



WPES Fee and Budget Engagement Frequently Asked Questions

The purpose of this document is to respond to questions submitted about Metro's fee-setting and budget development process. This document will be updated as questions are received and responses are developed.

Solid Waste Fees

What is included in the solid waste fee charged at Metro transfer stations?

There are five different types of charges that make up the solid waste fee. These include:

- 1) Regional system fee: The regional system fee is collected on garbage generated within the Metro region and disposed of at public and private disposal sites whether located inside or outside the region's boundary. It pays for important services, such as education programs and garbage cleanup on public lands.
- 2) Tonnage charge: The tonnage charge is collected from Metro transfer station customers and covers the cost of moving materials from transfer stations to recycling and composting facilities, or to landfills.
- 3) Community enhancement fee: The community enhancement fee is collected on all incoming tons at transfer stations and goes toward improving the lives of people who live and work near transfer stations, as well as their surrounding communities.
- 4) Excise tax: The excise tax is collected on garbage generated within the Metro region and disposed of at public and private disposal sites whether located inside or outside the Metro boundary. It pays for some of Metro's operating and administrative costs, such as protecting clean water and wildlife habitat and planning for new growth in the region.
- 5) DEQ fee: The DEQ fee is collected on behalf of DEQ on all disposed waste and helps to fund state garbage and recycling programs.

Who pays Metro fees?

Metro charges fees to two major groups – customers at Metro transfer stations pay tonnage charges and transaction fees, and all garbage and recycling ratepayers in the region pay the regional system fee, the Metro excise tax, and DEQ and enhancement fees.

What programs and services does this money pay for?

The tonnage charges collected at transfer stations can only be used to cover the costs to operate facilities, and maintain essential services that handle garbage, recycling and hazardous waste in a way that is safe and protects human health and the environment. These fees are not used to pay for other Metro services.

The regional system fee collected on all waste generated in the region pays for programs like the RID Patrol (dumped trash cleanup), household hazardous waste, inspection and monitoring of

facilities, and waste reduction programs. This fee is restricted by state law and may only be spent on garbage and recycling services and programs.

The excise taxes collected pay for general government activities and administration at Metro.

How are these fees calculated?

Fees are analyzed every year to ensure they cover the cost of essential services that handle garbage, recycling and hazardous waste in a way that protects human health and the environment, including the safety of workers and customers. Fees are evaluated based on calculations of the forecasted tons of garbage received at the transfer stations and expected operational costs. The Metro Charter requires that Metro’s fees cannot be more than the cost of providing the service. Metro Code requires that the Metro Council adopt any changes to fees on an annual basis. Metro is independently evaluated by the [FCS Group](#) to ensure fees are set at an appropriate rate to cover the cost of services.

Was racial equity a factor in Metro’s decisions about these fees?

