

Agenda



Metro

600 NE Grand Ave.
Portland, OR 97232-2736

Meeting: Waste Fee Policy Task Force
Date: Tuesday, January 9, 2024
Time: 2:00 p.m. to 3:30 p.m.
Place: Hybrid- Metro Regional Center, Council Chambers, 600 NE Grand Ave., Portland
Purpose: Third task force meeting, welcome members, provide examples of how the Solid Waste Fee Setting Criteria is applied to Metro fees, and discuss what is missing from the criteria.
Outcomes: Shared understanding of how the criteria is applied and input on what is criteria is missing.

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| 2 p.m. | Welcome | Metro Councilor Mary Nolan,
Task Force Chair |
| 2:05 | Meeting Two Follow-Up
Meeting pre-read: Follow-up information from December meeting. | Marta McGuire |
| 2:10 | Accountability Criteria
Meeting pre-read: Solid Waste Fee Policy
<i>Objective: Shared understanding of how public benefit criteria is applied to Metro's fee process and collect feedback from task force members on missing criteria.</i> | Brian Kennedy |
| 2:35 | Public Benefit Criteria
Meeting pre-read: Solid Waste Fee Policy
<i>Objective: Shared understanding of how public benefit criteria is applied to Metro's fee process and collect feedback from task force members on missing criteria.</i> | Brian Kennedy |
| 3:05 | Fiscal Responsibility Criteria
Meeting pre-read: Solid Waste Fee Policy
<i>Objective: Shared understanding of how fiscal responsibility criteria is applied to Metro's fee process and collect feedback from task force members on missing criteria.</i> | Brian Kennedy |
| 3:25 | Next steps | Metro Councilor Mary Nolan |
| 3:30 p.m. | Adjourn | |

Waste Fee Policy Task Force

Pre-Read: December Meeting Follow-up Information

Overview

At the December 11th Waste Fee Policy Task Force Meeting, participants requested additional information on the solid waste fees and provision of self-haul. This document provides responses to questions that were posed on these topics.

Question: What are the restrictions on the use of the Regional System Fee?

Answer: Metro assesses a regional system fee (RSF) on every ton of waste generated in the Metro area that is delivered to a Metro transfer station or otherwise disposed. *Metro Code 5.02.020*. Metro Code defines “regional system fee” as a “fee that recovers the costs for all associated regional solid waste activities related to managing, planning and administering the entire recycling, processing and disposal system.” *Metro Code 5.00.010*.

Metro uses Regional System Fee revenue “to recover the costs for all associated regional solid waste activities related to managing, planning and administering the entire recycling, processing and disposal system.” *Metro Code 5.02.010*.

Among other things, Metro uses Regional System Fee monies to fund all or some portions of:

- RID Patrol and Illegal Dumping
- MetroPaint
- Metro’s Household Hazardous Waste program and collection events
- Solid waste related grants and sponsorships
- Solid waste related education and volunteer programs
- Disaster Debris removal grants to local governments
- Local government grants for solid waste related activities
- Metro’s regulatory compliance and oversight of solid waste facilities

In addition to funding the underlying solid waste related activity, Metro uses Regional System Fees to fund the planning, administrative, and overhead costs for the underlying solid waste related activity. This includes, among other things, research, data collection, planning support, and implementation costs.

In addition to any Metro-imposed restriction on the use of Regional System Fee funds, Oregon state law also restricts Metro’s use of Regional System Fees.

ORS 459.335 Use of fees collected by the metropolitan service district.

Notwithstanding any other provision of ORS 268.330, the 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.

Question: What are the limitations on the amount of Metro Transfer Station Fee?

