



Metro

600 NE Grand Ave.
Portland, OR 97232-2736

Meeting minutes

Meeting: WPES Q&A on fees at transfer stations – full transcript
Date/time: Monday, November 16, 2020, 2:00 p.m. – 3:30 p.m.
Place: Zoom

Roy Brower:

Okay, good afternoon everybody. Good to see all of your faces looks like we have about 61 people on this session. I'm going to ask Casey Mellnik to come on and talk through some of the administrative aspects of this zoom meeting. Casey, if you could do that.

Casey Mellnik:

Good afternoon, everyone. I just wanted to share that this meeting is being recorded today. All attendees, if you can please make sure that your microphones are muted during the presentation portion. There is no chat or q and a function enabled during the meeting for typing of any questions you might have. If you did have a question for the q and a portion at the conclusion of the presentation, please feel free to email. LetsTalkTrash@oregonmetro.gov. With that, I'm going to go ahead and pass it back to you, Roy.

Roy Brower:

Okay, great. Thank you for that, Casey. I'd like to welcome you to a discussion and a question and answer session on solid waste rates in the Metro region. I am Roy Brower, I'm director of waste prevention and environmental services here at Metro, with me today is Marisa Madrigal, our COO and Brian Kennedy, our CFO and today's agenda is fairly simple. Marisa is going to provide us with some opening comments. Brian has a short PowerPoint presentation that will give you a little more insight into our rates and our budget and our financial situation. Then we're going to open it up for question and answer fairly open forum. When we get to that point, Casey will give you additional instructions on how to ask those questions. With that Marisa, I will turn it over to you.

Marissa Madrigal:

Thanks Roy. Thanks everyone for being here with us today. I hope you're all hanging in there in this latest wave of COVID madness. We are wishing the best to you and your families. I wanted to just come on today and say upfront that as we have become to share our proposal for a rate increase in the solid waste system, we have received a lot of questions and concerns about why are you raising rates off cycle? why is the increased so much? what accounts for the rate increase? what is it paying for? We want to really acknowledge that there's a lot of concern and questions. We're going to slow things down. We had originally planned to bring this proposal to our council at the beginning of December. We're going to bump that out two weeks to give us time to answer your questions and concerns and also explore some alternatives.

Marissa Madrigal:

This increase if approved as originally proposed would have increased rates off cycle. We've heard that that is a hardship for many of you. Especially when you consider that we would be back on cycle in July. We welcome your feedback and questions around timing. If anything that we describe, as in clear to you, we're happy to take you into a one on one briefing afterwards, but we really want to be as transparent as we can and make sure that you have the information that you need and that we have the

information about your pain points around these increases. Increases are never fun, but we do need to have a way to cover our costs. With that, I'm going to hand it over to Brian, who is going to review the initial proposal and explain kind of what we've done to arrive at our number. I want to be clear right up front though, about a couple of things, solid waste raids. I apologize, we have four children virtual learning today and it's sometimes frustrating for them.

Marissa Madrigal:

Solid waste rates can only be spent in the solid waste system. They can't be spent on other things at Metro. That was one of the big concerns that we heard. We had questions about whether this proposed increase includes the construction of new facilities. It does not. The third is that and those of you in the industry know this, that, we are toning this down. We have to figure out how to cover our costs with less volume in this environment. Brian is going to go, our CFO, into those factors in detail, but wanted to present you with that context. With that, I will let Brian take it away.

Brian Kennedy:

Thanks Marisa. Again, my name is Brian Kennedy and I'm the chief financial officer here at Metro and solid waste rate setting happens in our shop in finance and regulatory services department. Give me just a second and I will share my screen. All right. I'm going to go ahead and jump into it. Roy, can you see the slide? Is it background?

Roy Brower:

Yes, it is.

Brian Kennedy:

Okay, perfect. Thank you. Just kind of how we got here. Normally we set our fees effective July 1st. We do that by reviewing them in the spring. We pull in information from our adopted budget and our tonnage forecast and then the council takes action in the spring for an effective date of July 1. At the time we normally would do that, COVID was driving significant changes in tonnage and I have a little more information on that, I'll share in a second. We decided to defer any fee changes at that time, but it is important to note that the excise tax rate did adjust on seven one. That formula is set in the Metro code and that adjust automatically without action by council. That that tax rate did change on July 1st.

Brian Kennedy:

These charts, where we are now and give a little historical Context.

Brian Kennedy:

The got Metro facility tonnage on the left. That's Metro central and Metro South and then regional system V tonnage on the right and that the trends there are very similar. Basically you see that big decline from fiscal year 1819 to 1920. The really important thing to remember is most of that decline happened in the last quarter of the fiscal year. Between March and June 30th, we were looking at relatively flat tonnage up into that point, the next three lines, the orange, the gray and the yellow. Our different forecasts. We normally set rates in the spring based on a ton of just forecast that we do in the prior November. Our November, 2019 forecast was suggesting that rates for 2021 would be up slightly from where they were in 1819. Then you can see our April forecast was significantly down from that. Then the July forecast much, much lower.

Brian Kennedy:

At the time we were normally studying rates, we did not know where tonnage for the 1920 fiscal year was going to bottom out. One of the decisions we made was to defer that rate increase to give ourselves some time to figure out what was happening and see if tonnage would stabilize. So far today, it looks like it has stabilized and is looking even a little bit better than we thought in July, but again, there's a lot of uncertainty.

Brian Kennedy:

After deciding to defer the rate increase, we did take some actions. First we deferred a number of planned new capital investments and the associated debt financing with those. We had a fairly ambitious capital plan coming into the current fiscal year and most of that has been put on hold. What that means is, we reduced in April the 12th [inaudible 00:09:02] . We also implemented mandatory staff furloughs through the end of December, 2020. That has the effect of reducing our operating costs.

Roy Brower:

Hey Brian?

Brian Kennedy:

Yes.

Roy Brower:

I think you cut out about the second bullet back over that.

Brian Kennedy:

I'm sorry. The second bullet, we reduced the 2021 budget in April before the budget went into effect by \$11 million. Most of that decrease was related to the deferment of those planned capital investments. In other cost savings measures we took after that point, we also implemented mandatory staff furloughs through the end of the calendar year.

Brian Kennedy:

Our mid-year rate setting process, which we have the council adopt as part of the rate setting process. The major factors driving the rate increase are, number one, our revenue requirement is based on the adopted budget. We have a good sense of what our costs are going to be for operating the transfer stations, operating our reasonable system fee funded programs.

Brian Kennedy:

The next major input is the solid waste ton of forecast, which prior to this year, we would typically update once a year, but we've been updating quarterly based on rapid changes in the economy because of the pandemic. Some of our increased costs are due to investments in use of green fuel, improved wages for the workers of the transfer stations, purchase of less polluting equipment. We also have had a significant increase in customers at Metro facilities, particularly self-haul customers, which generate a lot of activity and are some of our most expensive customers to serve. Then also overall economic impacts influence service costs, things like inflation backlogs in contracts, commodity prices, et cetera. We also work to set our rates so that we adequately fund our required reserves. We have some reserves that are for pollution remediation, landfill closure, but then we also have Metro policy that sets operating reserves and capital reserves as well.

