

Metro

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Metro

Minutes

Thursday, December 16, 2021

10:30 AM

Solid Waste Fee Setting Approach & Policy Discussion

**<https://us06web.zoom.us/j/615079992> (Webinar ID: 615079992) or
253-215-8782**

Council work session

1. Call to Order and Roll Call

Council President Peterson called the Metro Council Work Session to order at 10:33 a.m.

Present: 6 - Council President Lynn Peterson, Councilor Christine Lewis, Councilor Shirley Craddick, Councilor Juan Carlos Gonzalez, Councilor Gerritt Rosenthal, and Councilor Mary Nolan

2. Public Utility Finance Panel Debrief

Council President Peterson summarized Tuesday's meeting and asked for observations from Council.

Councilor Rosenthal expressed interest in reserve programs and how policy and rates interact.

Councilor Gonzalez appreciated the information about customer experience and explained that more should be discussed about Metro being a hybrid system.

Councilor Lewis appreciated information about smoothing price increases over a number of years and expressed that fee splitting can be clearer.

Councilor Craddick was impressed by the group who was brought in, showed appreciation for the financial policies that were discussed, and voiced that Metro can provide more information about financial policies and how they will influence the rate future.

Council President Peterson summarized the discussion up to this point, expressed interest in an integrated asset management plan and discussed partnership with cities.

Councilor Rosenthal expressed that a large uncertainty moving forward is how much to invest to reduce the waste stream.

Marissa explained that Council has identified a number of places where WPES has room to improve and introduces the presentation by expressing that a number of the topics mentioned by Councilors will be discussed in more detail today. Marissa noted that scenarios and numbers that will be presented are assumptions.

3. Solid Waste Fee Setting Approach and Scenarios

Staff pulled up *Solid Waste Fee Setting Approach and Policy Discussion PowerPoint Presentation*.

Brian Kennedy (he/him) explained solid waste fee components and charges as well as the fee setting approach and criteria.

Council President Peterson asked staff about the connection between level of service and rate setting and responded by stating that Metro can be more explicit about tying level of service and rate setting together.

Brian responded to Council President Peterson's question by explaining that the fee setting criteria are designed around the fee setting methodology then detailed revenue and reserve requirements and cost of service analysis.

Councilor Craddick asked if capital and maintenance needs includes purchases of land and new facilities.

Brian responded to Councilor Craddick by explaining that significant new investments are not included in the capital improvement plan.

Council President Peterson followed up by expressing that rate increases will need to be known by planning for changes in advanced.

Councilor Rosenthal asked if Metro has an emergency response reserve and if there is a reserve dedicated to waste reduction strategies.

Brian responded, explaining that the 45 day response reserve is an emergency response reserve and that there is no specific reserve dedicated to waste reduction but that waste reduction activities are most significant within regional programs.

Council President Peterson asked if the innovation grant program was reduced during COVID for economic reasons and asked if there should be a reserve to keep programs like that functioning during times of economic downturns and followed up by asking how 45 days was calculated.

Brian responded to Council President Peterson by noting that as operating expenses increase so do the 45 day operating reserve and explained why the operating reserve is set at 45 days. Brian then explained fee design and tonnage history.

Council President Peterson stressed that Metro has to figure out how to raise rates incrementally instead of having large jumps in fees.

Brian explained that Metro has a rate stabilization reserve.

Councilor Rosenthal asked how tonnage influences are incorporated into the planning process.

Brian explained that this would influence the tonnage forecast which is what is used to calculate fees.

Councilor Nolan asked staff to think about a rate system that would try to incentive a reduction of tonnage.

Brian responded by discussing the inelasticity of demand around solid waste.

Councilor Gonzalez discussed solid waste pricing challenges presented in King County.

Councilor Rosenthal responded by noting that King County's solid waste situation is very different to Metro's.

Brian discussed the Metro rate history.

Councilor Craddick observed that Metro should have rate stabilization and new facility policies.

Brian explained that Metro does carry a rate stabilization reserve but there are limits to what this can do.

Marissa added that the scenarios that will be presented are over a 5 year horizon and that fee smoothing scenarios will be presented.

Molly Vogt (she/her) explained the solid waste forecast purpose, fees, and approach.

Councilor Rosenthal asked if Metro has the capacity to provide a regional public Ridwell program to reduce plastic waste.

Council President Peterson asked what assumptions are being made in the forecast.

Molly explained that the food reduction program is the

major assumption but that she doesn't have a list of full assumptions that have been made.

Councilor Nolan also expressed that they want to know what can be done by Council to affect forecasts.

Councilor Lewis discussed that forecasts cannot be taken as fact as there are too many unknowns.

Councilor Rosenthal suggested that tonnage per capita could be an interesting chart to see.

Councilor Gonzalez discussed thoughts on the impacts that garbage tonnage has on the bottom line.

