Council work session agenda

Metro
600 NE Grand Ave.
Portland, OR 97232-2736

Tuesday, May 7, 2024 **10:30 AM** **Metro Regional Center, Council Chamber, https://zoom.us/j/615079992 Webinar ID: 615 079 992 or 888-475-4499 (toll free) https://www.youtube.com/live/xF-GSGjPYQ4?si=Vgcmdt5gHiCuVZg6**

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10:30 Call to Order and Roll Call

10:35 Work Session Topics:

10:35 2028-2030 Regional Flexible Fund Allocation - Program Direction 24-6058

Presenter(s): Grace Cho (she/her), Senior Transportation Planner,
Ted Leybold (he/him), Resource Development Section Manager

Attachments: Staff Report
Attachment 1
Attachment 2
Attachment 3

11:15 Private Transfer Station Cost of Service Study 24-6033

Presenter(s): Marta McGuire (she/her), WPES Director, Metro
Holly Stirnkorb (she/her), Principle Planner, Metro

Attachments: Staff Report
Resolution No. 24-5398 (Draft)
Attachment 1

11:55 Regional Emergency Transportation Routes, Phase 2 [24-6060]

Presenter(s): John Mermin (he/him), Senior Transportation Planner
Catherine Ciarlo (she/her), Planning, Development, and Research Director

Attachments: Staff Report
Attachment 1

12:25 Chief Operating Officer Communication

12:30 Councilor Communication

12:35 Adjourn

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January 2021

Council Direction on the 2028-2030 Regional Flexible Funds Allocation

Presentations

Metro Council Work Session
Tuesday, May 7th, 2024

COUNCIL DIRECTION ON THE 2028-2030 REGIONAL FLEXIBLE FUNDS ALLOCATION AND 2024 REDISTRIBUTION FUNDS ALLOCATION

Date: May 2, 2024 (Updated)
Department: Planning & Development
Meeting Date: May 7, 2024

Prepared by: Grace Cho, grace.cho@oregonmetro.gov
Presenter(s): Catherine Ciarlo, Ted Leybold, Grace Cho
Length: 60 minutes

ISSUE STATEMENT
Metro, in its role as the federally identified Metropolitan Planning Organization (MPO), will need to allocate federal transportation funding to projects and programs in the region. There are two allocation processes that will be conducted in upcoming year. The Metro Council shares this responsibility with the Joint Policy Advisory Committee on Transportation (JPACT).

One allocation process are federal transportation funds that Metro allocates through the Regional Flexible Fund Allocation (RFFA) program. These funds need to be allocated by summer of 2025. Metro staff is currently forecasting approximately $153 million of funding to be available in the three fiscal years of 2028 through 2030 to be allocated.

The RFFA process begins with the JPACT and the Metro Council approving a Program Direction to define desired outcomes and guide the allocation process and serve as a foundation for the allocation decision.

A second allocation decision to be made is for federal Redistribution funds recently awarded to Metro by the Oregon Department of Transportation. These funds are periodically made available by the U.S. Department of Transportation to states that have established eligibility for the funds by contractually obligating all its apportioned funds in a current fiscal year. The ODOT has successfully secured these funds in the previous two years and have shared them with the Oregon MPOs, including Metro, that have met targets for contractually obligating funds to projects on schedule.

Approximately $13.6 million of federal Redistribution funds is currently available to Metro. This is more than was previously anticipated from this funding source and because they are available immediately, should be allocated to projects and programs in a more immediate time frame.

ACTION REQUESTED
Staff requests input to Metro staff and Metro Council JPACT members on the proposed options for the 2028-2030 Regional Flexible Fund Allocation program direction and on the proposed allocation proposal for the 2024 Redistribution funding allocation as described in the attached memorandum.

IDENTIFIED POLICY OUTCOMES
The 2023 RTP identifies five priority goal areas for transportation investments. These are:

a. **Equitable Transportation –** Transportation system disparities experienced by Black, Indigenous and people of color and people with low incomes, are eliminated. The disproportionate barriers people of color, people who speak limited English, people with low incomes, people with disabilities, older adults, youth and other marginalized communities face in meeting their travel needs are removed.
b. **Safe System –** Traffic deaths and serious crashes are eliminated and all people are safe and secure when traveling in the region.
c. **Climate Action and Resiliency –** People, communities and ecosystems are protected, healthier and more resilient and carbon emissions and other pollution are substantially reduced as more people travel by transit, walking and bicycling and people travel shorter distances to get where they need to go.
d. **Mobility Options –** People and businesses can reach the jobs, goods, services and opportunities they need by well-connected, low-carbon travel options that are safe, affordable, convenient, reliable, efficient, accessible, and welcoming
e. **Thriving Economy –** Centers, ports, industrial areas, employment areas, and other regional destinations are accessible through a variety of multimodal connections that help people, communities, and businesses thrive and prosper.

In their 2023 direction, Metro Council determined these goals should be emphasized in the upcoming RFFA process.

POLICY QUESTION(S)
The proposed 2028-30 RFFA Program Direction and 2024 Redistribution funding proposal attempt to best implement the priority transportation policy outcomes as adopted by Metro Council in the 2023 RTP. In considering how to best achieve those policy outcomes, the proposed RFFA Program Direction and Redistribution proposals have considered the context of the amount of funds available, other transportation spending in the region, input from stakeholders, and the federal policy and eligibility restrictions associated with these funds.

As described in the attached memorandum, the primary questions under consideration for 2028-30 program direction are:

1. Purpose, principles, and project category themes, to guide development of a proposal to bond future RFFA revenues to support early implementation of projects for consideration during the RFFA comment and adoption process,
2. Proposed updates to the Step 2 allocation objectives and technical evaluation criteria,
3. Proposed procedural updates to the RFFA Step process.

The second attached memorandum describes the proposed approach to allocating the 2024 Redistribution funds. The overarching direction for this proposal is to invest in projects and tools to ensure the region continues to meet our obligation targets and remains eligible to receive additional redistribution funds in the future.

POLICY OPTIONS FOR COUNCIL TO CONSIDER
The proposed RFFA Program Direction and Redistribution allocation describe the program direction options for consideration. Council member input on any desired adjustments to the proposed direction is sought for discussion at the work session.

STAFF RECOMMENDATIONS
The attached memoranda articulate the current staff proposals on the 2028-30 RFFA Program Direction and 2024 Redistribution funding allocation.

STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION
The attached proposals provide direction to the 2028-30 RFFA process and the 2024 Redistribution process that reflect how to best achieve the 2023 RTP priority policy outcomes, considering the context of the amount of funds available, other transportation spending in the region, input from stakeholders (including Councilor briefings in January 2024), and the federal policy and eligibility restrictions associated with these funds. Summaries of input received to date are also attached for additional context.

Council input on these proposals will be summarized and utilized by program staff and Metro Council JPACT members in helping to evolve these proposals and shape the recommendation that will be made by JPACT to the Metro Council.

BACKGROUND
See Attachments 1 and 2 which provide background and description of the proposals.

ATTACHMENTS
- Attachment 1 – Memorandum on 2028-2030 Regional Flexible Fund Allocation (RFFA) – Program Direction for Consideration
- Attachment 2 – Memorandum on the 2024 Redistribution Funds Allocation Proposal

[For work session:]
- Is legislation required for Council action? ☐ Yes ☑ No

Make a new commitment of Regional Flexible Funds to bond and advance funds to build regional or corridor scale projects	Potential impacts and implications to Step 2 with a new project bond – *see Attachment 2 and text description below*
	Purpose and principles for development of a new bond proposal – *see list of purpose and principles in the text description below*

The allocation of the 2028-2030 Regional Flexible Funds must be completed by summer 2025 to transition programming the awarded projects in the 2027-2030 Metropolitan Transportation Improvement Program (MTIP). ***Therefore, if the region's interest in a new project bond is affirmed, the action taken as part of the adoption of the 2028-2030 Regional Flexible Fund Allocation Program Direction would direct Metro staff to develop one or more proposals of a funding amount and projects supported that address and balance an adopted set of purpose and principles.*** A draft set of purpose and principles is provided below for consideration and input.

Purpose of a New Project Bond
If pursued, a new Regional Flexible Fund project bond would serve the following purposes, consistent with previous project bond commitments undertaken with Regional Flexible Funds:

- A method to utilize regional revenues on regional or corridor scale projects.
- Advance the ability to construct projects earlier than would otherwise be possible.
- Leverage significant discretionary federal revenue that will otherwise be allocated to other metropolitan areas.
- Continuing the past practice to use bonded RFFA revenues to advance transportation projects that improve equitable access to jobs and services, reduce climate impacts, and improve safe travel on the transportation system.

Principles for a New Project Bond
Based on input received to date and on good administrative practices, development of a new bond proposal should address and balance the following principles:

- The allocation of bond proceeds is made in consideration of other transportation spending in the region by other agencies and of the Metro allocation of Carbon Reduction Program funds.
- The new project bond size and scale are to be a reasonable balance between the overall objectives of the Regional Flexible Fund, which includes:
    - Contribute toward regional-scale projects of high impact on priority regional outcomes
    - On-going support for programmatic regional transportation investments
    - Support for smaller capital projects that are impactful on regional outcomes
- Attempts to maintain prior funding levels of Existing Step 1 programmatic allocations and Step 2 capital project funding (with the previously established 3% annual growth rate) for forecasted revenues in 2028-2030.

- Keeps a debt payment to forecasted revenue ratio at a level that minimizes the risks of severe reductions to other Step 1 programs and Step 2 capital projects in the case of revenues being less than forecasted in all future years.
- Is a reasonable trade-off between the advantages of funding priority projects earlier than would otherwise be possible with the reduction in purchasing authority for future allocation cycles.
- Is made available for public comment during the 2028-2030 RFFA cycle comment and decision period.
- Leverages significant discretionary federal and state and/or local funding, including support for a pipeline of Federal Transit Administration (FTA) Capital Improvement Grant projects.
- Attempts to contain extension of bond commitment beyond the next four RFFA cycles (through the year 2039) to preserve the ability of future JPACT and Metro Council bodies the ability to direct spending to priority projects and to minimize risk to the agency guaranteeing the bonding of these revenues.

The principles identified are a starting point with the option to consider additions or refinement of these principles.

Step 2 Implications of a New Project Bond

Future payment of RFFA revenues to pay off the bond obligation would receive priority of available RFFA funds and therefore represent a level of risk to potential reductions to remaining Step 1 region-wide programs and planning and to Step 2 funding available for smaller capital projects. To assess this risk, Metro staff evaluated different bonding amounts and their associated payment schedules across a range of potential future revenue forecasts. The evaluation indicated it will be possible to craft a bond proposal that would result in reductions to remaining Step 1 programs and Step 2 capital projects only in the event there is a significant reduction to future federal transportation funding. More specific options for bond proceed amounts, payment schedules and descriptions of their associated risk would be completed as a part of the bond development proposal.

Program Direction Option – Step 2 – Allocation Objectives and Process

Entering into the 2028-2030 Regional Flexible Fund Allocation cycle, Metro staff understood there would be a need to update the program direction for the upcoming cycle in light of the adoption of the 2023 Regional Transportation Plan (RTP). In combination with comments received from regional partners, two areas of the Step 2 allocation process for capital projects were identified for updates and refinements. Table 2 provides a summary of the options for refinement in the two areas and a description for each area provided.

Table 2. Step 2 Program Direction Options

<table>
<tr><th>Option</th><th>Option Considerations</th></tr>
<tr><td rowspan="2">Step 2: Evaluation Criteria for Capital Projects

Update evaluation criteria to be consistent with the 2023 Regional Transportation Plan (RTP) goals</td><td>New technical evaluation criteria for thriving economy.</td></tr>
<tr><td>Modifications to existing technical evaluation criteria.</td></tr>
</table>

	Project design as a new technical evaluation criteria area.
Step 2: Eligibility Requirements & Allocation Process Modifications to eligibility requirements and process for Step 2 allocation for capital projects	Updated thresholds for minimum project costs for Step 2 applications.
	Small jurisdiction application assistance and pre-application procedures.

<u>Program Direction Option - Step 2 – Technical Evaluation Criteria Options</u>
With the adoption of the 2023 RTP, the technical evaluation of Regional Flexible Fund Step 2 capital projects applications needs an update to align to the 2023 RTP goal areas. In review of the 2023 RTP goals and the criteria used as part of the 2025-2027 RFFA Step 2 technical evaluation, the following are proposed technical evaluation criteria updates:

- Add Thriving Economy as a new goal area and associated evaluation criteria.
- Refine criteria associated with the goals areas for Equitable Transportation.
- Refine criteria for Mobility Options goal area to align to the Regional Mobility Policy.
- Modify the technical evaluation criteria to add resiliency to align with the Climate Action and Resilience goal.
- Add project design as a new technical evaluation criteria.

<u>Program Direction Option - Step 2 – Eligibility Requirements and Process Options</u>
Input focused on Step 2 varied, but primarily focused on a few process considerations and refinements to the technical evaluation. Incorporating the input received and as well as project delivery and administrative considerations for expending federal transportation funds, a handful of eligibility and process options are proposed for the Step 2 process. These include:

- Increase the minimum funding request for projects seeking Step 2 funds.
- Reduce the limit on the number of Step 2 applications.
  - This would support technical assistance requests (see below)
- Projects which received funding for construction in the 2025-2027 RFFA cycle are ineligible for applying for the upcoming cycle.
- Provide technical assistance to small jurisdictions for developing applications.
  - The technical assistance is pending approval of funding.
- Implement a pre-application process to identify applications early in the Step 2 process.

STAFF RECOMMENDATIONS
None at this time.

STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION
One of Metro's duties as a Metropolitan Planning Organization (MPO) in carrying out the metropolitan planning process is to allocate federal funds. Every three years, Metro begins a process to allocate funding in three-year timeframes. Regional Flexible Funds are

allocated to programs and capital projects. The RFFA process generally takes 18-22 months to complete. Capital projects selected in the RFFA process are to be ready for funding obligation during federal fiscal years 2028-2030 and will be included in the 2027-2030 Metropolitan Transportation Improvement Program (MTIP).

As a component of the State Transportation Improvement Program (STIP), the MTIP development timeline is driven largely by the Oregon Department of Transportation (ODOT) timeline for adopting the 2027-2030 STIP. This schedule calls for the draft STIP to be made available for public comment in early 2026. To conform to this timeline, the 2028-2030 RFFA must be finalized by summer 2025 in order to incorporate the awarded projects into the draft 2027-2030 MTIP document. This mean a Program Direction must be adopted by late spring or early summer 2024 in effort to conduct the Step 2 allocation process. Staff drafted a schedule which calls for JPACT and Council to take action on the entire 2028-2030 RFFA investment package in summer 2025. Adhering to this timeline for the RFFA decision is critical to meet the MTIP and STIP development schedule.

RFFA Program Direction

The RFFA Program Direction documents how the regional flexible funds are to be spent to carry out the policy objectives and investment priorities of the adopted RTP. The development of the Program Direction for the 2028-2030 RFFA cycle is the first step in the RFFA process. The development of the Program Direction is guided by the goals and policies set by the Regional Transportation Plan (RTP). The aim of the upcoming 2028-2030 RFFA program direction are to: 1) update and define the allocation cycle objectives; 2) clarify policy directives which reflect newly adopted regional policies or federal requirements; 3) outline or introduce any additional factors for consideration; and 4) update and define the details of the selection process.

The estimated amount of available Regional Flexible Funds for the 2028-2030 cycle is $153 million dollars. In addition to the four aims identified for the upcoming cycle, the Program Direction looks to define the funding categories (e.g., Step 1 and Step 2, described further below) and the estimated amounts within those funding categories.

Of the four components to comprise the Regional Flexible Fund Allocation Program Direction, the main area of focus for discussion is the RFFA cycle structure, or more informally known as Step 1 and Step 2. Otherwise, the existing 2025-2027 RFFA Program Direction will be carried forward, other than as modified by decisions on the following program direction options, unless additional modifications are identified and acted on during the remaining input, recommendation, and adoption process.

Input to Date

Throughout February and March 2024, Metro staff has briefed TPAC, JPACT, and county coordinating committees (by request), on the 2028-2030 Regional Flexible Fund Allocation. As part of the briefings Metro staff provided an overview of the existing Regional Flexible Fund Allocation program direction, estimated amounts available for the 2028-2030 RFFA cycle, and solicited input related to the program direction. Input received for the program direction has varied from process and procedural considerations to the Step 2 competitive capital grant allocation to broader comments about leveraging Regional Flexible Funds to make greater impact towards the Regional Transportation Plan goals and objectives. The input received to date has been summarized in Attachment 1.

Program Direction Option – Step 1A – New Project Bond Considerations

Beginning with the 2014-2015 allocation cycle, the region has followed a two-step framework for how the flexible funds are allocated. Step 1 is comprised of ongoing funding commitments to bond repayment commitments (often known as Step 1A) the region has made in previous RFFA cycles, as well as providing continued investment in RTP-identified activities and investments that support federal, state, and regional requirements (often known as Step 1B). Step 2 represents the balance of funding remaining after Step 1 commitments and obligations are met. The current program direction is that Step 2 funding is used for local agency-led capital projects on the regional transportation system.

Step 1 **–** Step 1A investments currently consist of the following (as defined in the 2025-2027 RFFA program direction):

- *Step 1A: Project bond repayment* **–** Past decisions on the Regional Flexible Fund Allocation committed future Regional Flexible Fund dollars to project bond repayment in effort to advance financial resources to delivery larger capital projects earlier and capitalize on federal funding opportunities. Primarily used for the building the region's high capacity transit system, project bonds have also been used for project development on active transportation, the Better Bus program, and limited project development for throughway traffic congestion bottleneck projects.

For the 2028-2030 timeframe, the region's scheduled bond repayments are a little under $52 million in total. This is a decrease from the 2025-2027 RFFA timeframe where the total scheduled bond repayments are a little over $65 million. The net difference between the two RFFA cycles is $13.5 million newly unencumbered towards project bond repayments. Table 3 outlines the repayment schedule below.

Input received on the 2028-2030 Regional Flexible Fund Allocation has led to the option to pursue a proposal for a new project bond. Input received have expressed interest utilizing the $13.5 million in capacity created by the cost reduction of dedicated payments to existing bond commitments in the 2028-2030 cycle.

There are numerous reasons to pursue a new project bond and the Portland region has a long history of strategically utilizing bonding to meet regional transportation objectives. A few of the reasons to pursue bonding include the following:

- Creates an ability to scale up the presently available funding to make a more significant contribution to a regional scale capital project.
- Provides the ability to implement and benefit from a project sooner than if the region waited to be able pay for the project with funds in hand.
- Reduces the year of expenditure costs of a project by expediting its construction before the costs are impacted by inflation.
- Leverages federal discretionary and state dollars which otherwise would not be invested in the region.

The region's history to strategically utilize project bonding in efforts to build out regional transportation projects has successfully resulted in over $2 billion dollars in federal discretionary funding alone. That $2 billion came from federal grants and other state and local funding awarded to projects awarded previous bond funding, including the MAX light rail system and Division Transit Project.[2]

Nonetheless, a new project bond has risks that need to be managed. While a new project bond would make available an up-front amount of funding for projects in exchange for a new dedication of Regional Flexible Fund payments into the future, to secure a new bond, payment to the bonded debt receives first priority of the available Regional Flexible Funds in future cycles.[3] The potential amount of funds remaining for the Step 1B region-wide programs and the Step 2 community scale capital projects are reduced by the amount of funding needed pay off the bond. . The effects of bonding on the funding available for Step 1B and Step 2 are impacted by:

- the size of the new project bond and its repayment schedule.
- the amount of federal funding apportioned to the region in the future.

Metro staff currently forecast federal transportation revenues based on existing funding levels and historic performance of revenue growth. This can mean the range of potential different outcomes on funding available for Step 1B and Step 2. The actual effects, however, will not be known until the federal funds for this time period are apportioned to the region each fiscal year.

Further detail of these considerations can be found in Attachment 2, which is the TPAC packet that outlines in greater detail different revenue and bond size scenarios and possible effects to the overall Regional Flexible Fund Allocation program.

If the program direction includes support for developing a bond proposal, the principles will provide the strategic framework and direction for the development of that proposal. The draft principles provided above are based on prior bond experience, good administrative practices, management of risks, and input on priority objectives of projects to be supported with bond funding.

Program Direction Option – Step 2 – Technical Evaluation Criteria, Cycle Objectives and Process Considerations

Technical Evaluation Criteria Considerations

The adoption of the 2023 RTP in December 2023 included new and refined goals, objectives, and policies for the regional transportation system. Since the Regional Flexible Fund receives its policy direction from the long-range plan, Metro staff recognized the need

[2] Does not include funds leveraged by the Better Bus program, active transportation projects which received bond proceeds and three major arterial projects – OR 217, Rose Quarter, and I-205.

[3] This is in combination with earlier project bond commitments still in repayment established in past Regional Flexible Fund Allocation decisions.

to review evaluation criteria for the allocation of Step 2 and update them to align to the newly adopted RTP.

With the review and input received to date, Metro staff identified new evaluation criteria and some modifications to the existing technical evaluation criteria for consideration. In summary these are:

- Criteria for the new policy priority area of Thriving Economy
- Evaluating project design separately to account for its multi-topical impacts
- The addition of resiliency criteria to the Climate Action evaluation criteria, and slight modifications to mobility options and equitable transportation

The new and modified technical evaluation criteria do not depart significantly from the technical evaluation criteria utilized in the previous cycle. It does a bit of reorganizing to try to address input received regarding areas where previous cycles technical evaluation did not capture the project application aspects well. Additionally, the new and modified options presented incorporates input received on aligning the technical evaluation criteria to the new RTP goal areas.

Cycle Objectives and Process Considerations

Input received on Step 2 has primarily focused on the process for awarding capital projects. Based on the feedback received, Metro staff reviewed the process undertaken in the previous cycle in efforts to identify opportunities and options for process improvements.

The options presented for the cycle objectives and process considerations, thus far, garnered polarized reactions both in support and in opposition. The option which generally received most support is:

- Provide technical assistance to small jurisdictions for the Step 2 allocation process.

Metro staff is working diligently towards implementing technical assistance for small jurisdictions, but undertaking the activity depends on securing funding by summer 2024 in efforts to begin the work of implementing such a concept.

The other options which received opposition or received a number of questions included:

- Increasing the project costs thresholds for the Step 2 applications.
- Decreasing the number of applications for each sub-region and the City of Portland.
- Instituting a required pre-application process for Step 2.

In summary, input received by regional partners indicate these process and cycle objectives would restrict local partners ability to apply for funding in Step 2. Several members requested the rationale behind these options and whether there were issues from previous Regional Flexible Fund awards to lead to these options. Part of Metro staff response to these options put forward are to address recent cost increases seen with transportation projects, support project delivery, and having Step 2 project applications enter with a budget adequate to make it through the federal aid process. The options for decreasing the number of applications and the institution of a pre-application process are in effort to support technical assistance requests by small jurisdictions, given limited capacity to provide technical assistance.

