



# Agenda

Meeting: Regional Waste Advisory Committee  
 Date: Thursday, May 16, 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.  | <b>Welcome and Introductions</b>  | Marta McGuire<br>Metro   |
| 8:40 a.m.  | <b>Rate Transparency</b><br><i>Purpose: Informational</i><br><i>Update on the outcome of Council engagements to seek guidance on formally considering a resolution to direct staff to conduct a cost-of-service study of the rates of private transfer stations that process putrescible waste in the Metro region.</i> | Holly Stirnkorb<br>Metro |
| 9:00 a.m.  | <b>FY24-25 Solid Waste Fees</b><br><i>Purpose: Informational</i><br><i>Update on the adopted solid waste fees for the fiscal year 2024-2025.</i>  | Marta McGuire<br>Metro   |
| 9:30 a.m.  | <b>Committee Modifications</b><br><i>Purpose: Consultation</i><br><i>Update on the proposed changes to the committee structure and roles based on the recommendations from the Waste Fee Policy Task Force.</i>   | Rosalynn Greene<br>Metro |
| 10:10 a.m. | <b>Consideration of meeting minutes</b>   |                          |
| 10:20 a.m. | <b>Public Comment</b>   |                          |
| 10:30 a.m. | <b>Adjourn</b>  |                          |

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

For agenda and schedule information:

Carly Tabert: [carly.tabert@oregonmetro.gov](mailto:carly.tabert@oregonmetro.gov)

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## Regional Waste Advisory Committee Schedule of Topics

### Schedule of Topics | May to September 2024

Date	Topic	Regional Waste Plan	Decision Type
May 2024	<ul style="list-style-type: none"><li>• Rate Transparency</li><li>• Solid Waste Fees</li><li>• RWAC Structure</li></ul>	Goal 14 Goals 1-19	Informational Informational Informational
June 2024	<ul style="list-style-type: none"><li>• No Meeting</li></ul>		
July 2024	<ul style="list-style-type: none"><li>• Garbage and Recycling System Facilities Plan</li><li>• Food Waste</li><li>• Bulky Waste Policy Project</li></ul>	Goal 16 Goal 10 Goal 10	Consult Informational Informational
August 2024	<ul style="list-style-type: none"><li>• Investment and Innovation Grants</li></ul>	Goals 15, 16	Consult
September 2024	<ul style="list-style-type: none"><li>• Regional Waste Plan Progress Report</li></ul>	Goals 1-19	Informational

*The schedule is subject to change.*

## 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.

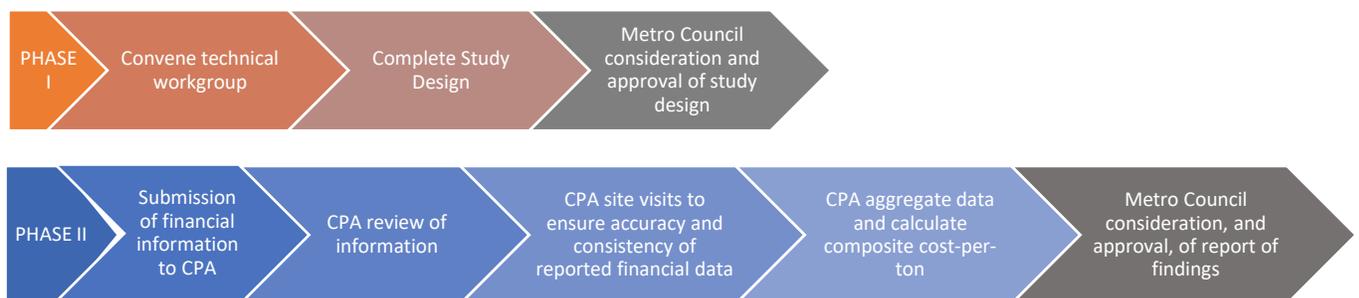
### **Phase II**

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

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,

A handwritten signature in black ink that reads "Steve Callaway". The signature is written in a cursive, flowing style.