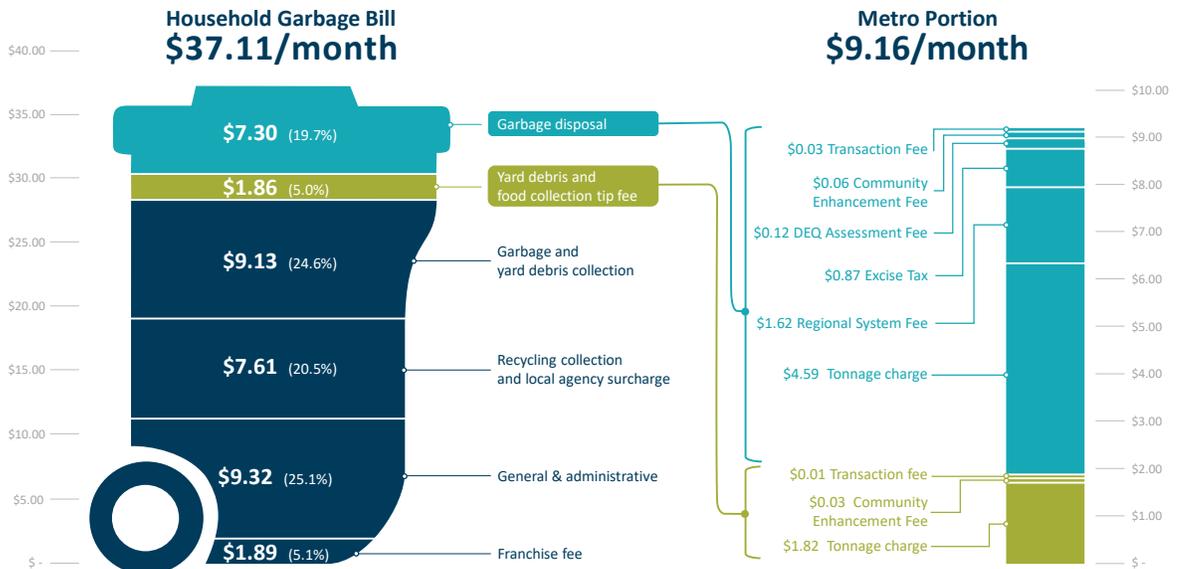
Yes. Metro manages greater Portland’s garbage and recycling system and works towards implementing the goals of the 2030 Regional Waste Plan. The plan was created in collaboration with communities, business leaders and local governments, using a racial equity lens.

How do Metro’s fees impact the garbage rates paid by residents?

Metro sets the fees and excise taxes charged at Metro-owned transfer stations and the regional system fee charged at all disposal sites. Local governments independently decide the garbage and recycling collection costs for their franchised haulers and contract with private collection companies to serve their communities.

Local governments work with haulers to set garbage and recycling collection rates for homes and businesses.

Regional Composite Curbside Costs (FY21-22)



NOTES: All costs and fees shown here are a composite developed from a sample of agencies within the Metro region (not including City of Portland) as of December 2021 (FY21-22). Assumes haulers have automated account which includes transaction fee per load.

What are the major cost components of the tonnage charge?

The tonnage charge is one of the five types of charges that make up the solid waste fee. The tonnage charge is collected from Metro transfer station customers and covers the cost of moving materials from the transfer stations to recycling and composting facilities or to landfills. The primary components of the tonnage charge are the major contracts needed to operate the transfer stations including contracts for landfill disposal, transportation of waste to the landfill, fuel to transport waste to the landfill, and two contracts to operate each of the transfer stations. Each contract sets the price structure for the goods and services provided over the life of the contract.

What specific items are driving the fee increases for solid waste at Metro transfer stations?

The most significant drivers for solid waste fee increases at Metro transfer stations are the costs associated with the major contracts needed to operate the transfer stations. These include contract costs for processing, disposal and transportation of garbage and recycling. Additional things impacting costs include fuel prices, employee wages, investments in less polluting equipment and increased investment in regional programs including expansion of Regional Illegal Dumping programs. Metro staff provided additional detail on the rationale and drivers for fee increases in a series of engagements and forums on the fee-setting and budget development process. All of the sessions were recorded and can be found at <https://www.oregonmetro.gov/metros-solid-waste-fee-setting-process>

Will private solid waste facilities regulated by Metro be formally required to report planned rate/fee increases to counties and cities on a regular basis, 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?

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.

Could Metro do a long-range forecast to help set rates, and if so, would Metro Council consider using that information to establish a rate ceiling?

Metro staff do not recommend establishing a solid waste fee ceiling due to the unusually complex waste system of greater Portland and many unknown risks. Metro does develop a five-year forecast that is updated annually to help drive conversations about planning, policy decisions and the use/availability of capital resources. This analysis is not used to cap future fees due to constant changes in tonnage, financial factors, and recycling markets. It is used to help set expectations for future changes to fees and provide a framework for policymakers to make decisions about the annual budget.

WPES Budget

How is the budget developed?

Metro’s budget cycle occurs each year July through June. Each department within Metro is responsible for developing its annual budget for Metro Council consideration and approval.