Lastly, the following option received neutral reactions thus far:

- Making projects which received funding in the previous Regional Flexible Fund Allocation cycle ineligible for applying this cycle.

Additionally, the delivery of the awarded project has become further emphasized with each cycle of the Step 2 Regional Flexible Fund Allocation. Federal partners expect the timely delivery of federally funded transportation projects, but often local partners underestimate the necessary resources to carry out a capital project under the federal-aid process. As a result, Metro began in the 2022-2024 cycle to conduct a risk assessment of the Step 2 applications for Regional Flexible Funds to flag those applications which may struggle through the federal aid process and provide suggestions on modifying the funding request. While the recommendations of the risk assessment are not mandatory for the applicant to accept, Metro looks to further emphasize and incorporate the results of the risk assessment into the project funding awards. This is due in part to help the region benefit from a recent agreement with ODOT that awards additional funding to metropolitan areas that meet project delivery schedules.

The Portland region is eligible to receive these funds, known as Redistribution funds, from the Oregon Department of Transportation (ODOT). Redistribution is a result of state transportation departments utilizing their obligation authority each year and therefore provided the opportunity to take the excess obligation authority from other states which do not obligate their full funding authority. Oregon is adept at ensuring its full obligation authority is met each year in efforts to be eligible for Redistribution funding. As part of an incentive program, ODOT shares its Redistribution with the large MPOs in the state to encourage timely project delivery of federally funded transportation projects. While Redistribution dollars are not an annual guarantee, it is important to position the region to be eligible to receive these funds each year in the event they are available.

The different process improvements efforts and suggested cycle objectives for the Step 2 process looks to balance the input received, federal requirements and eligibility, advancing regional goals as effectively and strategically possible, and project delivery, all while knowing funding opportunities are limited. Therefore, the options presented for the upcoming Step 2 process and the updated cycle objectives reflect initial ideas on how to achieve all of these factors.

BACKGROUND

See Attachment 3 which provides an overview of the 2028-2030 Regional Flexible Fund Allocation and the schedule.

ATTACHMENTS

- Attachment 1 – Summary of Input Received to Date on the 2028-2030 Regional Flexible Fund Allocation
- Attachment 2 – Memo to TPAC on the 2028-2030 Regional Flexible Fund Allocation Program Direction Options – Descriptions and Considerations
- Attachment 3 – Memo on 2028-2030 RFFA Schedule, Process, and Council Input

[For work session:]

- Is legislation required for Council action? ☐ Yes ☑ No

Metro
600 NE Grand Ave.
Portland, OR 97232-2736

Memo

Date: Thursday, May 2, 2024

To: Metro Council

From: Grace Cho, Senior Transportation Planner

Ted Leybold, Resource Development Section Manager

Subject: 2028-2030 Regional Flexible Fund Allocation (RFFA) – Program Direction for Consideration

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Purpose

To provide Metro Council a summary overview of proposed options for the 2028-2030 Regional Flexible Fund Allocation (RFFA) program direction and receive input to guide refinement of the direction in anticipation of future Council adoption.

Background

The Regional Flexible Funds are one source of the region's transportation funding, though they represent a small (~5%) percentage of the total funding spent on transportation across the region. Comprised of federal surface transportation funds provided by the federal government, the allocation of the Regional Flexible funds is one of Metro's requirements as a federally designated metropolitan planning organization (MPO) to carry out the metropolitan planning process.

Every three years, Metro begins a process to allocate the region's allotment of federal funds. Starting in February 2024, the 2028-2030 RFFA process began, and the anticipated completion is scheduled for summer 2025 in efforts to prepare for incorporation in the 2027-2030 Metropolitan Transportation Improvement Program (MTIP). Historically the region strategically invested Regional Flexible Funds in parts of the transportation system that are critical to advancing the goals and objectives of the Regional Transportation Plan (RTP).

Program Direction

The RFFA Program Direction documents how the regional flexible funds are to be spent to carry out the policy objectives and investment priorities of the adopted RTP. The development of the Program Direction for the 2028-2030 RFFA cycle is the first step in the RFFA process. The development of the Program Direction is guided by the goals and policies set by the Regional Transportation Plan (RTP). The aim of the upcoming 2028-2030 RFFA program direction are to: 1) update and define the allocation cycle objectives; 2) clarify policy directives which reflect newly adopted regional policies or federal requirements; 3) outline or introduce any additional factors for consideration; and 4) update and define the details of the selection process.

Throughout February, March and April 2024, Metro staff has briefed TPAC, JPACT, and county coordinating committees (by request), on the 2028-2030 Regional Flexible Fund Allocation. As part of the briefings Metro staff provided an overview of the existing Regional Flexible Fund Allocation program direction, estimated amounts available for the 2028-2030 RFFA cycle, and solicited input related to the program direction. Input received for the program direction has varied from process and procedural considerations to the Step 2 competitive capital grant allocation to broader comments about leveraging Regional Flexible Funds to make greater impact towards the Regional Transportation Plan goals and objectives. To date, the input received has been documented in Attachment 1. A high-level summary of TPAC and JPACT input on program direction options is presented here.

TPAC and JPACT Feedback and Input

TPAC received an overview of the options and provided the following feedback regarding these options for development of the 2028-30 RFFA Program Direction at their April 5th meeting. While not comprehensive, some key themes emerged.

- Support using bond to leverage additional funds; principles are good starting point
- General support for criteria updates, some specific follow-ups requested. (e.g. performance measures for the evaluation criteria)
- Protect Step 2 funding amounts from future reductions and account for inflation
- Some concern about reducing the number of eligible applications and increasing the minimum project cost

JPACT also received an overview of the options and provided the following feedback regarding these options for development of the 2028-30 RFFA Program Direction at their April 18th meeting. Key themes included:

- Support using bond to leverage additional funds but a range of comments about how big of a bond to pursue from wanting to be bold to achieve big outcomes to being cautious to preserve ability to make investments in future technologies and needs. Many supportive comments for a moderate level of bonding to balance these opportunities and risks.
- Sharpen the purpose and principles of the direction in how to develop a bond proposal. Include principles to have projects support the RTP priority investment outcomes and objectives such as nimbleness to respond to opportunities to unlock desired land use development opportunities.
- Protect access from small to mid-size agencies to the RFFA Step 2 funding process.

Program Direction Proposal Options

Presentations with regional and coordinating committees, briefings with Metro Councilors, and individual conversations with interested parties are the sources of input received to inform the following proposed options for consideration for the 2028-2030 RFFA program direction. The current 2025-2027 RFFA Program Direction will be carried forward, other than as modified by decisions on the following program direction options, unless additional modifications are identified and acted on during the remaining input, recommendation, and adoption process.

The following options are organized by where they would be most applicable in the RFFA program direction. <u>*The options presented reflect a proposed starting point for discussion of what to include in the 2028-30 Program Direction.*</u> The different Program Direction options is described below in the following sections.

<u>Program Direction Option – Step 1A – New Project Bond</u>

Past decisions on the Regional Flexible Fund Allocation committed future Regional Flexible Fund dollars to project bond repayment in effort to advance financial resources to delivery larger capital projects earlier and capitalize on federal funding opportunities. Primarily used for the building the region's high capacity transit system, project bonds have also been used for project development on active transportation, the Better Bus program, and limited project development for throughway traffic congestion bottleneck projects. For the 2028-2030 timeframe, the region's scheduled bond repayments are a little under $52 million in total. This is a decrease from the 2025-2027 RFFA timeframe where the total scheduled bond repayments are a little over $65 million. The net difference between the two RFFA cycles is $13.5 million newly unencumbered funds.

Input received to date indicates interest in the development of a new project bond commitment of Regional Flexible Funds to implement regional or corridor scale projects to advance Regional Transportation Plan goals and outcomes. Metro staff proposes the adoption of the 2028-2030 Regional Flexible Fund Allocation Program Direction to direct development of one or more proposals that address and balance the following set of purpose and principles.

Purpose of a New Project Bond

A new Regional Flexible Fund project bond proposal would serve the following purposes, consistent with previous project bond commitments undertaken with Regional Flexible Funds:

- A method to utilize regional revenues on regional or corridor scale projects.
- Advance the ability to construct projects earlier than would otherwise be possible.
- Leverage significant discretionary federal revenue that will otherwise be allocated to other metropolitan areas.
- Continuing the past practice to use bonded RFFA revenues to advance transportation projects that improve equitable access to jobs and services, reduce climate impacts, and improve safe travel on the transportation system.

Principles for a New Project Bond

Based on input received to date and on good administrative practices, development of a new bond proposal should address and balance the following principles:

- The allocation of bond proceeds to projects is made in consideration of other transportation spending in the region by other agencies and of the Metro allocation of Carbon Reduction Program funds.

- The new project bond size is to be guided by:
  - Ability of future revenues to maintain support of the primary elements of the Regional Flexible Fund, which include:
    - Contributions to the development and implementation of regional or corridor-scale projects of high impact on priority regional outcomes (Step 1A)
    - On-going support for programmatic regional transportation investments (Step 1B)
    - Support for smaller capital projects that are impactful on regional outcomes (Step 2)
  - Attempts to maintain prior funding levels of Existing Step 1 programmatic allocations and Step 2 capital project funding (with the previously established 3% annual growth rate) for forecasted revenues in 2028-2030.
  - Keeps a debt payment to forecasted revenue ratio at a level that minimizes the risks of severe reductions to other Step 1 programs and Step 2 capital projects in the case of revenues being less than forecasted in all future years impacted by the bonding.
  - Attempts to contain extension of bond commitment beyond the next four RFFA cycles (through the year 2039) to preserve the ability of future JPACT and Metro Council bodies the ability to direct spending to priority projects and to minimize risk to the agency guaranteeing the bonding of these revenues.

- Is a reasonable trade-off between the advantages of funding priority projects earlier than would otherwise be possible with the reduction in purchasing authority for future allocation cycles.
- Projects significantly and comprehensively advance the RTP investment priority outcomes of safe system, equitable transportation, mobility options, thriving economy, and climate action and resilience.
- Leverages significant discretionary federal and state and/or local funding, including support for a pipeline of Federal Transit Administration (FTA) Capital Improvement Grant projects.
- Projects proposed to be supported for construction funding are well advanced through project development activities and have an achievable funding strategy to complete the project.
- Is made available for public comment during the 2028-2030 RFFA cycle comment and decision period.

<u>Project category themes</u>
To achieve the implement the purpose and principles described above, the following category themes are proposed for the types of projects to be supported:

- Capital Improvement Grants/federal funding leverage
    - Regional contribution to funding plans of existing priority projects
    - Next Corridor funding
- First/last mile transit investments - includes safe access to transit
- Transit vehicle priority investments

Projects consistent with these thematic categories have the greatest chance to comprehensively achieve the priority investment outcomes defined in the RTP and meet the other principles listed above such as funding leverage.

<u>Program Direction Option - Step 2 – Technical Evaluation Criteria</u>
The following technical evaluation criteria are proposed to be updated to align with the 2023 RTP priority investment goals. Input on updating these criteria have generally been supported with interest expressed in wanting to understand how the criteria will be measured. TPAC and interested parties will have the opportunity to provide input on the criteria measures this summer.

- Adding Thriving Economy as a new goal area and associated evaluation criteria, including access to jobs and personnel and access to industrial areas.
- Adding technical evaluation criteria related to climate resiliency to the Climate Action and Resilience goal.
- Refining the criteria associated with the goals areas for Equitable Transportation.
- Refining the criteria for Mobility Options goal area to align to the Regional Mobility Policy.
- Project design as a new technical evaluation criterion.

Program Direction Option - Step 2 – Eligibility Requirements and Process Options
Input focused on Step 2 eligibility requirements and process options varied, but primarily focused on process considerations and refinements to the technical evaluation. There is a strong desire for the region make progress towards the five RTP goals in the near-term, improve project delivery performance, and provide opportunity for more jurisdictions to receive funds. These desires were also balanced against ensuring smaller to mid-size agencies can access regional flexible funds. The following eligibility and process options are proposed for the Step 2 process:

- Increase the minimum funding request for project development work from $500,000 to $800,000 (a reduction from initial option of a $1 million minimum, to respond to feedback regarding support of smaller agency accessibility to these funds).
- Increase the minimum funding request for capital projects from $3 million to $4 million (given the requirements associated with federal transportation funds, the $4 million threshold is recommended as previously suggested to better ensure projects are adequately funded and to have an impact on advancing RTP policy outcomes, particularly relative to their development costs)
- Projects which received funding for construction in the 2025-2027 RFFA cycle are ineligible for applying for the upcoming cycle.
    - Projects which received project development funding in the 2025-2027 RFFA cycle would remain eligible.
- Provide technical assistance to small jurisdictions for developing applications.
    - The technical assistance is pending approval of funding.
- Institute a pre-application notice of intent to apply letter prior to the opening of the Step 2 application window, to identify which jurisdictions are applying and help identify support activities to undertake during the application window. In response to input, the notice of intent to apply for funding will be flexible in its requirements and not preclude changes to the project funding applications submitted.

The option to reduce the limit on the number of Step 2 applications from 42 to 34 is not proposed at this time to be responsive to input regarding making the RFFA process more accessible to smaller agencies. The trade-off of not proposing this option, however, is that the technical assistance proposed to help smaller to mid-size agencies with the application process is likely to be restricted to fewer agencies than may request or need the assistance due to the capacity of technical support personnel.

Next Steps
After sharing these options and receiving input from Metro Council, TPAC and JPACT, Metro staff will propose a draft Program Direction for the 2028-30 RFFA to TPAC at its June meeting and request TPAC to provide a recommendation to JPACT and Metro Council for adoption.

Attachment 2

Memo

Metro
600 NE Grand Ave.
Portland, OR 97232-2736

Date: Thursday, May 2, 2024
To: Metro Council
From: Ted Leybold, Resource Development Section Manager – Metro
Subject: Redistribution Funds – Draft Allocation Proposal

Purpose: To propose an approach to allocating redistribution funds.

Background: As a reward for meeting our Metropolitan Planning Organization (MPO) funding obligation target schedule, The Oregon Department of Transportation (ODOT) has made available additional funds for allocation to Metro area transportation projects and programs. Approximately $13.6 million is available for allocation.

To improve on-time local project delivery, several initiatives have been undertaken in recent years. These efforts have contributed to the region's initial success in meeting our obligation targets and qualifying for the additional redistribution funding. These efforts include:

- better project monitoring and active management of project development progress
- an updated approach to programming of funds for local projects that emphasize local agency demonstration of readiness to proceed
- a more rigorous application question and assessment process for candidate projects regarding risks to project readiness
- improved reporting tools on project progress

It will be necessary to continue to utilize and refine these initial efforts and to instigate new efforts to achieve a sound project delivery pipeline and continue to qualify for additional redistribution funding. MTIP staff want to use this redistribution funding opportunity to share with the MPO stakeholders the rewards for undertaking recent project delivery initiatives and to support additional initiatives that will further reduce risks to meeting the region's obligation targets.

Funding Allocation Direction Proposal: The funding program direction for the following proposal is to invest these funds to ensure the region continues to meet our obligation targets and remains eligible to continue to receive additional redistribution funds in the future, and not subject the region to funding penalties for not meeting our obligation targets.

Allocation Proposal: Following is a proposal for how to allocate the funds in an efficient manner to continue to improve our on-time and on-scope delivery of projects.

Supplemental funding to current capital projects: $10 Million to address higher than normal inflationary impacts to projects from the 2019-24 RFFA funding cycles that have not yet completed construction delivery contracts for implementation. Metro staff will identify eligible projects and then ask the project lead agencies to nominate requests. Metro and potentially ODOT staff will evaluate the requests to factors attributable to inflation or changes outside agency control (e.g. changes in ODOT administrative practices or in regulations). With this information, staff will recommend an allocation package for TPAC consideration and recommendation to JPACT and the Metro Council. In addition to project funding need, the existing RFFA program direction will guide the staff recommendation package. This includes providing the redistribution funding to projects throughout the region.

Early project development assistance: $3 Million for project development assistance needed to adequately complete the Technical Scoping Sheet (TSS) and Environmental Prospectus (EP) for all 2028-30 RFFA projects recommended for funding. The TSS and EP are documents that must be completed for all federal aid projects before instigating the Preliminary Engineering phase of a project. Not having enough support and project information to complete these activities has been a major source of project delay.

Staff anticipates utilizing these funds for approximately 10 to 12 RFFA Step 2 capital projects awarded funding for project completion. A portion of the funds is proposed to be utilized by ODOT technical staff to assist with completion of the TSS and EP. All funds remaining after budgeted ODOT support costs would be made available proportionately to the awarded projects. Depending on ODOT costs and the number of funded projects, it is anticipated somewhere between $150,000 to $250,000 per project will be made available.

Immediately following RFFA awards, Metro and ODOT staff would work with local project management staff to determine an appropriate scope of work and budget necessary to adequately complete the TSS and EP. Adequate scope means completing tasks that will provide for a project to enter Preliminary Engineering (PE) with a refined cost estimate, project scope description, and schedule that has a high level of confidence for implementation and contingency plans for known risk factors. The findings of the project risk assessments completed during the RFFA project evaluation process will be used as a starting point for identification of the scope of work for this early project development assistance for each project. Timeframe for this initial project development work would occur by federal fiscal year 2026.

To continue to incentivize well prepared applications that have completed sufficient project development work, funds not needed to do additional project development work to complete the TSS and EP are proposed to be made available to such projects as additional contingency funds. These contingency funds can be programmed in a future project phase to address unidentified risks or for additional project elements that would advance priority RFFA goals. As always, awarded RFFA funds remaining after project completion return to the regional funding pool for distribution in the next allocation process.

New tools and assistance: The following tools and assistance will increase the ability of local agencies to complete applications for funding that are better prepared to be implemented on time and on budget, and for Metro to better prepare and manage the programming of funds to realistic and accurate obligation schedules. The tools and assistance elements and anticipated budget includes:

• $225,000 for on-call consultant technical assistance in completing project applications for qualifying small agencies.

• $125,000 for project delivery risk assessment of applications for upcoming 2028-30 RFFA process.

• $250,000 for improvements to data management systems to track project development and progress toward obligation and implementation.

Next Steps: If TPAC, JPACT and Metro Council input generally indicate comfort with this allocation proposal, Metro staff will request a TPAC recommendation to JPACT and the Metro Council for approval for an allocation process of redistribution funds

Block Grant (STBG) and Congestion Mitigation and Air Quality (CMAQ) formula programs to levels greater than any previous transportation authorization. Knowing that BIL relied on general funds to bridge the gap in the federal Highway Trust Fund to support those funding increases, maintaining BIL levels of transportation funding are in question. The current revenue estimate at approximately $153 million is based on revenue assumptions projecting from the final year of BIL, but without any annual growth, which is a reasonable estimate between assuming continued growth to existing authorization levels and cuts to existing authorization levels. .

The typical revenue estimation for the Regional Flexible Fund Allocation cycle attempts to balance between conservative and aggressive starting points and growth assumptions for the next transportation authorization. The RFFA revenue forecast is informed by historical trends and data from previous transportation authorizations. BIL significantly changed the historical trend and since the 2028-2030 cycle is the first beyond BIL, it becomes more difficult in predicting a likely level of federal revenues the region will receive. The risk of over allocating funds in Step 2 based on a forecast that is too large and would necessitate revisiting the allocation decision and delay or cancel awarded projects.

Principles for a New Project Bond

Despite these revenue estimate risks, there remains good reason to consider a new project bond. As noted, the purposes of a new project bond would be to advance regional funds to construct projects earlier and make regional-scale impacts on the transportation system. Nonetheless, a new project bond also means binding Regional Flexible Funds with less funding available to support future opportunities.

At this time, projects to receive the proceeds have not been identified. However, in balancing the different considerations and impacts a new project bond would have on the upcoming and future Regional Flexible Fund Allocations, the selection of projects to receive bond proceeds and amounts allocated – if a new project bond is pursed – should be expected to meet the following objectives as responsible fund administration practices and to be responsive to input received to date on the RFFA program direction:

- The allocation is made in consideration of other transportation spending in the region by other agencies and of the Metro allocation of Carbon Reduction Program funds.
- The new project bond size and scale are to be a reasonable balance between the overall objectives of the Regional Flexible Fund, which includes:
    - Contribute toward regional-scale projects of high impact on priority regional outcomes
    - On-going support for programmatic regional transportation investments
    - Support for smaller capital projects that are impactful on regional outcomes
- Attempts to maintain prior funding levels of Existing Step 1 programmatic allocations and Step 2 capital project funding (with the previously established 3% annual growth rate) for forecasted revenues in 2028-30.
- Keeps a debt payment to forecasted revenue ratio at a level that minimizes the risks of severe reductions to other Step 1 programs and Step 2 capital projects in the case of revenues being less than forecasted in all future years.
- Is a reasonable trade-off between the advantages of funding priority projects earlier than would otherwise be possible with the reduction in purchasing authority for future allocation cycles.

- Is made available for public comment during the 2028-2030 RFFA cycle comment and decision period.
- Leverages significant discretionary federal and state and/or local funding, including support for a pipeline of Federal Transit Administration (FTA) Capital Improvement Grant projects.
- Attempts to contain extension of bond commitment beyond the next four RFFA cycles (through the year 2039) to preserve the ability of future JPACT and Metro Council bodies the ability to direct spending to priority projects and to minimize risk to the agency guaranteeing the bonding of these revenues.

Program Direction Option – Step 2 – Technical Evaluation Criteria – RTP Goals & Evaluation Criteria
With the adoption of the 2023 RTP, the technical evaluation of Regional Flexible Fund Step 2 applications will need an update to align to the 2023 RTP goal areas. In review of the 2023 RTP goals and the criteria used as part of the 2025-2027 RFFA Step 2 technical evaluation, the main area in need of updating includes the addition of Thriving Economy as a new goal area and associated evaluation criteria. Feedback received on the criteria for Thriving Economy included suggested performance measures, such as access to jobs and talent as well as reviewing previous evaluation measures looking at economic prosperity. Based on feedback and a review of the 2023 RTP goal description and objectives for Thriving Economy, some initial options are identified in Table 3.

For the other four RTP goal areas, the option is to continue with the existing criteria with minor refinements to better align with the updated RTP descriptions for these goals. Input heard in regard to incorporating resiliency as part of the Step 2 criteria and some initial options for incorporating resiliency are identified in Table 3. Additionally, modifications to the criteria associated with the goals areas for Equitable Transportation and Mobility Option are also presented in efforts to align with updates to the goal areas identified in the 2023 RTP.

