WASTE PREVENTION AND ENVIRONMETNAL SERVICES: REGIONAL TONNAGE FORECAST, OPERATIONAL STRATEGY, AND SYSTEM FUNDING REVIEW

Date: March 12, 2026
Department: Waste Prevention and Environmental Services
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Length: 50 minutes

ISSUE STATEMENT
The regional waste system is experiencing a sustained shift in disposal patterns. Updated forecasts show continued declines in wet waste tonnage moving through the region. These trends appear to reflect broader structural factors rather than short-term fluctuations. This work session will provide Council with an overview of the solid waste forecast and the operational and financial implications of declining tonnage. Staff will also present operational and funding strategies being developed in response to these structural changes, including the potential transition to public operations at Metro South and a review of the regional system funding structure.

ACTION REQUESTED
Metro Council to provide feedback and guidance on the strategies staff are pursuing in response to structural tonnage decline, including the operational approach for Metro South and the proposed review of the regional system funding structure.

POLICY QUESTIONS
- Does Council have questions about the forecast and the implications for the regional solid waste system?
- Does Council support staff's recommendation to move towards public operations at Metro South?
- Does Council have feedback on initiating a broader review of the regional waste system funding structure?

STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION
Metro produces a regional solid waste forecast to inform financial planning, system operations, and long-term infrastructure investments. The most recent forecast indicates a sustained structural decline in regional waste tonnage through at least 2028. While reduced disposal is consistent with the region's long-term waste reduction goals, this shift has important financial and operational implications that requires Metro to evaluate how best to align system operations, funding mechanisms, and service levels with this new environment.

Financial Implications for the Solid Waste System
Metro transfer stations provide a regional service that is funded primarily through a per-ton solid waste fee. As tonnage declines, the system must recover fixed operating costs across fewer tons, which places upward pressure on the solid waste fees. Without adjustments, this dynamic could result in large-scale fee increases as waste tonnage declines. This creates a need to evaluate both operational models and funding structures to ensure the system remains financially sustainable

while continuing to deliver regional services.

Internal Alignment
As part of the FY27 budget development process, Waste Prevention and Environmental Services conducted a zero-based budgeting review to evaluate programs and expenditures across the department. This work helped identify opportunities to better align programs, services, and organizational structure with core regional waste system functions.

Operational Strategy
A key component of the operational strategy focuses on the Metro South transfer station. The current operations contract expires in December 2026, creating an opportunity to evaluate the future operating model for the facility.

Metro previously issued a request for proposals (RFP) to evaluate private sector operations for the facility, consistent with Council's interest in advancing public-private partnerships. The procurement process resulted in a single proposal, limiting Metro's ability to ensure a competitive outcome. Given this result and the changing conditions in the regional waste system, staff evaluated moving to a public operations model.

Public operations would provide Metro with greater flexibility to align staffing and operations with system needs, greater control to manage costs, and the ability to scale operating costs as activity levels change. It would also provide additional flexibility as Metro considers long-term redevelopment opportunities at the Metro South site.

System Funding and Fee Structure Review
Operational flexibility is one part of responding to structural changes in the waste system. A second strategy involves reviewing the system's funding structure and cost allocation model. Metro's solid waste system is funded through a combination of fees that are allocated in different ways. Transfer station operations are funded primarily through the Solid Waste Fee, which is based on the tons delivered to Metro facilities. Regional programs and services are funded through the Regional System Fee, which is applied to all garbage generated in the region at time of disposal.

As disposal tonnage declines at Metro transfer stations, the costs of operating the public facilities must be recovered across fewer tons, placing increasing pressure on the Solid Waste Fee. These changing conditions warrant a review of how system costs are allocated and whether the current fee structure continues to align with how the regional waste system operates today.

Staff recommend initiating a broader review of the system funding structure. This work would examine how regional system costs are currently allocated and evaluate whether the existing model remains sustainable as disposal patterns evolve. Staff anticipate engaging the Regional Waste Advisory Committee (RWAC), local governments, and industry partners as part of this process and returning to Council with potential policy options.

For work session:

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