Answer: Metro charges a “tonnage” fee for every ton of waste disposed at Metro South and Metro Central transfer stations. *Metro Code 5.03.100.* In addition, Metro charges a “minimum fee” to accept solid waste at a Metro transfer station. The minimum fee consists of a transaction fee plus a fee based on a minimum load weight. *Metro Code 5.03.110.*

Metro is not required to assess the “full cost of service” for any particular transfer station fee. Metro may legally subsidize any cost of service using other funding sources (solid waste excise taxes, Regional System Fees, etc.) However, per Metro’s home-rule Charter, Metro may not charge a fee that exceeds the “cost of providing the service.”

Metro Charter Section 15. Limitations on Amount of User Charges.

Except to the extent receipts in excess of costs from food and beverage sales, parking and other concessions are dedicated to reducing charges for the provision of goods or services to which the concession directly relates, 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

Note that the term “services” is not defined in the Charter.

Question: Does Metro prohibit private transfer stations from providing self-haul service?

Answer: Metro Code does not define the term “self-haul” or prohibit any licensed or franchised facility from receiving waste from any self-haul customer. In general, Metro Code does not limit the types of customers that a private transfer station may receive, but it sets certain requirements related to customers that transport putrescible waste.

Specifically, Metro Code Section 5.01.260(f)(1) states that a transfer station franchisee “must accept putrescible waste originating within the Metro boundary only from persons who are franchised or permitted by a local government unit to collect and haul putrescible waste.”

A transfer station may receive putrescible waste from any self-haul customer that meets the above-mentioned requirement. Also, a private transfer station may accept any other type of authorized waste from any customer (such as non-putrescible waste or source-separated recyclables). Although self-haul customers are not referenced in Metro Code, each transfer station franchise includes a standard provision that states that each facility is authorized to accept mixed non-putrescible waste from all customers including public self-haul.



Solid Waste Fee Policy

Overview

Metro establishes Solid Waste fees based on principles that are generally accepted and widely followed throughout the utility industry. Three key analyses are done: 1) revenue requirement -which identifies the total revenue to fully fund the department on a standalone basis; 2) cost of service – which establishes how to distribute the costs to the end user of the service (or customer class); and 3) fee design – which develops a fee structure that generates sufficient revenue to meet the system’s revenue requirement and Solid Waste Fee pricing objectives.

Metro’s legal authority as determined by the Metro Code and Oregon Revised Statute, as well as policies adopted by the Metro Council guide solid waste fee setting. Per Metro Code 5.03.060, the solid waste fee setting process is guided by a core set of criteria used to ensure effective management of the regional solid waste system. The fee setting criteria was updated in 2018 and 2021 with the most recent criteria below.

Solid Waste Fee Setting Criteria

Fiscal Responsibility

- A. Credit Rating Impacts: The fee structure should not negatively impact Metro’s credit rating.
- B. Authority to Implement: Metro should ensure that it has the legal ability to implement the fee structure; or, if such authority is not already held, evaluate the relative difficulty of obtaining the authority. And, fees should be readily enforceable.
- C. Revenue Adequacy: Fees should be sufficient to generate revenues that fund the costs of the solid waste system, including reserves.

Accountability

- A. Reliability: Anticipated revenues used in the fee setting process should be considered stable and unlikely to deviate from financial plan expectations.
- B. Predictability: Metro fee adjustments should be predictable and orderly to allow local governments, haulers, and rate payers to perform effective planning.

- C. Transparency: Metro fee setting should be transparent, reflect policy guidance and provide visibility into the decision-making process.

Public Benefit

- A. Administration: Fee setting should evaluate the relative cost and benefits of administering the fees with financial and policy goals.
- B. Service Provision: Charges to users of the waste disposal system should be directly related to disposal services received. Fee impacts to residents of the Metro service district who may not be direct users of the disposal system should be related to other benefits received.
- C. Affordability. Fee setting should consider the economic effects and distribution of benefits on the various types of users in the Solid Waste System, 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.
- D. Consistency: Solid waste fee setting should be consistent with Metro's agency-wide planning policies and objectives, including but not limited to the Regional Waste Plan.
- E. Waste Reduction: The rate structure should encourage waste reduction, reuse, and recycling.