



Solid Waste Fee Policy

Proposed revisions

Overview

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

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

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

Solid Waste Fee Setting Criteria and recommended revisions

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

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

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

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

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

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

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

Revised Solid Waste Fee Setting Criteria

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

Prioritized criteria in fee development:

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

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

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

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

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

Predictability: Metro fee adjustments should be predictable and orderly to

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

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

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

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