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MEMORANDUM

TO: Board of County Commissioners
FROM: Dan Johnson – DTD Director; Cheryl Bell – DTD Assist. Director
CC: Eben Polk – Sustainability & Solid Waste Manager
Date: March 29, 2022
RE: Metro Solid Waste Fee Setting Update

Background

The County's Sustainability and Solid Waste (S&SW) staff perform an annual review of the County's solid waste collection fees, and recommend changes to fees when indicated by the analysis. Metro disposal fees enable critical solid waste services, including maintaining the disposal infrastructure and implementation of the Regional Waste Plan. While cities and counties in our region do not have much discretion over this portion of our collection fees, Metro has invited input from cities and counties seeking to understand and engage in dialogue about this cost driver. This participation has been through the Metro Waste Prevention and Environmental Services (WPES) budget and Metro's solid waste fee setting process. In October 2021 MPAC members were updated about opportunities to engage in the development of the WPES budget and Metro's solid waste fee setting process.

Last year, disposal costs at Metro transfer stations increased about 16%. These costs represent about 30% of the cost of garbage and recycling service in Clackamas County. With transfer station disposal fees projected to increase further in coming years, in July 2021 staff were directed to keep the Board informed of opportunities to engage with Metro as they establish disposal (tip) fees for 2022. This memo provides an update of this work, and presents upcoming opportunities for the Board to engage with Metro regarding these fees.

Since this direction in July 2021, staff have taken several actions.

- **Ongoing.** In regularly-scheduled meetings on solid waste issues, County staff have conveyed to Metro staff the importance of opportunities for elected officials to engage on disposal fees and Metro's budget, and how these impact local governments.
- **December 14, 2021** - Metro hosted an expert panel of utility providers on public utility fee- and rate-setting. After the presentation, the Metro Council discussed fee-setting processes. Our staff were in attendance and the Board's Office was also invited.
- **December 16, 2021** - Metro Council convened for a special work session to reflect on what staff and Council took away from the December 14, 2021 panel. ***In this work session, Metro projected disposal costs would increase up to approximately \$150 per ton – a 50% increase over 7 years from 2020 to 2027 – in order to maintain status quo services.***
- **January 26, 2022** - Metro held a forum "to listen to local government interests, issues, and concerns before deciding what is in the proposed budget. At this forum information was shared about Metro's budget setting process, and its impacts on solid waste fees." Staff submitted

questions for this forum alongside other local government staff (Hillsboro, Washington County, Gresham, and Beaverton). The questions were responded to in writing following the meeting. (These questions, and Metro's responses, are provided in Attachment A). County staff attended this meeting, as did Commissioner Shull as the Board's MPAC representative.

Information about these Metro-hosted sessions, including recorded videos and a FAQs document, are online at: <https://www.oregonmetro.gov/metros-solid-waste-fee-setting-process>.

Next Engagement Opportunities

As noted in Metro's response to the questions submitted for the January 26, 2022 forum (question 5 in Attachment A), the next formal engagement regarding solid waste disposal fee-setting is on April 5, 2022, during the public hearing for the formal presentation on the proposed budget. With this timeline in mind, below are options for upcoming Board engagement.

1. Metro / County dialogue

In Metro's response to question 5 (Attachment A), they noted that "Metro staff are always available to meet with local elected bodies to provide more in-depth presentations and discussions." One or two Board members could meet with one or more Metro Councilors and staff, or the Board could request a presentation.

2. Letter

The Board can send a letter to Metro to express that the County values transparency, shared priorities and genuine partnership, including some asks regarding disposal fees, coordination, and regional revenue sharing. A draft letter is provided as Attachment B.

3. Provide testimony at Metro budget meetings

There are two upcoming opportunities for the Board to provide direct testimony to the Metro Council. If the Board wishes to provide testimony, staff will develop and provide talking points

- On April 5, 2022, Metro Council will hold a public hearing on the proposed budget.
- Additionally, on April 7, 2022 or April 12, 2022, the WPES departmental budget will be presented to Metro Council. (The date for the budget presentation is pending). Public testimony will be taken at these meetings.

Recommendation

Staff are available to support the Board with any of the options above, and respectfully recommend as a first step the second option, that the Board send a letter to Metro prior to the April 5, 2022 budget meeting. A draft letter is included as Attachment B, and staff will include any requested edits to the letter as recommended by the Board.

Future Engagement

In considering the impact of Metro costs at the local level, in addition to engaging in their annual budget process, we see the importance of continued dialogue about regional priorities for solid waste infrastructure and planning. The aim of engagement would be to build consensus around the overall trajectory for disposal fees and the use of those fees (e.g.: around revenue sharing to local governments or capital expenditures), and then see that translate into future disposal fees. After the current budget cycle concludes, staff can provide the Board with future engagement options in alignment with this approach.

Metro Solid Waste Fee Setting Update

Attachment A: Metro Forum / Submitted Questions and Answers

For the January 26, 2022 Metro forum, staff submitted questions in advance alongside regional partners. The submitted questions (in **bold**), and Metro's responses, are below.

The full Frequently Asked Questions page, which is maintained as a living document, can be seeing online: <https://www.oregonmetro.gov/metros-solid-waste-fee-setting-process>

- 1. Please provide details to support Metro projection of disposal cost increases of 50% over 7 years (2020-2027) in order to maintain status quo services. What are the cost drivers that require this level of increases?**

No response provided.

