

# CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

## Policy Session Worksheet

**Presentation Date:** 5/4/2021      **Approx. Start Time:** 1:30 pm      **Approx. Length:** 30 min

**Presentation Title:** Metro Disposal Fees and Related Metro Budgeting

**Department:** Transportation & Development

**Presenters:** Dan Johnson; Marissa Madrigal (Metro COO), Roy Brower (Director, Metro Waste Prevention & Environmental Services); Brian Kennedy (Metro CFO)

**Other Invitees:** Councilor Christine Lewis (Metro); Cheryl Bell, Eben Polk, Rick Winterhalter (DTD)

### WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Engage with Metro staff in a discussion about Metro's solid waste disposal fees and related budget, and provide input as requested for the following question:

*In the future, what type of engagement with local governments on Metro disposal fees would be appropriate and desirable?*

### EXECUTIVE SUMMARY:

The prior Board of Commissioners, in 2020, invited Metro to share more information and engage more with the County about its solid waste disposal fees and how those fees are used in Metro's budget. The invitation was driven in part by the fee increase that Metro adopted in December 2020. This presentation was initially scheduled for February, and was postponed as the new Board of Commissioners took office. This presentation was planned before, and was not connected to, the Board's approval in April 2021 of an amendment to the County code that alters how the County approaches potential future reductions in Metro's disposal fee.

In December 2020, Metro approved an increase in the disposal fees at its transfer stations. The overall increase of 15.7% is due to the deferral of an increase initially planned for July 2020, the increased cost of operations at transfer stations, and proposed increases in Metro's staffing, programming, and capital projects identified in the 2030 Regional Waste Plan. After input from local governments including Clackamas County, our garbage collection providers, and other stakeholders, the effective date was delayed to July 2021.

The impact of this fee increase on County's garbage and recycling collection services is being assessed through our annual fee review process which will be brought to the Board in May and June for further discussion. This policy session is focused on the process and content of Metro's disposal fees and related budget.

In order to maintain critical garbage and recycling services, local governments set monthly collection fees that allow franchised collection providers to recover costs. When disposal costs increase, these must be incorporated into collection fees. Local governments have relatively little control over the cost of certain components that go into providing the service (e.g. fuel,

trucks, and labor) but use the franchise system to ensure that these costs are reasonable, accountable, and competitive. Metro manages the costs to landfill garbage and to operate its transfer stations through competitive long-term contracts—these costs are included in the disposal fee, which also includes a regional system fee and an excise tax.

By charter and state law Metro has an important role not only in providing and regulating critical services such as garbage disposal, but also to adopt a long term waste plan for the tri-county area, and to partner with local governments to meet the state’s requirements for long-term waste reduction and materials management. The disposal fee is a relevant issue, therefore, in the provision of essential services, and also for its role in funding critical investments in the system, and state-required waste reduction activities across the region. Affordability, overall public value, and state requirements are all important dimensions.

The cost of garbage disposal represents approximately twenty percent (20%) of the cost for residential and commercial garbage and recycling service in Clackamas County. Disposal includes the cost to receive garbage at a local transfer station, transport it to a landfill, and dispose of it there. In our region, a substantial amount of disposal occurs at Metro Central and Metro South transfer stations, and several privately operated transfer stations. Residents in Clackamas County are served primarily by the following transfer stations: Metro South (Oregon City); WRI (Wilsonville); Kahut (Canby); Waste Management (Troutdale); and the Clackamas County Transfer Station (Sandy).

**FINANCIAL IMPLICATIONS (current year and ongoing):**

Is this item in your current budget?  YES  NO

What is the cost? n/a

What is the funding source? n/a

**STRATEGIC PLAN ALIGNMENT:**

- How does this item align with your Department’s Strategic Business Plan goals?

A core purpose in the Sustainability & Solid Waste Program is oversight of the garbage and recycling system to ensure franchisees can provide and the public can receive safe, efficient and timely services that also meet state and regional requirements.

- How does this item align with the County’s Performance Clackamas goals?

Access to safe, convenient garbage and recycling services helps promote community health, livability, and responsible stewardship of natural resources. Fee reviews provide assurance that customers are provided fair value and charged a fair fee for the services they receive.

**LEGAL/POLICY REQUIREMENTS:** Disposal fees are an important element of the costs that the County and other local governments incorporate into setting garbage and recycling collection fees, as determined by County Code. Disposal fees also have implications for the County and Metro’s ability to implement state-required long-term materials management activities including those embodied in the 2030 Regional Waste Plan and the Opportunity to Recycle Act.

