

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Policy Session Worksheet

Presentation Date: December 8, 2020 **Approx. Start Time:** 4:30 **Approx. Length:** 30 minutes

Presentation Title: Consider Sending Letter to Metro Council

Department: Transportation and Development - Sustainability & Solid Waste Program

Presenters: Rick Winterhalter, Senior Sustainability Analyst; Eben Polk, Sustainability Supervisor

Other Invitees: Dan Johnson, DTD Director; Cheryl Bell, DTD-Assistant Director;

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

To take action on the November 23, 2020 recommendation from the Solid Waste Commission:

Direct staff to draft a letter for the Board to send to Metro Council prior to their December 17, 2020 meeting regarding the delay of a proposed interim disposal fee increase

EXECUTIVE SUMMARY:

Metro is planning a significant disposal fee increase in 2021, having deferred such an increase last year during the onset of the COVID-19 pandemic.

While Metro increased disposal fees in July 2020, the increase was restricted to an increased Metro excise tax on solid waste, as dictated by the Metro code, which added approximately seventy cents (\$0.70) to the per ton disposal fees. This increase was included in the solid waste collection fees adopted by the Board on June 25, 2020, effective July 1, 2020.

Prior to the onset of the COVID-19 pandemic and the Governor's *stay at home* orders, Metro staff had indicated they were planning to propose a 5-10% increase in the disposal fee each year, over the next five years. These increases would support future needed capital investments and implementation of the Regional Waste Plan. As described in the June 2020 staff report, the uncertainty created by the pandemic led Metro staff to delay the originally proposed disposal increase.

Recently, Metro considered but then declined to pursue an unusual mid-year increase in disposal fees—this would likely have meant increases in January 2021 and July 2021. County staff and local officials around the region have expressed to Metro that delaying an increase until our next review cycle is preferred. Local associations of garbage and recycling collectors provided similar input.

On November 23, 2020, the County's Solid Waste Commission met to discuss what action to recommend if a mid-year increase was proposed and adopted. At the time, the January 2021 increase still appeared to be on the table, so the Solid Waste Commission recommended (1) a letter to Metro Council advocating for a single increase in July, and (2) meeting again if Metro adopted a January fee increase to recommend how to address it.

On November 25, 2020, Metro's COO informed Administrator Schmidt that Metro Council intends to adopt a disposal fee increase in December 2020, but postpone the effective date to July 2021.

As of the writing of this staff report, Metro's proposed July increase is not yet known, but may be sized to incorporate both the initially proposed January and July 2021 increases.

If the Board wishes to transmit a letter to Metro regarding the projected disposal fee increase, possible themes include:

- Appreciation that Metro re-aligned the timing in response to local government and garbage collectors' comments.
- A request that Metro provide greater detail about the proposed increase, its basis, capital investment needs, and Regional Waste Plan initiatives, via MPAC and meetings with the Board and/or C4.

FINANCIAL IMPLICATIONS:

Is this item in your current budget? N/A

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?**
This item is a result of providing oversight of the County's solid waste system to ensure franchisees have the ability to provide safe, efficient and timely garbage and recycling services to customers.
- **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. The annual review provides assurance that customers are provided fair value and charged a fair fee for the services they receive.

LEGAL/POLICY REQUIREMENTS:

ORS 459 and 459A authorize the County to franchise solid waste collection services. County Code Chapter 10.03 requires a review of the solid waste collection system to ensure the public receives the services required, and the County's franchisees are able to provide those services safely, efficiently, and with a reasonable return.

STAFF/FRANCHISEE PARTICIPATION:

Staff and Solid Waste Commission members have participated in discussions of this issue.

OPTIONS:

1. Direct staff to draft a letter for the Board to send to Metro Council prior to their December 17, 2020 meeting, to appreciate their action in delaying the fee increase, and requesting more discussion and information regarding Metro's pending disposal fee increase (to be made effective July 1, 2021), and advocating for greater certainty in local government revenue sharing (themes outlined in the staff report).
2. Do not send a letter to Metro Council regarding their proposed fee increases at this time.

RECOMMENDATION:

Staff respectfully recommends the Board of County Commissioners direct staff to draft a letter for the Board to send to Metro Council prior to their December 17, 2020 meeting, to appreciate their action in delaying the fee increase and requesting more discussion and information regarding Metro’s pending disposal fee increase (to be made effective July 1, 2021), and advocating for greater certainty in local government revenue sharing (themes outlined in the staff report).

