

STAFF REPORT

IN CONSIDERATION OF:

RESOLUTION NO. 26-5575 FOR THE PURPOSE OF ADOPTING SOLID WASTE FEES AT THE METRO TRANSFER STATIONS AND METRO'S COMMUNITY ENHANCEMENT FEE FOR FY 2026-27

RESOLUTION NO. 26-5576 FOR THE PURPOSE OF ADOPTING THE REGIONAL SYSTEM FEE FOR FY 2026-27

Date: May 6, 2026
Department: Finance and Regulatory Services
Meeting Date: May 14, 2026

Prepared by:
Marta McGuire, WPES Director
Patrick Dennis, WPES Finance Manager

Presenters:
Marta McGuire, WPES Director
Patrick Dennis, WPES Finance Manager
Length: 30 minutes

ISSUE STATEMENT

Resolution 26-5575 will authorize an increase to the solid waste fees at the Metro transfer stations and authorize collection of a community enhancement fee effective July 1, 2026.

Resolution 26-5576 will authorize an increase to the regional system fee, effective July 1, 2026.

ACTION REQUESTED

Council adoption of Resolution 26-5575 and Resolution 26-5576.

IDENTIFIED POLICY OUTCOMES

Council adoption of these resolutions will:

1. Increase the solid waste fees at the Metro transfer stations, effective July 1, 2026;
2. Increase the regional system fee, effective July 1, 2026;
3. Authorize Metro to impose and collect a community enhancement fee on waste disposed under certain conditions, effective July 1, 2026;
4. Provide Council with the annual report of the amount of solid waste that was subject to reduced fees and taxes or exempted during FY 2025-26.

POLICY QUESTION

Should Council increase the solid waste fees at the Metro transfer stations and the regional system fee to cover the costs of service of Metro transfer station operations and regional waste reduction programs and services?

POLICY OPTIONS FOR COUNCIL TO CONSIDER

1. Adoption of the resolutions to increase solid waste fees at the Metro transfer stations and regional system fee to fund projected FY 2026-27 department expenses.
2. Reject the resolution to increase the solid waste fees at the Metro transfer stations; and/or reject the resolution to increase the regional system fee. These actions will result in future operational budget shortfalls. This will require Metro to further reduce public services and make additional changes to programs and capital plans to keep spending in line with expected revenue collected.

STAFF RECOMMENDATIONS

The Chief Operating Officer recommends adoption of Resolution 26-5575 and Resolution 26-5576.

BUDGET AND FEE ENGAGEMENT SUMMARY

Regional Waste Advisory Committee

Metro convened the Regional Waste Advisory Committee (RWAC) with the intended purpose of improving engagement and collaboration on budget and fee development. RWAC held two meetings on April 16th, 2026 and April 30th, 2026, where they learned about the FY 2026-27 proposed budget and fee development processes, and engaged with staff to review and provide input on the Waste Prevention and Environmental Services (WPES) budget and fee develop as it relates to the implementation the 2030 Regional Waste Plan, as the committee's defined function is stated in Metro Code Section 2.19.130.

Committee members expressed strong alignment with regional outcomes and overall direction. There was broad support for efforts to better align costs with revenue, including implementing cost recovery measures, and improving operational efficiency. Members acknowledged the need for difficult decisions in response to current financial conditions. They also supported the direction of the System Facilities Plan, including investments in infrastructure and long-term planning to address access and system gaps. There was strong support for maintaining core services such as household hazardous waste collection, community education, waste prevention, and regulatory functions. In addition, members appreciated the level of engagement and transparency in the budget development process, including the use of zero-based budgeting and third-party review.

At the same time, members identified several areas for adjustment or further consideration. There was interest in gaining a clearer understanding of central service costs, including how costs are allocated, managed, and controlled prior to fee increases. Members also requested greater transparency in fees, cost drivers, and forecasting assumptions. While recognizing progress in food scraps implementation, members expressed interest in exploring transition strategies for the sunset of supplemental funding, including phased approaches. Questions were also raised about the timing and phasing of capital investments, with interest in considering interim or staged approaches given current financial conditions.