Steve Callaway  
Mayor of Hillsboro

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



October 24, 2023

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

Dear President Peterson and Metro Council,

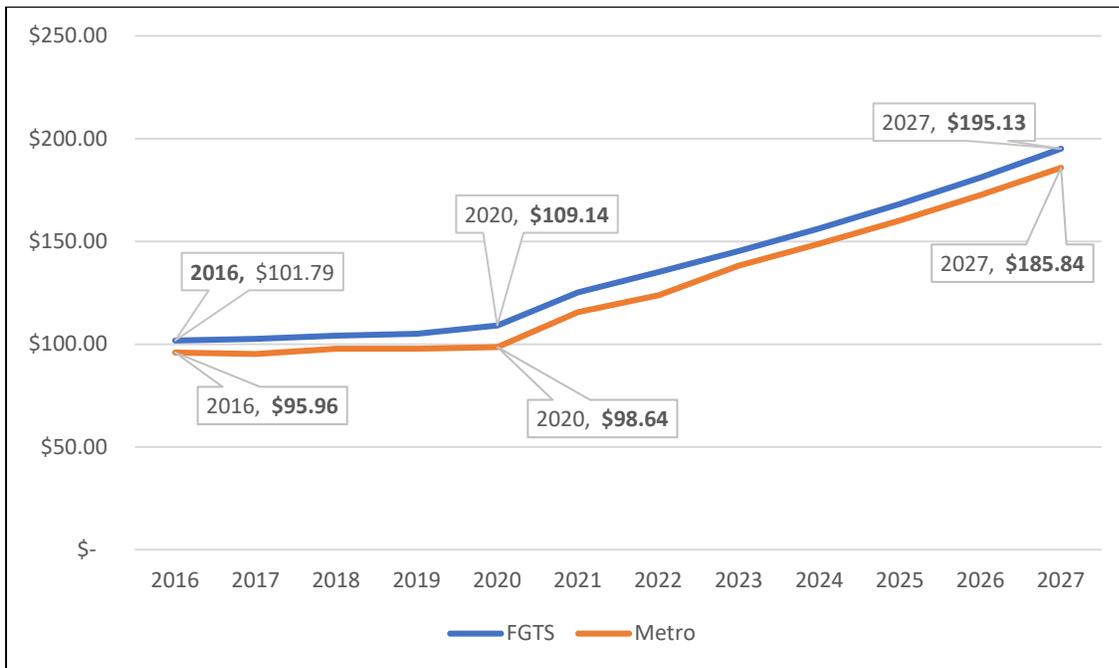
I write today to urge the Metro Council to conduct a full, detailed review of rates and fees charged by the private solid waste facilities that operate within the system, and to incorporate this process into your yearly review of rates and fees across the solid waste system.

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 \$70 for a car or small truck, and just under \$100 for a pickup load. Comparatively, Metro charges a minimum fee of \$35. 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 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, 2013. 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.

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



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,

A handwritten signature in blue ink, appearing to read 'Kathryn Harrington', is written over a faint circular stamp.

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



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,

A handwritten signature in black ink, appearing to read "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 Kuyf



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CITY OF  
**PORTLAND, OREGON**

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

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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 than 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.

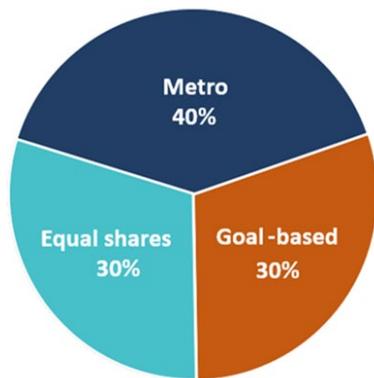
*System Facilities Plan.* Scenarios could include requiring private transfer stations to provide self-haul service to better serve communities across the region. To evaluate the cost impact to the private stations and to customers, information will be needed to understand the current cost of service. 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 prudence, 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

- 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.

### Establish and implement specific confidentiality procedures

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 WASTE ADVISORY COMMITTEE

## Meeting Worksheet

**PRESENTATION DATE:** May 16, 2024      **LENGTH:** 10 minutes

**PRESENTATION TITLE:** Private Transfer Station Rate Transparency

**DECISION TYPE:** Inform

**RELATED REGIONAL WASTE PLAN GOALS:** 14

**PRESENTER(S):** HOLLY STIRNKORB

### **PURPOSE OF PRESENTATION**

The purpose of the presentation is to provide an update on the outcome of Council engagements to seek guidance on proceeding with formal consideration of a resolution to direct staff to conduct a cost-of-service study of the rates of private transfer stations that process putrescible waste, also known as 'wet waste,' in the Metro region to determine costs relative to rates charged. This update builds on information shared by Metro staff at Regional Waste Advisory Committee meetings on August 17, October 19, 2023 and November 16, 2024.

### **ACTION REQUESTED**

No action is requested.

### **BACKGROUND**

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. Cities and counties began expressing concern in 2010 on inconsistent rates for wet waste charged at private transfer stations across the region. Inconsistent rates that are not well understood impact the equity of the garbage and recycling system. Cities and counties 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.

The 2030 Regional Waste Plan seeks to ensure that rates for services are reasonable, responsive to user economic needs, regionally consistent and well understood (Goal 14). The Regional Waste Plan also includes actions to implement transparent and consistent rate-setting processes for all collection service providers and facilities in the region (Action 14.2) and establish rates across the region that are consistent for like services (Action 14.3). Metro does not regulate rates at privately owned facilities but could exercise the authority to do so if Metro Council finds it to be in the public interest.