Roy Brower (he/him) explained WPES's role in the system, WPES locations, and the 2019 snapshot.

Council President Peterson asked why staff is presenting 2019 numbers instead of more recent data.

Roy responded by explaining that more recent data is skewed by the pandemic.

Councilor Lewis asked what can be done to guarantee collection events will happen in spring.

Roy explained that the uncertainty around collection events happening again is all pandemic related, then explained what the FY22 solid waste fees cover, the public operations budget, and regional program budget.

Councilor Rosenthal asked where the facility budget to upgrade Metro Central is categorized.

Brian responded to Councilor Rosenthal by explaining that the facility budget is under capital.

Brian described policy considerations and levers and fee setting scenario 1: status quo.

Councilor Nolan asked if any scenarios have an investment for Metro West and South projects.

Brian explained that major capital investments are not in the rate setting scenarios for now.

Council President Peterson asked if an informational conversation can take place so council can have more information.

Councilor Craddick explained that it would be better to have financial policy that distributes changes in fees over many years.

Brian explained fee setting scenario 2: rate smoothing, scenario 3: capital investment priority, and scenario 4: public facility cost sharing.

Councilor Rosenthal asked why the price in fiscal year 2027 is the same in each of the scenarios and followed up by asked if scenario 4 has an impact on major capital investments.

Brian responded to Councilor Rosenthal by explaining that the prices being the same in fiscal year 2027 is a result of the models and that they don't see an impact on major capital investments. Brian moved on to compare the four scenarios.

Councilor Rosenthal noted that since the scenarios are so similar in practice the choice between them is political rather than technical question.

Councilor Craddick asked what staff is looking for from Council today.

Marissa explained what staff is looking for from Council.

Brian explained policy considerations.

4. COO Recommendation and Policy Discussion

Marissa explained why she recommends scenario 4: public facility cost sharing and what the impacts of this would be on individuals.

Council President Peterson asked Marissa to dive back into another scenario in more depth, explain cost smoothing, and if this would be a significant policy change.

Marissa explained scenario 1 in more detail, compared it to scenario 4, and explained that this would be a fairly significant policy change.

Councilor Lewis explained that initially she likes scenario 2 because it keeps the reserve high and asked why Marissa is not recommending this scenario to Council and what other inputs Council will have in determining what scenario to move forward with.

Marissa explained that staff will continue to engage with other groups and Council.

Brian provided more detail on reserves in scenario 2.

Councilor Gonzalez expressed that the question around who pays is sensitive because not everyone has direct access to public transfer stations and doesn't want to limit Metro's ability to alter levels of service moving forward.

Marissa explained that Metro does not have a lot of options when it comes to cutting services but has flexibility to add services, stressed that no direction given by Council today will lock Metro into a long term decision, and summarized discussion points made by Council so far.

Councilor Rosenthal voiced three considerations: that predictability in fees is important, he would like to see large capital projects added to projections, and asked if the implementation in food waste process is already included in the current costs. Councilor Rosenthal then expressed his support for scenario 4.

Councilor Nolan challenged the assumption that wanting to do more means that costs increase and asked staff to investigate how to reduce costs.

Marissa responded to Councilor Nolan by expressing that many costs are not controlled by Metro.

Brian agreed that reducing costs would be very difficult.

Councilor Craddick expressed support for both scenario 2 and 4 and asked staff to re-describe the weaknesses in scenario 4 and followed up by stressing the importance of rate stabilization.

Marissa explained that the risk in scenario 4 is that less money is being put aside for ongoing capital.

Council President Peterson summarized discussion up to this point, and asked staff to speak on how Metro can offer stabilized rates but continue conversations around large capital investments.

Marissa expressed that staff has enough information to come back to Council with a refined scenario.

Council President Peterson expressed hesitancy around moving forward with a shift in policy this budget cycle.

Councilor Nolan asked if this rate decision will be made in time so that local governments can incorporate Metro's rates into their curbside collection rates.

Marissa explained that staff has enough information to move forward with budget needs but discussion around policy decision should continue at a later date.

Councilor Rosenthal voiced that additional service levels should be planned for and highlighted Council's feelings toward rate stabilization.

Council President Peterson summarized that Council wants to move forward with stabilizing rate increases.

5. Solid Waste Fee and Budget Development Next Steps

6. Adjourn

There being no further business, Deputy President Craddick adjourned the Metro Council Work Session at 1:18 p.m.

Respectfully submitted,

Stellan Roberts

Stellan Roberts, Legislative Assistant

ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF DECEMBER 16, 2021

ITEM	DOCUMENT TYPE	DOC DATE	DOCUMENT DESCRIPTION	DOCUMENT No.
1.0	PowerPoint	12/16/21	Solid Waste Fee Setting Approach and Policy Discussion PowerPoint Presentation	121621cw-01