Members also raised several areas of concern. A primary concern is the long-term sustainability of the funding model, particularly the reliance on tonnage-based revenue while system goals aim to reduce waste. There were also concerns about fee levels and affordability, including the drivers of recent increases and the timing of fee setting. Members noted the ongoing need to support food scraps policy implementation, even as supplemental funding sunsets. Finally, concerns were raised about the accuracy and variability of tonnage forecasts and the implications for financial planning, fee setting, and long-term decision-making.

The complete advisory report is attached in **Attachment 1**.

Regional Budget Forum

Metro also held a Local Government Budget Forum on April 15th, 2026, to present the proposed WPES FY 2026–27 budget and solid waste fees. The forum offered an opportunity for local jurisdictions, community organizations, and industry representatives to ask questions and provide input on the department’s priorities, progress, and strategic investments.

Committee members raised several areas for clarification and further discussion. There was a need for greater transparency around rising agency central service costs and the controls in place to manage them. Members expressed concern about the elimination of food scraps funding, with interest in a phased approach and continued support for outreach. Questions were also raised about operations, including staffing levels, efficiency, and benchmarking. In addition, members requested updated tonnage forecasts and a clearer understanding of the planning implications. Finally, there was a desire for more responsive engagement, including ongoing dialogue and follow-up.

Local Government Monthly Update

Metro also maintained ongoing engagement with local governments through proactive monthly updates over the past year, sharing key information on budget and fee development and creating consistent opportunities for awareness and input.

PROPOSED FEES

The process for setting Metro’s solid waste fees and taxes is set forth in Metro Code Chapters 5.02, 5.03, 5.06 and 7.01. Metro reviews its solid waste fees annually. The proposed FY 2026-27 fees comply with the restriction set forth in Chapter III, Section 15 of the Metro Charter limiting user charges to the amount needed to recover the costs of providing goods and services.