Table 3. Options for 2028-2030 RFFA Step 2 Technical Evaluation Criteria
(**Bold** indicates new or revised criteria)

RTP Goal Area*	25-27 RFFA Criteria	28-30 RFFA Criteria – Options
Equitable Transportation – Transportation system disparities experienced by Black, Indigenous and people of color and people with low incomes, are eliminated. The disproportionate barriers people of color, people who speak limited English, people with low incomes, people with disabilities, older adults, youth, and other marginalized communities face in meeting their travel needs are removed.	• Increased accessibility • Increased access to affordable travel options	• Same as previous cycle • **Meets a transportation need identified by the community**

Safe System – Traffic deaths and serious crashes are eliminated and all people are safe and secure when traveling in the region.	• Reduced fatal and serious injury crashes for all modes of travel	• Same as previous cycle
Climate Action and Resilience – People, communities and ecosystems are protected, healthier and more resilient and carbon emissions and other pollution are substantially reduced as more people travel by transit, walking and bicycling and people travel shorter distances to get where they need to go.	• Reduced emissions from vehicles • Reduced drive alone trips	• Same as previous cycle • **Reduces impacts/mitigates for weather events (e.g., flood, heat)** • **Increases stability of existing critical transportation infrastructure**
Mobility Options^ – People and businesses can reach the jobs, goods, services, and opportunities they need by well-connected, low-carbon travel options that are safe, affordable, convenient, reliable, efficient, accessible, and welcoming	• Increased reliability • Increased travel efficiency • Increased travel options • Reduced drive alone trips	• Increased reliability • Increased travel **and land use** efficiency • Increased travel options • ~~Reduced drive alone trips~~#
Thriving Economy – Centers, ports, industrial areas, employment areas, and other regional destinations are accessible through a variety of multimodal connections that help people, communities, and businesses thrive and prosper.	• N/A	• **Increased access to jobs** • **Increased access to centers** • **Increased access to industrial and transport facilities**

*Reflects updated definitions of 2023 RTP goals.
^Updated to align to the Regional Mobility Policy.
#Incorportated as part of Increased travel and land use efficiency.

<u>Program Direction Option – Step 2 – Technical Evaluation Criteria – Design as a Stand Alone Evaluation Criteria</u>

One additional option for consideration is to have an element of the technical evaluation specifically focused on the proposed design elements for the projects. Currently, design considerations are primarily embedded within the criteria of certain RTP goal areas. But knowing that the proposed design often implicates advancing multiple outcomes, having design criteria stand alone would provide a cleaner evaluation. The separation from the RTP goal area outcomes evaluation would allow the evaluation to look more closely at features proposed in consideration of the existing built environment context and the future context of the proposed project. This option is in effort to respond to feedback heard regarding challenges in evaluating proposed projects accommodating for future development needs rather than addressing an existing deficiency or gap in the transportation network. Additionally, this would also allow for those project proposals only seeking project development or planning funding to be excluded from evaluation under the design criteria.

Table 4. Sample Criteria for Design

Design Criteria	Sample/Potential Performance Measure
Increases the livability of streets and trails throughout the region	• Proposed elements are appropriate to the designated regional street design or regional trail classification • Project design represents the best possible improvement in project area, based on functional and design classification and contextual constraints.
Enhances and reinforces the regional modal classification for the street or roadway (as applicable by mode) to better function for travel by that mode on that facility	• Number of design features (consistent with the designated regional street design or trail classification) added by the proposed project
Supports future population and employment growth demands	• Consistent with and implements local comprehensive plan designation for growth • Identified as a center in the 2040 growth concept • Urban reserve designation
Increases travel efficiency of the existing transportation network in a context sensitive manner	• Identified deficiency in a local transportation system plan or regional modal or topical plan

Program Direction Option – Step 2 – RFFA Cycle Objectives
Input was provided regarding the strong desire to see the region make progress towards the five RTP goals in the near-term. In efforts to foster greater impact towards the five RTP goal areas in the near-term through the Step 2 competitive allocation, encouraging larger project proposals is an option. To do so, for consideration are the following options:

- Increase the minimum funding request for project development work from $500,000 to $1 million
- Increase the minimum funding request for capital projects from $3 million to $4 million
- Reduce the limit on the number of Step 2 applications from 42 to 34
    - Sub-region application limits would be reduced by 2 in each sub-region

Metro staff also heard from some jurisdictional partners more efforts are needed to ensure the outcome of the Step 2 allocation reaches across the region. In efforts to maintain a regional focus on the Step 2 allocation while supporting new projects and new opportunities to compete in the Step 2 allocation, for consideration are the following options:

- Projects which received funding for construction in the 2025-2027 RFFA cycle are ineligible for applying for the upcoming cycle.
    - Projects which received project development funding in the 2025-2027 RFFA cycle would remain eligible.
- Provide technical assistance to small jurisdictions for developing applications.
    - The technical assistance is pending approval of funding.
    - Funding is to be identified and requested prior to the end of the fiscal year.
- Institute a pre-application window and notice of intent to apply letter prior to the opening of the Step 2 application window to identify which jurisdictions are applying and if needed, help identify support activities to undertake during the application window.

Feedback and Input to Inform a Future Staff Recommendation

The intention of the presentation on the 2028-2030 RFFA program direction is to present a set of option for consideration, input, and feedback. The options presented for Step 1A or Step 2 thus far are not recommendations or formalized. Rather, they present a starting point for initiating discussions. Input regarding preferences for the different options will get summarized and return to the May TPAC meeting for further discussion in anticipation for developing a Metro staff proposal for TPAC action on a recommendation at the June meeting.

Question for TPAC

1) Are there options not reflected for consideration and discussion?
2) What feedback does TPAC have regarding the options presented?

Next Steps/Upcoming Activities

The following table outlines upcoming Regional Flexible Fund Allocation activities. The table is not comprehensive.

2028-2030 Regional Flexible Fund Allocation – Schedule of Near-Term Activities

Activity	Date	Where
Discussion of options for RFFA program direction	April 5	TPAC meeting
Project delivery training series – continued	April 10	TPAC workshop
Overview of region-wide programs and regional planning activities funded as part of Step 1B	April 10	TPAC workshop
Summary of input received to date, discussion of refinements and options for consideration for the RFFA program direction	April 18	JPACT
Further discussion of options with refinements for the RFFA program direction	May	TPAC meeting
Summary of input received, discussion of refinements and options for consideration for RFFA program direction	May 7	Metro Council work session
Coordinating committee briefings	On-going	By request
Briefings with interested parties	On-going	By request

Memo

Metro
600 NE Grand Ave.
Portland, OR 97232-2736

Date: Friday, January 19, 2024
To: Metro Councilors and policy advisors
Catherine Ciarlio, Director – Planning, Development, and Research
From: Grace Cho, Senior Transportation Planner – Planning, Development & Research
Ted Leybold, Resource Development Section Manager – Planning, Development & Research
Subject: 2028-2030 Regional Flexible Fund Allocation (RFFA) – Schedule, Process, and Council Input

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Purpose

Staff wishes to introduce the work program outline and schedule of activities required to carry out the 2028-2030 Regional Flexible Funds Allocation (RFFA). In previous RFFA cycles, Council provided initial input on their intent for how these funds are to be used to advance regional and Metropolitan Planning Organization (MPO) priorities. Staff requests similar input Council may wish to provide to inform the 2028-2030 RFFA process and outcomes.

Background

Through 2024 and 2025, Metro must conduct the activities associated with selecting regional transportation investments to be funded with the region's allotment of federal funds, what has been termed locally as the Regional Flexible Funds.

Allocation of these federal funds are part of Metro's requirements as a federally designated MPO to carry out the metropolitan planning process.[1] Every three years, Metro begins a process to allocate funding in three-year timeframes. The RFFA process generally takes 18-22 months to complete. Projects selected in the RFFA process are to be ready for funding obligation during federal fiscal years 2028-2030[2] and will be included in the 2027-2030 Metropolitan Transportation Improvement Program (MTIP).

As the MTIP is a component of the State Transportation Improvement Program (STIP), the MTIP development timeline is driven largely by the Oregon Department of Transportation (ODOT) timeline for adopting the 2027-2030 STIP. This schedule calls for the draft STIP to be made available for public comment in early 2026. To conform to this timeline, a draft MTIP document must be prepared no later than March of 2026.

An initial drafted Regional Flexible Fund Allocation schedule calls for JPACT and Council to take action on a RFFA investment package in summer 2025. Adhering to this timeline for the RFFA decision is critical to meet the MTIP and the STIP development schedule.

Program Direction

Since the adoption of the 2025-2027 Regional Flexible Fund Allocation, the Metro Council adopted the 2023 Regional Transportation Plan (RTP), which updated the vision, goals, and policies for the regional transportation system in the Portland metropolitan region. As the foundation for the transportation network for the next 20 years, the 2023 RTP establishes the investment priorities to bring the envisioned regional transportation network to fruition. As an implementation tool and

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[1] Additional background on MPO requirements can be found at https://www.transit.dot.gov/regulations-and-guidance/transportation-planning/metropolitan-planning-organization-mpo
[2] Federal fiscal years begin October 1 of the previous year (e.g. FFY 2028 covers 10/1/27 to 9/30/28)

one of the few tools with flexibility, the Regional Flexible Funds will derive its direction from the most recently adopted Plan. The aim of the upcoming 2028-2030 RFFA cycle will be to prioritize and determine the near-term investment aiming to implement the new adopted RTP.

Existing Two-step RFFA Program Direction
Since the 2014-2015 allocation cycle, the region has followed a two-step framework for how the flexible funds are allocated. Step 1 comprises of ongoing funding commitments to bond repayments the region made in previous RFFA cycles, as well as providing continued investment in RTP-identified activities and investments that support federal, state and regional requirements to build a multi-modal transportation system and reduce greenhouse gas emissions from vehicles. Step 2, representing the balance of funding remaining after Step 1 commitments and obligations are met, is used for capital projects.

The 2023 RTP investment priorities guide the 2027-2030 RFFA:

- **Equitable Transportation:** Transportation system disparities experienced by Black, Indigenous and people of color and people with low incomes, are eliminated. The disproportionate barriers people of color, people with low incomes, people with disabilities, older adults, youth and other marginalized communities face in meeting their travel needs are removed.
- **Safe System:** Traffic deaths and serious crashes are eliminated and all people are safe and secure when traveling in the region.
- **Climate Action and Resilience:** People, communities and ecosystems are protected, healthier and more resilient and carbon emissions and other pollution are substantially reduced as more people travel by transit, walking and bicycling and people travel shorter distances to get where they need to go.
- **Mobility Options:** People and businesses can reach the jobs, goods, services and opportunities they need by well-connected, low-carbon travel options that are safe, affordable, convenient, reliable, efficient, accessible, and welcoming.
- **Thriving Economy:** Centers, ports, industrial areas, employment areas and other regional destinations are accessible through a variety of multimodal connections that help people, communities, and businesses thrive and prosper.

Step 1 – Step 1 investments currently consist of the following (as defined in the 2025-2027 RFFA program direction):

- **Bond repayment –** Regional flexible funds have been used to help construct the region's high-capacity transit system. Since 1998, TriMet has issued bonds to pay for project development and capital construction costs of high-capacity transit line construction, based on a regional commitment of flexible funds to repay the bonded debt. This bond obligation covers investments in Green, Orange, and Southwest Corridor MAX lines, Division Transit Project, and the Eastside Streetcar Loop.

  In the 2019-2021 RFFA process, JPACT and Metro Council directed regional funding to be used on project development for a selected package of improvements to address 1.) regional active transportation needs, and 2.) freeway interchanges or arterials that were identified as significant system deficiencies, particularly in the areas of safety and freight delay.

  The region's current obligation to repay bond debt extends to 2034, as detailed in the table below. The bond repayment amount to be repaid through the 2028-2030 RFFA totals $51.78 million.

Table 1.
Regional bond repayment schedule (in millions)Regional Flexible Funds Allocation
High Capacity Transit and Project Development Bond Payment Schedule

Year	Sub-Total of Funds Committed under Res Nos. 08-3942 and 10-4185	Sub-Total of Phase I Funds Committed under Res. No. 17-4800	Sub-Total of New Funds Committed in Phase II under Res. No. 17-4848	Grand Total of Funds Committed under Res. Nos. 08-3942, 10-4185, 17-4800, and 17-4848
2016	$16,000,000			$16,000,000
2017	$16,000,000			$16,000,000
2018	$16,000,000			$16,000,000
2019	$16,000,000	$3,250,000	$1,130,000	$20,380,000
2020	$16,000,000	$3,250,000	$2,140,000	$21,390,000
2021	$16,000,000	$3,250,000	$2,140,000	$21,390,000
2022	$16,000,000	$3,500,000	$2,340,000	$21,840,000
2023	$16,000,000	$3,500,000	$2,330,000	$21,830,000
2024	$16,000,000	$3,500,000	$2,300,000	$21,800,000
2025	$16,000,000	$3,500,000	$2,280,000	$21,780,000
2026	$16,000,000	$3,500,000	$2,260,000	$21,760,000
2027	$16,000,000	$3,500,000	$2,240,000	$21,740,000
2028		$12,100,000	$5,180,000	$17,280,000
2029		$12,100,000	$5,160,000	$17,260,000
2030		$12,100,000	$5,140,000	$17,240,000
3031		$12,100,000	$5,120,000	$17,220,000
2032			$17,190,000	$17,190,000
2033			$17,170,000	$17,170,000
2034			$17,150,000	$17,150,000

- **Region-wide investments –** Three region-wide programs have been defined over time by their regional scope, program administration, and policy coordination. These factors have persuaded the region a consistent allocation of regional flexible funds to support them. The three programs are:

    - Regional Travel Options/Safe Routes to School (RTO/SRTS) – Grant program that supports local jurisdictional and non-governmental organization partners' public outreach and encouragement work that helps people of all ages reduce automobile use and increase travel by transit, ridesharing, bicycling, and walking. Funding also supports research, measurement and partner coordination activities.

- Transit Oriented Development (TOD) – Grant program to help stimulate private development of higher-density, affordable and mixed-use projects near transit, invest into urban living infrastructure - such as early childhood learning centers, grocery stores, community cultural spaces, and employment resource centers – that benefit low-income community members and people of color, and to acquire land for future affordable housing development all within proximity to frequent service transit to increase the use of the region's transit system and advance the Region 2040 Growth Concept.
- Transportation System Management and Operations (TSMO) – Funding focused on projects and coordination activities to improve the region's transportation data, traffic signals, traveler information and other technological solutions to help move people and goods more safely, reliably, and efficiently.

By investing regional flexible funds in these three areas, the region demonstrates its commitment to and compliance with an overall transportation strategy as defined through the RTP. The RTP identifies a number of regional policy objectives, and federal and state mandates as shown in Table 2.

Table 2.
Region-wide Programs – Implementation Purposes

	Fulfills:
RTO/SRTS	• 2023 Regional Transportation Plan • Regional Mobility Policy • Climate Smart Strategies • Congestion Management Process • State Implementation Plan for Air Quality • Carbon Reduction Strategy
TOD	• 2040 Growth Concept • Congestion Management Process • State Implementation Plan for Air Quality • Implementation of Climate Friendly Equitable Communities
TSMO	• 2023 Regional Transportation Plan • Regional Mobility Policy • Federal Performance Targets • Climate Smart Strategies • Congestion Management Process • Carbon Reduction Strategy

It is practice that funding for the region-wide programs include an annual increase to address increasing program costs and maintain purchasing power.

- **MPO, and Corridor and System Planning –** Regional funds have been used to support planning, analysis and management work required or undertaken by the metropolitan planning organization.[3] JPACT and Metro Council have directed flexible funds to be spent instead of collecting dues from each partner jurisdiction in the region as was done prior to 1992. Regional funds have also been directed towards continued planning work to further develop regional corridors, transit and freight networks, and to better understand the economic impacts of regional transportation investments.

This work plan and schedule assume that, at a minimum, Step 1 funding will continue to repay the bonds, maintain programs, and continue regional planning work.

Step 2 – Funding for capital projects

The 2025-2027 RFFA program direction redefined the Step 2 capital projects modal category framework. Since the 2014-2015 RFFA cycle, JPACT and Council directed 75 percent of the Step 2 funding towards Active Transportation and Complete Streets, while the remaining 25 percent focused funding towards Freight and Economic Development. This policy direction reflected the goals and objectives of the RTP and the region's needs at that time. These funding categories and respective percentages were supported for several funding cycles subsequent to 2014-2015, but with the program direction for the 2025-2027 RFFA cycle, a modified framework was created which reflected feedback gathered following the 2022-2024 RFFA process. The feedback indicated the Step 2 funding categories established from the 2014-2015 RFFA cycle may not best support the implementation and outcomes of the RTP investment priorities. Nonetheless, interested parties recognize the significance of investing most of the limited and highly flexible federal transportation funding to comprise the Regional Flexible Fund into active transportation and complete streets capital projects.

The previous modal categories for the Step 2 process of the 2025-2027 RFFA cycle were abolished in favor of a single category but maintaining the same focus on improving the region's active transportation network and supporting freight mobility and economic outcomes. This was done by following a strategic approach in allocating Step 2 funds, including:

- A topically or geographically focused impact rather than an array of disconnected projects;
- Achieves appreciable impacts on implementing a regional scale strategy given funding amount available;
- Addresses specific outcomes utilizing the Regional Transportation Plan performance targets;
- Prioritizes catalytic investments (leveraging large benefits or new funding); and
- Positions the region to take advantage of federal and state funding opportunities as they arise.

The outcome from the 2025-2027 RFFA cycle was a mix of projects throughout the region which were focused on advancing the different RTP priorities. In light of the success of the single category framework for the Step 2 allocation in the previous RFFA cycle, this work plan and schedule assume the Step 2 funding will continue to utilize the single category allocation framework in efforts to advance implementation of the 2023 RTP investment priorities.

Carbon Reduction Program Funds (CRP)

The most recent federal transportation reauthorization established new surface transportation funding programs, some of which was suballocated to metropolitan planning organizations – like

[3] Federal requirements define the minimum work plan for the metropolitan planning organization, but additional work program items carried out is identified through the development and update of each Regional Transportation Plan. Chapter 8 of the most recently adopted RTP outlines the work plan items the region desires to accomplish between RTPs.

Metro – to award to projects and programs. The Carbon Reduction Program is one of the new funding programs. Metro conducted an expedited allocation of the initial allocation $18.8 million of CRP funds in spring 2023 in efforts to have the allocation reflected in the required Oregon Carbon Reduction Strategy submitted by ODOT to federal partners in winter 2023. The allocation of the CRP funds were directed by policies from the RTP, Climate Smart Strategy, the state Carbon Reduction Strategy, and federal eligibility rules.

In revenue projections for the 2027-2030 STIP, ODOT has made the deliberate assumption the Carbon Reduction Program funds will continue beyond the current federal transportation reauthorization in effect. The rationale behind ODOT's assumptions for the continuation of CRP is because the federal transportation authorization embedded the funding programs among the formula funding programs distributed across all states and metropolitan areas. As a result, the next reauthorization would require additional efforts to eliminate the program. Combined with the historical trend of Congress typically extending the current authorization through continuing resolutions as congressional leadership negotiate a new surface transportation reauthorization, ODOT's assumption on the CRP funds has a reasonable probability of coming to fruition.

The rationale outlined through ODOT's assumptions gives Metro confidence to assume the continuation of CRP funds through 2030. Because Metro does not have the same ability as the state to allocate new revenues to projects in a quick manner as they emerge, Metro will conduct a second round allocation of CRP funds. However, Metro staff proposes to keep the next allocation of CRP funds separate from the 2028-2030 RFFA in efforts to manage risk in case the program does not continue in the next surface transportation reauthorization.

Process & Proposed Schedule

Staff proposes to follow a multi-phased process similar to preceding RFFA cycles. Briefly, these phases include:

1. Program Direction development (February-June 2024) – This phase results in the JPACT-approved and Council-adopted priorities and program direction for how the regional funding is to be spent to carry out policy objectives of the 2023 RTP. This phase assumes engagement activities with Metro Council to discuss their priorities and to gather input from interested parties in addition to discussions with TPAC and JPACT. Regional partner engagement is anticipated through TPAC and JPACT meetings with the option for additional TPAC workshops. The anticipated timeframe for the program direction conversations is for February through April 2024. A follow up work session to brief Councilors on the conversations by regional partners to date, if desired by Council members, would be within the same timeframe with a specific date to be determined.

   In addition, initial work also begins on preparing the Step 2 project application, risk assessment and evaluation materials. While many details of the application will be dependent on the final program direction adopted by Council, as much work as possible will occur during this time to ensure the overall RFFA process remains on schedule. Some examples include project delivery training series conducted at TPAC workshops in efforts to help prepare local partners developing an application, beginning to recruit members of the work group that will evaluate and provide technical scores for each of the projects, and preparing the application tool.

   After the policy direction is adopted, a final set of Step 2 project application materials is developed. The technical evaluation working group will assist in developing the application materials. This work will occur during the summer and fall of 2024.

2. Call for projects (tentatively September 2024-October 2024) – The Step 2 project call is scheduled to open in September 2024, with approximately two months allotted for applicants to prepare and submit their project proposals. A workshop to answer questions and provide further details on the RFFA process will be held just prior to or early in the project call.

3. Step 2 Project selection (November 2024-July 2025) – Once the application window closes, work begins to evaluate and gather input on the submitted projects. There are four sources of input used to guide the project selection process:

    a. Technical Evaluation – a group comprised of agency staff and technical advisors with relevant expertise will conduct a technical process to evaluate each project's performance at achieving policy outcomes as defined in the RTP and the RFFA Program Direction.
    b. Risk Assessment – an independent analysis of each project to identify any impediments to the project scope, timeline or budget.
    c. Public Comment – per federal and Metro guidance, there will be a (minimum) 30-day public comment opportunity to gather input on the proposed projects and overall RFFA program from community members and interested parties.
    d. Identification of Priorities – Each county coordinating committee and the City of Portland has the option to identify which of the projects submitted from their respective jurisdictions are most critical to the needs of the community.

    Applicants will have an opportunity to provide clarifying information to questions or issues identified by initial work of the risk assessment or respond to questions for additional or clarifying information by the technical evaluation work group. This information is used to help inform the public comment period and the county coordinating committee identification of priority projects.

    Discussion at TPAC and JPACT is scheduled to occur during the spring and summer of 2025. During this time, Council may wish to be briefed in a work session to discuss and indicate their priorities (if any) to JPACT. Final JPACT and Council action on the Step 2 projects is scheduled for summer of 2025.

4. MTIP adoption (Fall 2026-Summer 2026) – Upon completion of the RFFA process, work commences on conducting the required analysis and documentation for adding the selected RFFA projects to the 2027-2030 MTIP. It is critical the RFFA process be completed by summer 2025 to stay on the MTIP development schedule. The MTIP is scheduled to be adopted in summer 2026 for inclusion in the 2027-2030 STIP.

