



Agenda

Meeting: Regional Waste Advisory Committee
 Date: Thursday, March 21, 2024
 Time: 8:30 a.m. to 10:30 a.m.
 Place: Zoom virtual meeting
 Purpose: *The purpose of the Regional Waste Advisory Committee is to provide input on certain policies, programs, and projects that implement actions in the 2030 Regional Waste Plan, as well as to provide input on certain legislative and administrative actions that the Metro Council or Chief Operating Officer will consider related to the implementation of the 2030 Regional Waste Plan.*

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|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| 8:30 a.m. | Welcome and Introductions | Marta McGuire
Metro |
| 8:35 a.m. | Metro Waste Fee Policy Task Force Recommendations
<i><u>Purpose:</u> Informational</i>
<i>The purpose of this presentation is to share the final recommendations from the Waste Fee Policy Task Force.</i> | Marta McGuire
Metro |
| 9:35 a.m. | Regional System Fee Funded Programs and Services
<i><u>Purpose:</u> Informational</i>
<i>The purpose of this presentation is to provide an overview of programs and services funded by the Regional System Fee and key investment areas.</i> | Jon Mayer
Metro |
| 10:10 a.m. | Consideration of meeting minutes | |
| 10:20 a.m. | Public Comment | |
| 10:30 a.m. | Adjourn | |

Upcoming RWAC Meeting: Thursday, April 18, from 8:30 a.m. to 10:30 a.m.

For agenda and schedule information:

Carly Tabert: carly.tabert@oregonmetro.gov

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Regional Waste Advisory Committee Schedule of Topics

Schedule of Topics | March to July 2024

Date	Topic	Regional Waste Plan	Decision Type
March 2024	<ul style="list-style-type: none">Regional System Fee Program OverviewWaste Fee Policy Task Force	Goals 7, 12, 15 Goals 1-19	Informational Consult
April 2024	<ul style="list-style-type: none">Proposed Budget	Goals 1-19	Informational
May 2024	<ul style="list-style-type: none">Garbage and Recycling System Facilities PlanRate Transparency	Goal 16 Goal 14	Consult Informational
June 2024	<ul style="list-style-type: none">No Meeting		
July 2024	<ul style="list-style-type: none">Food WasteBulky Waste Policy Project	Goal 10 Goal 10	Informational Informational
August 2024	<ul style="list-style-type: none">Investment and Innovation Grants	Goals 15, 16	Consult

The schedule is subject to change.

REGIONAL WASTE ADVISORY COMMITTEE

Meeting Worksheet

PRESENTATION DATE: March 21, 2024 **LENGTH:** 45 minutes

PRESENTATION TITLE: Waste Fee Policy Task Force Recommendations

DECISION TYPE: Informational

RELATED REGIONAL WASTE PLAN GOALS: Goals 1-19

PRESENTER(S): MARTA MCGUIRE

PURPOSE OF PRESENTATION

As part of managing and regulating the solid waste system in the Metro region, Metro must set solid waste fees for its services each year. The solid waste fee setting process is guided by a core set of criteria used to ensure effective management of the regional solid waste system. The Waste Fee Policy Task force was convened in November 2023 to review Metro's solid waste fee setting policy and provide recommendations to the Metro Council to guide development of FY25 solid waste fees. The Task Force was asked to identify any additional policy objectives and outcomes that the Council should consider in their fee setting process and to recommend how the criteria for fee setting are prioritized. The task force met six times during the months of November through February and developed recommendations for how to improve and prioritize the waste fee policy criteria and fee setting process for council consideration.

This presentation will provide an update on the final recommendations made by the task force.

ACTION REQUESTED

There is no action requested, this is an informational presentation.

BACKGROUND

Metro's annual budget is adopted by Metro Council and covers the fiscal year from July 1 to June 30. With the development of the budget each year, Metro Council adopts solid waste fees. Fees assessed on solid waste generate revenue to fund essential programs and services such as transfer station operations, waste reduction programs, cleanup of dumped garbage on public lands and general agency functions. The Solid Waste Fees set annually by Metro Council are divided into two categories – fees paid at Metro transfer stations and fees paid on the disposal of all solid waste in the region. The solid waste fee setting process runs parallel to the budget process, with fees typically adopted in March or April. The fee setting criteria and financial policies provide the foundation for this process.

The Waste Fee Policy Task Force was asked to identify any additional policy objectives and outcomes that the Council should consider in their fee setting process and make recommendations for prioritizing the fee setting criteria.

TASK FORCE PROCESS AND RECOMMENDATIONS

The task force was charged with reviewing Metro's solid waste fee setting policy and providing recommendations to the Metro Council to guide the development of FY25 solid waste fees. Membership included stakeholders with relevant subject matter expertise and active participants in the operations of the broader garbage and recycling system.

Mary Nolan, Task Force Chair	Metro Councilor
Christine Lewis, Task Force Vice Chair	Metro Councilor
Ashton Simpson	Metro Councilor
Tim Rosener	City of Sherwood Mayor
Pam Treece	Washington County Commissioner
Arianne Sperry	Oregon Dept. of Environmental Quality
Wendy Lawton	East County System User
Will Mathias	B&B Leasing Company
AJ Simpson	City of Roses
Jason Jordan	Republic
Terrell Garrett	Greenway Recycling
Beth Vargas Duncan	Oregon Refuse and Recycling Association
Laura Tokarski	Trash for Peace
Jacki Kirouac-Fram	ReBuilding Center

The Task Force held six meetings that took place November 2023 through February 2024. The task force reviewed existing fee policy criteria, considered primary policy drivers for fee setting, including material subsidies and incentives for waste reduction. The group discussed how the fee setting policy criteria should be updated and suggested new policy criteria. They considered how to prioritize the new and current criteria and reviewed examples of how prioritization could impact fees. Group members also provided individual feedback on draft recommendations. The group completed discussions of their recommendations on February 27, 2024, and then reviewed and approved the final recommendations by survey vote.

The detailed recommendations are provided in Attachment A. Key highlights of the task force deliberations are provided below.

Accountability Recommendations

The group's discussion of the accountability criteria focused on how Metro could increase transparency and build trust in the fee setting process through increased collaboration and engagement with public, private, nonprofit and community partners, as well as improved public information. They recommended Metro convene a committee that includes representatives from public, private, nonprofit and community partners to advise the Metro Council and provide oversight on both fee and budget development. Suggestions included considering Washington County's Garbage and Recycling Advisory Committee as a model or expanding the scope of Metro's Regional Waste Advisory Committee. This should be coupled with improvements to public information including increased dissemination of information on Metro's fees. Additionally, they recommended that Metro continue to maintain separate fund balance reserves for transfer station operations and Regional System Fee-funded activities. Uses of transfer station operations and Regional System Fee fund balance reserves should be restricted to uses within the same sub-fund.

Fiscal Responsibility Recommendations

The group recommended that Metro update existing financial policies to include the solid waste fee criteria credit rating impacts, authority to implement, revenue adequacy and reliability as they are good practices that Metro should continue to follow. Proposed revisions to the financial policy are included in Attachment B.

Public Benefit Recommendations

The task force focused most of their time deliberating on the public benefit criteria. Upon review, additions were proposed to address gaps in the criteria. Three new criteria were added: accessible and equitable system, public-private system, and resilient economy. The waste reduction criteria was updated to healthy environment to reflect broader environmental outcomes. Through discussion and evaluation, the group prioritized four criteria for fee setting. The proposed updates to the solid waste fee policy are provided in attachment C.

