 1, 2018.

ADOPTED by the Metro Council this 29 day of March, 2018.

Ju

Shirley Bennett  
Tom Hughes, Council President



Attest:

Approved as to Form:

[Signature]

Nellie Papsdorf, Recording Secretary

[Signature]

Alison R. Kean, Metro Attorney

**Exhibit "A" to Ordinance No. 18-1417**

**SCHEDULE OF SOLID WASTE FEES AND CHARGES**

Effective July 1, 2018

**Charges at Metro Central Station and Metro South Station**

Tonnage Charges by waste class

The rates per ton pursuant to Metro Code sections 5.02.040(a)(1) and 5.02.080 shall be:

- (1) Mixed solid waste .....\$ 64.41
- (2) Clean Wood ..... 56.84
- (3) Yard Debris..... 48.62
- (4) Residentially generated organic waste..... 66.08
- (5) Commercially generated organic waste (Metro Central only)..... 65.23

Transaction Charges by transaction class

The rates per transaction pursuant to Metro Code 5.02.040(a)(3) shall be:

- (1) For users of staffed scales.....\$ 10.00
- (2) For users of automated scales ..... 2.00

Minimum Charges

Minimum tonnage charges pursuant to Metro Code sections 5.02.040(b) and 5.02.080(h)(2) shall be based on 360 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 5.01.300, 5.02.120 and 5.02.130 shall be:

- (1) Cleanup material contaminated by hazardous substances .....\$ 2.50
- (2) All other solid wastes..... 17.81

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. 18-1417 FOR THE PURPOSE OF ADOPTING SOLID WASTE CHARGES AND USER FEES FOR FY 2018-19.

Date: March 15, 2018

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 \$97.45 in FY 2018-19. This is an increase of \$2.50 (2.63%) from the current rate. It will result in a small increase every month to ratepayers. The change is driven by a \$1.21 increase in the tonnage charge for garbage along with \$1.60 on a per ton basis increase in the Metro Excise Tax. These increases are slightly offset by \$0.31 per ton decrease in the regional system fee. (More information on the Regional System Fee is provided on the next page.)
- Transaction fees will remain unchanged at \$10 for staffed loads (fees paid by self-haulers) and \$2 for automated loads.
- The minimum load size will be reduced 20 pounds to 360 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 \$8.24 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 \$99,375 in FY 2018-19. This rate decision will be reviewed annually for appropriateness.
- Tip fees for clean wood will no longer be pegged to yard debris. In turn, the rate for clean wood will increase by \$8.15 per ton. Tip fees for yard debris will decrease by \$0.07 per ton.

Adoption of Ordinance No. 18-1417 would authorize the following charges at Metro regional transfer stations, effective July 1, 2018.

**Table 1. Proposed Solid Waste Charges at Metro Regional Transfer Stations**  
Rates Effective July 1, 2018

<b>Rates</b>	<b>Current</b>	<b>Proposed</b>	<b>Change</b>
<b>Fees per transaction</b>			
Users of staffed scales	\$10.00	<b>\$10.00</b>	<b>\$ - 0 -</b>
Users of automated scales	2.00	<b>2.00</b>	<b>- 0 -</b>
<b>Fees per ton (Tip Fees)</b>			
Mixed solid waste ("refuse")	\$ 94.95	<b>\$ 97.45</b>	<b>\$ 2.50</b>
Clean wood	49.69	<b>57.84</b>	<b>8.15</b>
Yard Debris	49.69	<b>49.62</b>	<b>(0.07)</b>
Residential organics	66.67	<b>67.08</b>	<b>0.41</b>
Commercial organics	66.23	<b>66.23</b>	<b>- 0 -</b>

## 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 \$17.81 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 \$37.7 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 will decrease, while the excise tax is set to increase. The Regional System Fee is decreasing by 31 cents and the excise tax is increasing \$1.60 cents. These changes, combined with an increase in the tonnage charge of \$1.21 results in the Metro tip fee increasing by \$2.50 – \$97.45 per ton from \$94.95 per ton. DEQ fees are set to increase by seven cents, but this will not occur until April 1, 2019.

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

Rates Effective July 1, 2018

Rate Component	Mixed Solid Waste	Organic Waste			
		Yard Debris	Clean Wood	Residential Organics	Commercial Organics
Tonnage Charge <i>Covers costs of transfer, transport, recovery, disposal.</i>	\$64.41	\$48.62	\$56.84	\$66.08	65.23
<b>Pass-Throughs</b> <i>Government fees and taxes levied at disposal sites.</i>					
Regional System Fee	\$17.81	_*	_*	_*	_*
Metro excise tax	12.41	_*	_*	_*	_*
DEQ fees	1.82	_*	_*	_*	_*
Enhancement Fee	1.00	1.00	1.00	1.00	1.00
<b>Total = Tip Fee</b>	<b>\$97.45</b>	<b>\$49.62</b>	<b>\$57.84</b>	<b>\$67.08</b>	<b>\$66.23</b>

\* 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 2018-19 Rates

There are five main reasons for the changes in the proposed FY 2018-19 rates.