Brian Kennedy:

Our staff recommendation coming into this meeting was to reduce the waste prevention and environmental services, operating budget, operating and capital budget by an additional \$4 million in the current fiscal year. That would be on top of the \$11 million in reductions that we have already implemented. We're also proposing to use up to 50% of Metro's rate stabilization reserve for about seven and a half million dollars to mitigate those solid waste fee increases. Then we would propose to increase transaction fees, the tonnage fee and the regional system fee to cover metros reduce costs. Those fees, is another way are necessary to cover our budgetary expenditures, even after those almost \$15 million in reductions and we're not proposing to change other materials fees. I have some details on those proposed increases. The tonnage fee we're proposing an increase of \$6.64 for a total of \$71.50. Then the regional system fee and increase of \$2.65 Up to \$21.23. You can see there's no proposed increase to the excise tax, the DEQ fees or the enhancement fees. That would bring Metro's total tip fee, Metro transfer stations to \$107.64 Or a 9% increase.

Brian Kennedy:

Transaction fees are also proposed to increase. The automated scale would go from \$2 to \$2.50 and the staff scale house from \$10 to \$13. The effect of those changes along with the increase in the tonnage fee and reasonable system fee would take the minimum charge that Metro's facilities from \$28 to \$33. It's important to note that transaction fee and minimum charge fees won't affect curb rates for residential customers.

Brian Kennedy:

You can see from this slide that we are not proposing to change any of the other materials fees, clean wood yard debris or the residential or commercial organics fees. Those would stay the same. What does this mean? Our staff recommendation would maintain current operations at our transfer stations, meaning, open hours, open days, there's no change. There would be some reduction in regional programs and services, particularly around things like education, some of our recycling programs, and this would fully fund Metro's operating reserve. I mentioned funding the operating reserve because if you go back to that earlier slide, I'm looking at the decline in tonnage in fiscal year, 1920. In that period from March until June 30th, when we were seeing tonnage fall through the floor do the due to the pandemic, we had operating costs in excessive revenues by \$2 million. But so we were able to use our operating reserve to keep ourselves in a balanced position at that point. It's really important that we fund that operating reserve on a regular basis.

Brian Kennedy:

In terms of customer impacts, this chart is from April, 2020 and it doesn't include the proposed rate increase, but what's important to note here is that the Metro portion of the average household garbage bill is relatively small. We project that the current rate increase would affect residential customers about 60 cents per month for people with a 35 gallon garbage can.

Brian Kennedy:

Some future implications, it's also been really important the way we've grown the rate stabilization reserve, because it's been crucial. You can see from the information below, if we did not use any of the rate stabilization fee, rather than proposing tonnage charge, just over \$71, the proposed tonnage charge would be \$84.50. The regional system fee would be \$25 instead of 21. That rate stabilization reserve has been really important in helping mitigate these rate increases. Metro rates have been very stable over the last decade. The last time we saw any significant rate increases were during the great recession and

the rapid change in tonnage due to COVID is really unprecedented. I've got a little more context on that. This shows Metro's rate history. You can see that for most of the last decade, Metro's rates have been very stable and even in 14, 15 and 17, 18 actually declined. The last time we saw sustained rate increases were really tied to that great recession period. 2007 and eight through 12,13.

Brian Kennedy:

This chart shows the bars of tonnage. The blue bar is private facility tonnage, the orange bar is Metro facility tonnage and then the gray line is the cumulative Metro tip fee. You can see that we did have rate increases tied to those periods. It's kind of a lagging indicator to when tonnage had decreased, but then from 16, 17 or 15, 16 through 20, where tonnage was consistently, increasing rates have been very solid. There was a period from fiscal year, 2009 through 2011, where Metro rates increased 6% a year for three consecutive fiscal years. This is a pattern we've seen before when tonnage declines, our rate is pushed higher.

Brian Kennedy:

Looking to the future, based on the current proposal, we would plan for another rate increase on July 1st, 2021. At that point we would stay on our normal July rate increase cycle. We're planning on reviewing miscellaneous fees in March of 21. That would be things like the household hazardous waste fee, what we charge out of region waste, cleanup waste, Freon containing items, tires, unloading assistance, large bulky waste, the truck wash, et cetera. These will not affect curb rates, but they're really related to our cost of doing business at the Metro transfer stations. Right now, we currently anticipate a smaller rate increase in July, but there is significant uncertainty, as you could see from the chart before what happens with tonnage has a really significant impact on our rates. Based on our current forecast, we expect a smaller rate increase, but we'll have to see. At that point, that is everything I have. I will hand it back to Roy this point.

Roy Brower:

Great. Thank you for that, Brian. I think we're going to go into a q and a period and Kendall Martin, are you going to facilitate that?

Kendall Martin:

Yes, I am.

Roy Brower:

Excellent. Kendall is with our communications department and he's dealt with a lot of webinars. He's one of our webinar experts. Thank you for that Kendall.

Kendall Martin:

Well, I have to add that to my job duties and description. Thank you, Roy, thank you, Brian and thank you Marisa for the top as well. Good afternoon, everybody. Thank you for joining us on this question and answer session. We're obviously doing things a little bit differently these days. Just bear with us. If there are any technical snack foods or if you have any challenges, the session is being recorded and will be available later on the Metro website. To that point, I want to just make sure that you're all reminded that we're just creating a kind and respectful space here.

Kendall Martin:

We are going to go through our questions in order of receipts. If you have questions as we're discussing responses from our team, you can always drop additional questions to that email address. That's now on your screen. LetsTalkTrash@oregonmetro.gov. That is an inbox that is open to all of us. We'll be able to see your questions and answer them in real time. We are scheduled to be here till 3:30 this afternoon. If we end up running out of time, we're capturing all your questions and email, and we will have planned on having a transcript of this meeting as well as any other written responses to the questions that we do not get to. Our plan is to have that transcript and the written responses up on the Metro website within the next 10 business days. Rest assured that if there are other questions that you have coming out of this meeting, you can continue to use that inbox and we'll make sure that we get your questions distributed and answered in order.

Kendall Martin:

Without further ado, I just want to state that this is my chance just to read through the questions in order of receipt. I'm going to read each question one at a time. I think if there are my panel mates on the call, we'll respond. If we end up needing to have a followup question or whoever presented that question wants to have more detail and we're going to save that to the Varian. Our initial opportunity right now is just to go through the questions that we did receive and then we could potentially open it up to have a live question and answer session as well. For the first question from Larry Benson, the question is, what traffic change will be made to handle the excess trucks, pickups, and garbage trucks on the roads heading to the transfer station?