Private Rate Transparency
Presentations

Metro Council Work Session
Tuesday, May 7th, 2024

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF DIRECTING STAFF TO PROCEED WITH A FORMAL COST OF SERVICE STUDY OF PRIVATE TRANSFER STATIONS IN THE PORTLAND METROPOLITAN AREA	)))))	RESOLUTION NO. 24-5398 Introduced by Chief Operating Officer Marissa Madrigal in concurrence with Council President Lynn Peterson

WHEREAS, Goal 14 in Metro's 2030 Regional Waste Plan seeks "rates that are reasonable, responsive to user economic needs, regionally consistent and well understood"; and

WHEREAS, Goal 14 further includes the specific action of "Establish[ing] rates across the region that are consistent for like services," and

WHEREAS, ORS 268.317 authorizes Metro to "maintain and amend rates charged by disposal, transfer and resource recovery sites or facilities" within the Portland metropolitan area; and

WHEREAS, in 2019 Metro completed a cost study of private transfer station's putrescible waste transfer costs based on estimates of various components of each station's rate, but this was only an estimate because Metro did not have access to each transfer station's financial records: and

WHEREAS, the private transfer stations that charge the highest rates for putrescible waste transfer in the Portland metropolitan area tend to serve communities with large percentage of people with low incomes; and

WHEREAS, these transfer stations touch the east and west side of the Portland metropolitan area in Forest Grove, Gresham, and Troutdale; and

WHEREAS, rate differences result in some residents paying more for like services than others; and

WHEREAS, most local governments in the Portland metropolitan area conduct periodic rate reviews for their franchised garbage hauling services; and

WHEREAS, a cost-of-service study of putrescible waste transfer by private transfer stations in the Portland metropolitan area would provide the composite cost-per-ton information needed by local government to verify rates charged by private transfer stations and determine allowable costs when setting garbage and recycling collection rates and provide Metro with the detailed cost data needed to align with other related projects; and

WHEREAS, Metro staff will follow best practices to conduct a cost-of-service study of putrescible waste transfer by private transfer stations and engage Metro Council in each phase of study development including approval of the study design; now therefore,

BE IT RESOLVED that the Metro Council directs staff to:

1. Convene a task force including the six private transfer stations, community, and local government partners with an independent third-party contractor to design the cost-of-service study.

2. Develop confidentiality and data protection procedures to protect sensitive business information.

3. Present the cost-of-service study design to Metro Council for consideration and approval before moving to step 4.

4. Conduct an independent cost-of-service study of private transfer stations that process putrescible waste in the Portland metropolitan area to determine a composite cost-per-ton.

5. Provide report of findings to Metro Council including the composite cost-per-ton for putrescible waste transfer by private transfer stations for consideration.

ADOPTED by the Metro Council this [insert date] day of [insert month] [insert year].

Approved as to Form:

____
Lynn Peterson, Council President

____
Carrie MacLaren, Metro Attorney

STAFF REPORT

WASTE PREVENTION AND ENVIRONMENTAL SERVICES: PRIVATE RATE TRANSPARENCY

Date: April 18, 2024
Department: WPES
Meeting Date: May 7, 2024

Prepared by:
Holly Stirnkorb,
holly.stirnkorb@oregonmetro.gov

Presenter(s) (if applicable): Marta McGuire (she/her), Holly Stirnkorb (she/her), Tom Egleston (he/him)

Length: 30 minutes

ISSUE STATEMENT

During the last budget and fee setting process, cities and counties elevated the need to ensure that rates charged at private transfer stations are reasonable, regionally consistent, and well understood. Local governments began expressing concern in 2010 on inconsistent rates for putrescible waste, also known as 'wet waste,' charged at private transfer stations across the region. As the regional solid waste authority, Metro is responsible for overseeing the rates charged for disposal, transfer, and recovery facilities. In November 2023, staff provided an update on rates at private transfer stations and requested guidance on whether Council would like to proceed to Step 3 in the Transfer System Configuration Policy adopted in 2016. Council directed staff to compile additional information including a summary of stakeholder feedback, an overview of best practices to conduct a cost-of-service study, and an outline of the proposed approach to conduct the study. Staff seeks direction from Council on proceeding with a cost-of-service study for wet waste transfer at private transfer stations.

ACTION REQUESTED

Staff request guidance on proceeding with formal consideration of a resolution to direct staff to conduct a cost-of-service study for wet waste transfer at private transfer stations in the Portland metropolitan area to determine a composite cost-per-ton.

IDENTIFIED POLICY OUTCOMES

Currently, Metro has the authority to regulate transfer and disposal rates within the region but does not exercise it. Private transfer station rates are directly tied to fees established by local governments for collection services for households and businesses. Conducting a cost-of-service study will provide information requested by local governments and inform ongoing efforts to advance 2030 Regional Waste Plan goals including:

Goal 14: Adopt rates for all services that are reasonable, responsive to user economic needs, regionally consistent and well understood.

Action 14.2: Implement transparent and consistent annual rate-setting processes for all facilities.

Action 14.3: Establish rates across the region that are consistent for like services.

POLICY OPTIONS FOR COUNCIL TO CONSIDER

1. Direct staff to move forward with Step 3 of the Transfer System Configuration Policy, which includes conducting a cost-of-service study for wet waste transfer at private transfer stations that includes formal approval of the attached draft resolution.
2. Direct staff to take no action.

STAFF RECOMMENDATION
Staff recommends Metro Council move forward with Step 3 of the Transfer Station Configuration Policy that includes conducting a cost-of-service study for wet waste transfer at private transfer stations.

PROPOSED APPROACH
Metro staff are committed to following best practices to conduct a cost-of-service study. If staff are directed to move forward with the study, Council would remain informed as the study proceeds and be engaged to approve study design and a final report of findings. In addition, staff are committed to:

- Engaging an independent third-party public accounting firm to conduct the study.
- Convening a task force consisting of all private transfer station operators, local governments, and community members to provide input on the study design and review the results.
- Implementing confidentiality and data protection procedures to protect sensitive business information.

The study would be conducted in two phases to allow Council to review and approve the study design.

Phase I

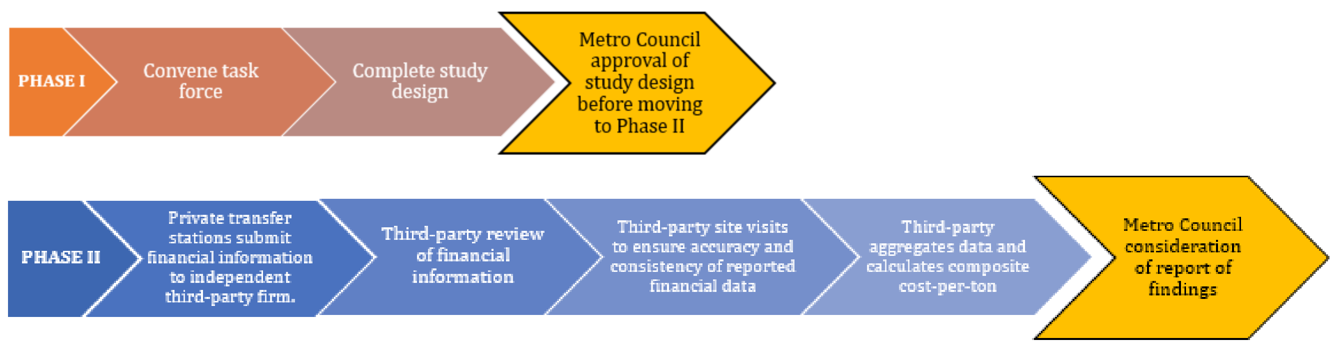
1. Convene task force consisting of the private transfer station operators, local governments, community members and an independent third-party firm to provide input on study design including:
    a. Confidentiality and data protection procedures.
    b. Identification and refinement of eligible cost categories.
    c. Methods for gathering, evaluating, and aggregating data.
    d. Methods for allocating labor, equipment time and other financial obligations.
2. Independent third-party firm would draft study design for review and input by task force.
3. Final draft study design presented to Metro Council for consideration and approval.
4. If approved to move to Phase II,

Phase II
The independent third-party firm would implement the Council approved study design following industry best practices.

1. Private transfer station owners and operators would submit comprehensive financial information to the independent third-party firm. Any data requests would be informed by interviews with each facility to understand operations and input from the task force.
2. Upon receipt of completed data requests, the independent third-party firm would review and analyze the data.

3. Site visits would be conducted at each facility by the independent third-party firm to better understand operational practices and review financial information with site managers or financial officers.
4. The independent third-party firm would aggregate financial data to create a complete and accurate composite of all private transfer station facilities data. An analysis of the composite would be completed to determine the composite cost-per-ton of wet waste transfer.
5. The independent third-party firm would submit the report of findings with the composite cost-per-ton for private wet waste transfer to Metro staff and the task force for review and comment.
6. The final draft report of findings with the composite cost-per-ton for private wet waste transfer would be presented to Metro Council for consideration and approval.

Following is a diagram of the Metro proposed process to conduct the cost-of-service study:



Confidentiality and Data Protection Procedures
Staff understands that confidentiality of sensitive business information is important to Metro's industry partners. Comprehensive confidentiality and data security procedures would be developed in collaboration with the task force to protect sensitive business information. To further protect confidentiality, staff has committed to industry partners that any proprietary business data would be gathered and analyzed by an independent third-party firm and information will be provided to Metro in aggregate. Staff are also committed to incorporating language into an independent third-party contract requiring that at no point in the study will Metro be in possession of proprietary data from private companies. Because Metro will not possess, control, or have contractual access to a transfer station's confidential or proprietary information, Metro considers these records to be non-public records as a matter of law.

STRATEGIC CONEXT

Inconsistency of Regional Rates at Private Transfer Stations
Inconsistent rates that are not well understood impact the equity of the garbage and recycling system. Local governments are concerned that the rates charged by private transfer stations may be unreasonable and these rates, which are passed on to residential and commercial customers through collection and other service rates, have resulted in increased costs to customers that are not representative of the cost-of-service. Additionally, inconsistent rates may have a larger impact on communities with low income. As of 2024, the private transfer stations that charge the highest fees serve communities with some of the largest percentage of people with low incomes. These communities are in western Washington County and eastern Multnomah County.

The steps that Metro has taken to improve rate transparency at private transfer stations have provided estimates, but local government partners have expressed that actual cost data is needed for them to understand rates charged by private transfer stations and determine if charges incurred by their service providers are reasonable based on cost-of-service. Additionally, voluntary incentives offered by the goals-based tonnage allocation program to advance rate affordability and consistency have not been effective in encouraging private transfer stations to set rates that are no more than Metro's mixed waste disposal fee. Staff also recognize that public and private transfer stations provide different services and have different cost drivers which may change periodically. This makes it challenging to provide the full context of facility fees and a direct comparison of charges at public and private facilities. Staff will be evaluating the goals-based tonnage allocation program, and a cost-of-service study may help inform whether affordability metrics should be adjusted or compared to a different benchmark.

Conducting cost-of-service studies and rate reviews of private service providers is a common practice in the solid waste industry. Oregon Department of Environmental Quality recently completed a cost-of-service study to inform fee development related to privately owned material recovery facilities. Additionally, local governments in the Metro region regularly conduct rate reviews for garbage hauling services and most companies that own private transfer stations participate in these rate reviews.

Stakeholder Engagement
Staff engaged private transfer stations in fall 2023 prior to bringing the proposed study to council. An additional engagement was held in April 2024 to collect feedback on the proposed cost of service study. This information will be shared at the council work session.

BACKGROUND

In July 2016, to improve overall system function, the Metro Council adopted the Transfer System Configuration Policy and directed the Chief Operating Officer to proceed with its implementation (Resolution 16-4716). The resolution set direction for several policies related to improving the region's garbage and recycling system to better serve the public's interest including an approach to improve transparency of rates charged by both publicly and privately owned transfer stations and a policy to allocate wet waste tonnage on a percentage basis to ensure adequate flow to public transfer stations.

The policy's approach to improve transparency of rates is a three-step process as follows:

- **Step 1:** Estimate the costs of for public stations and publish these costs to provide a clear benchmark for local governments in their rate setting process.
- **Step 2**: Conduct a high-level cost study of private wet waste transfer station costs to estimate various components (transfer, transport, disposal) of each station's tip fee. This review only considered publicly available records and data.
- **Step 3:** Conduct a full detailed rate review at private waste transfer stations, including a detailed review of financial records, to determine costs relative to rates charged.

Metro has accomplished both step 1 and step 2 of the Transfer System Configuration Policy. In 2017, Metro released cost estimates for public stations and in 2019 Metro completed a cost study of private wet waste transfer costs based on estimates of various components of each station's rate. Metro staff sought direction from Council in 2019 to move to Step 3 (a full rate review of actual costs rather than estimates) because the study based on estimates did not provide sufficient information. The project was subsequently postponed due to other priority issues.

In 2016, staff designed a transparent method to allocate a percentage of the region's wet waste tons to private transfer stations in recognition of the value those stations provide to the regional solid waste system. Following adoption of the Regional Waste Plan in 2019, Council directed staff to incentivize progress toward achieving five Regional Waste Plan goals through goals-based wet waste tonnage allocations. With this approach transfer stations receive an annual base tonnage allocation and, if they apply for and meet criteria for goals-based tonnage, they receive additional tonnage. One of the five Regional Waste Plan goals is Goal 14 which advances the adoption of rates that are reasonable, regionally consistent, and well understood. The incentive to advance this goal is designed to encourage private transfer stations to advance rate affordability and consistency by charging rates that were no more than Metro's garbage disposal fee.

The voluntary incentives offered by the goals-based tonnage allocation program have not been successful in incentivizing private transfer stations to charge rates that are no more than Metro's garbage disposal fee. Staff also recognize that public and private transfer stations provide different services and have different cost drivers making it challenging to provide the full context and a direct comparison of charges at public and private facilities. In 2022, 2023 and 2024, as many as four out of six private transfer stations opted not to meet Metro's rate and as a result opted not to receive the additional tonnage allocations.

Key parties with a high level of interest in this issue include local governments around the region, both persons and companies in the solid waste and recycling field, the Oregon Refuse and Recycling Association (ORRA) and owner/operators of the six privately owned transfer stations in the Portland metropolitan area.

ATTACHMENTS

- Is legislation required for Council action? X Yes   No
- If yes, is draft legislation attached? X Yes   No
- What other materials are you presenting today?
    - Attachment A: Draft Resolution 24-5398
    - Attachment B: Rate Transparency Material Packet

Waste Prevention and Environmental Services

Private Transfer Station Rate Transparency: Summary of Stakeholder Feedback, Best Practices and Proposed Approach

January 2024

Overview

Metro staff requested guidance from council on proceeding with formal consideration of a resolution to conduct a cost-of-service study of wet waste transfer by private transfer stations. This document provides a summary of comments and concerns raised by stakeholders; an overview of best practices to conduct this type of study; and an outline of the process to conduct the cost-of-service study proposed by staff.

Additional information is available in attachments that include letters from local governments to council, frequently asked questions, summary of Washington County's rate review process, and sample confidentiality and data security procedures.

> The purpose of this study is to provide information to support public trust and improve operations in the region's solid waste system. This project will establish a composite cost-per-ton for private wet waste transfer. Metro Council can share this information with local government to be used as a cost-based benchmark to verify rates charged by private transfer stations. This enables local government to determine allowable costs for wet waste transfer when setting garbage and recycling rates and supports public trust. The study will also allow Metro to understand the financial impact of program and policy decisions on private transfer stations. Council can use this information to make decisions to improve the transfer system to meet current and future needs.

Stakeholder Feedback

Local Government and Community

- **Residents and businesses across the region are impacted by the inequity of rates and fees charged by the private facilities in the regional solid waste system that Metro regulates.** In recent letters to Metro Council, the City of Cornelius states, "Without your [Metro] regulation, private facilities essentially have no boundary on their rates, resulting in exorbitant rates that our community members must bear." The City of Hillsboro reports "significant difference in rates, as much as $26.95 per ton (18.7% higher) depending on load size."
- Cities and counties look to Metro, as the transfer and disposal site regulator, to ensure rates charged to garbage haulers for private wet waste transfer are transparent and well understood. It is a **common, good governance practice to conduct an independent review of the cost of service and rates charged by private companies that provide important public services.** Per city and county code, most local governments in the region conduct an annual rate review to set garbage and recycling collection rates that are "established to the greatest extent practicable on a cost-of-service basis" to ensure rates are "just, fair and reasonable."

- The cost of private wet waste transfer is an expense that local governments cannot confirm or audit as part of the annual rate review process. Presently, rates charged by private transfer station in Metro region do not receive an independent review. **To support public trust, local governments want Metro to conduct a cost-of-service study to establish a regional composite cost-per-ton for private wet waste transfer.** This will serve as a benchmark for local governments to verify rates charged by private transfer stations and make decisions on allowable costs when setting garbage and recycling collection rates.
- **This study delivers on longstanding requests from local government partners for more transparency in solid waste disposal rates**. Local governments began expressing transparency concerns in 2010 as rates at private transfer stations began to exceed rates at public transfer stations.
- **This would provide Metro and our governmental partners data to make informed decisions to cooperatively manage our regional solid waste system.**

Private Transfer Operators Comments and Concerns

- **Private transfer stations view Metro as both a regulator and a competitor.** As tons flow to private facilities rather than a Metro-owned facility, Metro's per-ton cost of transfer increases. The transfer station operators believe that this provides an incentive for Metro to limit the amount of wet waste delivered to the private stations thus limiting private sector growth and revenue-generating potential.
- **Private transfer stations rates cannot be compared with Metro's.** Metro has mandated in code that private transfer stations that meet all tonnage allocation goals get 10% of the region's wet waste tons. Because of this, private facilities do not have the same economies of scale as Metro's facilities and per-ton costs will always be higher than Metro's. In addition, private companies are subject to many business expenses that Metro is not such as corporate taxes and property taxes.
- **Matching Metro's rate, which may be artificially low due to the use of reserves, has hurt the rate of return of private transfer stations and impacts the ability to invest in facility improvements.** Metro has acknowledged that we are not charging rates that are reflective of our own cost of service because we are using reserves of unspent funds to offset some facility maintenance and construction costs. Private transfer stations do not have reserves like Metro and fund such costs in their tonnage rates.
- **Private transfer station confidentiality is a concern because local governments have been required to release the annual Detailed Cost Reports (DCR) submitted by garbage haulers as part of the annual rate review process.** The DCR contains detailed revenue and expense items to allow local governments to set uniform rates on a cost-of-service basis. The Multnomah County District Attorney and Washington County District Attorney required release of this information based on the determination that the DCRs do not "constitute a trade secret."

Summary of Best Practices for Annual Collection Rate Review and Cost-of-Service Study

Local government annual rate review

Most of our government partners conduct an annual collection rate review including Washington and Clackamas counties and Portland, Hillsboro, Gresham, Beaverton, Wilsonville, Milwaukie, Lake Oswego, and Sherwood. The purpose is to ensure that "any garbage and recycling collection rate increases, or decreases are just, fair, reasonable, and sufficient to provide proper service to the public while also allowing for a reasonable return for certificate holders." City and county code and administrative rules guide the annual process and require that rates are "established to the greatest extent practicable on a cost-of-service basis." The local government annual rate review process has five primary steps:

1. Franchised and licensed garbage and recycling collectors submit a comprehensive financial disclosure known as a Detailed Cost Report (DCR). The DCR is like an annual income statement but contains more detailed revenue and expense items for the calendar year. Cost categories include labor, equipment and fuel costs, disposal, overhead and administrative costs.
2. Upon receipt of completed DCRs, local government staff and an independent CPA firm review, analyze, and reconcile and/or correct anomalies in the data.
3. Site visits are conducted to ensure accuracy and consistency of reported financial data or correct inaccuracies, inconsistencies, or anomalies in reported DCR data discovered during the financial review.
4. Financial data is aggregated to create a complete and accurate composite of all garbage and recycling collectors. An analysis of the composite is completed to calculate the proposed rate adjustments.
5. Rate adjustment recommendations are made to city and county officials for consideration. If adjustments are approved, rate payers are notified, and new rates become effective.

Following is a diagram of the local government annual rate review process.

For more information, an overview of the Washington County rate review process is linked here and provided as **Attachment C**. The City of Portland process is summarized in their annual Rate Study.

DEQ Oregon Processor Commodity Risk Fee and Contamination Management Fee study

DEQ recently completed a cost-of-service study to inform fee development for privately owned recycling processors and material recovery facilities as part of the Recycling

Modernization Act. The process involved hiring Crowe LLP, a third-party public accounting firm to design and conduct the study and provide a report of the results. A technical workgroup consisting of owners and operators of the material recovery facilities, DEQ staff, and other stakeholders informed the study design, developed confidentiality and data security procedures (page 29 of study design), and reviewed the preliminary study report. The study includes the same five primary steps as the local government rate review.

Cost-of-Service Study Proposed Approach

Metro staff would follow best practices to conduct a cost-of-service study of wet waste transfer by private transfer stations including the same five primary steps described above. Council would be engaged in each phase of the study including approval of the study design and final report of findings. In addition, staff will:

- Engage an independent third-party public accounting firm to conduct the study.
- Convene a technical workgroup consisting of all private transfer station operators, local governments, and community members to provide input on the study design and review the results.
- Implement confidentiality and data protection procedures to protect sensitive business information.

The project will be conducted in two phases to allow Council to review and approve the study design.

Phase I

1. Convene technical workgroup consisting of the private transfer station operators, local governments, and community members to provide input on the study design including:
    a. Confidentiality and data protection procedures.
    b. Identification and refinement of eligible cost categories.
    c. Methods for gathering, evaluation, and aggregation of data.
    d. Methods for allocating labor/equipment time and other financial obligations.
2. Third-party expert will create draft study design for review and input by technical workgroup.
3. Final draft study design will be presented to Metro Council for consideration and approval.

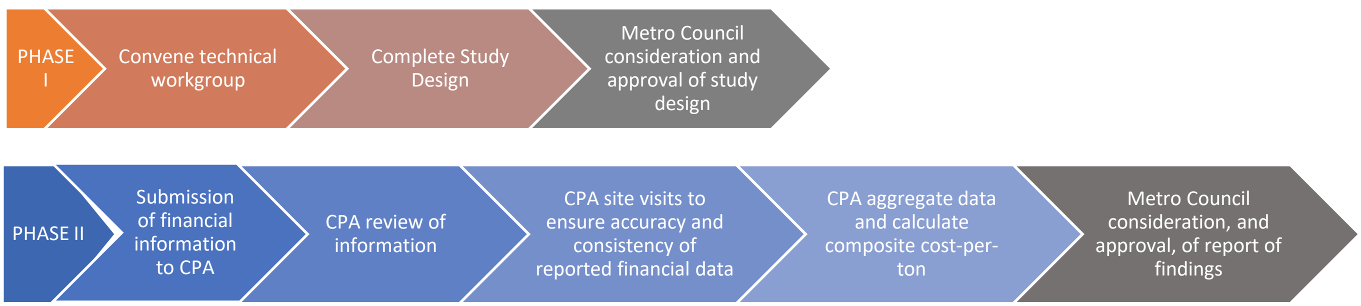
Phase II

An independent third-party public accounting firm will implement the study design following best practices to conduct a cost-of-service study.

1. Private transfer station owners and operators will submit comprehensive financial information to the accounting firm. The data request will be informed by interviews with each facility to understand operations and input from the technical workgroup.
2. Upon receipt of completed data request, the accounting firm will review and analyze the data.