Figure 1. Proposed fee schedule

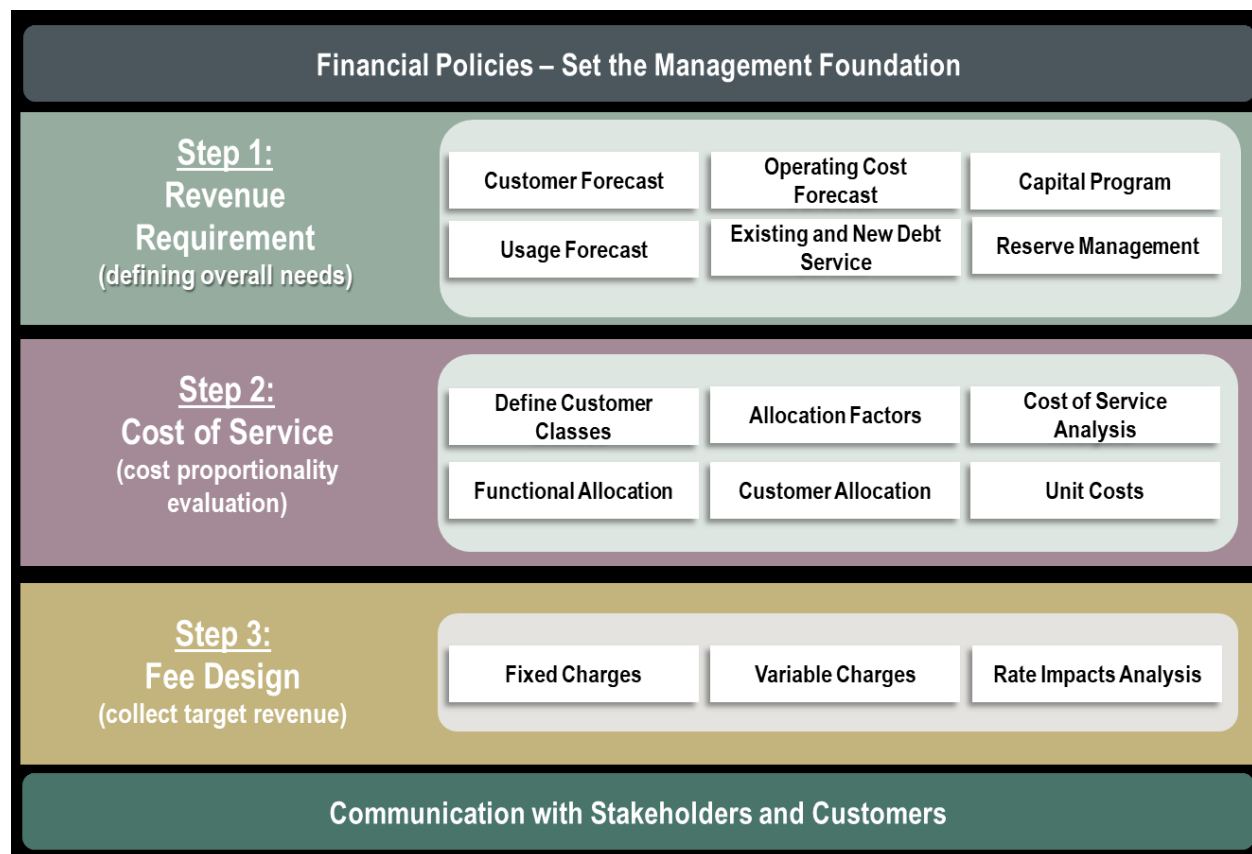
Proposed Fee Schedule				
	Existing 2026	Proposed 2027	Difference	
			\$	%
Transaction Fee				
Staffed Scalehouse	\$28.00	\$30.00	\$2.00	7.1%
Automated Scalehouse	\$7.85	\$8.34	\$0.49	6.2%
Tonnage Charge				
Solid Waste Fee (SWF)	\$112.19	\$123.41	\$11.22	10.0%
Clean Wood	\$87.39	\$96.13	\$8.74	10.0%
Yard Debris	\$55.00	\$55.00	\$0.00	0.0%
Residential Organics	\$100.48	\$110.53	\$10.05	10.0%
Commercial Organics	\$87.92	\$94.25	\$6.33	7.2%
Fees and Taxes				
Enhancement Fee	\$1.00	\$1.00	\$0.00	0.0%
Regional System Fee (SWF Only)	\$32.60	\$34.23	\$1.63	5.0%
Metro Excise Tax (SWF Only)	\$14.46	\$16.17	\$1.71	11.8%
DEQ Fees (SWF Only)	\$1.89	\$1.89	\$0.00	0.0%
Environmental Cleanup Fee	\$2.50	\$2.50	\$0.00	0.0%
SWF Tipping Fee (including taxes)	\$162.14	\$176.70	\$14.56	9.0%
Minimum Fee (SWF)	\$47.00	\$51.00	\$4.00	8.5%

The fees established by this resolution are designed to raise \$61 million in Solid Waste Fee revenue, \$9 million from transaction fees, \$7 million from non-SWF tonnage charges and \$49 million in Regional System Fee revenue for FY 2026-27. WPES *budgeted* Operating and Materials (O&M) expenses for Solid Waste Fee programs at \$85 million and for Regional System Fee programs at \$50 million for FY 2026-27. There are non-rate revenues that contribute to balancing the O&M budgets.

BACKGROUND

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

Figure 2. Financial policies for fee setting



Metro's fee development follows these guidelines but makes them *four* steps instead of three, to establish clear roles and responsibilities for the work performed by staff.