Roy Brower:

I presume that question has to do with Metro South or Metro central...

Kendall Martin:

[inaudible 00:21:34].

Roy Brower:

... at this point, there are no changes expected at Metro central, which is in Northwest Portland at our Oregon city facility, we have staffed up our way finding flagging traffic control onsite to help move trucks through the facility more quickly and also check loads for asbestos and other types of materials. We think we're about fully staffed there so we don't anticipate adding additional staff despite the increase in customers, especially cell phone customers. We seem to be moving traffic through there better than we were about a year ago. I hope that gets to your question.

Kendall Martin:

Thank you Roy. The second question comes from and forgive me if I'm mispronouncing the last name, Mike Lechner, question is ,the bonds that Metro is proposing to fund new facilities, are they paid for through the regional system fee or the transfer charge?

Brian Kennedy:

I can take that one Kendall. Right now, we don't have any debt financing any bonds included either in the current year adopted budget or in the, the potential rate.

Brian Kennedy:

... Current year adopted budget or in the potential rate increase. Any decisions about financing those capital projects have yet to be made, particularly since those projects require further action by council. So as we move forward on those, we'll make decisions about how we finance them. But right now, we're not anticipating any debt financing in the immediate near future.

Kendall Martin:

Thank you, Brian. Okay. Our next question comes from [Terrell Garrett 00:00:32]. "When the Metro excise tax was made a part of the charter many years ago, it was limited to \$12.5 million plus an annual CPI modifier. At the time, that much money was a significant part of the overall Metro budget and the concept that garbage pays for the zoo may have been valid. However, today the excise tax contribution to Metro's general fund is about 2.2%, the \$382 million budget, hardly consequential. The failure of the excise tax is that it was not set up to account for the almost threefold population increase that has occurred since its inception. Has staff recommended to council that the charter be amended to correct this error?"

Brian Kennedy:

I can start with that. The short answer is no. There's been no staff recommendation to change the charter relating to the excise tax.

Kendall Martin:

I'm receiving another email from... Forgive me. These are questions from Sherwood. There're multiple questions on this list so whoever just sent this one in, I will start with question one and then I would rotate and continue to go through our lists that's starting to climb right now. So I'm just going to start with question one on this particular email. "In reviewing the past 20 years of Metro disposal charges, this proposed increase is significantly higher than in the past. Why such a large increase?" This comes from a Sherwood City Council. It's a collection of questions from Sherwood City Council.

Brian Kennedy:

The first thing I would notice... I haven't gone back and looked at percentage change in Metro tip fee increases. Over the almost 30 years, Metro has been in the solid waste business. I'm not sure if this is... It's certainly larger than any in recent history, but we did have... As I pointed out from fiscal year 2009 through fiscal year 2011, three years of rate increases, they were all over 6%. So it is definitely large, it's not, I guess, in my view kind of significantly out of proportion with recent increases except... And the main reason for that, again, is we have costs that are increasing. Some of them based on investments that the Metro Council has chosen to make in the solid waste system, in our facilities. Some of them driven by economic factors, combined with a rapid decrease in tonnage and the way those come together are driving increases in Metro rates. And I think that is the best explanation increasing costs plus decreasing tonnage.

Marissa Madrigal:

Brian, can you also talk about how the use of the rate stabilization reserve and the budget cuts decreased the proposed increase, that the steps and actions that we took both in the spring and now actually made that number smaller?

Brian Kennedy:

Exactly. As I noted in the presentation, if we hadn't used the roughly seven and a half million dollars in rate stabilization, we would have been looking at a ton of charge increase in the \$84 a ton range rather than the \$71 a ton range that we're currently looking at. And our regional system fee increase would have been \$4 a ton more. And that's based on using our seven and a half million of rate stabilization. We've also reduced roughly twice that from our budget. So \$15 million budget reductions between April and November of this year. So those rates would have been significantly higher if we were trying to recapture that \$15 million in the rate as well.

Kendall Martin:

Thank you, Brian. The next question comes in from Shannon Martin, from City of Gresham, "There was mention of slowing things down. Do you have a new anticipated rate increase date? And are you still on track for January 4, 2021?" This might be a reiteration.

Marissa Madrigal:

I can speak to that. So our original date for our council to consider this rate increase was December 3rd. We've pushed that out two weeks to allow for conversation and exploration of other alternatives to this. We could push it up potentially further. If we feel like we're making progress and getting close to a solution that works better for us and works better for you. So no new date has been established, but I think the message that I hope everybody takes away from this is that we understand that weight increases are tough on a good day and they're even harder on a bad day. And so if there are things that we can do to respond to the concerns that you have, we would like to explore those and see if we can come up with something that works for everyone. And that may take a little time.

Kendall Martin:

Thank you, Marissa. The next question comes in from Tim Rosener. First question, "Can you talk about making this a temporary increase? Or what portion of this can be temporary as we move through COVID and normalize? There is concern that these become permanent rates."

Brian Kennedy:

Thanks Kendall. So what I think is really important to note is that... So there's a provision in the Metro charter that requires that we cannot charge more than the cost of service. So as part of our rate setting process every year, we look at what our actual costs are, and the tonnage forecast and set rates to recover those costs. So as you saw in one of the charts I showed earlier, our rates have gone down in the past. So to the extent that tonnage increases or our costs decrease, we would adjust our rates to that cost of service, which could mean decreases in future years, like it has in the past. Or it could mean if we enter another period of sustained modest growth in tonnage, we would expect to see corresponding modest increases or stability in our rate.

Kendall Martin:

I'm going to start rotating questions and I'm going to return to the list of questions submitted by the Sherwood City Council and staff. Second question from their list, "Where does the money from these charges go? Does it all stay with the solid waste recycling programs, or does this money go to other Metro programs and services, for example, convention center or zoo?"

Brian Kennedy:

The charges we're discussing today, stay entirely in the solid waste system. They are covering our costs for operating the Metro transfer stations; Metro Central, Metro South, and then the regional system fee charges cover our regional system fee programs like the household hazardous waste collection, RID Patrol, education, our various programs that we operate in partnership with local governments, promoting recycling, food waste composting, those sorts of things. So none of these charges are for Metro general government purposes.

Roy Brower:

And maybe I can add to that. About half of our budget goes to pay private contractors who perform various services for Metro; from operating transfer stations to transferring, transporting waste out to the landfill in [Arlington 00:09:02], disposal costs that we pay to a waste management for disposal, compost costs for organics that are collected and fuel, which is about a half million dollar charge per year.

Roy Brower:

Sorry, I still have a landline, [inaudible 00:09:22]. So about half of what we pay out that is collected through these various charges, go to private sector companies that help us to manage and operate the regional waste system.

Kendall Martin:

I'm going to read the next. It's related, but it's something that could be emphasized as a point. "Are these charges being raised to build new transfer station facilities in Cornelius in South County?"

