



Metro

# Metro Solid Waste Fees

Metro Council Worksession

December 8, 2020



# Why is Metro involved with solid waste?



**2030 Regional Waste Plan**

**Equity, health and  
the environment**

# What fees does Metro charge?

- Tonnage charges
- Transaction fees
- Regional System Fee

# Who pays?

1

## Metro customers



- Transaction charges
- Tonnage charges

2

## All ratepayers



- Regional system fee
- *Excise tax*
- DEQ fees
- Enhancement fees

# Where does the money go?



## PUBLIC OPERATIONS

Staff & major contracts

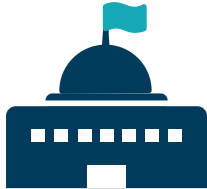
**\$45M**



## REGIONAL PROGRAMS

Programs, grants, partnerships & projects

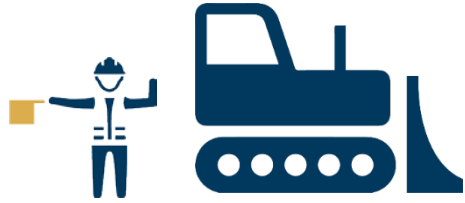
**\$36M**



## GENERAL GOVERNMENT

Excise tax

**\$18M**



## PUBLIC OPERATIONS

Staff & major contracts

- Transfer station operations \$17.1m
- Disposal fees \$10.2m
- Waste transport \$13.5m



# REGIONAL PROGRAMS

Programs, grants, partnerships & projects

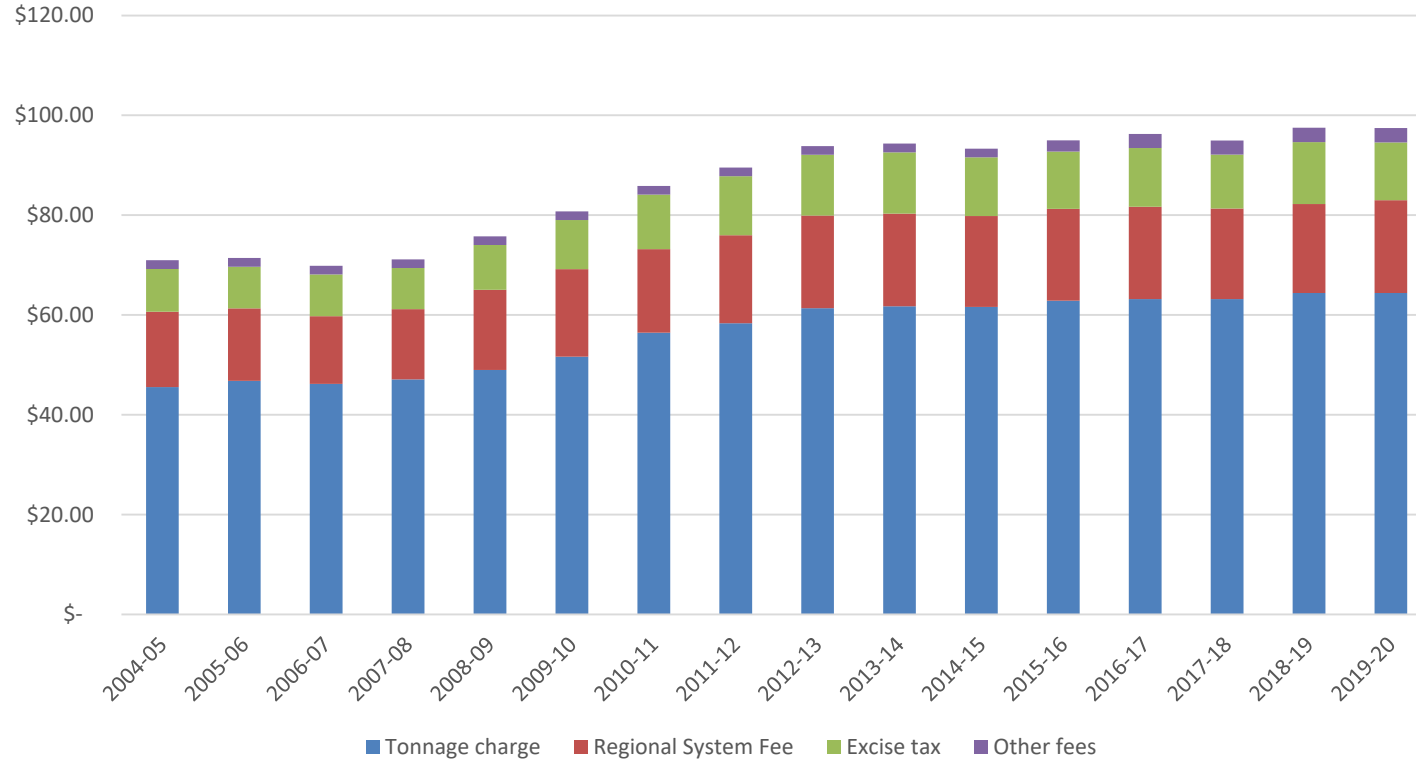
- Household hazardous waste
- RID Patrol
- Waste reduction and education programs
- System planning