3. Site visits will be conducted at each facility by the accounting firm to conduct tours and review financial information with site managers or financial officers to ensure accuracy and consistency of reported data and gather additional information as needed.
4. The accounting firm will aggregate financial data to create a complete and accurate composite of all private transfer station facilities data. An analysis of the composite will be completed to determine the composite cost-per-ton of wet waste transfer.
5. The accounting firm will submit the report of findings with the composite cost-per-ton for private wet waste transfer to Metro staff and the technical workgroup for review and comment.
6. The final draft report of findings with the composite cost-per-ton for private wet waste transfer will be presented to Metro Council for consideration and approval.

Following is a diagram of the Metro proposed process to conduct the cost-of-service study:



Confidentiality and Data Protection Procedures

We understand that confidentiality of industry business data is important. Comprehensive confidentiality and data security procedures will be developed in collaboration with the technical workgroup to protect sensitive business information. To further protect confidentiality, all proprietary data will be gathered and analyzed by an independent third-party public accounting firm and all cost information will be provided to Metro in aggregate. At no point in the process will Metro be in possession of proprietary data from private companies. **Attachment D** contains the confidentiality and data security procedure from the DEQ cost-of-service study.

Attachments:

A. Letters for local governments to Metro Council
B. Frequently Asked Questions
C. Washington County Solid Waste & Recycling Solid Waste Collection Rate Review Process
D. Confidentiality and data security procedures for DEQ Oregon processor risk fee and contamination management fee study.

Attachment A

October 18, 2023

President Lynn Peterson
Metro Councilors
METRO
600 NE Grand Avenue
Portland, OR 97232

Dear President Peterson and Council Members,

The City of Hillsboro urges Metro Council to move to conduct a full detailed rate review at private waste transfer stations.

Local jurisdictions have been asking Metro Council for over a decade to exercise their authority to make rates more transparent as rates at private facilities began to exceed rates at public stations. In 2022 and 2023, several private transfer stations opted not to meet Metro's rate and as a result opted not to receive the additional tonnage allocations. In 2022 three transfer stations opted out and this year four transfer stations opted out. As a result, rates currently charged are not regionally consistent. In 2022 rates ranged from slightly below Metro's fees to as much as 15% above Metro's fees for an average load-size of 8 tons. This year (2023), rates charged range from slightly below Metro's fees to as much as 6% above Metro's fees for an average load size.

In Washington County community members have seen private transfer station rates exceed Metro rates since 2011. Initially, the difference between these rates was modest, less than one dollar per ton, but over time a significant difference in rates developed, as much as $26.95 per ton (18.7% higher) depending on load size.

We urge you and your Metro Council colleagues to proceed with a rate review for the following reasons:

1. **It delivers on longstanding requests from government partners for more transparency.**

2. **It is commonplace good governance tool used by many public entities in the solid waste system.** There may be concern that it is not commonplace to conduct cost-of-service studies and rate assessments of private solid waste facilities. However, it is done by many of our government partners. DEQ recently completed a cost-of-service study to inform fee development for privately owned material recovery facilities. Most local governments in the Metro region conduct annual rate reviews for garbage hauling services. Most companies that own private transfer stations participate in these rate review.

3. **It would provide better data for Metro and partners to make more informed decisions.** Metro has done a cost study that has provided us estimates, but we need to fact check those with actual detailed cost data. Right now, there is not sufficient information to understand

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rates charged by private transfer stations or determine if charges are reasonable based on cost of service.

4. **Inconsistent rates impact both residential and business garbage service customers.** High rates are passed onto residential and commercial customers through collection and other service rates and result in increased costs to customers that may not be representative of the cost of service. Haulers may drive longer distances to dispose of waste at lower cost facilities.

As Metro Council and staff continue to explore ways to improve the solid waste system through projects like the Systems Facilities Plan, it would be appropriate and timely to explore how current private transfer station rates play into the system.

Respectfully,

Steve Callaway
Mayor of Hillsboro

City Management | City of Gresham

1333 NW Eastman Parkway
Gresham, OR 97030

503-618-3000
GreshamOregon.gov

To: President Peterson and Metro Council

From: Steve Fancher, Assistant City Manager

Date: October 20, 2023

Re: Metro Region Waste Transfer Station Rate Transparency

Dear President Peterson and Metro Council members,

As a local jurisdiction responsible for overseeing solid waste and recycling services and rates for our city, we urge Metro Council to move to conduct a full and detailed rate review of public and private waste transfer stations that serve the needs of our region. Under the current system, private transfer stations help to fill geographic gaps in service to reduce mileage costs and greenhouse gas emissions, but when their rates are loosely regulated and competition is scarce, it leads to inequities in cost based simply on where customers live and which hauling company they are served by.

On June 29, 2016, the City of Gresham offered a letter of support for Metro to exercise their authority to make rates more transparent as rates at private facilities began to exceed those at public stations. In 2022 and 2023, several private transfer stations opted not to meet Metro's rate and as a result opted not to receive the additional tonnage allocations. In 2022, three transfer stations opted out and this year four. As a result, rates currently charged are not regionally consistent and one compactor or drop box customer in Gresham pays a higher fee than another based on who their franchised hauler is and which transfer station is used. In 2022, rates ranged from slightly below Metro's fees to as much as 15% above for an average load size of 8 tons. This year (2023), rates charged range from slightly below Metro's fees to as much as 6% above.

As your partner in managing the region's solid waste system, Gresham conducts an annual rate review of the expenses incurred and revenue received by its franchised garbage and recycling collection service providers. Our analysis includes confirmation of actual expenses in addition to an auditing of allowable expenses. Gresham has a code-specified level of appropriate profit margin ("Return on Revenues") that is then used to determine whether rates need to be adjusted in any particular year. We conduct this annual review to ensure community members receive essential garbage and recycling collection services at fair, just and reasonable rates. The City relies on Metro, as the transfer and disposal site regulator, to maintain that the fees being charged to our franchised service providers also meet that rigor and transparency.

As Metro Council and staff continue to explore ways to improve the solid waste system through projects like the Systems Facilities Plan, we believe it would be appropriate and timely to explore how current private transfer station rates are set and play into the system.

Respectfully,

Steve Fancher

Steve Fancher
Assistant City Manager, City of Gresham
503-618-2583
Steve.Fancher@GreshamOregon.gov

CITY OF GRESHAM

Cornelius
Oregon's Family Town

Cornelius
All-America City
NATIONAL CIVIC LEAGUE
2019

October 24, 2023

President Lynn Peterson
Metro Councilors
Metro
600 NE Grand Avenue
Portland, OR 97232

Dear President Peterson and Metro Council,

I write today to urge the Metro Council to conduct a full, detailed review of rates and fees charged by the private solid waste facilities that operate within the system, and to incorporate this process into your yearly review of rates and fees across the solid waste system.

We join cities and counties across the region who see the inequity of rates and fees charged by the private facilities in the regional solid waste system that Metro regulates. Metro rightly has the authority to require transparency in how private operators set their rates and fees. Regulation of rates and fees charged by all facilities within the system is not optional, it is your responsibility. You regulate the rates and fees that you charge at your public facilities, it is time that you do this for the private facilities as well. Without your regulation, private facilities essentially have no boundary on their rates, resulting in exorbitant rates that our community members must bear. Especially here in Cornelius, customers have little choice, since the public facilities are either in North Portland or Oregon City. Parts of our community are also among the poorest in this region. The nearest transfer station, in Forest Grove, charges a minimum of <u>$70</u> for a car or small truck, and just under $100 for a pickup load. Comparatively, Metro charges a minimum fee of <u>$35</u>. The minimum at our local transfer station is double that of the public facilities – with no justification.

The cost for curbside collection of garbage and recycling is also unjustified. With most of the material collected in Cornelius going to the private facility in Forest Grove, we have seen the cost for the curbside service increase dramatically over the past several years, with a growing portion of that cost, now 27% (by far the largest), being disposal. This is an entirely unjustified burden placed on our community members.

Though Metro had projected rate increases at the public facilities to be around 8% annually for several years, the approved increase effective July 1, 2023 was $14.36 per ton to $138.26, an 11.5% increase. However, without any regulation, the disposal fee charged here locally at the private facility is $145.30 per ton, roughly 5% higher than at the Metro facilities. Again, with no justification. The graph below shows that the private facility – Forest Grove Transfer Station (FGTS) – maintains an unjustified cost premium since they are not regulated.

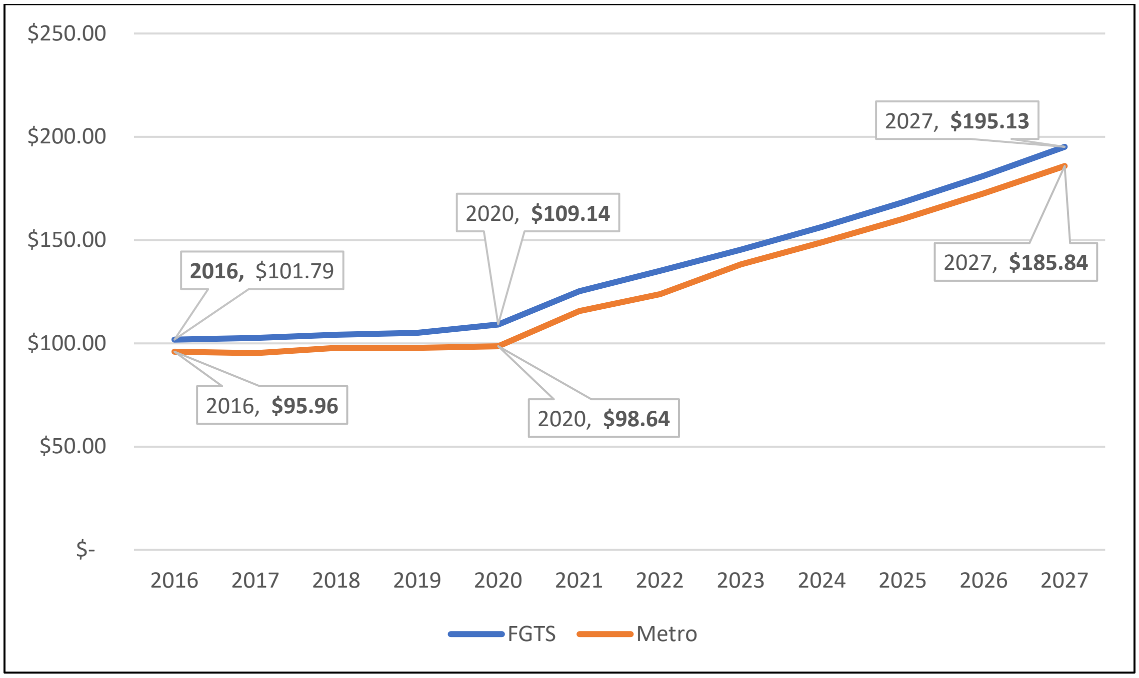


Figure 1: Metro and Forest Grove Disposal Fees, 2016 – 2027.

This increase translates to a roughly doubling of disposal cost to our community members over 7 years, as shown below.

Year	2020	2021	2022	2023	2024	2025	2026	2027
Monthly Cost	$6.95	$7.97	$8.60	$9.25	$9.95	$10.71	$11.54	$12.43

Table 1: Monthly Disposal Cost for Cornelius Customers, based on a 35-gallon Carl, 2020 – 2027.

Please accept your staff recommendation to take the necessary steps to conduct a formal cost of service study of private transfer stations that have the privilege to operate in our regional system, and do this on an annual basis, just like we do for collection rates. Taking this step represents consistency with our Regional Waste Plan, and it represents good governance. If costs are justified, there should be no issue with establishing that justification publicly. We stand ready to support you in this work.

Sincerely,

Jeffrey C Dalin

Jeffrey Dalin, Mayor

Cc: Cornelius City Council
Peter Brandom, City Manager

MEMORANDUM

TO: **Metro Council President and Members of Metro Council**

FROM: **Metro Area Private Transfer Station Facility Companies**

DATE: **September 29, 2023**

This letter is sent on behalf of the following private transfer station facilities: Pride Recycling, Canby Transfer & Recycling, Inc. (WC), City of Roses Disposal & Recycling, GSS Transfer, WM of Oregon, and Willamette Resources Inc. (WRI).

We appreciate Metro's extra efforts to communicate with us through open in-person discussions regarding the budget and systems facilities plan. We are pleased to hear about Metro's work to separate the Regional System Fee (RSF) and solid waste fee; making these funds independently traceable starting July 1, 2023 is a significant improvement. We look forward to having this information available to the public as part of Metro's Waste Prevention and Environmental Services (WPES) budget process in upcoming years. It will be beneficial to us and others to understand how Metro is keeping these funds separate when Metro moves funds in and out of reserves, acknowledging that neither fund is subsidizing other activities.

Representing all the private transfer station companies operating in the greater metro region, we look forward to engaging further with Metro to affect particular added changes. Specifically, we continue to have concerns related to items we raised in our earlier communications, most recently the memo dated August 10, 2023 (attached for reference).

The continuing issues we wish to address in this letter relate to Metro's wet waste tonnage allocation process.

- *Matching Rate* – As you are aware, Metro's current wet waste tonnage allocation process requires each private transfer company to **not exceed** Metro's tip fee rate, all inclusive of other fees, at the public transfer stations.
    - Proposal – Due to the fact that Metro's tip fee is below Metro's cost of service, and Metro's true cost of service is unknown, we recommend that this current requirement under the program be removed.
- *Tonnage Forecast Release Date* – The tonnage forecast is currently shared in mid-November, after the tonnage goal submissions are due in October.
    - Proposal – Release the tonnage forecast at an earlier date. The forecast involves 12 month historical data, so we understand moving up the release date would be feasible. Having the forecast information earlier would aid operational planning with our transfer stations and could impact how many goals transfer stations apply for.

- *Reporting of Employees* – Metro's wet tonnage allocation process currently requires program applicants to report on the employees working at the applicant's transfer station as well as any other individuals whose tasks (e.g. payroll, maintenance, human resources, etc.) may relate to the transfer station, but who are not employed by the transfer station company. It is inappropriate of Metro to require data from entities that are not regulated by Metro.
    - Proposal – Limit Metro's reporting requirements to include only employees of the transfer station company as a singular legal entity.

Our goal with this communication is to have Metro adopt our proposed changes during this wet tonnage allocation application process.

We appreciate your prompt responses to our concerns outlined in this letter and our earlier correspondence date August 10, 203. We look forward to working with you further on these important issues.

Sincerely,

Dave Huber, Municipal Marketing Manager, WM of Oregon
Jason Hudson, Division Vice President, Waste Connections of Washington Inc.
Jason Jordan, General Manager, Republic Services
Kristin Leichner, Vice President, Pride Recycling
Matt Miller, Vice President, GSS Transfer
Alando Simpson, CEO at City of Roses Disposal & Recycling

C: Marta McGuire, Waste Prevention & Environmental Services Director

MEMORANDUM

TO: Metro Council President and Members of Metro Council

FROM: Metro Area Private Transfer Station Facility Companies

DATE: August 10, 2023

This letter is sent on behalf of the following private transfer station facilities: Pride Recycling, Canby Transfer & Recycling, Inc. (WC), City of Roses Disposal & Recycling, GSS Transfer, WM of Oregon, and Willamette Resources Inc. (WRI).

We would like to follow up on our memo dated March 21, 2023 (attached for reference), our conversations throughout the most recent fee development and budget process, as well as address the information that Metro recently provided regarding the system facilities plan.

As we shared during the last fee development and budget process, our companies have concerns regarding Metro's solid waste fee setting and transparency. Many of our concerns relate to Metro's blending of two separate funds derived from Metro's solid waste tip fee revenue 1) the regional system fee (RSF) funds and 2) the operational funds for Metro Central and Metro South public transfer stations. The RSF and operational funds are distinct and separate funds within Metro's tip fee and should be kept separate even as Metro moves funds into reserves so neither fund is subsidizing the other.

Metro has acknowledged that the tip fee has been below cost of service and Metro reserves have commonly been used to subsidize operating costs at the two Metro transfer stations. This was confirmed in the four scenarios staff presented. Metro Council, during the May 11, 2023 meeting, directed staff to work with our companies and other local stakeholders to work on fee setting and transparency. Last week we heard from staff on this topic and have a meeting invitation for late August 2023, which we understand may be the first step in this process.

The reason for this new communication is to connect the above topics with Metro's solid waste system facilities plan work. Metro staff presented an update on the system facilities plan to the Regional Waste Advisory Committee (RWAC) on July 20, 2023 and discussed the plan with the committee. We also understand there is a meeting set for September 27, 2023 to further address the system facilities plan that includes our companies and other local stakeholders.

While we recognize there will be more opportunity to discuss the system facilities plan with staff and council, we thought it would be most productive to promptly share our questions and concerns about what we have heard so far.

- What is the current capacity for waste at the facilities already in the region? Is there a need for new facilities to manage current waste or growth in the immediate future? Are identified "gaps" in capacity more related to facility location or is there a need for more gross capacity? If so, where is more capacity needed and how much for each type of material? How much capacity is projected to be preserved via waste prevention (reduce, reuse, recycling) in the foreseeable future? At what point will the current commercial facilities run out of capacity based on current growth trends?

- During the July 20, 2023 RWAC meeting discussion arose regarding Metro exercising rate regulation of private transfer stations in lieu of Metro's current wet waste allocation. In general, how would this work with Metro setting public transfer stations rates and Metro regulating private transfer stations simultaneously?
- How will Metro take into consideration the cost inequities when comparing the two public stations (Central and South) to private stations if exploring rate regulation? (It has already been disclosed that the current rates do not cover the operating costs of the public facilities and are being subsidized.)
- What is the estimated cost for each of the potential facilities outlined in scenarios C and D?
    - Example facilities: Metro commercial facility, reuse and recycling center, reuse warehouse hub, reuse retail center, remodeling/relocating any Metro facilities, etc.
- How would all of the above facilities be funded?
- If approved by Metro Council, what are the potential timelines for any of the facilities mentioned in the system facilities plan?

Given our questions above and our previously stated concerns about how Metro's solid waste disposal fees and RSF funds are spent, at this time we cannot consider supporting additional money for more facilities and projects without far more transparency, better cost allocation, distinct separation and traceable expenditures for each fund (e.g. RSF, operations, and reserves), and specific capacity needs.

We recognize that there is a stakeholder meeting scheduled on September 27, 2023 regarding the system facilities plan, where we hope more detailed information will be shared. It is nearly impossible to have an effective discussion on this topic without understanding the actual need for system capacity and the impact these scenarios may have on ratepayers. We are requesting that more detailed capacity and cost information can be shared with all attendees at least two weeks in advance of that meeting in order for us to have time to better understand the proposal and have a more productive conversation on September 27, 2023.

All of us work collectively to foster transparency, equity, and accountability while at the same time continuously improving services and efficiently managing disposal costs for the Metro Region. We recognize all of this work is ongoing and we thought it was timely to share our continued concerns and questions related to current solid waste disposal rates and future changes as the system facilities plan work continues.

Thank you for your time and attention, we look forward to working with you further on these important issues.

Sincerely,

Dave Huber, Municipal Marketing Manager, WM of Oregon
Jason Hudson, Division Vice President, Waste Connections of Washington Inc.
Jason Jordan, General Manager, Republic Services
Kristin Leichner, Vice President, Pride Recycling
Matt Miller, Vice President, GSS Transfer
Alando Simpson, CEO at City of Roses Disposal & Recycling

C: Marta McGuire, Waste Prevention & Environmental Services Director

October 17, 2023

President Lynn Peterson
Metro Councilors
METRO
600 NE Grand Avenue
Portland, OR 97232

Dear President Peterson and council members,

Washington County urges the Metro Council to conduct a full detailed rate review at private waste transfer stations.

Washington County, along with multiple local jurisdictions throughout the region, continues to ask Metro to exercise its authority to make rates at private garbage and recycling facilities more transparent. This request for transparency has become even more important as rates at many private facilities continue to exceed rates at public stations owned and operated by Metro. As a result of limited regulatory oversight, in 2022 private facility rates ranged from slightly below Metro's fees to as much as 15% above Metro's fees for an average garbage truck load-size of 8 tons. This year (2023), rates charged range from slightly below Metro's fees to as much as 6% above Metro's fees.

As your partner in managing the region's solid waste system, Washington County conducts an annual rate review analysis of the expenses incurred and revenue received by its franchised garbage and recycling collection service providers. Our analysis includes confirmation of actual expenses for franchised service providers in addition to the reasonableness of those expenses and the appropriate level of profit. We conduct this annual review to ensure our shared community members receive essential garbage and recycling collection services at fair, just and reasonable rates. The County relies on Metro, as the transfer and disposal site regulator, to maintain that the disposal fees being charged to our community members and franchised service providers also meet that rigor.

To support the integrity of our solid waste system we urge action by the Metro Council to proceed with a rate review for the following reasons:

1. **Transparency - This ask delivers on longstanding requests from Washington County and our local government partners for more transparency in solid waste disposal rates**. We made similar requests to the council in the attached letters from 2017 and 2019.

2. **Good Governance - This is a commonplace good governance tool used by many public entities in the solid waste system – including Washington County**. A Metro review of disposal site rates would help enhance the integrity of our annual rate review process.

Board of County Commissioners
155 North First Avenue, Suite 300, MS 22, Hillsboro, OR 97124-3072
phone: (503) 846-8681 • fax: (503) 846-4545

3. **Data Informed - This would provide Metro and the County better data to make more informed decisions on how to cooperatively manage our regional solid waste system**.

4. **Inequitable Outcomes - Inconsistent rates impact Washington County rate paying customers, both households and businesses**. Higher rates charged by private facilities in Washington County are passed on to rate payers and result in inequitable rates for our community members that lack access to Metro's public facilities.

Our community members and franchised service providers have few realistic alternatives to using the privately-owned transfer stations. We remain concerned that there appears to be little justification or oversight of the rates that are directly passed on to our rate payers. We have appreciated Metro's efforts to bring transparency to Metro transfer station rates and encourage you to bring the same level of transparency to private transfer facility rates as well.

Sincerely,

Kathryn Harrington
Chair, Washington County Board of County Commissioners

Cc: Metro Councilors
Washington County Board of County Commissioners
Tanya Ange, County Administrator
Marissa Madrigal, Metro Chief Operating Officer
Marta McGuire, Director of Waste Prevention and Environmental Services
Mjere Simantel, Director of Health and Human Services
Thomas Egleston, Solid Waste & Recycling Manager

WASHINGTON COUNTY
OREGON

August 13, 2019

President Lynn Peterson
METRO
600 NE Grand Avenue
Portland OR 97232

Dear President Peterson:

The Board of Washington County Commissioners has expressed support to Metro as it has conducted analysis to improve the transparency of how disposal fees at public and private transfer stations are set. Metro has taken steps to fulfill the policy direction set in 2016 of increasing transparency by providing cost and rate setting information for its own transfer stations, and now has completed additional analysis related to private transfer stations. Having reviewed the analysis provided by Tim Collier and Paul Slyman on this topic, we applaud your efforts and urge you to continue this work.