NEXT STEPS

The Waste Fee Policy Task Force Recommendation will be discussed by Metro Council on Tuesday, March 19th. The staff recommendation is for Council to implement the task force recommendations, including improving engagement in budget and fee development and updating Metro's solid waste fee and financial policies. If Council endorses the recommendation, they will direct staff to develop an approach for improving engagement in budget and fee development. Staff would also update the waste fee criteria and financial policy and use them to develop proposed FY25 solid waste fees for the Metro Council's consideration. Council could also choose to make modifications to the recommendation or not take any action and maintain the current policy. An update on the Council discussion will be provided at the committee meeting.

ATTACHMENTS

A Waste Fee Policy Task Force Recommendations

B Proposed Revisions to Metro Financial Policy

C Revised Fee Setting Policy Criteria



METRO WASTE FEE POLICY TASK FORCE

RECOMMENDATIONS

March 2024

OVERVIEW

Metro’s solid waste fee setting process is guided by a core set of criteria used to ensure effective management of the regional garbage and recycling system. The Waste Fee Policy Task force was convened in November 2023 to review Metro’s solid waste fee setting policy and provide recommendations to the Metro Council to guide development of FY 24-25 solid waste fees. The Task Force was asked to identify any additional policy objectives and outcomes that the Council should consider in their fee setting process and to recommend how the criteria for fee setting are prioritized.

The task force membership included stakeholders with relevant subject matter expertise and active participants in the operations of the broader garbage and recycling system. Metro Councilor Mary Nolan served as Task Force Chair and Metro Councilor Christine Lewis served as the Vice-Chair.

TASK FORCE MEMBERS

Mary Nolan, Task Force Chair	Metro Councilor
Christine Lewis, Task Force Vice Chair	Metro Councilor
Ashton Simpson	Metro Councilor
Tim Rosener	City of Sherwood Mayor
Pam Treece	Washington County Commissioner
Arianne Sperry	Oregon Dept. of Environmental Quality
Wendy Lawton	East County System User
Will Mathias	B&B Leasing Company
AJ Simpson	City of Roses
Jason Jordan	Republic
Terrell Garrett	Greenway Recycling
Beth Vargas Duncan	Oregon Refuse and Recycling Association
Laura Tokarski	Trash for Peace
Jackie Kirouac-Fram	ReBuilding Center

RECOMMENDATIONS

The Task Force held six meetings that took place December 2023 through February 2024. They reviewed information about how the garbage and recycling system is financed, existing fee policy criteria, and primary policy drivers for fee setting, including material subsidies and incentives for waste reduction. The group discussed how the fee setting policy criteria should be updated and suggested new policy criteria. They considered how to prioritize both the new and current criteria and reviewed examples of how prioritization

could impact fees. Based on these discussions the task force identified the following recommendations:

1. **Improve engagement and collaboration on budget and fee development.**
This includes an advisory and oversight committee with public, private, nonprofit and community partners to advise Metro Council on budget and fee development. This process should also ensure that community member voices are heard and considered in budget and fee development. Consider Washington County's Garbage and Recycling Advisory Committee as a model or expanding the Regional Waste Advisory Committee scope and membership.
2. **Improve public information and increase dissemination of information about how Metro's fees are developed and used.**
This includes simplifying information so it is clear and easy to understand and sharing outcomes achieved through fees, including environmental outcomes and program and service performance metrics.
3. **Continue to maintain separate fund balance reserves for transfer station operations and Regional System Fee-funded activities.**
This includes uses of transfer station operations, capital improvements and Regional System Fee fund balance reserves should be restricted to uses within the same sub-fund. Any exceptions to this should require Council approval. This is important for transparency, accountability and to maintain trust.
4. **Update Metro's financial policy to include fiscal responsibility and accountability criteria as good financial practices that Metro should continue to follow in the fee development process.**
This includes revising Metro's financial policy to include the following criteria.

Credit Rating Impacts: The fee structure should not negatively impact Metro's credit rating.

Authority to Implement: Metro should ensure that it has the legal ability to implement the fee structure; or, if such authority is not already held, evaluate the relative difficulty of obtaining the authority. And fees should be readily enforceable.

Revenue adequacy - Solid waste fees should be sufficient to generate revenues that fund the full cost of the solid waste system and provide fund balance reserves that are necessary for fee stabilization, policy compliance, and unexpected disruptions.

Reliability - Anticipated revenues used in the fee setting process should be considered stable and unlikely to deviate from financial plan expectations.

5. **Prioritize the following criteria in solid waste fee setting.**

This includes updating the fee setting policy to include new criteria and prioritization as outlined below.

Prioritized criteria in fee development:

Accessible and Equitable System (NEW): Fee setting should encourage public, private and nonprofit investment in services that provide regional benefit, emphasizing geographic equity, access to service and a reduction in local environmental and human health impacts.

Healthy Environment (formerly Waste Reduction): The fee structure should encourage keeping valuable materials out of the landfill, reducing climate and environmental impacts through highest material use, and safe disposal of hazardous waste.

Affordability: Fee setting should consider the economic effects and distribution of benefits to the various types of users in the Solid Waste System, including the cost of living on residential waste generators and the cost of doing business on non-residential generators, as well as the economic effect on others in the region.

Public-Private System (NEW): Fees should give fair weight to the operational and capital needs of all providers: publicly owned, privately owned, and nonprofit.

The following priorities were discussed and developed as important considerations, but not priorities as those above:

Predictability: Metro fee adjustments should be predictable and orderly to allow local governments, haulers, and rate payers to perform effective planning.

Resilient Economy for All (NEW): Fee setting should consider the economic effects of short- and long-term fee changes.

Service Provision: Charges to users of the waste disposal system should be directly related to disposal services received. Fee impacts to residents of the Metro service district who may not be direct users of the disposal system should be related to other benefits received.

Consistency: Solid waste fee setting should be consistent with Metro's agency-wide planning policies and objectives, including but not limited to the Regional Waste Plan.

Administration: Fee setting should evaluate the relative cost and benefits of administering the fees with financial and policy goals.

METRO FINANCIAL POLICIES

Proposed revisions

In 2004 the Metro Council enacted Resolution No. 04-3465, “adopting comprehensive financial policies for Metro.”

Each year as part of the annual budget adoption process the Metro Council reviews the financial policies which provide the framework for the overall fiscal management of the agency. Operating independently of changing circumstances and conditions, these policies are designed to help safeguard Metro’s assets, promote effective and efficient operations, and support the achievement of Metro’s strategic goals.

These financial policies establish basic principles to guide Metro’s elected officials and staff in carrying out their financial duties and fiduciary responsibilities. The Chief Financial Officer shall establish procedures to implement the policies established in this document.

General policies

1. Metro’s financial policies shall be reviewed annually by the Council and shall be published alongside the adopted budget.
2. Metro shall prepare its annual budget and Annual Comprehensive Financial Report consistent with accepted public finance professional standards.
3. The Chief Financial Officer shall establish and maintain appropriate financial and internal control procedures to assure the integrity of Metro’s finances.
4. Metro shall comply with all applicable state and federal laws and regulations concerning financial management and reporting, budgeting, and debt administration.