# How did we get here?

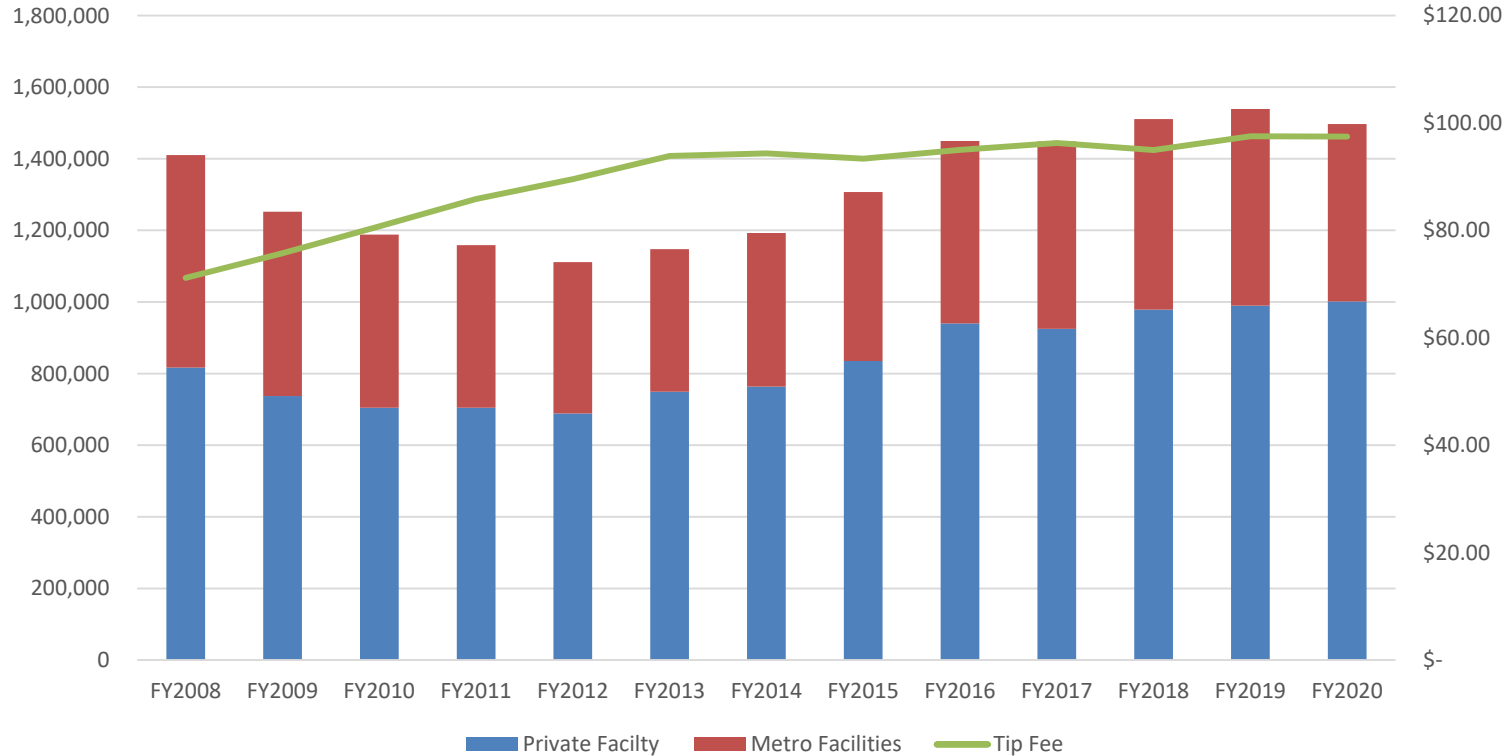
- Deferred normal July 1 rate adjustment, planned a fall 2020 rate increase
- Reduced the FY20-21 budget \$15 million – 18% reduction to the operating budget
- Deferred planned new capital investments