1. **Inflation.** Inflation has increased to its highest level in nine years. As a result, the cost of Metro's Operating Contracts have also increased, driving tonnage charges higher.
2. **Tonnage Increases.** Staff expects year-over-year mixed solid waste tonnage increases to continue through FY 2018-19, 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 partially offsetting inflation-driven increases in tonnage charges for mixed solid waste.
3. **Changes in demand for wood.** In the fall of 2015, SP Recycling, which received 80% of Metro's wood waste from mixed recovery operations, closed operations. The result has been a significant contraction in the secondary market for wood waste, leading Metro to establish a higher standard for "clean" wood waste. The volume of wood Metro accepts under the new standard is considerably lower and warrants a higher cost per ton. In turn, the rate for wood will increase \$8.15 per ton.
4. **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 2018-19. The financial impact is small and this decision is important to help advance commercial food waste recovery efforts.
5. **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 2018-19, the excise tax rate will increase \$1.60 to \$12.41 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 2018-19 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 mixed solid waste at Metro transfer stations by \$1.21 per ton. It would also increase the tip fees for clean wood and residential organic wastes, while decreasing the tip fee for yard debris by the amounts set forth in Table 1.
4. **Budget Impacts.** The rates established by this ordinance are designed to raise \$65 million in enterprise revenue during FY 2018-19. This revenue would cover the cash requirements of the proposed FY 2018-19 solid waste budget.

**RECOMMENDATION**

The Chief Operating Officer recommends adoption of Ordinance No. 18-1417.



**Metro**

600 NE Grand Ave.  
Portland, OR 97232-2736

# Memo

Date: March 15, 2018  
To: Metro Council  
From: Tim Collier, Director, Finance and Regulatory Services  
Subject: Solid Waste Rate Report for Fiscal Year 2018-19

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As required by Metro Code 5.02.030 (f) (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***

Three years ago, 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	Mixed Solid Waste	Clean Wood	Yard Debris	Residential Organics	Commercial Organics	Regional System Fee
Revenue Requirement	\$2,798,882	\$32,829,012	\$144,943	\$663,384	\$3,254,447	\$885,910	\$24,467,169
Percentage of Total	4.30%	50.47%	0.22%	1.02%	5.00%	1.36%	37.62%

#### 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 2018	FY 2019	
Metro Central	Wet waste	164,358	165,209	0.52%
Metro Central	Dry waste	64,684	66,730	3.16%
Metro South	Wet waste	145,477	147,865	1.64%
Metro South	Dry waste	126,743	129,881	2.48%
Private	Wet waste	493,097	506,435	2.70%
Private	Dry waste	449,543	469,157	4.36%

## Summary of Transactions

Facility	Transaction Type	Projected		% Change
		FY 2018	FY 2019	
Metro Central	Staffed	91,199	92,753	1.70%
Metro Central	Automated	52,182	52,798	1.18%
Metro South	Staffed	197,950	200,782	1.43%
Metro South	Automated	43,849	44,752	2.06%

### 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 2018-19

	Mixed Solid Waste	Clean Wood	Yard Debris	Residential Organics	Commercial Organics
<b>Transaction Fee</b>					
Staffed Scalehouse	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
Automated Scalehouse	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
<b>Tip Fee</b>					
Tonnage Charge	\$ 64.41	\$ 56.84	\$ 48.62	\$ 66.08	\$ 65.23
Regional System Fee	\$ 17.81				
Excise Tax	\$ 12.41				
DEQ Fees	\$ 1.82				
Community Enhancement Fees	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
<b>Total Tip Fee</b>	\$ 97.45	\$ 57.84	\$ 49.62	\$ 67.08	\$ 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 2018-19 budget process
- Tonnage forecast is based on the forecast developed for the FY 2018-19 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 5.01.300 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. These criteria are summarized below and included in Attachment B pursuant to Resolution 93-1824A that recommends periodic council review every three years:

- 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

FCS Group provided the following recommendations in their report dated February 27, 2018:

### Recommendations:

- Recommended disposal charges are projected to generate revenue that is slightly less than estimated revenue needs. The estimated shortfall can be absorbed by drawing on available fund balances.
  - *Response: Staff is aware of the deficit, which is reflective of Metro's approach to avoid significant increase in the commercial organics rate by drawing on reserves. Similar considerations are reviewed annually for all waste types*
- The review of reserve levels was last completed in 2015. It may be timely to recalibrate the target basis for the reserve funds. Updating to new targets will also help inform what level of reserves may be available to help offset future cost and disposal/processing charge impacts. A strategy for managing excess reserves and reserve replenishment should also be considered.
  - *Response: Metro concurs with this recommendation. Staff from Finance and Regulatory Services and Property and Environmental Services will work together with FCS Group to recalibrate reserve targets and identify strategies to manage excess reserves*
- Cost of service is not an exact science. It should be noted that if a function of solid waste service is within +/- 5 percent of the overall system average, they are generally considered to be paying their cost to serve. This range of reasonableness is given since although there is an industry accepted methodology, the specific classification and allocation of expenses reflect cost and waste characteristics at a given point in time. As time goes on, waste patterns, waste composition and facility requirements change resulting in changes to unit costs. The flexibility to work within the range of reasonableness can minimize annual peaks and valleys and help to maintain stable charges from year to year.
  - *Response: Metro concurs and will take steps to minimize annual peaks and valleys in rate setting.*
- Although the review period is FY 2018/19, the five year outlook indicates a peak in capital spending during FY 2022 and FY 2023. Analyzing alternative funding approaches within the next fiscal year will assist in determining the optimal funding mix and inform Metro's future rate-making strategy allowing for a proactive approach to meeting future revenue needs.

*Response: Metro concurs and will work with FCS Group to identify optimal funding strategies to help inform the next rate setting process and ensure future adequate funding for future capital needs.*

# Solid Waste Rate Study

## Assumptions

### Attachment A

Economic & Financial Factors		FY 2019
General Cost Inflation		1.98%
Construction Cost Inflation		3.26%
Labor Cost Inflation		2.27%
Benefit Cost Inflation		10.00%
Weighted Labor and Benefits		4.63%
General Inflation plus Composite Growth		4.22%
Customer Growth		2.20%
No Escalation		0.00%
CPI Inflation - Central		2.63%
CPI Inflation - South		2.57%
CPI Inflation - CM. Organics		2.12%
CPI Inflation - Disposal		2.20%
CPI Inflation - Transport		2.27%
Fuel Cost Escalation		7.19%
Manual Input		
Investment Interest		1.00%
<b>Labor and Benefits Split</b>		
Salary Share		69.53%
Benefits Share		30.47%

Accounting Assumptions		FY 2019
<b>FISCAL POLICY RESTRICTIONS</b>		
<b>Minimum Operating Fund Balance Target</b>		
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
<b>Minimum Capital Fund Balance Target</b>		
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
<b>EQUIPMENT REPLACEMENT FUNDING</b>		
Select Equipment Replacement Funding Strategy	4	
Depreciation in FY 2014	\$	
<b>Amount of Annual Cash Funding from Rates</b>		
1 - Equal to Annual Depreciation Expense		\$ 1,240,340
2 - Equal to Annual Depreciation less Annual Debt Principal Payments		\$ 1,240,340
3 - Equal to Amount at Right ==>		\$ -
4 - Do Not Fund Equipment Replacement		

# Capital Financing Assumptions

FY 2019

## 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%

## Attachment B

### Metro Solid Waste Rate Setting Criteria Updated February 8, 2018

In developing the rates, staff relies 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. In addition, the solid waste rate setting process is guided by core set of criteria used to ensure effective management of the regional solid waste system.

This criteria includes the following principles:

- A. Consistency: Solid waste rate setting should be consistent with Metro's agency-wide planning policies and objectives, including but not limited to the Solid Waste Management Plan.
- B. Revenue Adequacy: Rates should be sufficient to generate revenues that fund the costs of the solid waste system.
- C. Equity: Charges to users of the waste disposal system should be 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 Impact and Affordability. Rate setting should consider 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 should encourage waste reduction, reuse, and recycling.
- F. Implementation and Administration: Rate setting should balance the relative cost and effort of implementing and administering the rates with financial and policy goals. Rates should be readily enforceable.
- G. Credit Rating Impacts: The rate structure should not negatively impact Metro's credit rating.
- H. Authority to Implement: Metro should ensure that it has the legal ability to implement the rate structure; or, if such authority is not already held, evaluate the relative difficulty of obtaining the authority.
- I. Reliability. Anticipated revenues used in the rate setting process should be considered stable and unlikely to deviate from financial plan expectations.
- J. Predictability: Metro rate adjustments should be predictable and orderly to allow local governments, haulers, and rate payers to perform effective planning.