Washington County supports Metro progressing to a full, detailed rate review of private waste transfer stations. By Metro conducting such a review, it would provide Washington County with the transparency needed to help us determine if the fees charged for the transfer of waste are fair, just and reasonable as they relate to the cost of services received by our residents and businesses.

As noted in our earlier letters of support, our waste haulers have little realistic alternative to using the Forest Grove transfer station. The rates at the Forest Grove transfer station have increased substantially compared to the rates charged at Metro's transfer stations, and now we've learned are also higher than the rates charged at other private transfer stations in the region. The per ton fee charged at the Forest Grove Transfer Station has historically been very close to Metro transfer station fees. Today, it remains more than $7.00 per ton higher. Other fees, such as the 'environmental charge' have also increased with little explanation as to why. We remain concerned that there appears to be little justification or oversight of these rate increases passed onto our rate payers. We appreciate Metro's efforts to bring transparency to Metro transfer station rates and encourage you to bring the same level of transparency to private transfer facility rates as well.

Sincerely,

Kathryn Harrington
Chair, Washington County Board of Commissioners

cc: Metro Councilors
Washington County Board of Commissioners
Bob Davis, County Administrator
Martha Bennett, Metro CEO
Marni Kuyl, HHS Director

Board of County Commissioners
155 North First Avenue, Suite 300, MS 22, Hillsboro, OR 97124-3072
phone: (503) 846-8681 • fax: (503) 846-4545

Attachment - 2017 Letter from Washington County

WASHINGTON COUNTY
OREGON

April 25, 2017

President Tom Hughes
METRO
600 NE Grand Avenue
Portland OR 97232

Dear President Hughes,

Last July, I sent you a letter expressing Washington County's support for Metro to consider new options to improve the transparency of how disposal fees at public and private transfer stations are calculated. Since then, Metro has taken the first step to fulfill the policy direction of increasing transparency by providing cost and rate setting information for its own transfer stations. Having reviewed the analysis provided by Tim Collier and Paul Slyman on this topic, we applaud your efforts and urge you to continue this work.

Washington County supports progressing to a full, detailed rate review of private waste transfer stations. By Metro conducting such a review, it would provide Washington County with the transparency needed to help us determine if the fees charged for the transfer of waste are fair, just and reasonable as they relate to the cost of services received by our residents and businesses.

As noted in our July 2016 letter, the rates at the Forest Grove transfer station have increased substantially compared to the rates charged at Metro's transfer stations. The per ton fee charged at the Forest Grove Transfer Station has historically been very close to Metro transfer station fees. Today, it's more than $7.00 higher. The 'environmental charge' has also increased from $3.00 a load in 2010 to $22.00 today. Our haulers have few realistic alternatives to using the Forest Grove transfer station. We remain concerned that there appears to be little justification or oversight of these rate increases that are passed onto our rate payers. We appreciate your efforts to bring transparency to Metro transfer station rates and encourage you to bring the same level of transparency to private transfer facility rates as well.

Sincerely,

Andy Duyck

Andy Duyck
Chairman, Washington County Board of Commissioners

cc: Metro Councilors
Washington County Board of Commissioners
County Administrator Bob Davis
Metro CEO Martha Bennett
HHS Director Marni Kuyl

CITY OF

PORTLAND, OREGON

Ted Wheeler, Mayor
Carmen Rubio, Commissioner
Dan Ryan, Commissioner
Rene Gonzalez, Commissioner
Mingus Mapps, Commissioner

October 25, 2023

RE: Transfer Station Rate Transparency

Dear Council President Peterson and Metro Councilors:

We join representatives from other regional cities and counties in encouraging Metro Council to advance greater transparency in garbage disposal rates region-wide, including at private transfer stations.

Disposal is an important component of the cost of our garbage and recycling system. Private transfer stations dispose of an estimated 30% of Portland's waste. Because Metro allocates waste tons to transfer stations, the service is akin to a utility. Typically, an independent body reviews fees when a private company receives guaranteed market share for a critical public service (e.g. an electric utility). In contrast, our disposal system fees do not receive independent review, for any transfer stations.

We and other local governments regularly review and confirm our franchised private collectors' expenses and revenues. This review helps us provide essential collection services at fair, just and reasonable rates. The same concepts should be applied to establish that disposal fees are reasonable and reflect the needs and values of our communities. Fees for transfer stations with allocated tons should receive independent review that should include local governments whose collection systems use disposal services and who represent their communities' and customers' interests. Along with greater transparency in private transfer station costs, we continue to support further dialogue and transparency around Metro's disposal fees and the regional system fee.
Private transfer stations contribute to the provision of an essential public service. Review of private transfer station costs would validate whether higher fees at some stations are justified.

Private transfer stations are right to point out that they bear different costs and may not have the same returns to scale as Metro transfer stations. A cost-of-service study could help clarify those tradeoffs. Capping private transfer stations fees at Metro's would provide predictability, but would not reveal whether those fees are reasonable, particularly since Metro fees have increased significantly, and transfer stations offer different services. This situation also can't be remedied easily through increased competition. Transfer stations are expensive, hard to site, and some are isolated geographically.

In closing, we support your efforts to bring transparency to Metro transfer station rates and ask Metro Council to also proceed with a cost-of-service study at private transfer stations, because:

1. Portlanders deserve confidence that the cost of this critical service is fair and that there is a complete understanding of the service, whoever provides it.

2. Independent review of disposal fees is consistent with the utility-like tonnage allocation system and would close the gap with the approach local governments take with their franchisees.

3. Transparency can provide data for Metro and local governments to make more informed decisions about the role of private and public sectors, and how the transfer system can best serve our communities.

Thank you for your work on this important issue.

Sincerely,

Ted Wheeler
Mayor

Carmen Rubio
Commissioner

Dan Ryan
Commissioner

Rene Gonzalez
Commissioner

Mingus Mapps
Commissioner

Attachment B

Private Transfer Station Cost-of-Service Study FAQ
October 30, 2023

1. What is a cost-of-service study, why are they done and what are the benefits?

A cost-of-service study is a detailed accounting and summary of all of costs associated with each service category of a solid waste management system. It is conducted as the initial financial step that can be used to form the foundation for future analyses that will inform and guide planning and program decisions in a financially strategic manner. During this process, financial data is obtained and organized so that a full picture of the costs of the current system can be seen and understood.

The information gathered in a cost-of-service study can be used for planning. This is done by comparing actual baseline cost data to estimated costs of a future scenario that is being considered. Using this approach, assumptions can be made for how costs may change over time; perform "what if" scenarios, and benefit-cost analyses on alternatives. This allows decision-making that is more directly focused on priority cost areas.

2. Does Metro have authority to establish rates charged by private transfer stations?

Yes, Metro has explicit statutory authority to establish rates. Oregon Revised Statutes 268.317(5) states that Metro may "establish, maintain and amend rates charged by disposal transfer and resource recovery sites or facilities." In addition to Metro's explicit statutory authority, Metro also has separate, independent authority to establish rates under its home rule Charter as part of its authority to dispose of solid waste. The legislature has acknowledged this independent Charter authority in ORS 268.710:

*"In addition to any authority expressly granted to a metropolitan service district by the Legislative Assembly, a district charter is an independent grant of authority by the affected electorate * * *."*

There are various methods to provide oversight of rates charged at private transfer stations. Metro currently provides oversight through the voluntary incentives offer as part of the goals-based tonnage allocation program. Transfer stations receive an annual base wet-waste tonnage allocation and, if they apply for and meet criteria for goals-based tonnage, they receive additional tonnage. One of the five goals advances Regional Waste Plan Goal 14 which provides guidance to adopt rates that are reasonable, regionally consistent, and well understood. The incentive is designed to encourage private transfer stations to advance rate affordability and consistency by charging rates that are no more than Metro's garbage disposal fee. This incentive serves as a voluntary rate cap to encourage consistent rates for wet-waste transfer.

3. If Metro Council is considering a cost-of-service study does that mean they plan on regulating rates of transfer stations??

There is concern that this project could lead to a discussion on the regulation of rates charged by private transfer stations. While baseline cost information can inform that discussion, that is not the intent of this project. The intent of this project is to provide information to support public trust in the solid waste system and make well informed decisions in a financially strategic manner on policies and programs related to the wet waste transfer.

This project will provide a regional composite cost-per-ton for private wet waste transfer which will serve as a cost of service-based benchmark for local governments to verify rates charged by private transfer stations. Cities and counties in the region conduct an annual rate review per code to establish garbage and recycling collection rates which requires that rates are "established to the greatest extent practicable on a cost-of-service basis" to ensure that they are "just, fair and reasonable." The cost of private wet waste transfer is an expense that local governments cannot confirm or audit as part of this process. Metro has authority, as the transfer and disposal regulator, to fill this information gap and support public trust in the garbage and recycling collection rates.

Baseline cost of service information can also be used by Metro to analyze and compare the cost of different scenarios for wet waste transfer and estimate how costs may change over time to inform planning to meet future system needs more accurately.

4. What is the scope of a potential cost-of-service study on private transfer stations?

This project is focused on wet waste transfer.

Metro currently has a mixed private and public ownership model for wet waste transfer. Metro Council determined a mixed system provides the most public benefits based on studies conducted in 2006, 2016 and 2018 to assess the economics of the disposal system and the advantages and disadvantages of different transfer station ownership options. Key findings from these studies can be found in a two-pager document on Metro Transfer System Ownership.

This project will provide a regional composite cost-per-ton for private wet waste transfer which will serve as a cost of service-based benchmark for local governments to verify rates charged by private transfer stations. The cost of private wet waste transfer is an expense that local governments cannot confirm or audit as part of the annual rate review process to set uniform rates for garbage and recycling collection. Per city and county code, uniform rates "shall be established to the greatest extent practicable on a cost-of-service basis" to ensure that they are "just, fair and reasonable."

A regional cost-of-service-based composite cost-per-ton will allow local governments to make data-informed decisions on allowable costs for private wet waste transfer when setting garbage and recycling collection rates. This might include requesting more information from private transfer stations to justify rates that are higher that the regional composite for private transfer, capping the disposal rate at Metro's rate, or accepting that the rates are reasonable.

Baseline cost of service information can also be used by Metro to analyze and compare the cost of different scenarios and estimate how costs may change over time to inform planning to meet future system needs more accurately. For example:

Tonnage allocation program. Understanding the cost of service for private wet waste transfer allows for an assessment of revenue needs for private stations which will inform the allocation of tons needed to cover costs and operate efficiently. It will also inform the evaluation of the tonnage allocation program including any changes to the criteria for the goals-based tonnage. It will allow Metro to compare the baseline costs to achieve the criteria needed to meet the goals to the costs of stepping up criteria such as requiring improvements to equipment to reduce environmental impact. This will inform decisions on whether to move forward based on financial impacts and the potential need for rate increases.

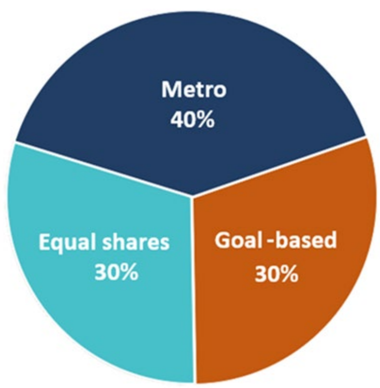
System Facilities Plan. Scenarios could include requiring private transfer stations to provide self-haul service to better serve communities across the region. To evaluate the cost impact to the private stations and to customers, information will be needed to understand the current cost of service. This information will allow Metro Council and other policy makers to understand if private transfer stations rates need to increase further to add this service, or if these services can be added within the current rates charged. Baseline cost information would also be needed to make an informed decision on the cost impact of the full privatization of wet waste transfer.

5. Is Metro a competitor in the solid waste system to transfer wet waste?

There is little competition in the provision of transfer services regardless of whether the public or private sector provides the service. This occurs for a number of reasons**.** First it is only economic to deliver waste to a facility close to the collection route resulting in a type of "natural geographic monopoly". Second, collection firms that are vertically integrated (i.e., they own transfer stations and/or landfills) gain an additional margin of profit by delivering waste to a station they own: it often makes economic sense for such firms to drive past a transfer station they don't own and continue on to deliver waste at a station they do own. Finally, economies of scale are significant in transfer. Capital requirements are high, and a certain throughput of waste is needed to cover the costs to effectively operate. If transfer capacity exceeds the availability of tons, the cost-per ton increases driving up rates.

Private transfer stations express concern that Metro is both a regulator and a competitor. This concern exists for a couple of reasons. First, as tons flow to private facilities rather than a Metro-owned facility, Metro's per-ton cost of transfer increases. The transfer station operators believe that this provides an incentive for Metro to limit the amount of wet waste delivered to the private stations thus limiting private sector growth and revenue-generating potential. To address this concern, Metro adopted the tonnage allocation program which consistently and transparently allocates a percentage of the region's wet waste tons based on the annual tonnage forecast.

The tonnage allocation program ensures waste flow to private transfer stations serving the region.



Metro allocates a percentage of the region's wet waste to private transfer stations in recognition of the private investment in the system and the value provided in terms of geographic distribution of services. A total of 60% of the region's wet waste tons are available to private transfer stations. The percentage-based allocation system ensures flow to private stations to cover operating costs and for future business planning. In 2020, Council directed staff to incentivize progress toward achieving five Regional Waste Plan goals through goals-based wet waste tonnage allocation. With this approach, private transfer stations receive an annual base tonnage allocation and, if they apply for and meet criteria for goals-based tonnage, they receive an additional allocation share. Metro staff will evaluate the effectiveness of the goals-based tonnage allocation program in 2024.

The second reason that private transfer stations express concerns is that Metro establishes fees and taxes that must be paid by private facility owners: some private facility owners feel that those fees and taxes are too high. They particularly dislike paying for Metro general government and paying for certain services and costs associated with the Metro transfer stations.

6. **Metro is asking for transparency from private companies, but how is Metro being transparent about their rates?**

Metro continues to improve the transparency of fees charged by the public transfer stations and recently agreed to make changes requested by the private transfer stations related to the accounted for Metro's reserves. Metro Waste Prevention and Environmental Services staff have been holding regular roundtable meetings with different stakeholders around Metro's fees and an upcoming Budget and Fee task force will allow further transparency of Metro's fees for wet waste transfer and help Metro staff prepare for the budget process.

7. **Metro already estimated the cost for private transfer stations. Why isn't that enough?**

In 2019 Metro staff estimated the costs of private wet waste transfer and published the Private Transfer Station Rate Transparency Report. The estimates were developed based on site visits to private transfer stations and interviews with key operations staff. A model was created to develop the estimates based on publicly available data and assumptions. Metro staff did not have access to the financial records or other actual cost data to estimate costs. It is best practice to use financial data and actual source documents to conduct a cost-or-service study. There are many limitations to basing a cost-of-serve study on estimates which are listed on page 4 of the report. A key concern is that models tend to gloss over meaningful differences between transfer stations such as differences between vertically integrated and non-vertically integrated companies. For example, transfer station operators that also operate collection and disposal services have opportunities to spread costs and revenue throughout their multiple lines of business. This means that vertically integrated companies could have an operating cost for transfer station operations that is not solely based on their stand-alone transfer station operation costs.

8. **Why wouldn't a "model study" conducted by the private operator be enough to understand the cost of service for private wet waste transfer?**

An industry prepared "model facility" cost of service study would not be sufficient to provide the information needed due to the lack of transparency and ability to validate that the estimated costs align with actual costs. The proposed industry model would be created by a consultant hired and paid by industry. The study design would be created without stakeholder input or a public process that can be provided by a public elected body, like Metro Council, to ensure that all cost categories are included, and costs are appropriated allocated. The process would not allow the ability to fact-check information based on source documentation to ensure that estimated costs reported align with actual costs.

9. **How would Metro conduct a cost-of-service study?**

Metro will hire an independent third-party expert to work in collaboration with Metro and our stakeholders to develop the cost-of-service study design including confidentiality and data protection procedures. The independent third-party would execute the agreed upon study design, gather and analyze the data based on confidentiality procedures, and provide Council with a report of findings with aggregated results.

The stakeholder group convened by Metro staff would consist of industry, local government, and community. We very much need our partners input on how to design the cost-of-service study. The operators of all six transfer stations will be invited to participate in the development of the study design. We recognize that each transfer station is difference. We also recognize that each is equally important to the region. Our local government and community partners will also be at the table because we recognize that we must balance impacts to our industry partners with the overall public good and transparency.

We will contract with an expert who has experience in doing these types of cost-of-service studies to help guide the process of working with our stakeholders to determine the information needed. The development of the study design and establishing the information necessary for accurate reporting will be the first objective of this project. The second will be to ensure the reported data is complete and accurate and a reasonable representation of the costs of providing wet waste transfer. The costs information requested may include financial statements, information available in accounting systems, and invoices or check stubs to support costs associated with labor, capital, and operations and maintenance. Profit is also an eligible cost, and it is likely that an acceptable level of profit will need to be established, particularly if profit levels are widely variable between sites.

Staff will keep Metro Council informed and will bring the cost-of-service study design to Council for review and approval. Upon Council approval, Metro will proceed with the study and provide Council with the final report of findings.

10. How would Metro protect to confidential business information of private transfer stations?

We understand that confidentiality of industry business data is important. We will develop confidentiality and data security procedures to protect sensitive business information. To further protect confidentiality, all proprietary data will be gathered and analyzed by an independent third-party and all cost information will be provided to Metro in aggregated. At no point in the process will Metro be in possession of proprietary data from private companies. As a result, proprietary data will not become public record and will not be subject to the Freedom of Information Act.

This approach addresses the concern that information shared as part of this project could be released to the public. This is a concern because local governments have been required to release the annual Detailed Cost Reports (DCR) submitted by garbage and recycling collectors as part of the annual rate review process. The DCR is similar to an annual income statement but contains more detailed revenue and expense items to allow local governments to set uniform rates per code which requires that rates "be established to the greatest extent practicable on a cost-of-service basis" to ensure that they are "just, fair and reasonable." Multnomah District Attorney and Washington County District Attorney required release of this information based on the determination that the DCRs do not "constitute a trade secret" and do not contain information with "actual or potential commercial value" that "would give its users an opportunity to obtain a business advantage over competitor who do not have it."

11. How will staff hire a private expert that understands the region to accurately perform an analysis?

Staff will utilize a public procurement process for these services. Cost-of-service studies are a standard practice and there are several experts that Metro could contract with.

12. Is it common practice for companies that provide solid waste services to share financial information and participate in a cost-of-service studies and government-run rate review processes?

There may be concern that it is not commonplace to conduct cost-of-service studies and rate reviews of private solid waste facilities. However, most of our governments partners conduct an annual collection rate review including Washington and Clackamas counties and the cities of Portland, Hillsboro, Gresham, Beaverton, Wilsonville, Milwaukie, Lake Oswego, and Sherwood. Most companies that own private transfer stations participate in these rate review. DEQ recently completed a cost-of-service study to inform fee development for privately owned material recovery facilities.

The rate review process that Oregon cities and counties and franchise collection companies have used for over 25 years includes a standardized annual report of expenses incurred and revenue received. An analysis is conducted to confirm actual expenses in addition to an audit of allowable expenses. The process provides the companies with the desired level of confidentiality required to establish and maintain regulated rates. Because many jurisdictions have multiple haulers the process involves the generation of a composite report that is used by the regulating authority to set rates. Often, a third party gathers the financial and operational information required to calculate the cost of service and they use this information to generate the composite report. The process also includes establishing a rate of return (profit) for the expected costs, capital investment, etc.

For an example, the detailed cost report that Washington County requires the haulers to complete annually is available, here.

13. Could this be a financial burden for the private transfer stations?

There may be costs to the private transfer stations related to this project. Those cost could include hiring an accountant to provide the information requested. It could also include sharing the costs to hire an accountant to review our internal work products to ensure the information is accurate and protects the owner's data. Please be aware that most companies that operate private transfer stations already participate in a similar process for their franchised garbage collection operations. In addition, private transfer stations have already offered to hire a third-party to prepare a "model study" which indicated they are willing to bear the cost of this type of study.

14. What is the impact of inconsistent wet waste transfer rates on residential garbage rates?

Wet waste transfer is one components of the cost to disposal of garbage. Garbage disposal costs include fees and taxes, the tonnage charge, and the transaction fee. Fees and taxes include the Regional System Fee, Community Enhancement Fee, DEQ Assessment Fee and the Excise Tax. These fees and taxes are charged on every ton of garbage disposed of in the region whether is flows through a private transfer station or a public transfer station. The tonnage charge and the transaction fee vary depending on the facility.

Each local government sets rates a little differently and allowable costs for wet waste transfer vary depending on hauler access to transfer stations. For example, in western Washington County the most viable transfer station for some haulers charges 6% more than Metro fees. In this case, the local government setting rates may have no choice but to use the higher wet waste transfer cost resulting in higher rates for garbage collection service customers. In other areas, haulers may have multiple options for wet waste transfer and the local government may use a composite rate for transfer or use Metro's fees.

It is important to note that three of the four private transfer stations that charge more than Metro's fee serve communities with a high percentage of people with low incomes. These communities are in western Washington County and east Multnomah County. Inconsistent rates for wet waste transfer have unknown impacts on surrounding communities and suggest inequities in the regional disposal system.

Attachment C

Washington County Solid Waste & Recycling
Solid Waste Collection Rate Review Process

Purpose of the Annual Rate Review

Pursuant to Washington County Code (WCC) 8.04.330(A), the annual rate review process ensures that any garbage and recycling collection rate increases or decreases are just, fair, reasonable, and sufficient to provide proper service to the public – while also allowing for a reasonable return for certificate holders.

Cost of Service Model

The return on revenue (ROR) methodology is a standard approach for establishing appropriate profit margins in regulated solid waste collection systems that do not require significant capital expenditures and investments. The ROR methodology evaluates increases and decreases in expenses and revenues to ensure operating costs are covered and the opportunity for a reasonable profit margin is maintained for service providers operating within the system. Each year actual total system expenses and revenues from the previous calendar year are reviewed to determine the overall system ROR. If the prior year's systemwide ROR is more or less than the target ROR (2021 target ROR is 10%) then the financial performance of each line of business (residential, commercial, and drop box) will be further evaluated to determine areas of under or over financial performance. If necessary, staff present rate adjustment recommendations to the Garbage and Recycling Advisory Committee (GRAC) and Board of County Commissioners (BCC) to bring each line of service back to the target ROR.