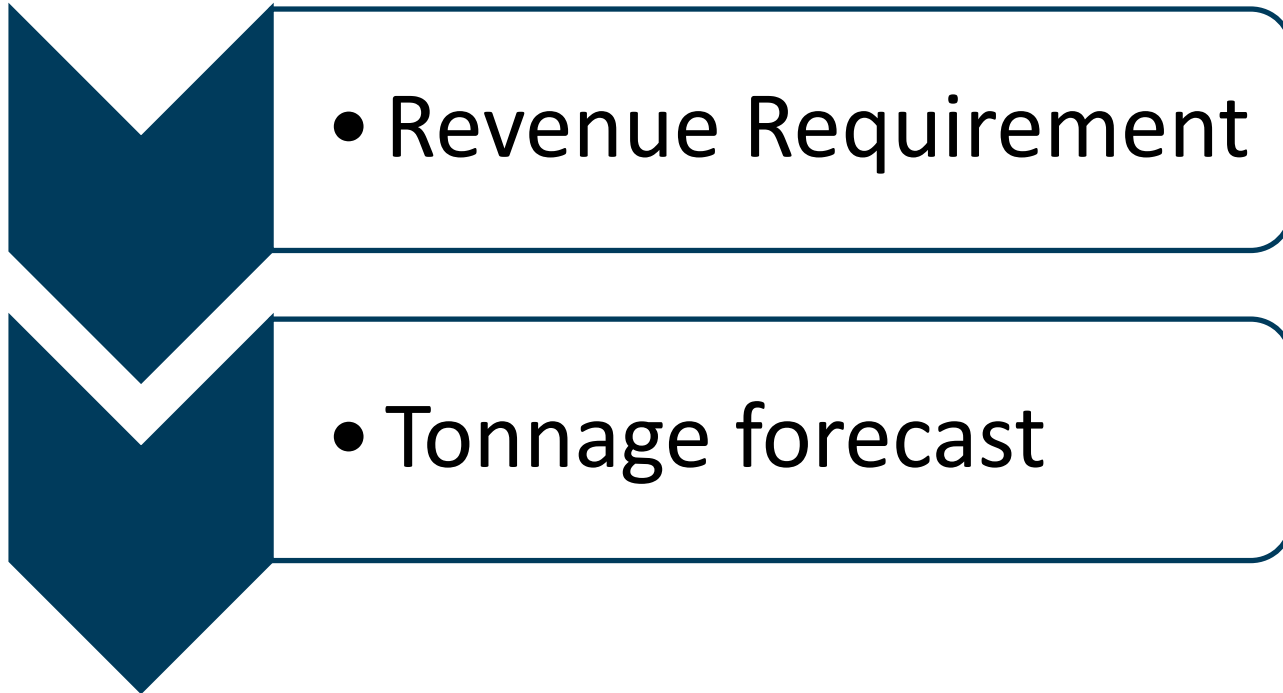
# Rate history



# Rate and tonnage trends

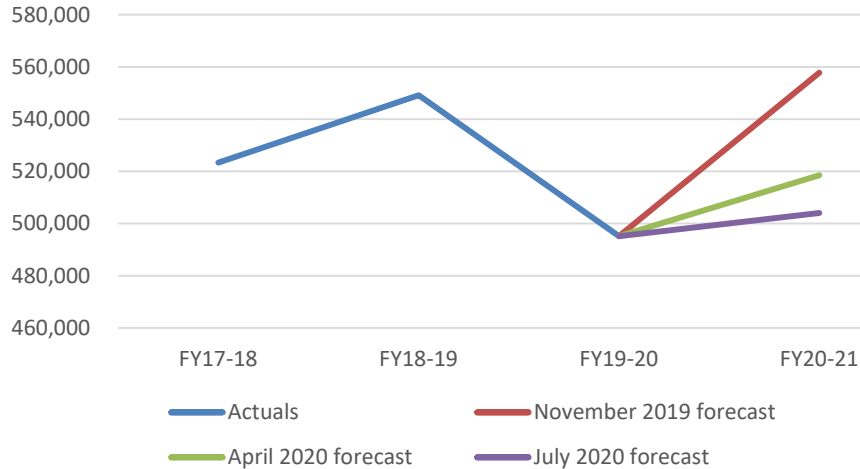


# Rate setting process

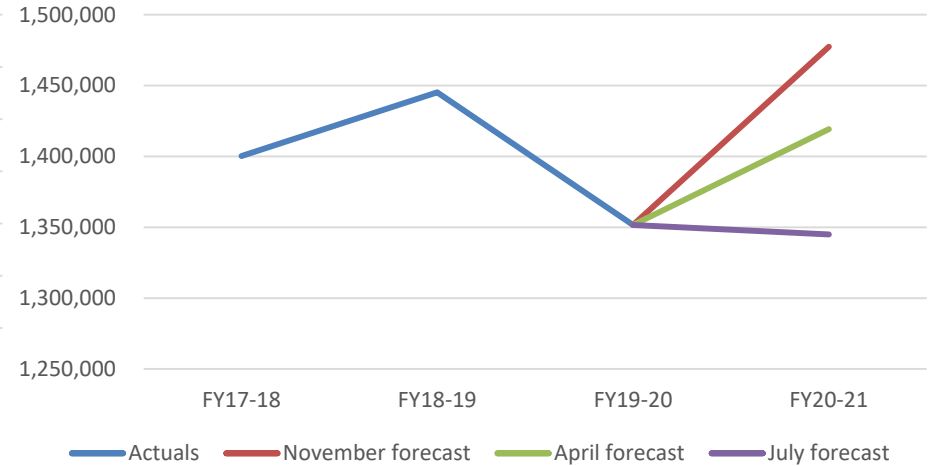


# Changing forecasts

## Metro Facility Tonnage



## Regional System Fee Tonnage



# Cost factors

- Investments in green fuel, improved wages, less-polluting equipment and additional staff to improve safety at Metro South
- Nearly 10% increase in customers at Metro facilities
- Costs DO NOT include investments in new public facilities

# Recommendation – balanced approach

- Reduce solid waste budget \$15 million in FY20-21
- Use up to 50% of Metro's rate stabilization reserve (\$7.5 million)
- Increase transaction fees, tonnage charges and Regional System Fee

# Public concerns

- Significant rate increase during the pandemic
- Rate increase is out of sync with local government rate setting
- Opposition to potential uses of solid waste system funds (i.e. new public facilities)

# Solid waste reserves

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## Legally Restricted

|                              |             |
|------------------------------|-------------|
| Landfill Closure (St. Johns) | \$5,829,176 |
| Pollution Remediation        | 5,225,000   |

## Policy Restricted

|                         |            |
|-------------------------|------------|
| Capital Reserve         | 6,225,000  |
| Renewal and Replacement | 4,513,447  |
| Operating Reserve       | 11,883,741 |
| Rate Stabilization      | 14,918,517 |

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**\$48,594,881**

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# Rate options

- Option 1: Increase rates effective February 1<sup>st</sup> and again July 1<sup>st</sup>
- Option 2: Increase rates effective July 1<sup>st</sup>, stay on regular July adjustment cycle
- Option 3: Do not increase rates until July 2022

# Option 1: February 1<sup>st</sup> increase

|                        | Current        | Increase      | Proposed        |
|------------------------|----------------|---------------|-----------------|
| Tonnage fee            | \$64.41        | \$6.64        | \$71.05         |
| Regional system fee    | \$18.58        | \$2.65        | \$21.23         |
| Excise tax             | \$12.47        | NA            | \$12.47         |
| DEQ fee                | \$1.89         | NA            | \$1.89          |
| Enhancement (host) fee | \$1.00         | NA            | \$1.00          |
| <b>TOTAL TIP FEE</b>   | <b>\$98.75</b> | <b>\$9.29</b> | <b>\$107.64</b> |