- 2. How will city, county, and other stakeholders be engaged in planning for future infrastructure investments such as new facilities, including costs and ratepayer impacts?**

Metro has responsibility for both maintaining current public assets and planning for long term infrastructure investments such as new facilities. Metro develops a capital investment plan (CIP) for five years and updates it annually. This plan covers maintenance, repair, and projects to improve the operation of the transfer stations for customers and the nearby community. Historically, Metro has used fund balance reserves to fund annual repairs and maintenance to Metro sites and new equipment. As Metro identifies additional resource needs for capital infrastructure plans, this will continue to be included in the annual budget process and the Council will provide direction on how to fund CIP projects.

The Garbage and Recycling System Facilities Plan that is underway through the middle of 2023, will outline future infrastructure investments and services needed to fulfill the goals in the 2030 Regional Waste Plan. The planning process will assess the region's current public, private and non-profit garbage, recycling, and reuse infrastructure, identify service gaps, and present alternative scenarios and a plan for future investments. The scenarios will include considerations of costs and ratepayer impacts and will elevate the needs of communities of color and other groups historically underserved or impacted by the solid waste system.

The development of the Plan will involve a wide range of individuals, formal bodies, and informal groups. The Metro Policy Advisory Committee, Regional Solid Waste Advisory Committee and Committee on Racial Equity will provide input on key decision points. It is integral to this decision-making process that timely opportunities for community partners and the public are available to provide input to these advisory committees.

The engagement efforts will seek participation of all potentially affected individuals, communities and organizations including businesses, local governments, reuse

organizations and advocacy organizations. Emphasis will be placed on engaging communities of color and other communities who may be more directly impacted by the decisions that affect the garbage and recycling system but have fewer opportunities to influence and shape the system.

3. How will constituents of cities and counties be included in the development of the WPES budget?

Cities and counties will be included in the development of the WPES budget in multiple ways. First, cities and counties will continue to be partners in the implementation and ongoing monitoring of the three-year work plan. City and county solid waste administrators meet regularly with Metro staff to monitor progress of planned activities and adjust course as needed. The three-year work plan directly informs the WPES budget and allocation of resources to programs and services. Metro will be taking feedback and learnings from this year's series of budget engagements and forums to improve upon for the next year. In addition, cities and counties are invited to provide testimony at public hearings on the budget to provide direct input to Metro Council before budget adoption.

4. The importance of distinction between planning and fee setting was emphasized in the expert panel, as was the need to connect detailed cost estimates from planning to fee impact outcomes. To that end we have two questions:

a. How might Metro enhance this area, including cost impacts of actions in the Regional Waste Plan?

The development of the Garbage and Recycling System Facilities Plan will connect cost estimates from planning to fee impact outcomes. The plan will outline future infrastructure investments and services needed to fulfill the goals in the 2030 Regional Waste Plan. This will include development of financing options for future infrastructure investments. Planning for long term infrastructure updates can allow for extended fee forecasting and spreading costs over longer time periods.

County staff comment: Infrastructure investments are one important part of the future of waste services in our region, and there are many other components of the Regional Waste Plan that will require resources—this question could be explored further.

b. Will Metro approach it's budget engagement efforts with more recognition of the differences in purpose between transfer station operations, RWP implementation, and organizational funding and resource decisions (tax/RSF), and the policy uses of various disposal fees, with more awareness of fee impacts, and awareness of how its budget/programmatic decisions impact the resource needs of key implementing partner agencies such as cities and counties?

Yes. Historically and presently, Metro outlines the differences for funding the transfer stations and regional programs as distinguished by the tonnage charge and regional system fee. In recent budget engagements, we have provided more in-depth detail on

how funds are allocated across public operations and regional programs and services related to the Regional Waste Plan implementation, and the additional fees and taxes included in solid waste fees.

5. *What are the specific opportunities for elected officials to engage with this process, including MPAC, city/county forums, or otherwise?*

We plan to continue to engage with cities and counties throughout the year to hear about what is happening in your communities and to identify shared priorities that advance the Regional Waste Plan for the benefit of everyone in our region. Another forum is scheduled for April 7, 2022. Metro staff are always available to meet with local elected bodies to provide more in-depth presentations and discussions. Additionally, cities and counties have the opportunity each year to provide testimony to Metro Council during the public hearing process for budget consideration and adoption.¹ We will be learning from this year so we can improve our efforts next year with a series of forums to continue to engage you in the process.

6. *Counties and cities are currently not provided regular updates on fees and rates charged at the private facilities that are regulated by Metro. The private facilities should be formally required to report planned rate/fee increases by a date certain, so that counties and cities fully understand the private facility revenue requirements and the rates/fees that will be assessed to customers, including detailed rates for self-haul. Will Metro consider a formal requirement to do so?*

Metro staff will explore options for leadership's consideration of a formal requirement for transfer stations to provide regular updates on fees and rates, including public self-haul services. Metro plans to evaluate public self-haul services and identify gaps in service availability and accessibility, as well as potential solutions for addressing those gaps, as part of the Garbage and Recycling System Facilities Plan.

¹ There are three public hearings related to Metro's budget adoption process. On April 5, 2022 Metro Council will hold a public hearing for the formal presentation of the proposed budget, followed by meetings on April 7, 2022 and April 12, 2022 where departmental individual budgets will be presented to Metro Council.