ATTACHMENTS:

- 1. Metro COO email

SUBMITTED BY:

Division Director/Head Approval _____

Department Director/Head Approval *Dan Johnson*

County Administrator Approval _____

For information on this issue or copies of attachments, please contact: Rick Winterhalter @ 503-742-4466

From: Marissa Madrigal

Sent: Wednesday, November 25, 2020 8:55 AM

Subject: RE: Changes to timeline for considering Metro's proposed Solid Waste Rate increase

Good morning colleagues and Happy Thanksgiving Eve.

I am writing with a quick update on Metro's proposed solid waste rate increase. The feedback we have gotten from many of you has been rich and helpful to informing our next steps – thank you! I especially would like to thank the City of Sherwood and Joe Gall for inviting our team to their Council work session last night.

In response to your feedback and feedback from the industry, we are preparing a single rate increase effective July of 2021 for our Council to consider in December. We hope to have the new proposal vetted next week and we will circulate it to you as soon as possible. Hopefully, this new timeline alleviates the administrative burden of two increases and gives you a long runway to implement the changes.

Lastly – and unrelated – I regret that the start of the pandemic coincided with my start at Metro and there are many of you I have yet to meet in person. I would love to find a way in the not too distant future to connect with you all. My hope is that once the Governor lifts the current restrictions, we can host a socially distant breakfast or lunch for you at the Zoo. (The baby Red Panda is pretty darn cute and with our big outdoor spaces I think we could accommodate you safely.) I would also love to come visit you in your cities, go for a socially distant walk and learn from you directly about the opportunities and challenges you face. I'll reach out individually in the next few weeks to see if it is possible to set something up.

I wish you, your families and your communities a wonderful Thanksgiving.

Marissa

From: Marissa Madrigal

Sent: Monday, November 16, 2020 1:04 PM

Subject: Changes to timeline for considering Metro's proposed Solid Waste Rate increase

Good afternoon City and County Managers,

I hope this email finds you as well as can be expected during these trying times. I am writing to let you know that Metro has received some important questions and concerns about our proposed January 2020 solid waste rate increase. We take your feedback seriously and therefore are pushing back our Council dates a few weeks to share more information and explore alternatives that respond to your potential pain points.

You should have already been invited to an open Q & A with our team this afternoon at 2 pm where we will go into detail about how we arrived at our initial proposal. Here is the link to that meeting just in case: : <https://zoom.us/j/95439873886?pwd=WVpraGNUaWJDU3hXQlFhZ0dySi9VUT09>

I'm also happy to schedule 1:1 briefings with you and the solid waste team if you prefer a smaller setting or a different time.

A few important facts to take away based on questions we've gotten so far:

- Solid waste rates can only recover costs of operating the solid waste system, they cannot be spent on other services at Metro.
- Metro is proposing to significantly cut costs (\$4M), and draw down our rate stabilization reserve by 50% (\$7.5M) to reduce the magnitude of the rate increase. The reserve drawdown alone helps avoid an additional \$13/ton increase of the Tonnage Fee, and an \$4M increase on the Regional System Fee.
- Additional budget cuts would likely reduce hours of service which could adversely impact revenue.
- Waste volume in the system is down, so the system's fixed costs for public services like self-haul and household hazardous waste disposal have to be spread over a smaller amount of waste. That is why even with budget cuts and a spend down of reserves, rates are increasing.
- The proposed rates do not include funding for design and construction of new transfer stations; many smaller capital projects were cancelled or deferred in an initial round of budget cuts in the Spring.
- Due to uncertainty about the pandemic, Metro delayed its customary July 2020 rate increase to give everyone time to understand the impacts. Unfortunately, this delay put us out-of-sync with your timelines. The current proposal would increase rates in January and again in July 2020 to bring us back on-cycle. One alternative we are exploring is a single increase effective in March/April 2020 with the next increase scheduled in July 2022. We are still crunching numbers on that option, but I would welcome your feedback on that alternative from a timeline perspective.

Thank you for your time and feedback, please don't hesitate to reach out if we have missed the mark – on this or other topics of concern.

Sincerely,

Marissa