Brian Kennedy:

No.

Kendall Martin:

You were too efficient, because now I'm just going to scroll up to find the next question. Hold on one second. So this question comes from [Michael Lechner 00:33:10] again, "What is the source of funding for the following reserve funding? Transfer charge, regional system fee, other." And he lists capital reserves, operating reserves and then rate stabilization reserves.

Brian Kennedy:

Our reserves are funded by a combination of all of our operating revenues. So we don't specify that the reasonable system fee is funding a particular reserve dollar for dollar. In practice, the biggest portion of our revenue in the solid waste system comes from our tonnage charge at Metro facilities. And so it would follow that our operating reserve for the Metro facilities as well as our capital reserves for the Metro facilities are predominantly funded by revenues from our tonnage charges as well.

Kendall Martin:

The next question is from [Dean Campher 00:00:34:13], from waste management. "Is self-haul pricing proposed at set at a cost of service?"

Brian Kennedy:

Yes.

Kendall Martin:

And if we don't mind, I'm just going to read the next one because it's a follow-on, "Are there solid waste services that we can reduce at Metro to weather us through this storm? Reduce the hours of operation at Metro facilities or other services, what cost saving efforts have been considered?"

Brian Kennedy:

That's a good question. Complicated question. I'll take the first part. And then I think I'll let Roy talk in a little more detail about some of the cost savings measures. What's important to note is particularly when it comes to the tonnage charge, a significant portion of our fees are fixed costs. Meaning, we pay them no matter how many tons come through the Metro station. So obviously, we wouldn't get just one ton, but we pay the same amount, whether tons are stable or whether they increase or decrease, say 10%. And so that makes one challenge being you're reducing operating hours, say your operating days, doesn't necessarily result in significant cost savings because we still have to cover those fixed costs. And it also potentially turns away tons that we could apply those fixed costs to.

Brian Kennedy:

So there's not a lot of cost savings in reducing our hours, reducing our open days. I think the waste prevention and environmental services department has done a good job going through their budget and identifying areas where they were able to save costs. So at this point, over \$15 million in budget reductions, 11 million have been implemented. Another four million require action by council, as well as mandatory furloughs for staff. Again, that's not furloughing critical safety staff at the transfer stations, but staff in other parts of the department to generate cost savings. So, I mean, I think we have made some significant reductions in order to lower costs and lower the pressure on the rate.

Roy Brower:

Thank you, Brian. I would add to that. We're looking at some of our discreet lines of businesses to see if we can do things more efficiently and at a lesser cost. Specifically, we're looking at our HHW collection at our facilities, which has been in operation for over twenty-five years. And we really haven't had much of a chance to go in and relook at that and retool that at all. So we're going to look at that. We're also looking at our HHW collection events that we do out in the neighborhoods. And you may have seen these come to a local school or a local church or an Intel parking lot, or something like that. We have disbanded those during the age of COVID because we had not figured out a way to do a COVID-safe collection event. We're now looking at that again.

Roy Brower:

So we may come back with some proposals to our council next year, to look at HHW collection events, especially in underserved neighborhoods that have not had these events in the past. So these could be a combination of smaller events, more targeted events, but we're looking at that. As you many of you know, we also operate a paint recycling facility on Swan Island. We're taking a closer look at that operation. One of the bright points of the COVID, everybody's staying at home is home projects have gone through the roof and the need, and the demand for paint has gone up considerably. So we are looking at how we can produce more paint more efficiently.

Roy Brower:

And we're also looking at the pricing structure of paint. The other area is our recycling information center, which we have actually cut back hours. We no longer run the RIC on weekends or on holidays like we have for many years. So it's basically a five day a week operation now, but we're also looking at

whether there's some streamlining we can do. Every time we go through sort of reviewing a line of business like this, many times it requires negotiation with either labor unions or with our contractors. It isn't one of those things that you can just turn off and turn on real quickly. But we do have several initiatives looking at some of those specific Metro lines of businesses, hopefully to get some good cost savings.

Kendall Martin:

I'm going to relay a message that has to do more with just the basis for the rates and the contracting or the reports that went into it. This message is from Tim Rosener, Sherwood City Council President. "Can you provide the detailed report that your consultants created in recommending these rate increases? So far only the cover letter summary has been provided."

Brian Kennedy:

Thanks Kendall. I think there's been a lot of confusion about that. But that cover letter summary, that is the report from the consultants. And to be clear, the consultants don't recommend rate increases. Staff makes the recommendation and the Metro code requires that we contract for an independent review of our rate setting process every year. So the consultant's role is to review our rate model, review the assumptions and the calculations in the model to make sure that they are correct and provide findings and a conclusion to us. So they are not recommending the increase, they're merely reviewing or providing an independent review of the process. And we can make sure everyone has copy of that, but the letter that many of you have received is what is provided by the consultant.

Kendall Martin:

The next question comes from Beth Vargas Duncan. It's a two-parter, but they're sort of correlated. First is, "I heard there is no debt financing now, but how will Metro West property purchase be funded? I understand that the decision may be coming to council in mid December." And then part two of that, which is related. I'll say it, but then I'll go back to the first. "How will RWAC and CORE," which are, for those that don't know, our advisory groups at Metro, "Be involved in this rate increase issue?" How will they be involved?

Brian Kennedy:

So going to the first question. Right now, our plan is to fund any potential property purchase, which again has not been approved by the Metro council. So if it is approved and does move forward, we would fund it with capital reserves that we have set aside for this purpose. At some point in the future, when we move forward, if we move forward with construction, we may end up reimbursing some of those reserves with potential future debt financing. But that would be a decision that is made at the time, and part of a larger scale long-term capital facility plan, which we don't have in place.

Kendall Martin:

Thank you, Brian.

Roy Brower:

And on question number two, Kendall, we have briefed our Regional Waste Advisory Committee about rates, that and... I don't believe we have the CORE, the Committee on Racial Equity. Our focus there has been less on the financial aspects and more on the services that we deliver or services that we may consider reducing because of budget shortfalls. Those we still plan to take to both the Regional Waste Advisory Committee, and periodically CORE. Again, I'll go back to a previous comment. For instance,

when we start to do household hazardous waste collection events, again, out in the region where we come out to a neighborhood or a location, we're going to be looking at ways that we can deliver those services more equitably across the region. And we'll be consulting with both ORRA and the waste advisory committee on those kinds of issues.

Kendall Martin:

Thank you, Roy. The next question comes from City of Lake Oswego, from Jenny Slepian. "Can you clarify whether the recycling surcharge will continue? We understood this to be temporary and having that extra \$2.50 charge on customer bills removed could potentially offset the proposed increased fees as experienced by residential and commercial customers."

Brian Kennedy:

That fee is not imposed by Metro. So I'm going to turn that over to Roy. He may know a little bit more about it.