**PUBLIC/GOVERNMENTAL PARTICIPATION:** This presentation represents an opportunity for the Board, in its capacity representing Clackamas County residents, to engage on the issue of garbage disposal fees. The County also invites participation in its decision-making process around garbage and recycling services through its Solid Waste Commission, members of which were invited to listen to this presentation.

**OPTIONS:**N/A

**RECOMMENDATION:** N/A

**ATTACHMENTS:**

1. Table displaying current and upcoming disposal fees at Metro transfer stations.
2. Slides to be presented by Metro.

**SUBMITTED BY:**

Division Director/Head Approval \_\_\_\_\_

Department Director/Head Approval \_\_\_\_\_

County Administrator Approval \_\_\_\_\_

For information on this issue or copies of attachments, please contact Eben Polk @ 503-250-2678
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**Attachment 1. Current Metro Disposal Fees Compared to Approved Fees Effective July 2021 (shown below as 'Projected' fees).**

	Existing	Projected	Difference	
	2020	2021	\$	%
<b>Transaction Fees</b>				
Staffed Scalehouse - South	\$10.00	\$14.75	\$4.75	47.50%
Automated Scalehouse	\$2.00	\$2.75	\$0.75	37.50%
<b>Tipping Fees</b>				
Mixed Solid Waste (refuse)	\$64.41	\$72.81	\$8.40	13.04%
Clean Wood	\$64.23	\$64.23	\$0.00	0.00%
Yard Debris	\$55.00	\$55.00	\$0.00	0.00%
Residential Organics	\$76.99	\$76.99	\$0.00	0.00%
Commercial Organics	\$65.23	\$65.23	\$0.00	0.00%
<b>Fees and Taxes</b>				
Enhancement Fee	\$1.00	\$1.00	\$0.00	0.00%
Regional System Fee (MSW only)	\$18.58	\$25.65	\$7.07	38.05%
Metro Excise Tax (MSW Only)	\$12.47	\$13.80	\$1.33	10.67%
DEQ Fees (MSW Only)	\$1.89	\$1.89	\$0.00	0.00%
Environmental Cleanup Fee	\$2.50	\$2.50	\$0.00	0.00%
MSW Tipping Fee (including taxes)	\$98.35	\$113.82	\$15.47	15.73%
Minimum Fee (MSW)	\$28.00	\$35.00	\$7.00	25.00%

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Source: December 2020, Metro Council presentation on disposal fees. Table developed by Metro staff, updated by County staff with excise tax.  
MSW = mixed solid waste / garbage