Return on Revenue (ROR) methodology

Revenue – Expenses = Profit

Profit/Revenues = Return on Revenue

Financial Data Review

Annually, Detailed Cost Reports (DCR) are provided to all haulers. Upon receipt of completed DCRs, County staff and an independent CPA firm reviews, analyzes and aggregates all certificate holder data, reconciles and/or corrects apparent anomalies in the data, and conducts site visits as necessary to ensure supporting records match reported information. This process includes:

- Reviewing certificate holder DCRs for completeness
- Reviewing certificate holder DCRs for prudency, errors, irregularities, or anomalies
- Making necessary adjustments that arose from the review
- Summarizing costs into various categories normal to the industry (e.g. labor costs, truck costs, disposal, overhead, administrative costs, etc.)
- Comparing each certificate holder's reported information to a database of information collected during the prior reviews

Department of Health and Human Services — Solid Waste & Recycling
155 N First Avenue, MS-5A, Hillsboro, OR 97124-3072
Phone: 503-846-3605 • Fax: 503-846-4490 • WashingtonCountyRecycles.com

- Applying predictive analytics (e.g. comparing reported revenues and disposal fees to estimates based on known disposal fees and service rates)
- Calculating the aggregate ROR for each line of service and determining the amount of a rate increase or decrease needed to reach a target ROR

Any certificate holders that do not submit a complete DCR or that fail to work through the financial data review process may have their financial data excluded from the annual rate review composite.

Site Visits

Annually, certificate holders with the largest percentage of total system revenue, totaling no less than 75% of total system revenue, will receive an expanded level of review through a virtual or in-person site visit to ensure accuracy and consistency of reported financial data. Also, additional certificate holders may receive a site visit based on potential inaccuracies, inconsistencies, or anomalies in reported DCR data discovered during the financial data review. Site visit reviews may also be requested for programmatic data needs, or other factors necessary to ensure the integrity of the annual rate review process and findings.

Site visits will include:

- Determining that supporting documentation (e.g. financial statements, invoices, payroll records, etc.) agree with data reported in the DCR
- Investigating identified anomalies or deviations and discussing the cause with certificate holders
- Making further adjustments as necessary and warranted
- Requesting additional supporting documentation as necessary to ensure the integrity of the rate structure and rate setting process

Exceptions for Extraordinary Costs and Revenues

The normal rate review process only includes an examination of actual year-end (historical) incurred expenses and received revenue. However, the Washington County Haulers Association (WCHA) may request that the County consider using projections for what it believes are extraordinary future changes in expenses that are known and measurable. The County also reserves the right to consider extraordinary circumstances regarding future changes in revenues that are known and measurable. Exceptions will be handled on a case-by-case basis.

Calculating and Applying Rate Adjustments

If necessary, proposed rate adjustments (increases or decreases) will be based on the complete and accurate financial data of all certificate holders (composite). This process includes:

1. Aggregation of year-end financial data, following all reviews and adjustments, to establish a final composite ROR
2. Comparison of final composite ROR against the target ROR (2021 target ROR is 10%)
3. Determination of a final ROR for each line of service (residential, commercial, and drop box) if the composite adjusted ROR more than marginally deviates from the target ROR

4. Determination of the amount of revenue increase or decrease needed to bring the ROR for each line of service (residential, commercial, and drop box) to the target ROR
5. Determination of proposed rate adjustments necessary to generate needed revenue increases or decreases for each line of service (residential, commercial, and drop box)
6. Review of proposed rate adjustments by GRAC and the BCC

Timeline for Annual Rate Review

- January – DCR templates provided to certificate holders
- March 15 – DCRs are due to the County
- Mid-March through early April – Financial data reviews and site visits are conducted
- April – CPA firm provides certificate holders with proposed adjustments
- Late April – Total composite and line of service ROR is finalized
- Early May – Meeting with WCHA to review composite analysis and discuss recommended adjustments
- Mid-May – Rate review analysis presented to GRAC and GRAC recommendation received by staff
- June – Rate adjustment recommendation presented to the BCC (work session and regular meeting) and final action taken
- July 1 – Notice of rate adjustments sent to rate payers
- August 1 – New rates become effective

Attachment D

I. Confidentiality and Data Security

Confidentiality is important for the cost survey. The recycling volume data and financial data from each facility are highly confidential. Release of these data could be compromising to a facility. Proprietary data received from CRPFs as part of determining the CMF and PCRF are protected, as defined in ORS 459A.920 and ORS 459A.923:

> *Any proprietary information provided to the department …or to a person conducting a study under this section may be designated confidential by a commingled recycling processing facility. Information designated confidential is not subject to public disclosure under ORS 192.311 to 192.478, except that information may be disclosed as summarized or aggregated data if doing so does not directly or indirectly disclose the proprietary information of any specific facility.*

Crowe created a project-specific Non-Disclosure Agreement, reviewed by our internal Legal team, to formalize and document confidentiality of facility data. The NDA is signed by Lisa Voeller, the Executive Partner for this study. The NDA incorporates the relevant RMA language from ORS 459A.920(4) and ORS 459A.923(5). Crowe provided a facility-specific NDA to each contact person and is working to obtain executed copies for each facility.

As an accounting and consulting firm, Crowe has expertise in security, privacy, records management, and confidentiality. We will follow Crowe's published policies on records management, privacy, encryption, out-of-office security, password management, external connectivity, and use of sensitive data. We have not experienced issues related to security and/or breaches of confidentiality in prior cost surveys. Implementing Crowe's formal policies provide additional layers of protection for sensitive participant data. Crowe's confidentiality and security approach includes three measures, described below.

<u>Establish and implement specific confidentiality procedures</u>

To protect confidentiality of each participant's business data, we will do the following:

- Limit access to all confidential and proprietary documents, information, and data to those individuals whose work requires such access
- Formally adopt a policy, codified in the NDA, that specifically recognizes participants' business records and other records identifying the name of facilities are strictly confidential in nature
- Advise all project personnel that such records shall not be made available to any agency of state, federal, or local government except in an aggregated format, except as may be authorized under the authority of, and pursuant to, federal, state, or local law relating to civil, criminal, or administrative discovery procedures or legislative investigative power
- Keep all participant electronic or paper site files, both in progress and after completion, in a secure, accessible only by the approved Crowe project team members
- Protect against unauthorized access to our computer laptops through use of project passwords. Require all project staff to adopt appropriate security measures for their computer laptops including use of appropriate security software and use of locked password access. Require all project staff to utilize approved security software to encrypt project-related files and folders with an additional layer of password protection
- Securely store electronic files related to site file visits in our secure, password-protected Study SharePoint Site. All survey team members will receive a unique login to access the files
- Limit access to participant data, once site file reviews are complete, to only those Crowe team members involved in the final analyses

- Maintain all data in aggregate form, removing participant names to the maximum extent possible, once site files are complete
- Provide facility data to DEQ in aggregate form
- Maintain strict confidentiality of participant information and discuss a participant's information only with that entity.

Utilize Crowe's ShareFile system to allow CRPFs to securely transfer data to Crowe

- **Crowe ShareFile access**
  - Crowe created secure ShareFile accounts for each facility. This allows the facility team to create a ShareFile account with individual usernames and passwords that allows secure data upload to the site-specific ShareFile folder. Each ShareFile folder is only accessible to the specific facility team and Crowe staff assigned to the study. Crowe configured ShareFile to automatically delete uploaded files after 90 days.

- **Data protection during file transfer**
  - File transfer – ShareFile employs Transport Layer Security (TLS) protocols to protect client authentication, authorization and file transfers
  - High-grade encryption – ShareFile secures files in transit with up to 256-bit encryption using industry-standard encryption protocols
  - File integrity – ShareFile employs a keyed hashed message authentication code (HMAC) to authenticate and ensure the integrity of intra-system communications. ShareFile verifies file size and file hash to ensure integrity
  - Link generation – ShareFile download links are uniquely and randomly generated using strong hash-based message authentication codes. Technical countermeasures provided to protect links from guessing attacks.

- **Data protection during storage**
  - Datacenters generation – ShareFile uses 3rd party cloud service providers like Amazon Web Services (AWS) and Microsoft Azure that are certified with SOC1/SOC 2/ ISO 27001 certified datacenters to host the SaaS application and metadata. All files are stored in SOC1, SOC2 datacenters that also enable users to use the secure environment to process, maintain, and store PHI. Citrix cloud storage is also stored with the same level of compliance as our 3rd-party data centers
  - Encryption – ShareFile stores client files at rest using Advanced Encryption Standard (AES) 256-bit encryption
  - Firewalls – Files are processed using systems protected by securely configured firewalls that effectively limit and control access to network segments.

- **Additional ShareFile security information**
  - The ShareFile platform is owned by Citrix Systems
  - ShareFile introduction – https://www.sharefile.com/company
  - ShareFile security and compliance website – https://www.sharefile.com/resources/citrix-sharefile-security-and-compliance
  - ShareFile security white paper – https://www.sharefile.com/content/dam/sf/pdf/en/sharefile-enterprise-security-whitepaper.pdf

Maintain a secure server for storing and reviewing project electronic documents

For secure and streamlined exchange of information among on-site survey teams and our quality control and review personnel, Crowe has created and is maintaining a secure, password-protected Study SharePoint Site.

This secure database will allow only authorized personnel to access project information from secure Internet-connected computers. For security purposes, authorized team members will be required to navigate to the exact database and enter the correct username and password before being allowed to access files.

We will create a project database for forms and populated cost models, and company-specific databases for site visit files. Only the site team and quality control reviewers will have access to the company-specific databases. Survey teams will make changes to and store the cost models and site files within the database, and reviewers will access and review the files and provide review comments through the same application. We will utilize electronic file review. We will scan signed affidavits and hard copy documents received from participants and incorporate these documents into the electronic file record. With this architecture, we will maintain cost models and forms on the server as masters and provide and safely disseminate review comments and updated files to team members in real time, regardless of a team member's physical location.

In addition to providing an extremely efficient means to exchange large volumes of cost survey data, this solution provides the following security advantages:

- Each user gets his/her own user identification name and password
- Users log on directly to the Study SharePoint Site database and access their files
- Computers are encrypted to protect files from unauthorized access
- Servers are located in a restricted access and locked location.

Crowe Information Services staff will back up data multiple times per day during the study. In the event of network problems or catastrophic failure, this backup source then will be used.

Regional Emergency Transportation Routes, Phase 2

Presentations

Metro Council Work Session
Tuesday, May 7th, 2024

Regional Emergency Transportation Routes Phase 2

Date: April 18, 2024
Department: Planning
Meeting Date: May 7, 2024

Prepared by: John Mermin, john.mermin@oregonmetro.gov

Presenter(s) (if applicable): Catherine Ciarlo and John Mermin

Length: 30 minutes

ISSUE STATEMENT

Emergency transportation issues can fade into the background, but as we've been reminded of by recent seismic events in Taiwan and New York, it remains an urgent issue. First designated in 1996, Regional Emergency Transportation Routes (RETRs) are travel routes that, in case of a major regional emergency or natural disaster, would be prioritized for rapid damage assessment and debris-removal to aid the movement of first responders, people who need medical care, fuel, supplies and equipment. It is important to note that the scope of the RETR project is focused on emergency *response* after disaster hits, not on evacuation or recovery planning, though its maps and reports can be useful to those efforts.

In 2019-2021, the Regional Disaster Preparedness Organization (RDPO) and Metro partnered on the first phase of the Regional Emergency Transportation Routes (RETR) project that reassessed and updated the routes for the 5-county region (which includes Clackamas, Columbia, Multnomah and Washington counties in Oregon and Clark County in Washington). Phase 1 evaluated potential routes with a range of connectivity, resilience, and equity criteria to establish an agreed upon set of designated RETRs that connect Statewide Lifeline Routes in Oregon, local ETRs, and provide connectivity and access to state and regional critical facilities and essential destinations. The RETR work group included a multi-disciplinary team of emergency management, transportation, and public works staff supporting the phase 1 planning project. The primary outcome of phase 1 was adding 89 new routes (305 miles) to the regional network.

The purpose of phase 2 is to develop a tiering methodology and prioritization framework to inform which RETRs should be evaluated, cleared and opened first, next and last in a catastrophic scenario; and to guide on-going maintenance and capital investments to ensure top tier routes are increasingly resilient.

ACTION REQUESTED

Identify Council concerns or feedback on the project scope and direction.

IDENTIFIED POLICY OUTCOMES

A map for the Regional Transportation Plan (RTP) showing the tiering of the RETRs.

POLICY QUESTION(S)

What are priority RETRs? What is their relative importance, based on specific criteria?.

POLICY OPTIONS FOR COUNCIL TO CONSIDER

The project recommendations will serve as a tool to provide information to the region. This project will give the council opportunity to bring recommendations from this study into the next RTP update.

STAFF RECOMMENDATIONS

No recommendations at this time. Staff will be back to Metro Council with periodic check-ins at milestones during the project.

STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION

- This is part of RTP implementation – its broader mission to address racial equity and climate change.
- No known opposition.
- Strong support from local jurisdictions concerned about infrastructure.
- Stakeholders – primarily transportation providers, and some advocates.
- No known legal or financial implications. Project funded with a federal Urban Area Security Initiatives (UASI) grant.

BACKGROUND

Please see attached fact sheet for project background.

ATTACHMENTS

See attached project fact sheet

[For work session:]

- Is legislation required for Council action? ☐ Yes ▪ No
- If yes, is draft legislation attached? ☐ Yes ☐ No
- What other materials are you presenting today?

Spring 2024

Regional emergency transportation routes (ETR) update | Phase 2

Prioritizing and tiering the network routes

Disasters, both natural and human-caused, can happen anytime, and the transportation system needs to be prepared to withstand them and support lifesaving and life-sustaining activities.

Project overview

New technology, data and mapping have greatly expanded the region's understanding of potential hazard risks, including earthquakes, wildfires, landslides, floods, volcanoes and other extreme weather events.

Coordinated emergency management planning helps mitigate the risks these hazards pose to the public health and safety of communities and the region's economic prosperity and quality of life. Identifying emergency transportation routes is a critical element of emergency preparedness for the region.

First designated in 1996, regional Emergency Transportation Routes (ETRs) are travel routes that, in case of a major regional emergency or natural disaster, would be prioritized for rapid damage assessment and debris-removal to aid the movement of first responders, people who need medical care, fuel, supplies and equipment.

Outcomes from Phase 1

From 2019 to 2021, Metro partnered with the Regional Disaster Preparedness Organization (RDPO) on the first phase of the project to reassess and update the designated RETRs for the five-county Portland-Vancouver metropolitan region, which includes Clackamas, Columbia, Multnomah and Washington counties in Oregon and Clark County in Washington. Before that, the last update occurred in 2006.

The primary outcome of the first phase was a regionally-accepted network made up of **1,204 miles over 195 total routes connecting over 75% of state and regional critical infrastructure and essential facilities**.

There were 89 new routes totaling 305 miles added to the network. Visit the [RDPO project page] to view the route maps and detailed regional ETR data charts.

Criteria across the following three dimensions were used to identify the best regional routes for emergency response during a seismic event

- **Connectivity and access** to regional assets and from state to local routes
- **Route infrastructure resilience** to multiple natural hazards
- **Equitable access** to vulnerable and isolated communities

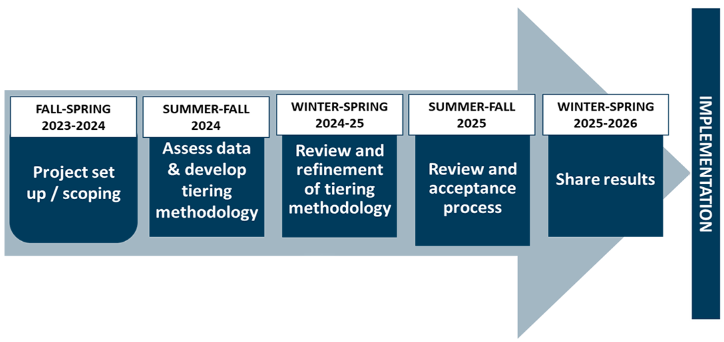
Desired outcome for Phase 2

This second planning phase will build on the previous work on regional ETRs by developing a tiering methodology and prioritization framework to inform which routes among the identified regional ETRs should be evaluated, cleared and opened first, next and last in a catastrophic scenario; and to guide on-going maintenance and capital investments to ensure top tier routes are increasingly resilient.

Metro RDPO
Regional Disaster Preparedness Organization

Project timeline and decision-making

Phase 2 scoping began in fall 2023 and the project is expected to be completed in spring 2026. Project recommendations will be brought forward for review and endorsement consideration by regional policymakers, including the RDPO Steering Committee, the RDPO Policy Committee, the Metro Council, Metro Joint Policy Advisory Committee on Transportation (JPACT) and the Southwest Regional Transportation Council (RTC).



Project phases

- **Fall 2023 to spring 2024**: Project set up and scoping
- **Summer to fall 2024**: Assess data and develop tiering methodology
- **Winter 2024 to spring 2025**: Review and refinement of tiering methodology
- **Summer to fall 2025**: Review and acceptance process
- **Winter 2025 to spring 2026**: Share results

Partnerships and collaboration

The regional ETR update project is co-led by the Regional Disaster Preparedness Organization (RDPO) at the City of Portland and Metro and will be supported by a number of local, regional and state partners, as well as a consultant.

As in Phase 1, Phase 2 will rely on existing RDPO and Metro technical committees and working groups, as well as briefings to county-level technical coordinating committees to engage individual cities within each county in a coordinated manner.

Other agencies and groups will be engaged and consulted as key stakeholders due to their roles in emergency response and/or critical infrastructure and social services for vulnerable populations, including community-based organizations and RDPO discipline-specific work groups.

This project is a collaboration between public, private and non-profit stakeholders, co-led by the five-county, bi-state Regional Disaster Preparedness Organization (RDPO) and Oregon Metro, the metropolitan planning organization designated by the Governor of Oregon to serve the urban portions of Clackamas, Multnomah and Washington counties.

Funding for this project is being provided by an Urban Areas Security Initiative grant.

Questions?

For more information contact:

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RDPO
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John Mermin
Senior transportation planner
Oregon Metro
john.mermin@oregonmetro.gov

rdpo.net/emergency-transportation-routes

Materials following this page were distributed at the meeting.

2028-30 Regional Flexible Funds Allocation (RFFA) Program Direction Options - and - Redistribution Funding Proposal

Metro Council

May 7, 2024

Today's purpose

- 2028-30 RFFA Program Direction
  - Overview
  - Update options
  - Next steps
- Redistribution funding proposal

Overview

RFFA Program Direction

Region’s intent on how to target regional funds to achieve RTP priorities

Implements direction

Meet federal requirements & maintain eligibility

Defines funding categories

Step 1

- Project bonds repayment
- Regionwide program investments
- MPO, Corridor & System planning

Step 2 (capital projects)

- Advance 2023 RTP Goals
- Topical & geographic investments
- Regional scale impact, leverage funds

Overview

RFFA Program Direction

Committed:

- Bond repayment (Step 1A) - $52 million
- Regionwide programs & planning (Step 1B) - $41 million

Discretionary – estimated $60 million

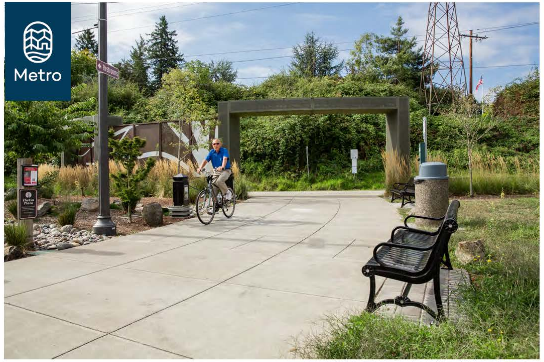
- New Step 1 initiative?
- Remainder to Step 2 capital grants

Red Electric Trail – A previously RFFA awarded project.
Photo Courtesy of PBOT

2028-2030 RFFA Program Direction

Continuation from existing RFFA program direction:

- Step 1B – region-wide programs & planning activities
- Federal eligibility and requirements
    - E.g. No sub-allocation, CMAQ eligible projects
- Project delivery considerations



2025-2027 Regional Flexible Funds Allocation Program Direction

(Resolution 21-5194)

Adopted by Metro Council: September 9, 2021

Proposed Program Direction Update Options

- Develop New Bond proposal
    - Purpose, Principles, Project Themes
- Step 2 Evaluation Criteria
- Step 2 RFFA Cycle Objectives & Process

Program Direction Update Options

Develop a New Bond Proposal

Purpose

- Support corridor/regional scale projects
- Advance timeline of project benefits

Principles

- Manage risks to the RFFA program
- Maximize RTP policy objectives
- Leverage significant discretionary revenue

Program Direction Update Options

Develop a New Bond Proposal

Project Category Themes

- Transit Capital Improvement Grant
- First/Last mile and safe access to transit
- Transit vehicle priority

Program Direction Update Options

Step 2 Evaluation Criteria

- Equitable Transportation
- Safe System
- Mobility Options
- Climate Action & Resilience
- Thriving Economy
- Project Design

Program Direction Update Options

Step 2 RFFA Cycle Objectives & Process

- Input:
  - Encourage larger projects to increase progress on RTP goals
  - Opportunities for different parts of region to benefit
  - Facilitate better project delivery
  - More application support for small agencies
- Response:
  - Increase minimum project costs
  - Projects awarded funding in previous cycle (25-27) ineligible
  - Technical assistance for small jurisdictions (tentative)

2028-30 RFFA process

We are here

Program Direction:
Feb - June 2024

- Input & Development
- TPAC recommendation
- JPACT, Council adoption

Step 2 Project Selection:
Sept 2024 - Spring 2025

- Proposals due in November
- Technical analysis
- Risk assessment

Adopt Final RFFA:
Spring - Summer 2025

- Public comment, CCC priorities
- TPAC recommendation
- JPACT, Council adoption

Redistribution Funding - overview

- Federal funding awarded by ODOT for meeting MTIP administration targets
- Award amounts vary each year
- Potential for RFFA fund penalties if targets not met
- $13.6 million currently available

Redistribution Funding – allocation approach

- Support ability of region to meet future obligation targets
    - Qualify for additional redistribution funds
    - Avoid penalties

Redistribution Funding – allocation approach

- Address inflation impacts to previous project awards approaching construction
- Prepare new projects to minimize risk of schedule delays
- Provide region with tools to improve project delivery

Redistribution Funding – proposal

- Supplemental allocation to prior awarded Step 2 capital projects - $10M
- Early project development support of 2028-30 RFFA Step 2 projects - $3M
- RFFA process support - $.6M
  - 2028-30 Risk Assessment
  - 2028-30 Local agency application support
  - Project development monitoring and reporting tools

Today’s discussion questions:

Do you support or have any further input on:

- the RFFA Program Direction proposal?
- the Redistribution funding proposal?