Roy Brower:

No, that was going to be my answer. That is not a fee or a requirement imposed by Metro. I believe that is basically done at the local government level and that's an independent individual decision that is made there.

Kendall Martin:

So the next question comes from Matt Miller from Gresham Sanitary Services. "How much money is Metro planning on getting from this increase in the six months all-cycle increase? Why don't you just buy down on the reserves that were quoted as being 50 million in total?"

Brian Kennedy:

That's a good question. So one thing that's important to note is our reserves while large... You know, we started the fiscal year at around 49 million. Not all of those reserves are really unrestricted and able to be used for anything in solid waste system. A significant portion of those reserves, around 12 million are legally required to be set aside for landfill closure and pollution remediation. We have another significant portion of the reserves that are set aside by the council for investments in capital at our Metro facilities, transfer stations, HHW facilities, potential land purchases. The remaining balance in the reserve fund is our operating reserve as well as our rate stabilization reserve. So our goal every year is to fully fund that operating reserve that provides 45 days worth of operations. We believe that's critical in the event of unanticipated occurrences. Things like a pandemic that are shocks to the system. We want to be able to manage through those without having to make drastic changes. So we'd...

Brian Kennedy:

Through those without having to make drastic changes. So we would not recommend reducing our operating reserve. And then our current proposal is reducing the rate stabilization fund by 50%. from almost 15 million to around seven and a half million. So at this point, that is around the most significant decrease in the rate stabilization fund that we would recommend at this point. We want to make sure that we have a healthy fund to be able to manage future changes. And that future could be as early as next fiscal year. Again, we don't know exactly what's going to happen, but we want to ensure that we have that flexibility.

Kendall Martin:

Thank you, Brian. The next question comes in from Carl Peters, from Recology. During the presentation, it was mentioned that the residential organics rate was not under consideration for an increase. The last Metro correspondence showed a significant increase. Can we clarify if there is, or is not, a proposed change?

Brian Kennedy:

There is not a proposed change to the residential organics fee.

Kendall Martin:

Next question-

Roy Brower:

But Carl is correct. It did go out. The original rate table did go out, showing a considerable increase for the residential organics rate. And as Brian just indicated, that rate will not happen, it'll be a zero increase.

Kendall Martin:

The next question comes in from Eric Anderson from Pride Disposal and Recycling. Roy mentioned several contractor costs that Metro pays, transportation, fuel disposal, et cetera. Which of these are paid by the regional system fee or excise tax?

Brian Kennedy:

So contractor costs at the Metro transfer station are not paid by the regional system fee or the excise tax. Those costs are covered by the tonnage charge that is charged only to customers at Metro Central and Metro South transfer stations.

Roy Brower:

The exception to that is the household hazardous waste collection, which Brian had mentioned this earlier. While that's being done at a transfer station, that is a service that is funded across all tons. So the collection and disposal, or recycling of hazardous waste, is a regional system fee-funded activity.

Kendall Martin:

The next question comes from Terrell Garrett. It feels good on the surface that the rate increase is lessened by utilization of the rate stabilization fund. However, does not that money have to be replaced in the future by increasing the regional system fee? Therefore, except for timing, is it not a zero sum game, and effectively the lessening of the rate increase is rather a postponed increase?

Brian Kennedy:

Our goal is definitely to replenish our reserves. Right now, we're in the middle of a process of reviewing all of our reserves across all of our funds to determine what the appropriate level is. And to the extent we need to refill the rate stabilization reserve, we will come up with a plan to do that. That isn't something that we would expect to happen in one fiscal year, or even two or three fiscal years necessarily. And that's, again, part of the reason that we don't recommend a larger usage of the rate stabilization reserve, as we want to have it available to use as we manage through this pandemic, and through the economic recovery. So that we have time to come up with a plan to replenish that reserve,

maintain our operating reserves, maintain our capital reserves at an appropriate level without putting excessive pressure on the rate.

Kendall Martin:

Brian, this next one might be for you. This is from Jason Jordan, Portland Metro North, Marin County. The question is, when you mentioned an \$11 million reduction, what is that in terms of percent to overall budget?

Brian Kennedy:

I will be honest. I don't have that number right on the top of my head. The cumulative effect of the budget reductions we're looking at is around 15%, assuming the next round of around \$4 million is approved by the Metro council. So 15% reduction overall.

Roy Brower:

It's about 10 or 11% of the overall budget.

Kendall Martin:

I think you have all answered this question, but it bears mentioning. I'll pose it again, coming from a city of Sherwood collective. In the middle of a pandemic and challenging economic conditions for individuals and businesses, should we be raising these fees so significantly?

Brian Kennedy:

I think it's important to note that we all understand that these fee increases will have an impact on all of our customers. And there's never a good time to raise rates. At the same time, the service we provide at the Metro facilities, in particular in the regional system fee activities, are essential services. And, for people who are stuck at home sheltering in place, they're essential. And maybe more essential than they ever have been. And so our ability to continue to provide those essential services is critical. It would not serve the region for us to fail to provide those services by not charging appropriately to cover our costs.

Roy Brower:

And I'll just add to that a little bit. I mean, we are making adjustments to the services that we provide. And we have made adjustments for interest. For example, in the area of education, we, of course, are not doing in-person education events at schools like we have done in past years. Because very few, if any, of the schools are meeting together in the classroom. So we've really redirected some of those resources into producing videos, and holding Zoom meetings with classes, and with adults. And that comes at less of a cost.

Roy Brower:

Another good example is the RID Patrol Program, which cleans up illegal dump sites in the region. We have been more limited in our ability to clean up illegal dump sites because we are taking another look at our use of incarcerated inmate crews to do that work. That comes with a cost. If we can't use inmate crews from Multnomah County, then we've got to develop our own crews with Metro staff and/or Metro community partners who are interested in using that as a workforce development opportunity. So we're looking into that.

Roy Brower:

Anybody who's driven around the region at all, I think you'll know even outside of the houseless community, you've probably seen a rise in illegal dumping. I live in Washington County. I've seen more of that happening out in this part of the region. So it's one of those things, we're trying to keep up with the service level that we are used to, and that people are used to getting. But as we deal with these challenges, certainly, services are going to become less in some areas, and we'll make adjustments accordingly.

Kendall Martin:

Next question comes from Matt Miller, again from Gresham Sanitary Service. Did you know that most haulers would not be able to get in front of their local council to propose an increase to rates until normal rate review? So this will be an added cost to haulers until rates can be adjusted. And that's the question, but then his comment is that he doesn't think it's right.

Roy Brower:

Thanks Kendall. I think we have definitely heard that concern. And that's one of the reasons that we have been working closely with our local government partners, and are taking some more time before moving ahead with this increase, to make sure that that concern can be addressed.

Kendall Martin:

So we have, barring any new questions coming into the inbox, there's a follow-up that we can start. Terrell Garrett just submitted that he doesn't believe his question was answered. So he restates it as, "Does replenishment of the rate stabilization fund that has been compromised by approximately 50% this year come from increasing those regional system fees?"

