

REGIONAL SOLID WASTE SYSTEM INFRASTRUCTURE

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Department: Property and
Environmental Services

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Length: 30 minutes

ISSUE STATEMENT

At the June 11 Council Work Session, staff presented a concept for solid waste system modernization by way of investment in multiple new public solid waste facilities across the Metro region to address shortages in adequate and equitable access and services. This need for new investment is driven by a decades-old system of facilities, with a growing population and demand for services that outstrip current facilities' capacity to provide. Metro Council voiced support, in concept, to the proposed public investment direction. Such investment will require a financing strategy that follows best practices and principles.

ACTION REQUESTED

Staff requests Council direction on refinement of financing strategies for solid waste system investments.

IDENTIFIED POLICY OUTCOMES

The 2030 Regional Waste Plan was developed through extensive community engagement and creates a framework for action over the next 12 years. The current suite of Metro's garbage and recycling capital projects is guided by the Regional Waste Plan values of:

- Protecting the environment and human health
- Conserving natural resources
- Advancing environmental literacy
- Fostering economic well-being for all
- Ensuring resilience of our garbage and recycling system
- Providing excellent and equitable service

Goals 1 through 4 of the Regional Waste Plan (RWP) speak to shared prosperity in the garbage and recycling system, through increased engagement (Goal 1), local benefit (Goal 2), living wage jobs (Goal 3), and workforce diversity (Goal 4). The RWP does not specifically address financing of the system; however, Metro follows best practices for issuing debt (per Metro's financial policies adopted in Resolution 19-4984), and Metro relies on long-standing rate setting criteria (adopted in Resolution 93-1824A) for evaluating different approaches to recovering the cost of such financing.

POLICY QUESTIONS

- What information does Council need in order to support a particular financing strategy?
- Council must approve all real property purchases (cf. Metro Code 2.04.050). What level of ongoing involvement does Council want as staff work toward making specific recommendations for real property purchase?

POLICY OPTIONS FOR COUNCIL TO CONSIDER

1. Use a combination of Solid Waste Fund undesignated reserves and debt to fund capital improvements and real property purchases.
2. Use rate setting criteria to evaluate different approaches to raising revenue for debt repayment.

STAFF RECOMMENDATIONS

Staff recommend continued pursuit of real properties, including expenditure of moneys to enable and conduct environmental, economic, and neighboring community research and due diligence.

Staff also recommend development of a financing strategy or strategy options for Council approval to support purchases and capital improvements.

STRATEGIC CONTEXT AND FRAMING COUNCIL DISCUSSION

The Metro Charter, the Oregon Constitution and Oregon statutes grant Metro broad authority for planning, managing and overseeing the regional solid waste system to protect public health and safeguard the environment, including broad authority to charge fees, issue debt, and administer a solid waste enterprise fund on behalf of the region. As a part of these responsibilities, Metro is responsible for developing a regional plan that sets direction for programs, services and facilities. The 2030 Regional Waste Plan lays out an ambitious agenda that aims to influence the entire life cycle of the products we use, from design to production to use, until they go to a recycler, landfill or thrift store.

Metro has an obligation to maintain a resilient and responsive solid waste system that provides equitable services to all residents throughout the region. Many parts of the region have limited access to services. Only modest investment has been made in the last two decades, and Metro has not built any new facilities in more than 30 years. At one time the regional system was considered state of the art, but it has fallen behind other regions in technology, investment and innovation. The region is at a critical juncture that requires a significant investment of public resources to modernize and upgrade its garbage and recycling system. New and expanded public services are needed to meet the needs of a growing population and achieve the Metro Council's environmental and racial equity objectives. The system must also be prepared for the ongoing impacts of weather-related climate change and potentially disruptive disasters.

Garbage, recycling and related sectors make up a significant part of the region's economy, employing thousands of people and generating more than \$537 million in economic activity

each year. Strategic investments in the region's garbage and recycling infrastructure, guided by Metro's financial policies and rate setting criteria will help advance racial equity goals with economic opportunities for communities of color by creating new jobs and working to improve the pay and benefits of system jobs (Goal E).

BACKGROUND

Metro has been evaluating system investments and upgrades over the past several years. Top priorities include expansion of service provision near Metro South Station in Oregon City to alleviate congestion, traffic and long lines. Improvements at Metro Central Station are necessary to establish commercial food waste processing. During the development of the 2030 Regional Waste Plan, significant service gaps on the west side of the region were identified, including self-haul drop off for garage cleanouts, construction debris, recyclables and household hazardous waste. In contrast to the central and east side of greater Portland, the west side of the region has no public transfer option, which has resulted in inequitable access to services and higher rates paid by west-side residents.

If all investment concepts are pursued, the total public investment could far exceed Metro's Solid Waste Fund reserves. Metro has a strong financial foundation for issuing debt, and solid waste provides a steady revenue base for debt repayments. Prudent planning for financing and cost recovery will be an integral part of Metro's overall strategy to improving solid waste system infrastructure.

ATTACHMENTS

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