Accounting, auditing, and financial reporting

1. Metro shall annually prepare and publish an Annual Comprehensive Financial Report including financial statements and notes prepared in conformity with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board.
2. Metro shall maintain its accounting records on a basis of accounting consistent with the annual budget ordinance.
3. Metro shall have an independent financial and grant compliance audit performed annually in accordance with generally accepted auditing standards.

Budgeting and financial planning

1. As prescribed in Oregon budget law, total resources shall equal total requirements in each fund, including contingencies and fund balances.
2. Metro shall maintain fund balance reserves that are appropriate to the needs of each fund. Targeted reserve levels shall be established and reviewed annually as part of the budget process. Use of fund balance to support budgeted operations in the General Fund, an operating fund, or a central service fund shall be explained in the annual budget document; such explanation shall describe the nature of the budgeted reduction in fund balance and its expected future impact. Fund balances in excess of future needs shall be evaluated for alternative uses.

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- a. The Metro Council delegates to the Chief Operating Officer the authority to assign (and un-assign) additional amounts intended to be used for specific purposes narrower than the overall purpose of the fund established by Council.
 - b. Metro considers restricted amounts to have been spent prior to unrestricted (committed, assigned, or unassigned) amounts when an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available. Within unrestricted amounts, committed amounts are considered to have been spent first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.
 - c. The following information shall be specified by Council in the establishment of Stabilization Arrangements as defined in GASB Statement No. 54: a) the authority for establishing the arrangement (resolution or ordinance), b) the requirements, if any, for additions to the stabilization amount, c) the specific conditions under which stabilization amounts may be spent, and d) the intended stabilization balance.
3. Metro staff shall regularly monitor actual revenues and expenditures and report to the Office of the Chief Operating Officer at least quarterly on how they compare to budgeted amounts, to ensure compliance with the adopted budget. Any significant changes in financial status shall be timely reported to the Council.
 4. Metro shall use its annual budget to identify and report on department or program goals and objectives and measures of performance.
 5. A new program or service shall be evaluated before it is implemented to determine its affordability.
 6. Metro shall authorize grant-funded programs and associated positions for a period not to exceed the length of the grant unless alternative funding can be secured.
 7. Each operating fund will maintain a contingency account to meet unanticipated requirements during the budget year. The amount shall be appropriate for each fund.
 8. Metro shall prepare annually a five-year forecast of revenues, expenditures, other financing sources and uses, and staffing needs for each of its major funds, identifying major anticipated changes and trends, and highlighting significant items which require the attention of the Council.
 9. Metro will annually prepare a cost allocation plan prepared in accordance with applicable federal guidelines to maintain and maximize the recovery of indirect costs from federal grants, and to maintain consistency and equity in the allocation process.

Capital asset management

1. Metro shall budget for the adequate maintenance of capital equipment and facilities and for their orderly replacement, consistent with longer-term planning for the management of capital assets.
2. The Council's previously adopted policies governing capital asset management are incorporated by reference into these policies.

Cash management and investments

1. Metro shall maintain an investment policy, which shall be subject to annual review and re-adoption.

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2. Metro shall schedule disbursements, collections, and deposits of all funds to ensure maximum cash availability and investment potential.
3. Metro shall manage its investment portfolio with the objectives of safety of principal as the highest priority, liquidity adequate to needs, as the second highest priority, and yield from investments as its third highest priority.

Debt management

1. Metro shall issue long-term debt to finance capital improvements, including land acquisition that cannot be readily financed from current revenues or to reduce the cost of long-term financial obligations.
2. Metro will not use short-term borrowing to finance operating needs unless specifically authorized by the Council.
3. Metro shall repay all debt issued within a period not to exceed the expected useful life of the improvements financed by the debt.
4. As required by its continuing disclosure undertakings and Section 8 herein, and consistent with SEC Rule 15c2-12, as amended from time to time, Metro shall fully disclose financial and pertinent credit information as it relates to Metro's outstanding securities.
5. Metro shall strive to obtain the highest credit ratings to ensure that borrowing costs are minimized, Metro's access to credit is preserved and Metro has ample future flexibility to adjust its debt portfolio as needed to support operational goals.
6. Equipment and vehicles should be financed using the least costly method, including comparison to direct cash expenditure. This applies to purchases using operating leases, capital leases, bank financing, company financing or any other purchase programs. In evaluating such comparisons, Metro shall assume the opportunity cost for the use of its cash is the 90-day Treasury yield at the time of such analysis.

Solid Waste Fund Policies *(to be moved from solid waste fee setting criteria)*

1. The solid waste fee structure should not negatively impact Metro's credit rating.
2. Metro should ensure that it has the legal ability to implement and enforce the solid waste fee structure; or, if such authority is not already held, evaluate the relative difficulty of obtaining the authority.
3. Solid waste fees should be sufficient to generate revenues that fund the full cost of the solid waste system and provide fund balance reserves that are necessary for fee stabilization, policy compliance, and unexpected disruptions.
4. Metro will maintain separate fund balance reserves for transfer station operations and Regional System Fee-funded activities.
 - a. Uses of transfer station operations and Regional System Fee fund balance reserves will be restricted to uses within the same sub-fund. Any exceptions to this will require Council approval.

Tax exempt qualified obligations post issuance compliance - federal tax regulations and continuing disclosure

This Post Issuance Compliance (PIC) section sets forth specific policies of Metro designed to (a) monitor post issuance compliance of tax-exempt qualified obligations (the “Obligations”) issued by Metro with applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and regulations promulgated there under (the “Treasury Regulations”) and (b) comply with continuing disclosure undertaking executed by Metro (the “Undertakings”) in connection with a primary offering of municipal securities (including Obligations and federally taxable bonds, collectively, “Bonds”) that are subject to Securities and Exchange Commission Rule 15c2-12, as amended from time to time (“Rule 15c2-12”).

The section documents existing practices and describes various procedures and systems designed to identify, on a timely basis, facts relevant to demonstrating compliance with the requirements that must be satisfied subsequent to the issuance of Bonds such that (a) the interest on such Obligations continue to be excludable from gross income for federal income tax purposes, and (b) Metro complies with its contractual obligations set forth in the Undertakings. Metro recognizes that compliance with applicable provisions of the Code and Treasury Regulations with respect to Obligations and Undertakings with respect to Bonds, is an on-going process, necessary during the entire term of the Bonds, and is an integral component of Metro’s financial policies. Accordingly, the analysis of those facts and implementation of the policies will require ongoing monitoring and consultation with bond counsel.

The Chief Financial Officer in the Finance and Regulatory Services department approves the terms and structure of Bonds executed by Metro. Such Bonds are issued in accordance with the provisions of Oregon Revised Statutes, the Metro charter, and if issued as tax-exempt, also issued in accordance with the Code. Specific post issuance compliance procedures address the relevant areas described below. The following list is not intended to be exhaustive and further areas may be identified from time to time by Finance staff in consultation with bond counsel.

1. General policies and procedures.

The following relates to procedures and systems for monitoring post issuance compliance generally. Staff may adjust procedures for non-tax advantaged Bonds as applicable.