Private transfer station rate transparency

Council Work Session

Thomas Egleston, Policy and Program Development Manager
Holly Stirnkorb, Principal Planner
Shane Abma, Senior Attorney
Peter Brandom, City Manager, City of Cornelius

May 7, 2024

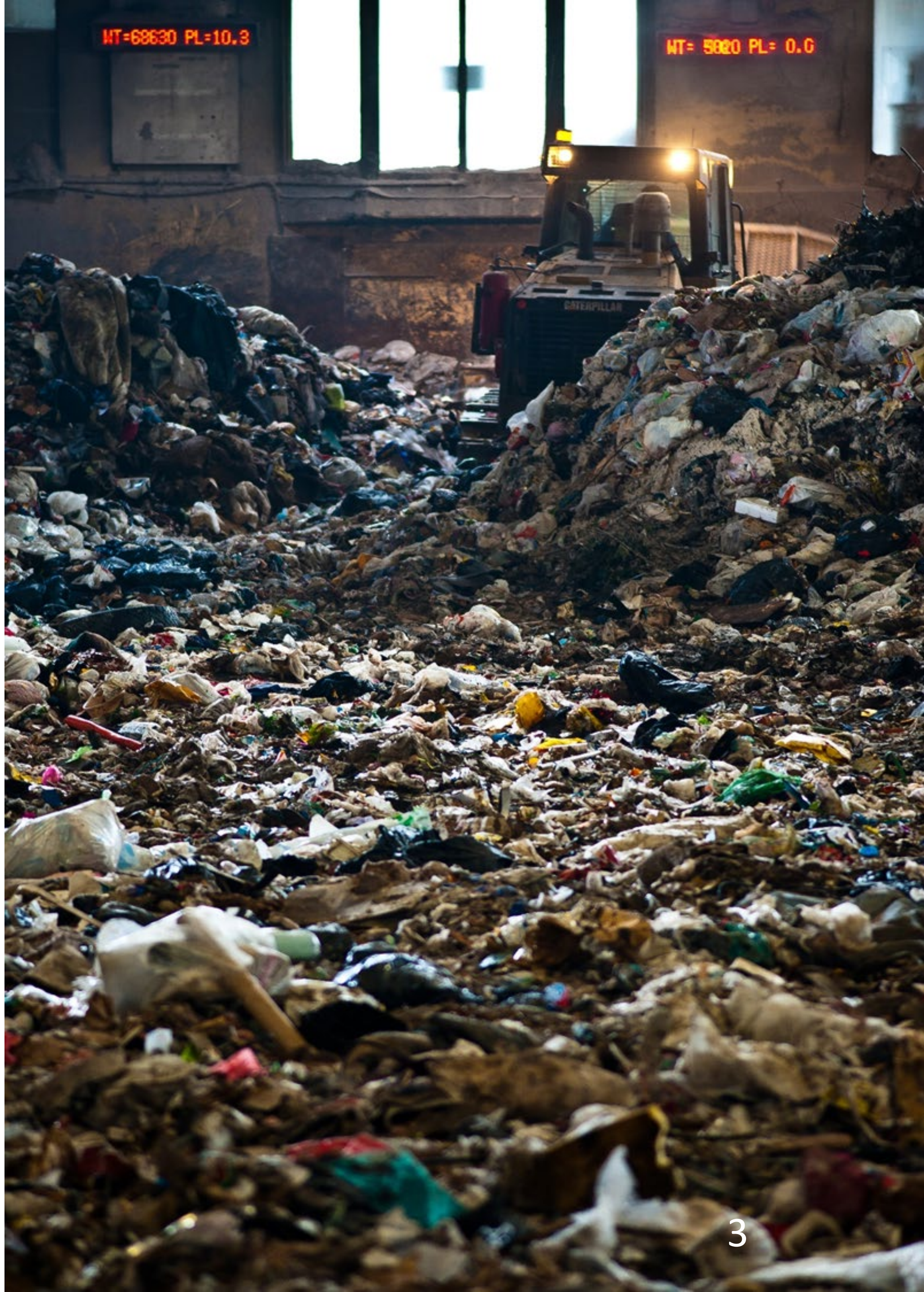
Metro

Issue Statement

Transfer station fees impact city and county garbage and recycling collection rates. Private transfer station fees for wet waste are not well understood, leading to transparency and equity concerns.

Action Requested

Council guidance on whether to proceed with a resolution to conduct a cost-of-service study of private wet waste transfer.



Current Policy Framework

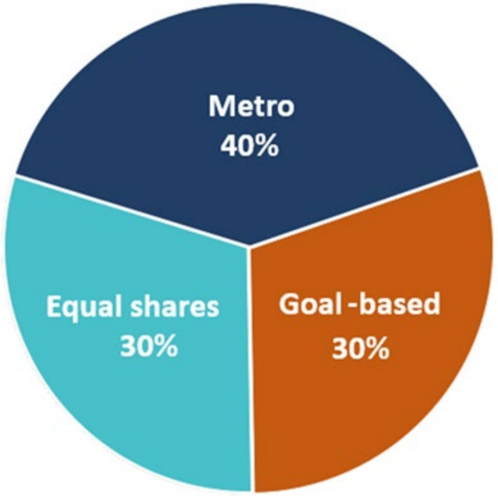
- 2030 Regional Waste Plan
  - Goal 14 to advance the adoption of rates that are reasonable, responsive to user economic needs, regionally consistent and well understood

- 2016 Transfer System Configuration Policy
  - Ensure rate transparency
  - Tonnage allocation

Timeline of Rate Transparency Actions

Cities and counties began expressing concerns about inconsistent rates for wet waste transfer in 2010.

Goal-based tonnage allocation



	*Goal 14: Reasonable, responsive, consistent rates*	Total charge per ton (inclusive of all fees) is no more than Metro's Solid Waste fee.

Impact of Rate Inequities

Cities and counties	Residents	Businesses
Higher transfer fees paid by waste haulers require increases in collection rates.	Private stations with the highest fees serve communities with a high percentage of people with low incomes.	Businesses that have compactor or drop box service directly pay higher disposal costs.

City Perspective (Cornelius)

- Disposal is largest factor in collection rates, at 27% of total fee to customer.
- Strongly support more regulation of private facility rates – 60% of regional system.
- Challenges with lack of data/justification for private facility rates.

City Perspective (Cornelius)

- Metro responsible to ensure rates are set transparently.
- Operating in *public* system is a privilege; data is needed to justify costs.
- Cities and counties answer directly to rate payers who are feeling the impacts of rising costs.
  - Electricity in Cornelius up ~30% since 2022.
- Justification is needed at all levels, above all to the rate payer.

Cost-of-service study

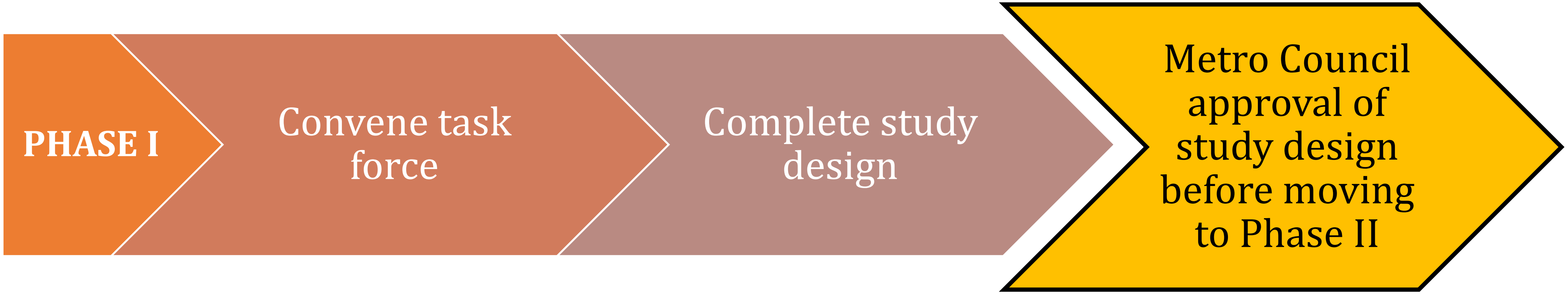
- Step 3 of the Transfer System Configuration Policy
- Evaluates costs of operating private transfer stations on a composite basis
- Provides data for city and county rate setting and future policy work at Metro
- Improves transparency of regional disposal fees

Purpose of cost-of-service study

Support public trust	Improve transfer system
Provide cities and counties a cost-based benchmark to consider rates charged by private transfer stations and determine allowable costs when setting garbage and recycling collection rates.	Provide baseline cost information to inform the financial impact of programs and policies related to private transfer stations.

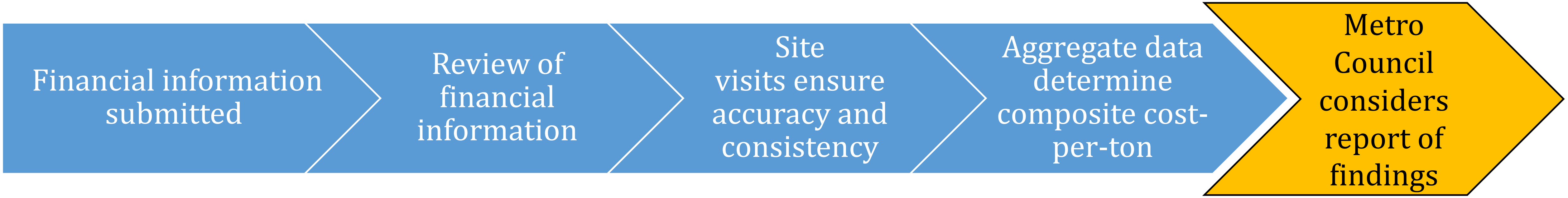
Phase I – Study design

Phase I – Task force development of cost-of-service study design



Phase II – Study implementation

Independent 3rd party conducts cost-of-service study using best practices



Protecting sensitive business information

- Retention of independent third-party contractor
- Agreed upon confidentiality and data security procedures
- No Metro possession, control or contractual access to proprietary information
- Aggregation of cost results

Stakeholder Feedback
Community and City and County

- Regional Waste Advisory Committee community and city and county members are supportive

- Cities and counties provided testimony in support

"We are focusing right now on rates being regionally consistent and well understood and this study is meant to bring some light to things to be well understood."
-Regional Waste Advisory Committee Member

"Private transfer stations contribute to the provision of an essential public service. Review of private transfer station costs would validate whether higher fees at some stations are justified."
- City of Portland

"A Metro review of disposal site rates would help enhance the integrity of our annual rate review process."
-Washington County

Stakeholder Feedback

Private Transfer Station Operators

- Industry representatives expressed concerns
- Staff engaged with Operators fall 2023 and April 2024
- Feedback informed study design and project communication

“Confidentiality is a concern. For example, local governments have been required to release the annual Detailed Cost Reports (DCR) submitted by garbage haulers.”
-Private Transfer Stations

“Better communicate that Metro’s fees should not be compared to private transfer station rates because the two types of transfer stations do not provide identical services and have different fee structures.”
-Private Transfer Stations

“Better explain how the composite cost-per-ton will be helpful to local government, and how Metro will use the information to inform program and policy decisions affecting private transfer stations.”
-Private Transfer Stations

Staff Recommendation

Return to Council with
a resolution directing staff to
conduct a cost-of-service study
of private wet waste transfer.

Thank you!

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Peter Brandom
Peter.brandom@corneliusor.gov

May 7, 2024

Metro

May 7, 2024

REGIONAL EMERGENCY TRANSPORTATION ROUTES (RETR) PHASE 2

Purpose

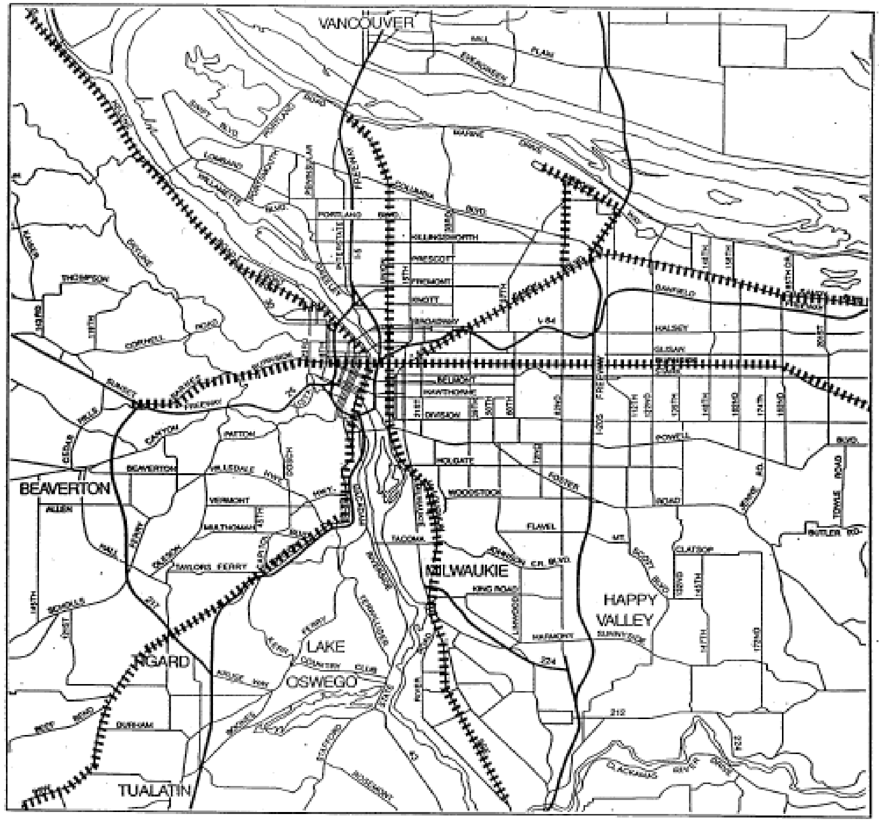
Share overview of RETR Phase 2

Identify any concerns or questions about project scope and direction

A brief history of regional ETRs

- Metro formed multi-jurisdictional policy group in 1993 – Regional Emergency Management Group (REMG)
- coordination focused on emergency response, preparedness and earthquake hazard mitigation
- REMG identified emergency lifeline corridors in 1994

Burnside/Barnes/US 26, US 30, 99E, 99W/Barbur, Sandy and Airport Way



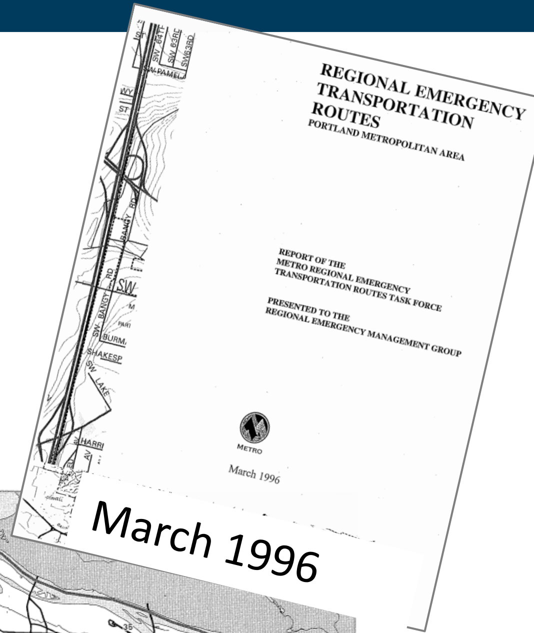
Designated Emergency Lifeline Corridors (1994)

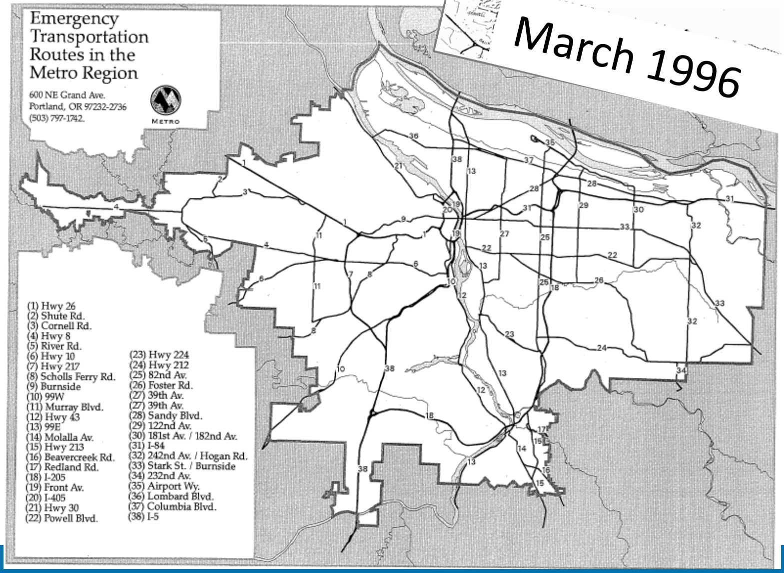
Regional emergency transportation routes identified in 1996

Original ETRs defined as priority routes targeted during an emergency for:

- rapid damage assessment
- debris clearance
- life-saving and life-sustaining response activities

Priorities for mitigation

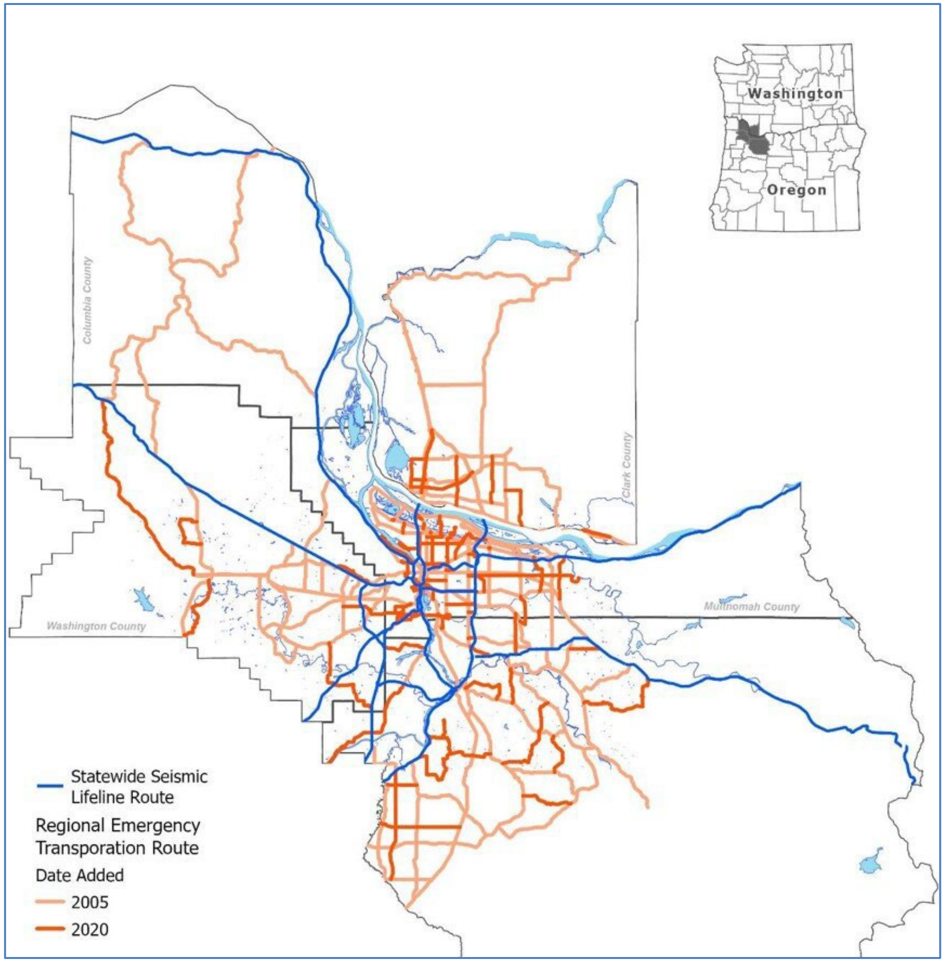




Project Overview

- Phase 1 work (2019 – 2021) updated the network in 5-county region
- Phase 2 work (2024 – 2026) (Identified in RTP ch.8)
  - Prioritize and tier network routes
    - Data review and assessment
    - Workshops and engagement
    - Develop and apply methodology
- Out of scope - evacuation plan, establishing operational guidelines, funding decision

5-County Regional ETR map



Project Timeline

WE ARE HERE

TPAC WORKSHOPS

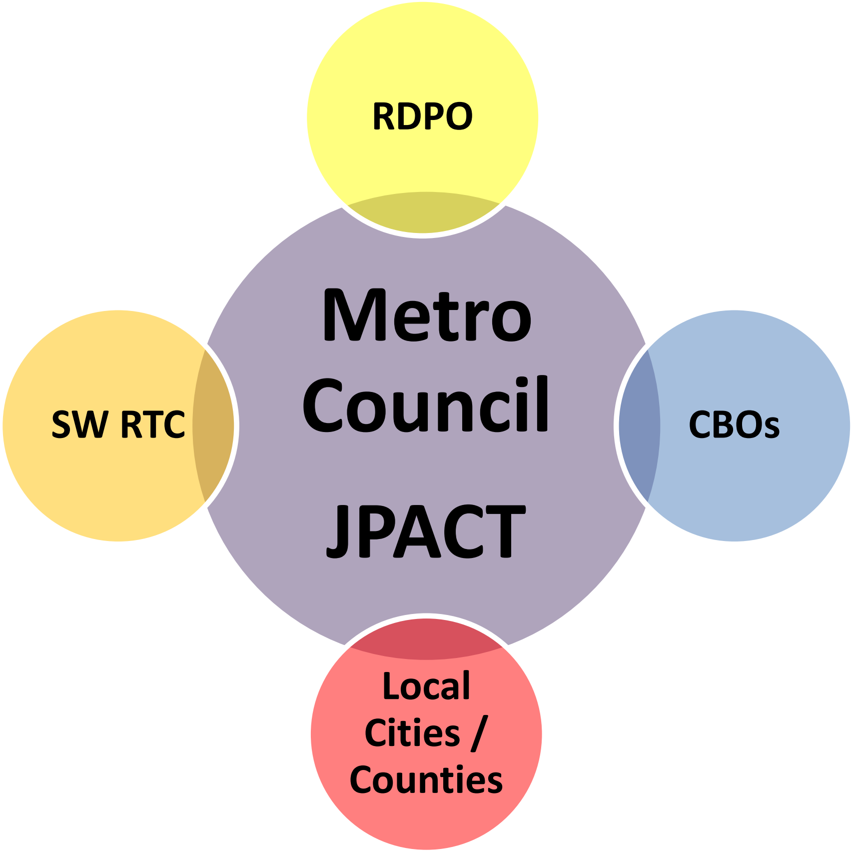
FALL-SPRING 2023-2024	SUMMER-FALL 2024	WINTER-SPRING 2024-2025	SUMMER-FALL 2025	WINTER-SPRING 2025-2026
Project set up / scoping	Assess data & develop tiering methodology	Review and refinement of tiering methodology	Final recommendations to Council	Share results

IMPLEMENTATION

Engagement Approach

- Quarterly project work group
- Hold regional workshops to develop and refine prioritization criteria
- Engage Community Based Organizations to get input from vulnerable populations
- Briefings to technical and policy groups at Metro – (TPAC ,MTAC, JPACT, Council), and RDPO

Decision-making



Next Steps (May – July)

- RDPO and Metro finalize working agreement
- Briefings to RDPO committees, JPACT, SW RTC Board to spread word
- Finish recruiting a project work group of regional partners to meet quarterly
- Select consultant

Questions?

Council concerns or feedback on the project scope and direction?