In alignment with Metro's financial policy, WPES has been diligent in keeping transfer station operations and Regional System Fee-funded activities separated.

Metro Fee Development:

Step 1. Identify the revenue requirement – This step identifies the total annual financial obligations of the system. This information comes from the WPES FY 2026-27 *proposed* budget that includes the department’s full operations and maintenance (O&M) costs, capital improvements and replacements, and adheres to Metro fiscal policy compliance.

Most of the revenue requirement is driven by the following two areas:

Metro Disposal Service Costs: Metro owns two transfer stations that provide disposal services to commercial haulers, businesses, and the public. Metro transfer stations cover operating costs, such as wages, equipment, improvements, biodiesel, and practices that protect the safety of the workers and customers. Fees also cover the costs of recycling, transport, and disposal of the garbage brought to the facilities. Most of these costs are driven by the operation of the stations. Transport and disposal are performed by private operators under long-term contracts with Metro.

Regional Programs: Metro provides or participates in solid waste services and programs with region-wide impact. These services include Metro’s community stewardship program, which cleans up hundreds of tons of garbage dumped on public property every year; education programs to support long-term recycling and reduction efforts across the region; and oversight of private garbage and recycling facilities to ensure they manage waste in a way that minimizes impacts on local communities and the environment. The core service areas included in the budget are:

- Household Hazardous Waste
- Community Grants
- Dumped Garbage Clean Up
- Environmental Education Programs
- Youth Internship Program
- Direct Funding to Local Governments
- Policy & Planning
- Compliance

Figure 3. Revenue Requirement from proposed budget

Solid Waste Revenue Fund			
CURRENT FY 2026-27 Proposed Budget			
	Personnel Services	\$	32,381,098
	Materials & Services		74,700,958
	Indirect Transfers for internal cost allocation plan		24,249,962
Proposed Budget Current Expenditures (excluding Capital Outlay)		\$	131,332,018
TOTAL OPERATING EXPENSES		\$	131,332,018

Revenue requirements are driven by the WPES budget for the disposal service, regional program needs and the administrative costs that allow these activities to occur.

Figure 4. Total amount of revenue to be recovered by the Metro fees

Revenue by Fee Type	2027
Staffed Transactions	\$ 8,425,298
Automated Transactions	893,645
Mixed Solid Waste Tip Fee	61,357,487
Clean Wood Tip Fee	92,684
Yard Waste Tip Fee	872,784
Residential Organics Tip Fee	4,165,032
Commercial Organics Tip Fee	1,527,492
Regional System Fee Tip Fee	48,596,246
<i>Cleanup Material</i>	666,502
Total	\$ 126,597,170

Step 2. Allocate costs – The fee process uses a cost-of-service approach that distributes costs based on the proportionate share of costs required to provide service. This step calculates (in the fee model) the functional cost allocation to different customer classes based on their unique demands for each service. This provides fee fairness through cost causation.

Indirect Costs: Administrative costs are identified in two different ways: the department's functional administrative costs and the Agency's (Metro) cost to provide administrative central service support (internal cost allocation plan). These two administrative costs are allocated differently to reflect the different nature of which they are caused. Administrative costs from the department are allocated by how the staffing levels are applied to each program area. The Agency central service costs are allocated in a way that most directly reflect how the Agency allocates costs which is a blend of spending and staff allocations.

Direct Costs: The allocation methodology used identifies how expenses are allocated to the solid waste system functional areas including disposal and recovery, and regional programs. Allocations are based on staff time, floor area and tonnage. The allocation factor is designed to be an equitable expression of how and why the cost is incurred. The cost-of-service details cost allocation for an additional layer of service by waste type: (mixed) solid waste, wood waste, yard debris, residential organics, and commercial organics. Costs associated with processing each waste type were reviewed and discussed by Metro staff and leadership.