- a. The Chief Financial Officer (the “CFO”) shall identify an appropriate staff member or members to be responsible for monitoring post issuance compliance issues (the “Staff Designee”). The CFO shall be responsible for ensuring an adequate succession plan for transferring post issuance compliance responsibility when changes in staff occur.
- b. The Staff Designee will coordinate procedures for record retention and review of such records.
- c. The Staff Designee will review post issuance compliance procedures and systems on a periodic basis, but not less than annually.
- d. Ongoing training shall be made available to the Staff Designee (generally, not less frequently than annually) to support such individual’s understanding of the tax requirements applicable to the Obligations.
- e. Electronic media will be the preferred method for storage of all documents and other records maintained by Finance and Regulatory Services. In maintaining

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such electronic storage, the Staff Designee will comply with applicable Internal Revenue Service (the "IRS") requirements, such as those contained in Revenue Procedure 9722.

2. Issuance of Bonds and creation of files

The following policies relate to specific issue of Obligations/Bonds.

- a. The Staff Designee will obtain and store a closing binder and/or CD or other electronic copy of the relevant and customary transaction documents including:
 - i. Intent Resolution.
 - ii. Bond transcript.
 - iii. Final Written Allocation and/or all available accounting records related to the financed facilities showing expenditures allocated to bond proceeds and expenditures (if any) allocated to other sources of funds, including information regarding including, but not limited to, whether such facilities are land, buildings or equipment, economic life calculations and information regarding depreciation.
 1. Records, including purpose, type, payee, amount, and date, of all expenditures of bond proceeds.
 - iv. All rebate and yield reduction payment calculations performed by a rebate analyst and all investment records provided to the rebate analyst for purposes of preparing the calculation.
 - v. Forms 8038-T together with proof of filing and payment of rebate.
 - vi. Investment agreement bid documents (unless included in the bond transcript) including:
 1. Bid solicitation, bid responses, certificate of broker;
 2. Written summary of reasons for deviations from the terms of the solicitation that are incorporated into the investment agreement; and
 3. Copies of the investment agreement and any amendments.
 4. Records, including dates and amounts, of investment income on bond proceeds.
 - vii. Any item required to be maintained by the terms of the tax compliance agreement involving the use of the financed facilities or expenditures related to tax compliance for the bonds.
 - viii. Any opinion of bond counsel regarding the bonds not included in the bond transcript.
 - ix. Amendments, modifications, or substitute agreements to any agreement contained in the bond transcript.
 - x. Any correspondence with the IRS relating to the bonds, including all correspondence relating to an audit by the IRS of the bonds or any proceedings under the IRS's Voluntary Closing Agreement Program (VCAP).
 - xi. For refunding bond issues, the Bond File for the refunded bonds.
 - xii. Evidence of completion of compliance documentation (including checklists) as described in Section 8.8 herein.

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- xiii. Evidence of periodic training of the Staff Designee.
- xiv. Evidence of tracking of private use and private payment, if any.
- xv. Evidence of continuing disclosure filings pursuant to any Undertaking (as defined herein) and consistent with SEC Rule 15c2-12.

3. Arbitrage rebate calculations

The following policies relate to the monitoring and calculating of arbitrage and compliance with specific arbitrage rules and regulations. The Staff Designee will:

- a. Coordinate the tracking of expenditures, including the expenditure of any investment earnings, with other applicable Finance staff.
- b. Obtain a computation of the yield on each issue from Metro's outside arbitrage rebate specialist and maintain a system for tracking investment earnings.
- c. Maintain a procedure for the allocation of proceeds of the issue and investment earnings to expenditures, including the reimbursement of reissuance expenditures.
- d. Coordinate with Finance staff to monitor compliance by departments with the applicable "temporary period" (as defined in the Code and Treasury Regulations) exceptions for the expenditure of proceeds of the issue and provide for yield restriction on the investment of such proceeds if such exceptions are not satisfied.
- e. Ensure that investments acquired with proceeds of such issue are purchased at fair market value. In determining whether an investment is purchased at fair market value, any applicable Treasury Regulation safe harbor may be used.
- f. Coordinate to avoid formal or informal creation of funds reasonably expected to be used to pay debt service on such issue without determining in advance whether such funds must be invested at a restricted yield.
- g. Consult with bond counsel prior to engaging in any post-issuance credit enhancement transactions.
- h. Identify situations in which compliance with applicable yield restrictions depends upon later investments and monitor implementation of any such restrictions.
- i. Monitor compliance with six-month, 18month or 2-year spending exceptions to the rebate requirement, as applicable.
- j. Arrange for timely computation of any rebate or yield reduction payment liability by Metro's outside arbitrage rebate specialist and, if rebate is due, file a Form 8038T and arrange for payment of such rebate liability.

4. Private activity concerns

The following polices relate to the monitoring and tracking of private use and private payments with respect to the facilities financed with the Obligations. The Staff Designee will:

- a. Coordinate with staff to maintain records determining and tracking facilities financed with specific Obligations and in what amounts.
- b. Coordinate with applicable staff to maintain records, which should be consistent with those used for arbitrage purposes, to allocate the proceeds of an issue and investment earnings to expenditures, including the reimbursement of pre-

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issuance expenditures.

- c. Coordinate with applicable staff to maintain records allocating to a project financed with Obligations any funds from other sources that will be used for otherwise non-qualifying costs.
- d. Coordinate with Finance staff to monitor the expenditure of proceeds of an issue and investment earnings for qualifying costs.
- e. Coordinate with applicable staff to monitor private use of financed facilities to ensure compliance with applicable percentage limitations on such use.

5. Reissuance considerations

The following policies relate to compliance with rules and regulations regarding the reissuance of Obligations for federal law purposes. The Staff Designee will:

- a. Identify and consult with bond counsel regarding any post-issuance changes or modifications to any terms of an issue of Obligations to determine whether such changes could be treated as a reissuance for federal tax purposes.
- b. Confirm with bond counsel whether any “remedial action” taken in connection with a “change in use” (as such terms are defined in the Code and Treasury Regulations) would be treated as a reissuance for tax purposes and, if so, confirm the filing of any new Form 8038G.

6. Records retention

The following policies relate to retention of records relating to the Bonds issued. The Staff Designee will:

- a. Coordinate with staff regarding the records to be maintained by Metro to establish and ensure that an issue remains in compliance with applicable federal tax requirements for the life of such issue.
- b. Coordinate with staff to comply with provisions imposing specific recordkeeping requirements and cause compliance with such provisions, where applicable.
- c. Coordinate with staff to generally maintain the following:
 - i. Basic records relating to the transaction (e.g., any non-arbitrage certificate, net revenue estimates and the bond counsel opinion);
 - ii. Documentation evidencing expenditure of proceeds of the issue;
 - iii. Documentation regarding the types of facilities financed with the proceeds of an issue, including, but not limited to, whether such facilities are land, buildings or equipment, economic life calculations and information regarding depreciation.
 - iv. Documentation evidencing use of financed property by public and private entities (e.g., copies of management contracts and research agreements);
 - v. Documentation evidencing all sources of payment or security for the issue; and
 - vi. Documentation pertaining to any investment of proceeds of the issue (including the purchase and sale of securities, SLGs subscriptions, yield calculations for each class of investments, actual investment income

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received by the investment of proceeds, guaranteed investment contracts, and rebate calculations).

- d. Coordinate the retention of all records in a manner that ensures their complete access to the IRS. While this is typically accomplished through the maintenance of hard copies, records may be kept in electronic format so long as applicable requirements, such as Revenue Procedure 97-22, are satisfied.
- e. Electronic media will be the preferred method for storage of all documents and other records maintained by Finance and Regulatory Services. In maintaining such electronic storage, the Staff Designee will comply with applicable Internal Revenue Service (the "IRS") requirements, such as those contained in Revenue Procedure 9722.
- f. Keep all material records for so long as the issue is outstanding (including any refunding), plus five years.