Brian Kennedy:

That's a good question. I think the answer is not necessarily. Part of the way that we have built up our reserves in the past is we have unexpected budgetary savings. We have costs that we plan for that are not incurred. Or we have increases in tonnage above our forecast. Both of those things can result in the solid waste fund generating larger than planned surpluses, that we then use to fund our reserves. So, there is a circumstance where if those savings were not being generated, we may need to plan rate increases in order to replenish reserves. But, I don't believe that would be a dollar for dollar trade off. That a use of one rate stabilization dollar now doesn't necessarily increase to that \$1 needing to be recovered by the rate later on. That's part of our financial management practices, is close monitoring of the budget, and making sure that we're able to cover our costs, and fund our reserves adequately. And we use a variety of strategies to make that happen.

Kendall Martin:

This is a new followup from Kristen Lechner from Pride Disposal. I've heard the comments about potential delay in timing of an increase. Can you please clarify what that means? Does that mean you may take a proposal to council for a January, 2021 increase later in December than planned? And part two of that is, "Does that mean you may delay the implementation from the proposed January, 2021 effective date?"

Marissa Madrigal:

I can take that one. So there's sort of two potential delays that we're talking about. The first is, when do we bring this information to our council with a final recommendation, and ask them to approve it? And we have essentially made the decision to push that back two weeks. So they may consider the initial proposal. They may consider some alternative proposal that we bring forward, based on your feedback and conversation with you. But that date has been pushed two weeks.

Marissa Madrigal:

The other date that we're talking about is the implementation date. This original proposal that we've been talking about had an implementation date of January, at the beginning of January. And then we would follow up with our normal quote, normal, increase in July. Part of the conversation that we would like to have, and the feedback we'd like to get, is on that implementation date. So we're hearing that January, it's going to be tough for many of you. So if that's the case, is a March? April any better? Is July the only time that really works? /this proposal has two increases, one now, one in July. If we trade two increases for one, there's probably going to be a trade off that it may be a little bit higher. We're crunching those numbers.

Marissa Madrigal:

I'm also hearing that the amount of the increase is a concern. So in the conversation with you, we'd like to figure out how we balance the need to cover our costs, and also a sensitivity to the amount of the rate increase that happens all at once. Going back, tying it back to the conversation about the rate stabilization reserve, this reserve that we have is exactly for a moment like this. It is to be used to smooth increases to the community. So I think we're committed to doing that, but obviously there's only so much in there. So I think there's options on the table, and the most important thing right now is really understanding what do you prefer? And what are the trade offs of those different options?

Kendall Martin:

Thank you, Marisa. There's a follow-up that's closely related. It's another question from Tim Rosner, Sherwood City Council President. As related, it says, "Since rates are set by costs, and in those costs include some capital costs, there is a tendency to fill excess revenue increases over operational costs with new capital costs. How can we keep this from allowing for decreases as revenue increases over time, and providing relief to ratepayers?"

Brian Kennedy:

Kendall, in the spirit of full transparency, could you read that again? I'm not sure I fully grokked it the first time through.

Kendall Martin:

So since rates are set by costs, and in those ... I'm going to amend, because I'll just ... The main question. In those costs ... I think it's if. And if those costs include some capital costs, there's a tendency to fill excess revenue increases over operational costs with new capital costs. How can we keep this from allowing for decreases as revenue increases over time, and providing relief to ratepayers.

Kendall Martin:

And if Tim, if you're on the call, we can begin our question and answer session, if you want to clean up the question and restate.

Tim:

No, I think you got it right. Since the rates are set by the costs, and your costs include capital costs, I'm just wondering how we prevent any revenue gains from getting chewed up by additional capital costs? Which would not provide relief to the ratepayers down the road.

Brian Kennedy:

That's a good question. I think the best answer is that we don't just throw capital costs at the budget, say, because we have excess revenue. We have a five-year capital plan that is reviewed ahead of the budget. So that is proposed by Roy's staff, and goes through a variety of review processes. So we try to let that long-term capital plan drive our capital spending, rather than making decisions in any given year based on what revenue is available. So we try to be kind of very careful about planning for those expenses, and making sure that revenue is set appropriate to them, and not changing on a year to year basis based on what's happening with the economy. Except to the extent we obviously, in a year like this, where our tonnage is plummeting, revenue is falling. We're not going to move ahead with those capital projects. But I guess my point is just that we do have that capital plan that drives our spending.

Tim:

Thank you.

Kendall Martin:

Thank you, Tim and Brian. I have a question from Terrell Garrett that I'm going to summarize as follows. The question essentially is, "Based on the rate study model, the Excel document that's been shared, can we safely say that there is no budget intention for 2021 to utilize any regional system fee money, or solid waste reserve funds for any services accepting commercial and residential organics?"

Brian Kennedy:

Kendall, I'm going to suggest that that answer that is included in a written response. Terrell's question is very long and detailed, and I don't want to speak off the fly and make a mistake. Because he's asking some pretty detailed questions about the functioning of our rate model. And I want to make sure that I get the answer right, and that we include that in our written response.

Kendall Martin:

Fair point. At this point, we have exhausted all of the email questions. So I'm going to recommend that we go to our second portion of this question and answer session. Please remain on mute. We're going to leave air and space for you to be able to either raise your hand, or just unmute your mic and begin to speak. We do not have full physical control over your cameras, or your mics, or anything like that. So again, in that vein of being just inclusive and respectful, please try not to talk over each other as we respond. But we're going to open it up to the floor. And I've been told that Bruce Walker, you have your hand raised, and we'll start off with you.

Bruce Walker:

Thank you, Kendall. I'm Bruce Walker. I'm the Waste Collections Manager for the City of Portland, Bureau of Planning and Sustainability. So I've got a preamble to my question. So if you'll bear with me for just a sec. I really appreciate you holding this meeting today. And we've worked, City of Portland, our program, as well as other local governments, have worked really closely with Metro over the years. We look forward to continuing work, implementing the regional waste plan. So my concern, and I've

expressed this, as have others, with Roy and Brian. And I'm bringing it up for you, Chief Operating Officer Madrigal, is that it's really this timing issue. I understand the budget pressures that have been described, and Roy and Brian have been very thorough and professional in responding with us. So my compliments are there. You're in a tough spot, but it's really difficult to address in the current pandemic.

Bruce Walker:

And just as some background. Earlier this year, we worked with Portland haulers, as did local governments with other haulers throughout the entire region, to have a service continuation program. Where customers continued receiving garbage recycling and compost collection service, even if those customers fell significantly past due on paying their bill. Our program is currently reallocating some of our budget to provide funding for some additional bill paying assistance to customers, located in vulnerable areas of our city. Raising the tip fees now will cause rates to increase for both residential and commercial customers. It would be beneficial for Metro to delay this proposed tip fee increase, and fold it into the regular schedule that would begin in July.