Step 3. Forecast activity – This step estimates the waste unit activity in the region to forecast the solid waste activity anticipated for the upcoming fiscal year. Metro staff prepares a Solid Waste Forecast for waste unit activity in the region and projected anticipated levels of tonnage and transactions by material type at Metro transfer stations and private facilities. For the FY 2026-27 fee development, staff used the Fall 2025 forecast for unit information.

Step 4. Fee development and design – This step achieves required revenue levels by establishing fees and charges that accurately reflect the cost to provide a particular service. Unit costs were developed for each fee charged and were analyzed to identify any warranted shifts in cost burden that could improve equity between the fees and charges. The result of the cost-of-service process is a calculated fee for providing solid waste services. This process has a great deal of influence from Metro leadership and compliance with financial policies.

Figure 5. Proposed fees and charges for FY 2026-27

Description	(Mixed) Solid Waste	Clean Wood	Yard Debris	Residential Organics	Commercial Organics
Transaction Fee:					
Staffed Scalehouse	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00
Automated Scalehouse	\$8.34	\$8.34	\$8.34	\$8.34	\$8.34
Tip Fee:					
Tonnage Charge	\$123.41	\$96.13	\$55.00	\$110.53	\$94.25
Regional System Fee	\$34.23	-	-	-	-
Excise Tax	\$16.17	-	-	-	-
DEQ Fees	\$1.89	-	-	-	-
Community Enhancement Fee	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Total Tip Fee	\$176.70	\$97.13	\$56.00	\$111.53	\$95.25
Min Load Fee (240 lbs.)	\$51.00	\$42.00	\$37.00	\$43.00	\$41.00

Fee Setting Criteria:

Per Metro Code 5.03.060, each year the Chief Operating Officer will propose fees to Council that will consider any solid waste fee setting criteria and fee setting policies adopted by Council.

Attachment 2 is the current fee setting criteria that will be adopted by Council, through this resolution.

Independent Solid Waste Fee Review:

As required by Metro Code Chapter 5.03.070, the Solid Waste fees rate model was reviewed by an independent reviewer. Metro employs consultant FCS Group (a Bowman company) who reviews the models and provisional fees. This review includes a letter with their findings and recommendations during this review. The current review letter is provided as **Attachment 3**.

Clean-up Material and Special Exemptions:

Metro Code Section 5.02.070(b) states that the Chief Operating Officer must provide the Metro Council with an annual report indicating the amount of solid waste recycled or disposed of under special exemption permits and the total regional system revenue that was not collected during the fiscal year because of those special exemptions. A summary showing the total amount of Metro area waste that was subject to Metro's reduced rate or exempt from fees and taxes during FY 2024-25 is provided in **Attachment 4**.

Other Fee Considerations:

Metro assesses the regional system fee and excise tax on waste at the time of disposal. The amount of the fee and tax rate is calculated annually in accordance with Metro Code Chapters 5.02 and 7.01.

In general, Metro has a three-tiered fee and tax rate structure for waste that is transported directly to disposal sites.

- Full Rate: The full fee and tax rate, which is included as a component of Metro's transfer station charges, is assessed on most of the region's waste at the time of its disposal (such as household garbage, construction and demolition debris, etc.).
- Reduced Rate: The reduced fee and tax rate is generally assessed on contaminated "cleanup material" at the time of its disposal (such as contaminated soils, catch basin pumping, street sweepings, etc.).
- Exempt: There is a fee and tax exemption for any material that is recovered, recycled, or diverted away from disposal sites. Under certain circumstances, Metro may also waive fees and taxes for certain types of waste that are sent to disposal sites (such as under special exemption permits, and "useful material" which includes alternative daily cover and road base used at a landfill).

ATTACHMENTS

- Attachment 1 – Regional Waste Advisory Committee Advisory Report
- Attachment 2 – Fee Setting Criteria
- Attachment 3 - Independent Rate Model Review Letter
- Attachment 4 – Annual Waste Exemptions Report for FY 2024-25