7. Continuing disclosure Undertaking

The following policies related to the issuance of each specific issue of Bonds that is required by SEC Rule 15c2-12 to include an Undertaking. The Staff Designee will:

- a. Review the Undertaking to determine if new or additional information is required to be filed, compared with Metro's existing Undertakings.
- b. Update the master spreadsheet of disclosure requirements to reflect additional changes.
- c. At least twice a year (at budget preparation and during audit), review the various Undertakings' requirements to ensure they have been met. The first review is internal only. The second review is always with the Financial Auditors.
- d. The Controller, responsible for the ACFR, will coordinate with the Financial Planning Director to ensure the filing requirements are met, particularly if any changes are proposed for supplemental materials included in the ACFR.
- e. During this time, the Controller will review the filing requirements under all Undertakings and begin collecting information that is not presented in the ACFR or budget.
- f. Once the ACFR is presented to and approved by the Metro Council, it is posted on EMMA, which in no case will be later than the filing deadlines under all Undertakings.
- g. The annual budget is adopted no later than June 30th each fiscal year.
- h. The budget document is posted on EMMA soon after it is filed with the TSCC and counties by August 31st of each year and no later than the filing deadlines under all Undertakings.
- i. Supplementary information not presented in the ACFR or budget is posted on EMMA with the posting of the ACFR or budget, but in no case later than the filing deadlines under the applicable Undertakings.
- j. If a Material Event (as defined by SEC Rule 15c2-12, as amended from time to time) happens, the Staff Designee will cause the appropriate notices to be filed within 10 business days of the event.

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8. Identification and materiality determination of “Financial Obligations”

The following policies relate to each issuance of Bonds on and after February 27, 2019 that is required by SEC Rule 15c2-12 to include an Undertaking. Metro is obligated to disclose, within 10 business days after the occurrence of the following events:

- i. Incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.
 - ii. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.
- a. To ensure Metro’s compliance with any disclosure obligations arising as a result of the occurrence of these events, the Staff Designee will:
- i. Review the incurrence of any Metro “financial obligation” and any agreement of Metro to covenants, events of default, remedies, priority rights, or similar terms of a financial obligations, to determine whether it might be material and, therefore, subject to disclosure on EMMA.
 1. The term “financial obligation” is defined by Rule 15c2-12 and in Metro’s Undertakings to have the following meaning: “financial obligation” means a: debt obligation; derivative instrument entered into in connection with, or pledged as security or source of payment for, an existing or planned debt obligation; or a guaranty of such debt obligations or derivatives.
 2. Under Rule 15c2-12 and in Metro’s Undertakings, the term “financial obligation” does not include Bonds as to which a final official statement has been provided to the Municipal Securities Rulemaking Board (e.g., filed on EMMA) consistent with Rule 15c2-12.
 3. Examples of “financial obligations” include debt or debt-like obligations, such as loan agreements, bank direct purchases, lease-purchase agreements, letters of credit and lines of credit.
 4. “Derivative instruments” include swaps, futures contracts, forward contracts, options, or similar instruments related to an existing or planned debt obligation. For the purposes of this section, derivatives do not include fuel hedges, energy hedges or other similar instruments not related to debt obligations. Leases that are not vehicles to borrow money (real estate leases, office equipment leases, etc.) are *not* financial obligations.
 5. To determine the materiality of a financial obligation, the Staff Designee, in consultation with Metro Counsel and Bond Counsel, as needed, will assess the obligation considering Metro’s operations and debt structure. An event is “material” under federal securities laws if a reasonable investor would consider it important in making an investment decision.
 6. Materiality is affected by a variety of factors, including the size of a financial obligation compared to Metro’s overall balance sheet and debt outstanding, the security for repayment pledged to the financial obligation (versus that pledged to bondholders), the financial

obligation's seniority position versus Metro bonds, covenants, and remedies to the lender in the event of a default. Generally, if information about a financial obligation would be included in an Official Statement for Metro Bonds, it would be material for purposes of filing a material event notice on EMMA.

- b. Review any default, acceleration, termination, modification, or similar event reflecting financial difficulties on a financial obligation, regardless of when Metro entered into the financial obligation, to determine whether such event is material.
- c. Make an EMMA filing disclosing the existence of a material financial obligation, a material agreement to terms of a financial obligation, or a default, acceleration, termination, modification, or similar event reflecting financial difficulties on a financial obligation, each within 10 business days of its "incurrence." For the purposes of this section, "incurrence" means the date on which the financial obligation becomes enforceable against Metro or on which the default, acceleration, termination, modification, or similar event occurs. Any filing disclosing the existence of a material financial obligation will include a summary of the key terms of such financial obligation (which may be satisfied by filing pertinent financing documents, subject to any redactions of information requested by Metro's lender)

9. Periodic post-issuance compliance review.

The following policies relate to each issuance of Obligations/Bonds. The Staff Designee will:

- a. Review and document the amount of existing private use or private payment on a periodic basis, but not less than annually, and consult with bond counsel as to any possible private use of or private payment on financed facilities that could cause an issue to exceed the limitations on private use/private payment; and
- b. Identify, review and document in advance any new sale, lease or license, management contract, sponsored research arrangement, or other arrangement involving private use of financed facilities and for obtaining copies of any sale agreement, lease, license, management contract, research arrangement or other arrangement for review by bond counsel.
- c. Consult with bond counsel to remedy any change in use or excess private use/private payment through an appropriate "remedial action" (described in section 1.141-12 of the Treasury Regulations) or the Voluntary Closing Agreement Program (VCAP) described in IRS Notice 2008-31 (or successor guidance).
- d. Review, assess and document that other periodic requirements (continuing disclosure obligations, arbitrage rebate review, etc.) have been completed.
- e. In connection with preparation of the Annual Comprehensive Financial Report and filing of annual financial information required to be filed on EMMA pursuant to Metro's Undertakings, review debt and debt-like agreements that may qualify as "financial obligations" (as defined herein) in connection with required event filings under Metro's Undertakings entered into on and after February 27, 2019.
- f. The Staff Designee may use a standardized checklist to guide its review and documentation as required in this Section.

Revenues

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1. Metro shall estimate revenues through an objective, analytical process.
2. Metro shall strive to maintain a diversified and balanced revenue system to protect it from short-term fluctuations in any one revenue source.
3. One-time revenues shall be used to support one-time expenditures or increase fund balance.
4. Metro shall pursue appropriate grant opportunities; however, before accepting any grant, Metro will consider the current and future implications of either accepting or rejecting it. The Chief Financial Officer may establish criteria to be used in evaluating the potential implications of accepting grants.