Bruce Walker:

So that's my preamble. So I just appreciate you allowing a little bigger picture here. But my question for you is will you share with your counsel these different options? Is it going to be, you'll take it into consideration, and just go with one recommendation. Or is council going to get a full understanding that at least our local government, and I believe many others, are recommending that there be a delay.

Marissa Madrigal:

Thank you for that question, Bruce. And, absolutely. And I don't know if you've scrolled through the attendees, but we have a few Metro counselor elects who have attended this meeting. And some current counselors who are tracking this issue. We're in communication. We had a meeting this morning with all of their policy advisors to let them know that ... We had meetings with each counselor a month and a half ago to talk about the difficulty of this off cycle increase. And talk to them about using rate stabilization. And explained kind of where we were to get feedback before we made a recommendation. And I think this is an appropriate point for us, after having checked in with you, to go back to them and share what we've heard, and provide them some options. This is the council's decision. And my belief is the more information that they have, the better decision that they'll make. They're weighing a lot of different pressures, as we all are. And so we will absolutely provide feedback. And-

Marissa Madrigal:

We will absolutely provide feedback. And I think there are... Some pieces of feedback where I think that there's consensus and then there're other places where... Folks have different views. But that's not unusual for a complex topic, but we'll make sure that they have a full understanding.

Speaker 2:

Thank you.

Kendall Martin:

I think Tim Rosner, you had your hand raised as well.

Tim R.:

Thank you. So just real quickly, I too appreciate you guys putting together this call and being very candid in your answers and helping us through this. But I do try to form this in a quick question, but it's probably more of an ask in the past. I think eight or nine years ago, we actually had a Rate Review Committee that was made up by haulers, representatives from city and Metro staff. I think that process provided a lot of transparencies and I think what you're feeling right now at Metro is this, from our perspective out in the cities came along really quick and was headed to a quick vote with the council at the beginning of December. So it felt very rushed. And I think getting back to a process where you have that committee and that committee makes recommendations to the council and works with the consultants and the staff, I think would be a much better process going forward.

Tim R.:

I would also make a pitch that as you look at a Metro Transfer Station on the West side in Cornelius, that you start with a similar process and form a committee made up by the haulers, the local governments. Because that potentially has huge impacts to rate payers as well, because my guess is you'll be looking at increasing the percentage of tonnage that's required to go to Metro stations to help cover that cost. And that all trickles down to our rate payers in the end. So I think getting a very transparent-open process with a formal involvement from the people affected, I think would be a great way to approach that. And if you can turn that into a question and maybe comment, that'd be great.

Marissa Madrigal:

I'll just say, thank you for the positive feedback and the helpful suggestion. You know, I'm relatively new to Metro. I joined Metro a week before the shutdown, so any, and all, history about what's worked well in the past and what didn't work. I'm all ears. I know that the team is too. So I really appreciate that feedback.

Roy Brower:

Yeah, I would just add to that. I was around during the days when we had a Rate Review Committee and I may be the only one, there may be some other old timers on here, but although I didn't do a lot with rates back then, but for the last as Brian and indicated earlier dozen years or so, the rate increases have been very modest and in some cases were rate cuts. And so we had much difficulty in finding anybody to participate in that committee. So instead we went to the approach of using a third party accounting firm to review the rates, to make sure that they were reasonable and that's worked well for a dozen years or so. This is the first major rate increase that we have had under consideration in my tenure as director and almost in my tenure as being at Metro.

Roy Brower:

The other thing I would just point out just to keep in mind and put this in context, had we gone forward with a rate increase in July and done that work back in March, April, it probably would. And I'll look to Brian to correct me on this, but it probably would have been in the neighborhood of four or five percent. And so what I think you're seeing now is as we talk about a nine percent rate increase now to be effective in January, that's really twice what we would normally ever pursue as part of a rate increase. In other words, I'm saying we're in extraordinary times, had we gone through normal times, this would have been a rate increase that it could have been a hard pill to swallow, but it would have been a much smaller pill.

Kendall Martin:

Thank you, Roy. The next person on our roster appears to be Chris Bell. If you are present, you can unmute and ask your question.

Chris Bell:

Thanks. I got a question for you. I was just running through the numbers, Brian, that you put together. And this is from a question that Matt Miller asked initially about the fund reserves. And I just saw on the back of the napkin here, I took the \$50 million that is currently in the Solid Waste Fund and you said approximately there were some money set aside. I just penciled out around 24 million is encumbered nine million for capital, four million for repair and reserve and about 11 million for closure and post closure. So that... A reasonable amount, 24 million of the 50 million is encumbered.

Brian Kennedy:

Well, it's a little more complicated than that. And I don't have those numbers right in front of me, but it's in the ballpark.

Chris Bell:

Okay. So that leaves about 26 million that's still in the fund and assuming the 45 days of operation, which has been around since I think Doug Anderson implemented that. I want to say close to 18, 19 years ago, that's about \$10 million of the \$84 million of operational costs. So that leaves about, of that \$26 million, less than \$10 million operation about \$17 million left in the fund, correct?

Brian Kennedy:

Yeah. That's in the ballpark.

Chris Bell:

So, and where I want to go with that as is, and I don't think Metro. Yeah. I don't think you guys really appreciate what the local jurisdictions have been going through. And specifically most of these jurisdictions are going to raise rates on July, on January 1st, they're going to push it back to June to July 1st. So that rate burden that you guys are looking to collect is going to be paid for by the haulers. Now, the haulers as Matt Miller was just saying, is really unfair for two reasons. Number one, because they have not been able to collect debt or turn over any bad debt due to the COVID crisis. So there's a substantial amount of bad debt. That's on the bounce sheets of these local haulers, as well as national haulers. So we got that. That's going to be pushing through January, February, March, along with this increase, which is about 70 cents per customer per month for the 35 gallon cart because of the additional set out weights that have been put on a curb.

Chris Bell:

So you're asking the haulers to not only cover the bad debt for the time being, but also covered this six months worth of rate increase until most of these jurisdictions can push through a rate increase as of July 1st. So in a sense, it's not really the local government, you should be addressing. It's the local haulers there. They're kind of like the bank of Metro right now. And so as I look at this, this balance is \$17 million of fund bounce that you have right now. To me, that is more than adequate enough to get you through to July 1st, to adjust the rates. And, and every jurisdiction here is looking at Metro and saying, you guys know the process, you guys have known us for, for a long time, that rates get adjusted on July 1st. And we push them through the rate. That's why I always call you guys on in April you may give me the rate increase so we can push us through.

Chris Bell:

And that's what everyone, most everybody on this account or on this call is saying, we need some time. We can't push this through because somebody's got to pay the debt. And right now I'm going to tell you, most of the haulers, local haulers and national is going to be paying this debt. And it's going to be pushed through the rate payers. And we've got a substantial amount of people who can't pay their debt because they're locked down and the haulers right now in their benefit have not suspended service at all. They haven't turned anything over. So I think that Metro Council needs to understand that as you're looking at pushing this rate increase down, that they need to understand the full impact is going to be incurred by the haulers. And then ultimately the local rate payers.