The budget is developed annually over six phases, meaning Metro is in a continuous process of either planning, drafting, or approving the budget.

1. Budget preparation (Jul-Oct): This is initial budget planning such as developing financial and

solid waste forecasts to determine future costs and revenue, identifying capital improvement needs, and identifying priorities and assumptions to guide budget development.

2. Department budget build (Oct-Jan): This includes preparing a draft of the budget for consideration, including a narrative of roles, responsibilities and priorities.

3. Proposed budget (Jan-Mar): During this time, the draft budget is reviewed by Metro's Chief Operating Officer (COO) and any updates are made before submitting the budget for Metro Council consideration. Departments may include "add packages" for new or expanded programs following the direction of the COO and Finance and Regulatory Services department.

4. Approved budget (Mar-Jun): Metro Council reviews the budget, proposes changes and the Finance and Regulatory Services department prepares the final budget for formal consideration by Council.

5. Budget adoption (Jun-Jul): This includes formal adoption of the budget by Metro Council through a vote. The budget becomes effective July 1 and is posted on Metro's website. The Tax Supervising and Conservation Commission (TSCC) also reviews Metro's budget. The TSCC is an independent, impartial panel of citizen volunteers who monitor financial affairs of local governments.

6. Post adoption (Jul-Jun): Following adoption in July, departments have the opportunity each quarter to propose amendments to the current year's budget.

What is the difference between a fiscal year and a calendar year?

A calendar year is always January 1 to December 31. A fiscal year, by contrast, can start and end at any point during the year, as long as it comprises a full twelve months.

Metro's budget operates on a fiscal year that starts on July 1 and ends on June 30.

What are the major categories for expenses in the budget?

The budget generally consists of three major categories:

- *Personnel*: Personnel services (PS) encompasses expenses for represented, non-represented and variable hour staff, reflecting wages and salary costs in addition to employee-related benefit costs including health and welfare, pension contributions, payroll taxes, etc.
- *Materials and services (M&S)*: This category consists of expenses related to transfer station operations, including the transport, transfer and disposal of solid waste. Additionally, all other contracted professional services fall into this category as well as program expenses across the department such as office supplies, computer equipment and software, tools and equipment, uniforms and personal protective equipment (PPE), fuel, sponsorships, utility services, travel and lodging, staff development, etc.
- *Capital Outlay*: This category mainly includes the purchase of equipment and capital improvements at Metro garbage and recycling facilities. Capital improvements are scheduled in Metro's capital improvement plan (CIP).

Capital expenditures are segregated into three categories:

- Solid Waste General Account expenditures are typically new capital assets intended to improve the efficiency and effectiveness of Metro's two transfer stations. This should not be

confused with the “general fund.” WPES is not funded through the general fund but contributes to it through collection of the excise tax on each ton of waste disposed.

- The Renewal and Replacement Account are used to purchase new capital assets once their useful life span has been realized.
- Projects funded or identified in the Landfill Closure Account are limited to activities needed to close St. Johns Landfill or implement post-closure monitoring and protection of this resource.

How are priorities established for budgeting?

Department budgets are guided by Metro’s mission, Metro’s six desired outcomes, Metro Council priorities, and Metro’s 5-year strategic goals. In addition, the WPES budget is informed by the department’s core functions, required responsibilities and regional three-year work plan to make progress toward goals to implementing the 2030 Regional Waste Plan, the department’s Diversity, Equity Inclusion Work Plan, and the Disaster Debris Management Plan.

What are the roles and responsibilities for developing the budget in WPES?

The roles and process are as follows:

- WPES finance manager guides managers through the budget process providing direction, updates and timelines throughout the budget cycle.
- WPES directors and managers work with their staff to develop division budgets in alignment with agency and department priorities, goals and guidance.
- The staff budget advisory committee supports the department directors in decision making by providing recommendations and insights for prioritizing work to advancing racial equity goals. The committee consists of equity leaders and people of color within the agency to help support directors in decision making for prioritizing racial equity work in budget development as part of applying racial equity framework to the budgeting process.
- The WPES director and deputy director work with the management team, staff advisory committee and COO to finalize the budget to meet agency and department goals.