**Attachment 2. Slides to be presented by Metro**



Metro

# Metro Solid Waste Fees

May 4, 2021



# Why is Metro involved with solid waste?

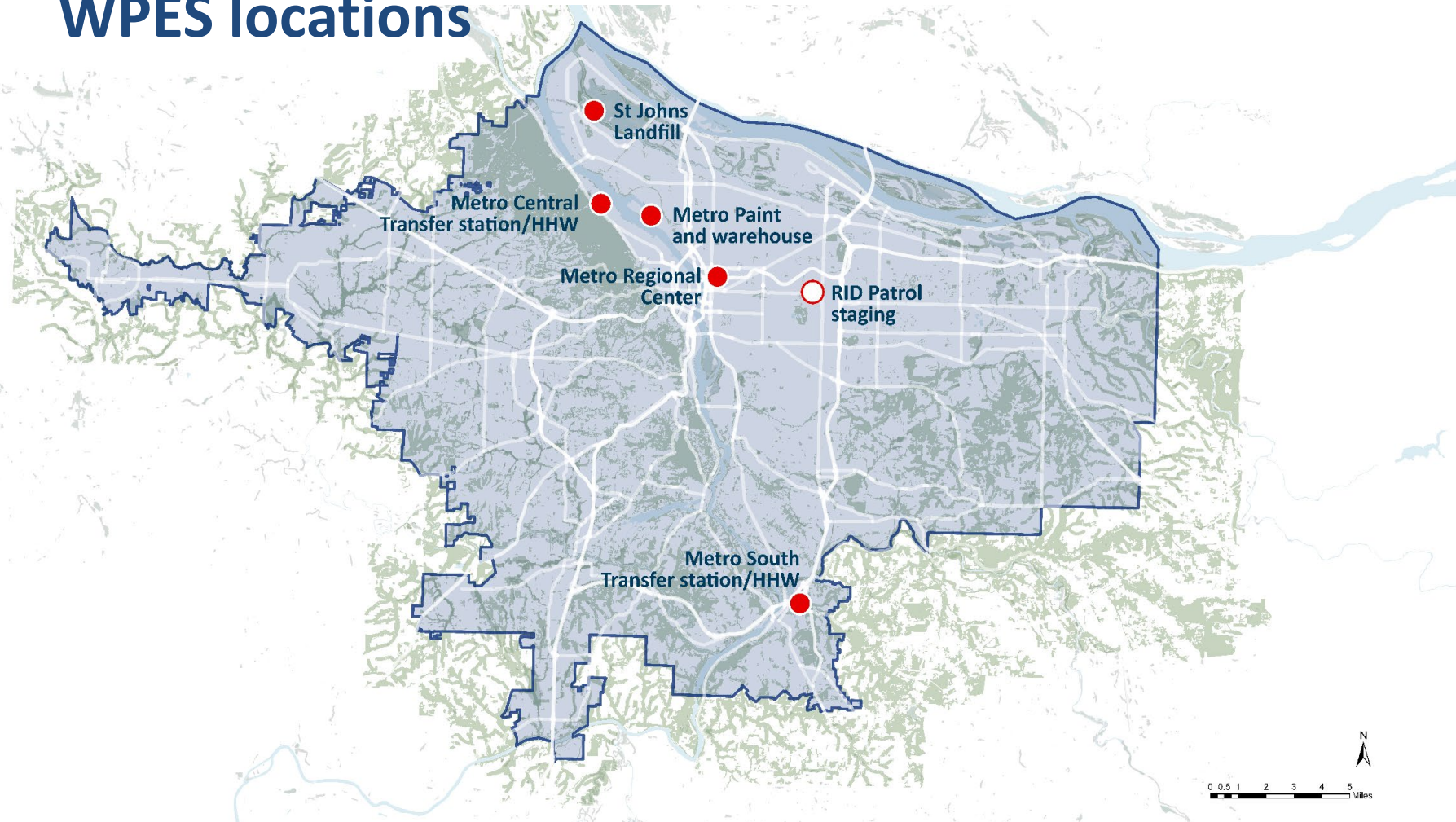


2030 Regional Waste Plan

Equity, health and  
the environment



# WPES locations





# 2019 Snapshot

- The system**
- 1.3 million tons of garbage moved from the region to landfills; 1.1 million tons of material recycled or recovered
- Metro facilities**
- 510,000 tons of garbage moved through Metro facilities
  - 410,000 customers used Metro transfer stations
  - 53,000 customers brought 400,000 lbs. of HW to HHW sites & events
- Metro programs and services**
- 4,000 dump sites cleaned up (16 clean ups per day)
  - 17,000 sharps collected
  - 199,000 gallons of recycled paint sold
  - 69,000 people reached directly through classroom education or training events
  - 222,000 calls or web hits through RIC

# What fees does Metro charge and who pays?

1

## Metro customers



- Transaction charges
- Tonnage charges

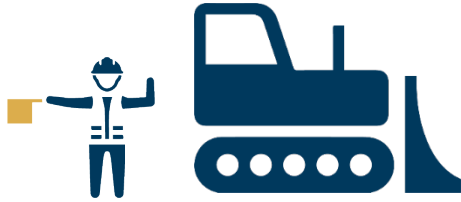
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## All ratepayers