CAPITAL ASSET MANAGEMENT POLICIES

Section 1: Purpose

1. The Capital Asset Management Policies establish the framework for Metro's overall capital asset planning and management. They provide guidance for current practices and a framework for evaluation of proposals for future projects. These policies also seek to improve Metro's financial stability by providing a consistent approach to fiscal strategy. Metro's adopted financial policies show the credit rating industry and prospective investors (bond buyers) the agency's commitment to sound financial management and fiscal integrity. Adherence to adopted policies ensures the integrity and clarity of the financial planning process and can lead to improvement in bond ratings and lower cost of capital.
2. The capital asset planning process applies to projects of \$100,000 or more and having a useful life of at least five years. These projects include capital maintenance tasks that increase the life of the asset on assets with values of \$100,000 or more. In addition, the planning process includes information technology items over \$100,000 that may have a useful life of less than five years.
3. Metro's Capital Asset Management Policy shall be governed by the following principles:
 - a. Metro shall operate and maintain its physical assets in a manner that protects the public investment and ensures achievement of their maximum useful life. Ensuring the maximum useful life for public assets is a primary agency responsibility. Establishing clear policies and procedures for monitoring, maintaining, repairing, and replacing essential components of facilities is central to good management practices.
 - b. Metro shall prepare, adopt, and update at least annually a five-year Capital Improvement Plan (CIP). The CIP will identify and set priorities for all major capital assets to be acquired or constructed by Metro.
 - c. Metro shall establish a Renewal and Replacement Reserve account for each operating fund responsible for major capital assets. Renewal and Replacement includes any activity that serves to extend the useful life or increase the efficiency of an existing asset, while retaining its original use. Ensuring that the public receives the maximum benefit for its investments in major facilities and equipment requires an ongoing financial commitment.
 - d. Capital and renewal and replacement projects shall support Metro's Diversity in

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Contracting procurement goals, including the Sheltered Market and FOTA program and the goals of Metro's Diversity Action Plan.

- e. To the extent possible, improvement projects and major equipment purchases will be funded on a pay-as-you-go basis from existing or foreseeable revenue sources. Fund Balances above established reserve requirements may be used for one-time expenditures such as capital equipment or financing of capital improvements. Debt financing should be utilized only for new projects or complete replacement of major capital assets.
- f. Capital and renewal and replacement projects should support implementation of Metro's Sustainability Plan.
- g. Projects shall be analyzed considering environmental, regulatory, economic, historical, and cultural perspectives, as well as the capacity of the infrastructure and the availability of resources for ongoing maintenance needs.
- h. All approved capital projects shall be consistent with relevant goals and strategic plans as adopted by departments, the Metropolitan Exposition-Recreation Commission ("MERC"), or the Metro Council.
- i. A financial feasibility analysis shall be performed before any capital project, regardless of cost, is submitted to the Metro Council, MERC Commission, Chief Operating Officer, or General Manager of Visitor Venues for approval. The financial feasibility analysis shall include an analysis of the financial impact on the operating fund balance, return on investment, the availability and feasibility of funding sources, and cost estimates for the capital project. The analysis shall also identify the financial impact of the following requirements:
 - i. Any public art funding requirements imposed by the Metro Code, the facility's owner, or any other applicable law;
 - ii. All required licenses, permits, certificates, design approval documents, and similar documents required by any authority; and
 - iii. Any contractual or legal requirements that apply to the proposed capital project.
- a. In the capital project planning and review process, the Metro Council, MERC Commission, Chief Operating Officer, and General Manager shall be guided by the following financing principles:
 - i. Funds shall be expended only on capital projects that meet identified strategic priorities.
 - ii. Funds shall be expended only on capital projects for which an analysis of funding options has been conducted. This analysis shall include evaluation of all funding options (donations, revenue generation by the project, intrafund transfers, proposed borrowing), and an analysis of the capital project's strategic priority, useful life, revenue sources, and repayment options.
 - iii. Funds shall be expended only on new projects that include identified and protected funding sources for a renewal and replacement reserve to ensure that the value of the capital asset can be maintained.

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- iv. Funds shall be expended only on projects for which a funding source for operational requirements has been identified.
- v. Metro's Adopted Budget should include undesignated contingency funds to permit MERC and other departments with capital project responsibilities to respond to unexpected events or opportunities.

Section 2: Definitions

1. Capital asset – An item permanent in nature with future service capacity and used in operations, having an initial useful life of over one year, tangible or intangible, and held for purposes other than investment or resale with a cost (or fair market value if donated) equal to or greater than the capitalization threshold established for the asset category included later in this policy.
2. Capital maintenance – Expenditures for repair and maintenance services not provided directly by Metro personnel. These costs are relatively minor alterations, ordinary and routine repair, or effort necessary to preserve or repair an asset due to normal wear and tear so that it achieves its initial planned useful life. While not capitalized, significant capital maintenance projects (those with costs equal to or greater than \$100,000) must be included in the CIP and obtain Council authorization.
3. Total cost accounting – An analysis that includes the total initial acquisition cost of an asset as well as all operating costs for the expected useful life of the asset.
4. Renewal and replacement – Construction, reconstruction, or major renovation on capital assets. Renewal and replacement does not include relatively minor alteration, ordinary repair or maintenance necessary to preserve or repair an asset.
5. Return on investment (ROI) – A calculation of the financial gains or benefits that can be expected from a project. ROI is represented as a ratio of the expected financial gains (benefits) of a project divided by its total costs.

Section 3: New Capital Projects

1. All new capital projects over \$100,000 must be approved as part of the annual budget process. New project requests must comply with any other applicable Metro program or process requirements, including all Construction Project Management Office requirements and Metro's Green Building Policy.
2. New projects over \$100,000 identified during the fiscal year require approval as follows:
 - a. If the project does not require additional budgetary authority, the project may be approved by the Chief Operating Officer, or their designee.
 - b. If the project requires additional budgetary authority, the project must be approved by the Metro Council.
 - c. For Capital projects with a total anticipated cost of less than \$100,000 at the MERC venues, the General Manager of Visitor Venues may approve the project if sufficient budgetary authority is available.
 - d. Any capital project at the MERC venues with a total anticipated cost of \$100,000 or more also requires approval by the MERC Commission.

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3. Emergency capital projects may be approved as follows:
 - a. The Chief Operating Office or their designee may approve capital projects with a total anticipated cost of \$50,000 or more.
 - b. The MERC Commission delegates to the General Manager or their designee the authority to approve capital projects with a total anticipated cost of \$100,000 or more.
 - c. In the event an emergency capital project is approved, that approval shall be reported as follows:
 - i. The Chief Operating Officer shall report the approval to the Metro Council.
 - ii. The General Manager shall report the approval to the MERC Commission at the next regular Commission Meeting.

Section 4: Renewal and Replacement

1. The intent of Renewal and Replacement reserves is to ensure that sufficient resources are available for capital maintenance or replacement so that Metro's capital assets meet or exceed their estimated useful life. The Renewal and Replacement Reserve for each operating fund with major capital assets should initially be established based on the value of the asset and consideration of known best asset management practices.
2. General Guidelines – Renewal and replacement reserves and projects should be managed according to the following guidelines:
 - a. Renewal and replacement reserves are not intended to fund major capital assets such as building replacements or significant structural upgrades.
 - b. Renewal and replacement reserves are not intended to fund routine maintenance activities. Routine maintenance should be included in facility operating budgets. If routine maintenance costs for an asset are increasing, renewal and replacement projects may be moved forward in the schedule if the project can be shown to reduce operating and/or maintenance costs.
 - c. Facility managers should perform annual facility assessments to review renewal and replacement schedules.
 - d. All renewal and replacement projects should incorporate sustainability features that support Metro's sustainability goals, support adopted policies such as the Green Building Policy and Sustainable Procurement Policy and be evaluated on a total cost accounting basis relative to less sustainable options.
 - e. New capital projects should be added to renewal and replacement lists upon completion. Asset replacement costs shall initially be based on original asset costs. In future revisions, replacement costs shall be based on acquiring a new asset of equal utility. Increased sustainability features such as efficiency improvements or design changes (e.g. green roof vs. traditional roof design) are not increases in asset utility. Increased estimated replacement costs based on new or improved sustainability features shall be considered in the budget process.
 - f. On an annual basis, the Chief Financial Officer shall determine the minimum asset