Where can I go to view the budget?

The formal budget is published in Adobe Acrobat ® Portable Document Format (PDF) on Metro’s web site (www.oregonmetro.gov). The document is searchable for ease of navigation.

Each budget document is organized by fiscal year and contains information for all operational functions of Metro, including elected and administrative functions. A narrative is also included to summarize changes to the budget.

How will Metro connect cost estimates from planning to fee impact outcomes, 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.

Will Metro approach its budget engagement efforts with more recognition of the differences in purpose between transfer station operations, 2030 Regional Waste Plan implementation, and organizational funding and resource decisions, 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.

Engagement in fee-setting and budget development process

What are the opportunities to engage in the fee-setting and budget development process for FY22-23?

Metro will host a series of engagements and forums from December 2021 through April 2022 to provide opportunities to engage in the fee-setting and budget development process.

Fee-setting engagements

- **Dec. 14, 2021**, Metro Council hosted an expert panel that offered perspectives on public utility fee and rate setting from a range of agencies including King County, Seattle Public Utilities, NW Natural and the Oregon Public Utility Commission.
- **Dec. 16, 2021**, Metro Council convened for a special work session to reflect on what staff and council took from the panel and consider how Metro fees will be set in the future.

Both sessions were recorded. Information and materials can be found at <https://oregonmetro.legistar.com/Calendar.aspx>

Budget forums

Two additional forums will be held during key phases of the budget development process. These are designed specifically for local government partners and focused on the development of the WPES department budget.

- **Jan. 26, 2022 from 1:00 – 2:30 p.m.** Metro’s Budget Officer Marissa Madrigal will host a forum to listen to local government interests, issues, and concerns before deciding what is in the proposed budget. At this forum information will be shared about Metro’s budget setting process, WPES’ potential budget and its impacts on solid waste fees.
- **April 7, 2022 1:30 – 3:00 p.m.** Marissa Madrigal, Metro’s Budget Officer, will share the budget submitted to Council. WPES and Finance staff will share details on the priorities and policy direction included in the budget and explain how local government interests, issues and concerns were taken into consideration. This forum will occur after the proposed budget is presented to Council and the public on April 5, 2022.

Public hearing process

Throughout the budget development process there are public meetings as well as public hearings. All meetings and hearings are open to the public. Note that Metro will take public testimony at public hearing only. For the FY 2022-23 budget development process there are four public hearings scheduled where any member of the community is welcome to testify about Metro’s Budget. Information and materials can be found ahead of time at

<https://oregonmetro.legistar.com/Calendar.aspx>

- Public hearing, April 5, 2022: formal presentation of the proposed budget to Metro Council acting as Metro’s Budget Committee and public testimony.
- Public meetings, April 7 and April 12, 2022: department presentations of individual budgets to Metro Council acting as Metro’s Budget Committee.
- Public hearing, April 14, 2022: Metro Council acting as Metro’s Budget Committee will hear public testimony and openly deliberate about the budget.
- Public meeting, May 3, 2022: Metro Council acting as Metro’s Budget Committee will present and discuss proposed amendments to the budget. By the end of the meeting, the Budget Committee must vote on which of the proposed amendments should be included as part of the budget.
- Public meeting, May 5, 2022: Metro Council acting as Metro’s Budget Committee will vote to approve the budget.
- Public hearing, May 26, 2022: Tax Supervising and Conservation Commission (TSCC) will hold a public hearing to ask questions about the approved budget and provide an additional opportunity for the public testimony.
- Public hearing, June 9, 2022: Metro Council acting as Metro’s Budget Committee will do a final review of the budget and provide a final opportunity for public testimony.

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.

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.

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. 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.