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

# Where does the money go?



## PUBLIC OPERATIONS

Staff & major contracts

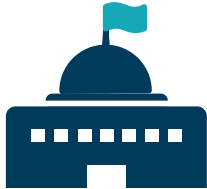
**\$45M**



## REGIONAL PROGRAMS

Programs, grants, partnerships & projects

**\$36M**

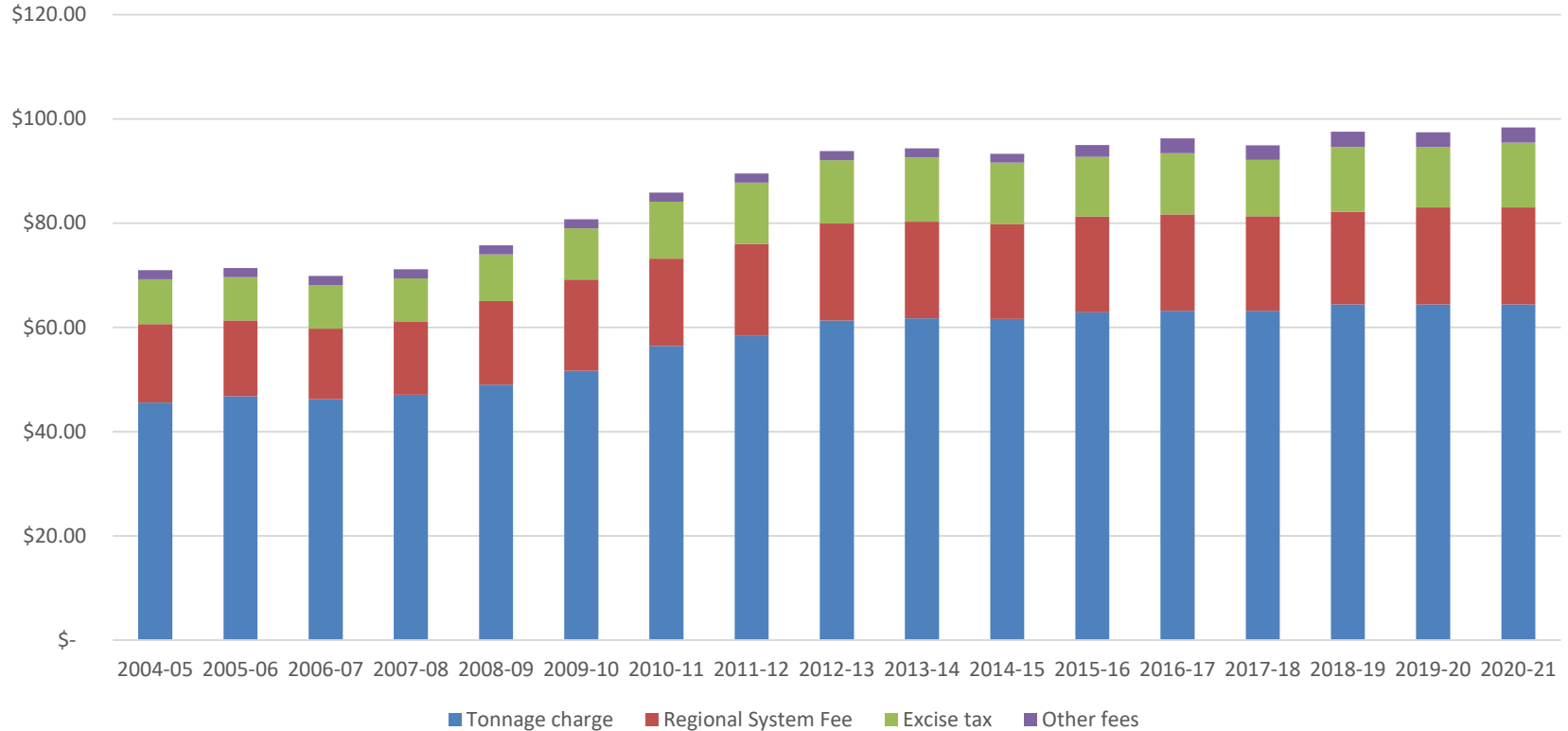


## GENERAL GOVERNMENT

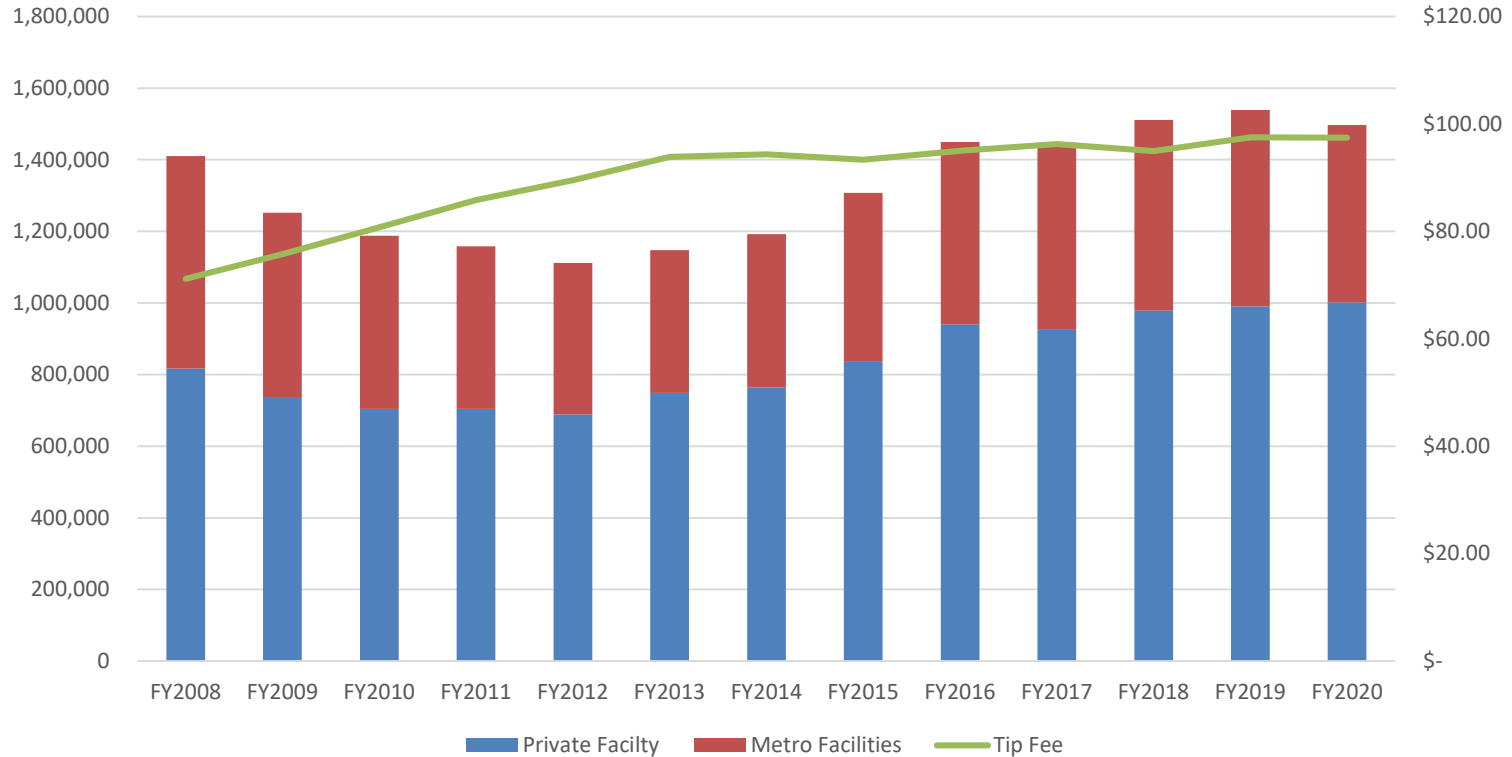
Excise tax

**\$18M**

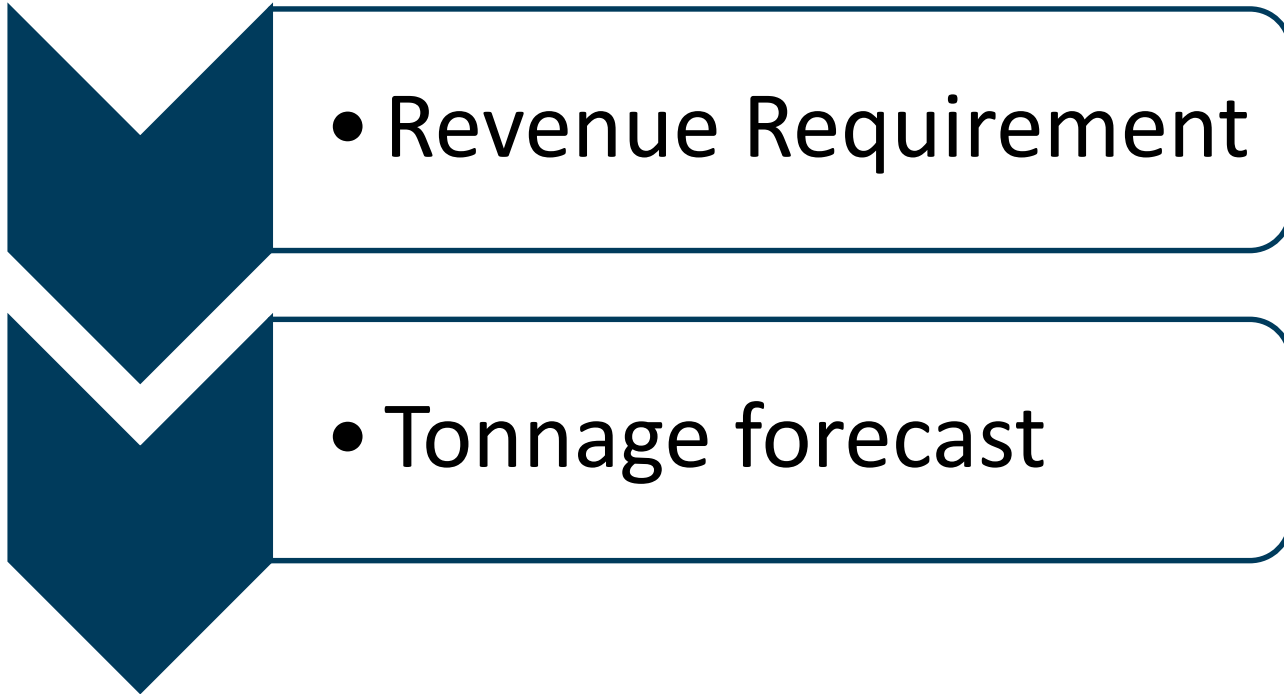