# Option 1: February 1<sup>st</sup> increase

|                                 | Current | Increase | Proposed |
|---------------------------------|---------|----------|----------|
| Transaction fee<br>(automated)  | \$2     | \$ .50   | \$2.50   |
| Transaction fee<br>(scalehouse) | \$10    | \$3.00   | \$13.00  |
| Minimum charge                  | \$28    | \$5.00   | \$33.00  |

# Option 1 impacts

- Maintains current operations (open hours/days) at Metro facilities
- Reduces some regional programs and services
- Fully funds Metro's solid waste operating reserve, utilizes up to 50% of rate stabilization reserve
- Does not include any capital investments in new facilities
- Residential customer (35 gallon cart) impact up to \$0.60/month

# Option 1 considerations

## Advantages

- Reduces potential use of rate stabilization reserve
- Reduces risk of significant, unanticipated tonnage declines

## Disadvantages

- Imposes significant rate increase during the pandemic
- Imposes two rate increases in less than six months
- February rate increase is out of sync with local government rate setting

## Option 2: July 1<sup>st</sup> increase

|                        | Current        | Increase       | Proposed        |
|------------------------|----------------|----------------|-----------------|
| Tonnage fee            | \$64.41        | \$8.40         | \$72.81         |
| Regional system fee    | \$18.58        | \$7.07         | \$25.65         |
| Excise tax             | \$12.47        | NA             | \$12.47         |
| DEQ fee                | \$1.89         | NA             | \$1.89          |
| Enhancement (host) fee | \$1.00         | NA             | \$1.00          |
| <b>TOTAL TIP FEE</b>   | <b>\$98.75</b> | <b>\$15.47</b> | <b>\$113.82</b> |

# Option 1: July 1<sup>st</sup> increase

|                                 | Current | Increase | Proposed |
|---------------------------------|---------|----------|----------|
| Transaction fee<br>(automated)  | \$2     | \$ .75   | \$2.75   |
| Transaction fee<br>(scalehouse) | \$10    | \$4.75   | \$14.75  |
| Minimum charge                  | \$28    | \$7.00   | \$35.00  |

# Option 2 impacts

- Maintains current operations (open hours/days) at Metro facilities
- Reduces some regional programs and services
- Fully funds Metro's solid waste operating reserve, utilizes at least 50% of rate stabilization reserve
- Does not include any capital investments in new facilities
- Residential customer (35 gallon cart) impact up to \$0.90/month



# Option 2 considerations

## Advantages

- Provides more notice to stakeholders of rate change
- Increase is in sync with local government rate setting
- Returns Metro to normal July rate adjustment cycle

## Disadvantages

- 18 months between rate adjustments
- Increased usage of rate stabilization reserve

## Option 3: No rate increase

|                        | Current        | Increase      | Proposed       |
|------------------------|----------------|---------------|----------------|
| Tonnage fee            | \$64.41        | \$0.00        | \$64.41        |
| Regional system fee    | \$18.58        | \$0.00        | \$18.58        |
| Excise tax             | \$12.47        | NA            | \$12.47        |
| DEQ fee                | \$1.89         | NA            | \$1.89         |
| Enhancement (host) fee | \$1.00         | NA            | \$1.00         |
| <b>TOTAL TIP FEE</b>   | <b>\$98.75</b> | <b>\$0.00</b> | <b>\$98.75</b> |

# Option 3 impacts

- Would significant drawdown of rate stabilization and operating reserves
- Additional significant budget and program reductions in FY2022

# Option 3 considerations

## Advantages

- Provides some economic relief to ratepayers

## Disadvantages

- Unprecedented drawdown of solid waste reserves
- Negatively affects the solid waste system pandemic recovery
- Significantly reduces public services

# Staff recommendation – Option 2

- Increase rates effective July 1<sup>st</sup>, 2021
- Use at least \$7.5 million in rate stabilization reserves

# Council discussion

Do the options:

- Balance the region's racial equity, environmental and public health goals and the economic impact of COVID-19?
- Respond to community concerns about the amount and timing the potential increase?

**oregonmetro.gov**