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describe how the project supports Metro's Sustainability Plan in its efforts to reduce the environmental impact of Metro operations. When assessing capital or renewal and replacement projects for funding or prioritization, the following sustainability criteria should be applied:

- a. Use total cost of ownership to create project budget projections that consider the costs of operating the asset for its entire useful life, not just the initial costs.
 - b. Utilize the prioritization criteria in Metro's Sustainability Plan.
 - c. Strong impacts on Metro's sustainability goals (greenhouse gas emissions, toxics, waste, water quality and habitat):
 - i. Provide a strong foundation for future sustainable operations work
 - ii. Leverage other investments (internal or external)
 - iii. Present a strong return on investment (ROI)
 - iv. Reduce operations and maintenance costs over time
 - v. Provide strong public visibility and/or public education opportunity
 - vi. Support the region's economy
 - d. Support the requirements and preferred qualifications of Metro's Green Building and Sustainable Procurement administrative procedures.
 - e. Prioritize projects that, through their implementation, support Metro's MWESB procurement goals, including the Sheltered Market and FOTA programs and related goals of Metro's Diversity Action Plan.
 - f. Consider economic benefits or return on investment (i.e. simple payback) on projects that have a financial benefit to Metro over the life of the investment.
2. Capital and renewal and replacement projects should be incorporated into the site-specific work plans developed for each facility that indicate how the Sustainability Plan will be implemented.

Section 7: Reporting

1. Capital project budget and actual reporting and status reports shall be provided as follows:
 - a. Departments shall report to the Chief Operating Officer or designee quarterly;
 - b. The General Manager shall report to the MERC Commission quarterly;
 - c. Metro Council shall receive a report twice annually.



Solid Waste Fee Policy

Proposed revisions

Overview

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

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

The following table outlines the proposed revisions to the criteria recommended by the Waste Fee Policy Task Force.

Solid Waste Fee Setting Criteria and recommended revisions

Fiscal Responsibility Criteria	Revisions recommended by the Waste Fee Policy Task Force
<p>Credit Rating Impacts: The fee structure should not negatively impact Metro’s credit rating.</p>	<p>This is a good financial practice that Metro should continue to follow. Add to Metro’s Financial Policy and remove from the fee setting criteria.</p>
<p>Authority to Implement: Metro should ensure that it has the legal ability to implement the fee structure; or, if such authority is not already held, evaluate the relative difficulty of obtaining the authority. And, fees should be readily enforceable.</p>	<p>This is a good financial practice that Metro should continue to follow. Add to Metro’s Financial Policy and remove from the fee setting criteria.</p>

<p>Revenue Adequacy: Fees should be sufficient to generate revenues that fund the costs of the solid waste system, including reserves.</p>	<p>This is a good financial practice that Metro should continue to follow. The definition should be updated to include full cost of service.</p> <p>Revenue adequacy - Solid waste fees should be sufficient to generate revenues that fund the full cost of the solid waste system and provide fund balance reserves that are necessary for fee stabilization, policy compliance, and unexpected disruptions.</p> <p>Add to Metro’s Financial Policy and remove from the fee setting criteria.</p>
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<p>Accountability Criteria</p>	<p>Revisions recommended by the Waste Fee Policy Task Force</p>
<p>Reliability: Anticipated revenues used in the fee setting process should be considered stable and unlikely to deviate from financial plan expectations.</p>	<p>This is a good financial practice that Metro should continue to follow. Add to Metro’s Financial Policy and remove from the fee setting criteria.</p>
<p>Predictability: Metro fee adjustments should be predictable and orderly to allow local governments, haulers, and rate payers to perform effective planning.</p>	<p>No change, continue to use in fee setting process.</p>
<p>Transparency: Metro fee setting should be transparent, reflect policy guidance and provide visibility into the decision-making process.</p>	<p>Implement collaboration and engagement recommendations to support increased transparency and provide visibility into the decision-making process. These are ongoing practices and processes that Metro should implement as part of the budget and fee development process. Remove from fee setting policy criteria.</p>

Public Benefit Criteria	Revisions recommended by the Waste Fee Policy Task Force
Administration: Fee setting should evaluate the relative cost and benefits of administering the fees with financial and policy goals.	No change, continue to use in fee setting process.
Affordability: Fee setting should consider the economic effects and distribution of benefits on the various types of users in the Solid Waste System, including the cost of living on residential waste generators and the cost of doing business on non-residential generators, as well as the economic effect on others in the region.	Prioritize in fee setting process.
Consistency: Solid waste fee setting should be consistent with Metro’s agency-wide planning policies and objectives, including but not limited to the Regional Waste Plan.	No change, continue to use in fee setting process.
Service Provision: Charges to users of the waste disposal system should be directly related to disposal services received. Fee impacts to residents of the Metro service district who may not be direct users of the disposal system should be related to other benefits received.	No change, continue to use in fee setting process.
Waste Reduction: The rate structure should encourage waste reduction, reuse, and recycling.	Update definition and prioritize in the fee setting process: Healthy Environment: The fee structure should encourage keeping valuable materials out of the landfill, reducing climate and environmental impacts through highest material use, and safe disposal of hazardous waste.

The Task Force also recommended that three new criteria are added and prioritized in the fee setting process:

Accessible and Equitable System (NEW): Fee setting should encourage public, private and nonprofit investment in services that provide regional benefit, emphasizing geographic equity, access to service and a reduction in local environmental and human health impacts.

Public-Private System (NEW): Fees should give fair weight to the operational and capital needs of all providers: publicly owned, privately owned, and nonprofit.

Resilient Economy for All (NEW): Fee setting should consider the economic effects of short- and long-term fee changes.

Revised Solid Waste Fee Setting Criteria

With the revisions noted above, the solid waste fee criteria would be revised as outlined below.

Prioritized criteria in fee development:

Accessible and Equitable System (NEW): Fee setting should encourage public, private and nonprofit investment in services that provide regional benefit, emphasizing geographic equity, access to service and a reduction in local environmental and human health impacts.

Healthy Environment (formerly Waste Reduction): The fee structure should encourage keeping valuable materials out of the landfill, reducing climate and environmental impacts through highest material use, and safe disposal of hazardous waste.

Affordability: Fee setting should consider the economic effects and distribution of benefits to the various types of users in the Solid Waste System, including the cost of living on residential waste generators and the cost of doing business on non-residential generators, as well as the economic effect on others in the region.

Public-Private System (NEW): Fees should give fair weight to the operational and capital needs of all providers: publicly owned, privately owned, and nonprofit.

The following priorities were discussed and developed as important considerations, but not priorities as those above:

Predictability: Metro fee adjustments should be predictable and orderly to

allow local governments, haulers, and rate payers to perform effective planning.

Resilient Economy for All (NEW): Fee setting should consider the economic effects of short- and long-term fee changes.

Service Provision: Charges to users of the waste disposal system should be directly related to disposal services received. Fee impacts to residents of the Metro service district who may not be direct users of the disposal system should be related to other benefits received.

Consistency: Solid waste fee setting should be consistent with Metro's agency-wide planning policies and objectives, including but not limited to the Regional Waste Plan.