# Rate history



# Rate and tonnage trends



# Rate setting process



# 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

# Metro's 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



# 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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# July 1, 2021 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	\$1.33	\$13.80
DEQ fee	\$1.89	NA	\$1.89
Enhancement (host) fee	\$1.00	NA	\$1.00
<b>TOTAL TIP FEE</b>	<b>\$98.35</b>	<b>\$16.80</b>	<b>\$115.15</b>

# July 1, 2021 increase

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

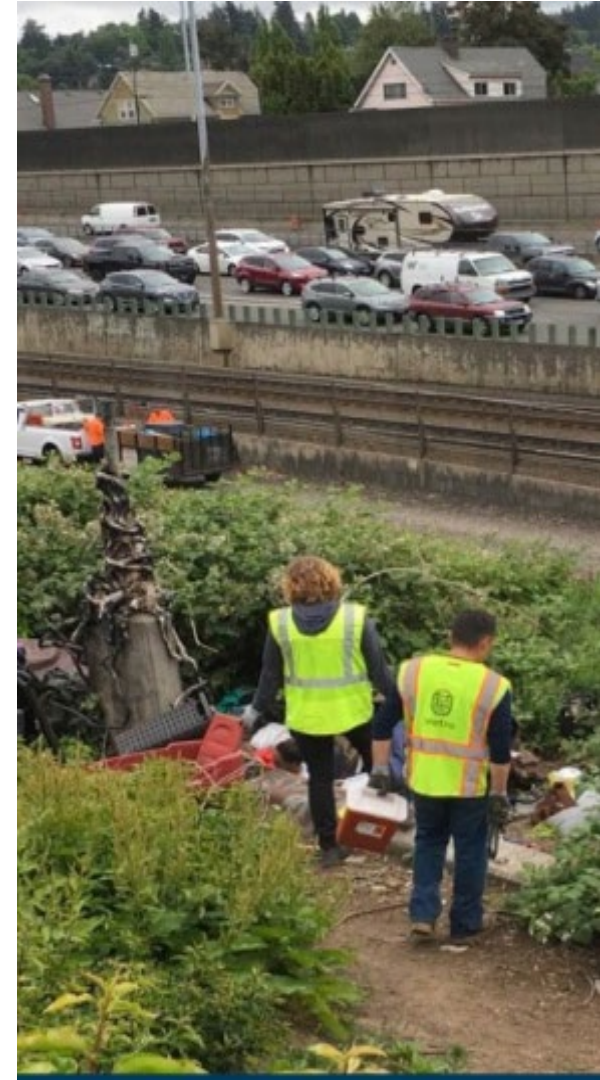


# Rate increase impacts

- 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

# Significant Budget Proposals

- Expansion of the RID Program from two crews to six crews (\$2.5M)
- Investment & Innovation Grant Program (\$3.0M)
- Solid Waste System Facilities Planning (\$750k)
- Capital projects (\$17.6M)



[oregonmetro.gov](http://oregonmetro.gov)