The Transfer System Configuration Policy adopted in 2016 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. Metro has taken Steps 1 and 2 of the process to improve rate transparency at private transfer station. These steps have provided estimates, but actual detailed cost data that would be provided by implementing Step 3 and conducting a cost-of-service study is needed to understand rates charged by private transfer station and determine if charges are reasonable based on cost of service.

At the October 19 Regional Waste Advisory Committee, Metro requested advisory guidance to moving to Step 3 of the rate transparency process to conduct a cost-of-service study for wet waste transfer at private transfer stations. City and county and community committee members were supportive of proceeding with a cost-of-service study to improve transparency and ensure equity for rate payers. Industry representatives expressed concerns about Metro's ability to keep sensitive business information confidential. Information was also shared by industry about why costs at private transfer station may differ from Metro's fee, the impact of tonnage allocations on rates, and how matching Metro's fee affects the rate of return and the ability to invest in facility improvements.

Metro staff shared the advisory guidance provided by the Regional Waste Advisory Committee with Metro Council at the October 26 meeting and November 7 work session. At each engagement Council considered proceeding with formal consideration of a resolution to direct staff to conduct a cost-of-service study of the rates of private transfer stations that process wet waste in the Metro region to determine costs relative to rates charged. At the November 7 work session, Council directed staff to compile additional information to better define the process proposed by staff to conduct a cost-of-service study 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.

The proposed approach to conduct a cost-of-service study would follow best practices and engage Council to approve the study design and final report of findings. In addition, staff would commit to:

- Engaging an independent third-party public accounting firm to conduct the study.
- Convening a task force consisting of all private transfer station operators, cities and counties, 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, cities and counties, 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.

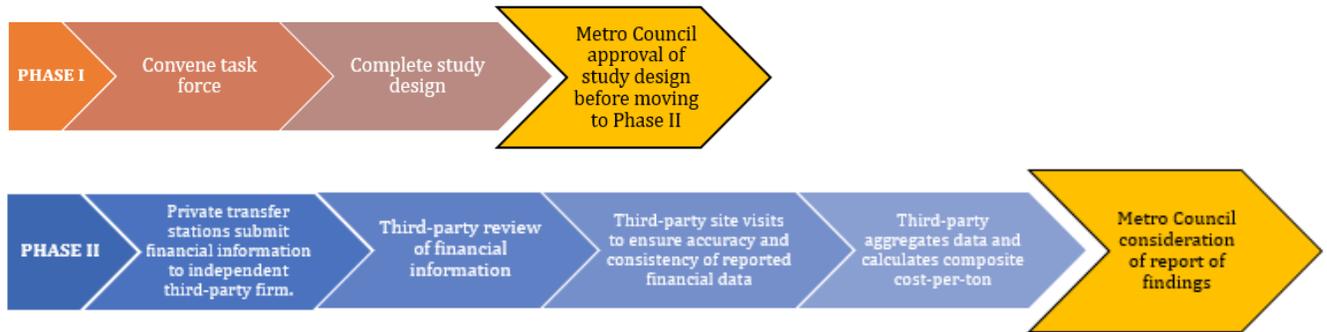
2. Independent third-party firm would draft study design for review and input by task force.
3. Final draft study design presented to Metro Council for consideration and approval.
4. If approved, move to Phase II,

**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:



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.

Staff engaged private transfer station operators in fall 2023 prior to bringing the proposed study to council. An additional engagement was held in April 2024 to discuss concerns and collect feedback on the proposed cost of service study.

Staff returned to Council on May 7, 2024 to review the proposed study design, share stakeholder feedback, and seek direction from Council on proceeding with a cost-of-service study for wet waste transfer at private transfer stations. Council directed staff to return after July, 2024 to allow time for Council to consider several policy decisions related to the System Facility Plan that may influence the regional garbage and recycling system.

#### **QUESTIONS FOR CONSIDERATION**

No questions.

#### **NEXT STEPS**

The Regional Waste Advisory Committee will be informed about the outcome of upcoming Council engagements. If Council directs staff to move forward with a cost-of-service study of rates at private transfer stations, the committee will be informed about the study design and resulting composite cost-per-ton for wet waste transfer by private transfer stations.

#### **ATTACHMENTS**

- Draft Resolution 24-5398
- Rate Transparency Material Packet

# REGIONAL WASTE ADVISORY COMMITTEE WORKSHEET

## Materials

**PRESENTATION DATE:** 5/16/2024

**Topics:** FY24-25 Solid Waste Fees and RWAC Modifications

### **MATERIALS FOR REVIEW**

- The final recommendations from the Waste Fee Policy Task Force are attached for review. These recommendations helped set the FY24-25 solid waste fee model and proposed modifications to the Regional Waste Advisory Committee.



# 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.