REGIONAL WASTE ADVISORY COMMITTEE

Meeting Worksheet

PRESENTATION DATE: 03/21/24 **LENGTH:** 60 minutes

PRESENTATION TITLE: WASTE PREVENTION AND ENVIRONMENTAL SERVICES: REGIONAL SYSTEM FEE FUNDED PROGRAMS AND SERVICES

DECISION TYPE: Informational

RELATED REGIONAL WASTE PLAN GOALS: Multiple

PURPOSE OF PRESENTATION

During the creation of the FY23-24 budget, Metro Council directed the Waste Prevention and Environmental Services department to provide ongoing technical education about fees and regional waste priorities to inform future Council direction on the annual budget. In response, the department refined its Council engagement strategy to include additional touchpoints to review technical information to support key decisions and inform next year's budget development. Staff will share with Regional Waste Advisory Committee the presentation provided to Council on 3/5/24.

The purpose of this presentation is to provide an overview of programs and services funded by the Regional System Fee and key investments areas. Staff seek to reinforce the connections between Regional System Fee funded programs and services, regional waste reduction goals, and Metro Council's strategic targets.

ACTION REQUESTED

No action is requested at this time. This informational session is intended to provide information that supports actions in adopting the budget, adopting a Systems Facilities Plan, and other policy actions.

BACKGROUND

Metro has broad authority for planning, managing, and overseeing the regional waste system. The Regional Waste Plan provides policy guidance and outlines responsibilities for cities, counties, and Metro to collaboratively manage the system and meets state requirements for a regional waste reduction program.

2030 Regional Waste Plan

Programs and services funded by Regional System Fee are guided by the 2030 Regional Waste Plan, adopted in 2019, including the region's statutorily required waste reduction plan. The plan is the region's blueprint for improving our garbage and recycling system, reducing the impacts of waste, and advancing Metro's racial equity goals. The plan is implemented collaboratively with local governments and partners in local communities.

The plan is comprised of goals and actions to achieve three sets of desired outcomes: shared prosperity, healthy environment, and an excellent and accessible garbage and recycling system outlined below.

Figure 1. Regional Waste Plan Outcomes



- ▶ Diversity in garbage and recycling system jobs
- ▶ Good wages and benefits
- ▶ Access to decision-making
- ▶ Inclusive, culturally-relevant education services



- ▶ Toxic chemicals out of priority products
- ▶ Better purchasing choices and reduced consumption
- ▶ More opportunities for reuse and repair
- ▶ Minimized impacts from system operations



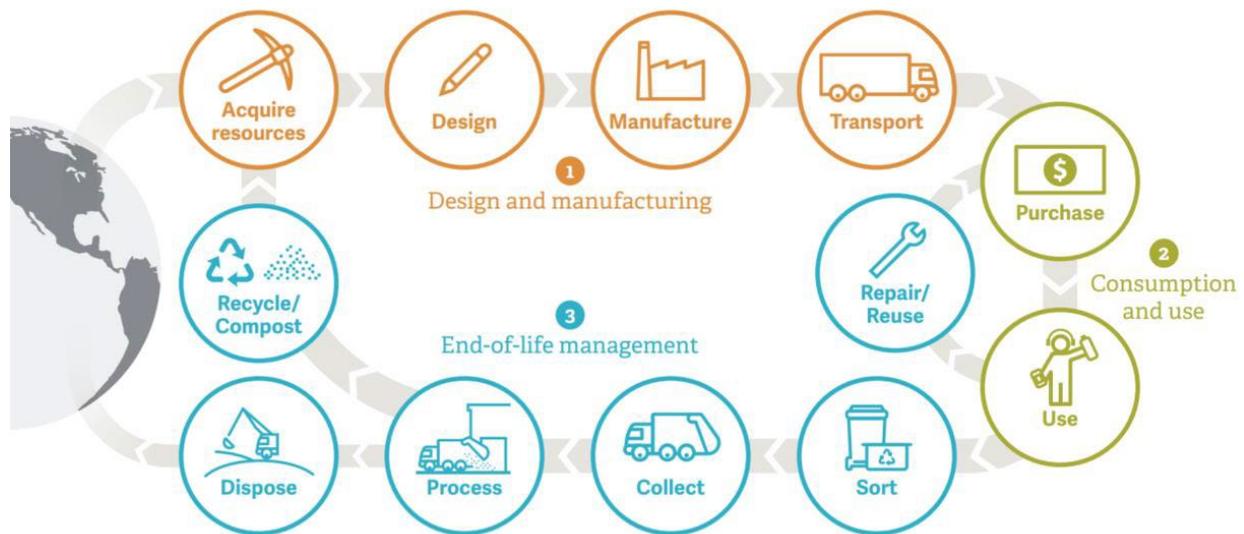
- ▶ Improved collection services for residents
- ▶ Regionally consistent and reasonable rates
- ▶ More adaptable and resilient recycling system
- ▶ Prepared for disasters

Addressing the full life cycle of materials and products

The Regional Waste Plan addresses the entire life cycle of products. The goals and actions are designed to not only improve the way we manage materials at the end of life, but also to reduce harmful impacts by intervening earlier. There is an opportunity to improve how we design and produce products, extract raw materials from the earth, make purchasing decisions and use what we buy. The traditional garbage and recycling system, which handles products and packaging after we are done with them, is just one part of this larger system.

Goals and actions addressing the product life cycle are divided into three primary goal areas within the Regional Waste Plan. The presentation will demonstrate programs and services that help Metro address needs across the full life cycle continuum and help advance progress toward Council’s strategic targets.

Figure 2. Product Life Cycle



- Design and manufacturing: Highly collaborative actions in this goal area are designed to ensure manufacturers become more responsible for the impacts of their products. Activities to be highlighted in this area focus primarily on advancing legislation such as product stewardship laws.

- Consumption and Use: Actions in this area focus on reducing the environmental and health impacts of what we buy and use. The actions emphasize education and policy efforts to reduce those impacts and support better purchasing choices. Programs and services such as youth and adult waste prevention education, volunteer and leadership programs, and policy efforts in partnership with local jurisdictions will be highlighted.
- End-of-life management: Goals in this area ensure that recovery and disposal programs and services not only protect human health and the environment, but that they do so in a way that meets the needs of all residents and all communities today and into the future. Activities covered during the presentation will focus primarily on Metro’s Household Hazardous Waste program as well as efforts related to compliance and authorizations.

Regional Systems Fee

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

The Regional Systems Fee funds important regional services including:

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

In addition, Oregon state law also restricts Metro’s use of the Regional System Fees.

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

Notwithstanding any other provision of ORS 268.330, the metropolitan service district shall use moneys collected by the district as service or user fees for solid waste disposal for:

- (1) Activities of the metropolitan service district related to solid waste, including activities of regional concern that are directly related to reducing the environmental impact from the generation, collection, transportation, processing, and disposal of solid waste; and
- (2) Planning, administrative, and overhead costs for activities of the district related to solid waste.

QUESTIONS FOR CONSIDERATION

Do you have any questions on the information presented today?

Are there service areas that RWAC would like more information on?

NEXT STEPS

- Staff will continue to provide updates on Regional System Fee funded programs and services on an annual basis.

ATTACHMENTS

Attachment 1: 2030 Regional Waste Plan Executive Summary

Attachment 2: Regional Waste Plan Progress Report