Brian Kennedy:

Chris, you make a lot of really good points. One thing I want to emphasize is, I think we do understand the impact of the pandemic and the recession on the community. It's taken an absolutely devastating toll on Metro and a lot of the businesses, in other parts of Metro that we work with, particularly around the travel and tourism business, this is huge. And one of the things we've noticed over the course of the pandemic is that, we've done a variety of scenario planning exercises, trying to make sure that we're prepared.

Brian Kennedy:

So we have a best case scenario-worst case scenario, we have been consistently trending towards our worst case scenario. So we are taking time, we hear your concerns. We're going to go through this process, but we also strongly believe that we should not spend all of our fund balance. All of our stabilization operating reserves right now, because we don't know how long this is going to go. We don't know what the medium term-longterm impact of the pandemic and the associated recession will be. So we're trying to both make sure that we can manage some of these short-term concerns, but also make sure that we are remaining fiscally stable for the long-term as well.

Chris Bell:

One of the questions that was brought up about the contract that Roy was addressing, and I was looking back at you guys' budget. And I was part of the process when you guys did the RFP, I've noticed that there's a substantial increase in the contracted cost of operating the transfer stations, especially when the change from Republic to Recology.

Chris Bell:

I know that Metro has been very high on the diversion of the dry waste and my question, and maybe some of the people can from Recology can weigh in on this, who are on the line, what is the harm of suspending that particular operation until the lockdown decreases? Cause there's a lot of stuff that you guys are doing that could be reduced to decrease the rates as Dean Campbell was asking for. And I think that, if you're asking, people to spend more, I think that there should be a clear delineation of, of what steps Metro's taken, to reduce those costs short-term and possibly in the long run.

Roy Brower:

Let me just say a couple of things, Brian, and then Brian, if you want to add, part of our mission, part of our responsibility, part of the regional waste plan that we're in the process of implementing is recovery. We recognize it is always cheaper to send waste directly to a landfill and not process it, but that is not what we're committed to doing. I would ask other local governments to weigh in on that while there are important recovery operations, driveways, Greenway, ECR, TV, WR that are doing great work out there.

Metro too has to be committed to doing that kind of work. We don't get to give up when we're in the middle of a pandemic.

Kendall Martin:

I just want to do a time check. We have about eight minutes scheduled at this point. We have run out of questions in our inbox. So we're going to continue this round, Q and A portion of our session. We don't have any hands raised currently.

Brian Kennedy:

So I just saw Terrell raised his hand,

Kendall Martin:

Literal raise of hands. So this is our backup plan. So Terrell, if you can begin your question.

Terrell:

Roy, thanks for the plug on the recycling. We do appreciate it. This situation has caused for this year, a \$6.4 million shortfall, roughly \$12 a ton at Metro. Not only has Metro taken this hit with COVID and with increasing prices in general, but so have all the private facilities. Unlike Metro, where the reserve funds can be dip into, and then replenished later, either through regional system fee or through budget savings, the private facilities don't have that luxury.

Terrell:

And so the we've already taken a substantial hit this year because Metro is the price leader. Metro does expect us to more or less follow their prices. And especially in terms of my company right down the street from Metro, I can't go overpriced Metro and get any volume. And so any delay of these price increases will be damaging private industry. And I hope that this is done without delay.

Brian Kennedy:

Thanks for those comments, Terrell we'll certainly make pass that along the council.

Kendall Martin:

I'm operating on multiple screens. So if I don't see your hand raised, or if my teammate Cassie does not see your hand raised, please just unmute and ask your question.

Kendall Martin:

Or we could just say that all the questions captured on today's call and anything else related to some of the longer responses that we could write up and make sure that we send back on our website, this we could call it's about five minutes left. So just hearing. Oh, we do have a few now. Okay. Now more hands raised. One second. Standby. I believe Tim Rosner you have one more question to ask?

Tim R.:

Oh, actually I just took my hand down. I didn't mean to put it up. I apologize, Kendall.

Kendall Martin:

Give it a couple more seconds I could close it out by saying thank you all for attending.

Brian Kennedy:

I thought I saw a hand...

Kendall Martin:

You did?

Brian Kennedy:

One of our councilor ALEKS... Councilor elect Rosenthal, I believe

Kendall Martin:

Welcome. Please unmute and ask your question.

Rosenthal:

I have heard previously that there was a substantial loss of revenue from the decline in wet waste-compostable waste, which is a revenue stream of some sort. How much is that? And is that primarily due to the closure of restaurants? And it looks like it's going to get worse for a while. At least.

Brian Kennedy:

I'm not totally confident on the details of the changes in composition in the waste stream. Roy, do you want to take that?

Roy Brower:

Yes. Councilor elect Rosenthal. The portion of the traceable waste stream having to do with commercial food is down considerably due to the closure of schools, restaurants, and so on. We still get a considerable amount of commercial food waste from food processors and as restaurants of course go to more of a, to go model all that food shifts to the residential stream. And so we're seeing significant increase in the residential stream, which I know puts more pressure on residential haulers to pick that up and deal with that much more putrid type of waste.

Roy Brower:

We have delayed our food scrap collection requirements, at least until March of 21. We are going to take another look at that. In fact, we're meeting with local governments yet this year to see if we want to put that off even longer. And again, it has to do with when do we get back to normal business with restaurants and grocery stores and other food ,schools, institutions, cafeterias, and so on. So that, that has not been a big revenue generator. In fact, we offset some of those costs through other parts of our rate, so that hasn't had much of an impact.

Kendall Martin:

I think we have time for one last question and I believe Eric Anderson, your hand was raised. So please unmute and ask your question,

Eric A.:

Hey, sorry, I emailed this earlier. I must be having some issues getting it through, but my question was about the capital reserve fund and which parts of the Metro fees were going into filling that fund. Is it

coming out of Regional System Fee, Excise Tax? Where's that coming from? And I just wanted to have a better understanding on that.

Brian Kennedy:

It's a combination of the Tonnage Charge and Regional System Fee. The Excise Tax goes to Metro's General Fund does not go into the Solid Waste Fund. And part of the reason the capital reserve is funded by both the Tonnage Charge and the Regional System Fee is we have capital expenses, both at our transfer stations, but also our household hazardous waste facilities, Metro paint facility that are funded by the Regional System Fee.

Eric A.:

Got you. So if you were to use those funds for the Metro West facility potential, those would have been funded by Regional System Fee Funds, my understanding part, is that correct?

Brian Kennedy:

Not necessarily. And it's ...

Eric A.:

I guess that's where I'm confused then, because you just said it came from both. So can you help me understand?

Brian Kennedy:

I mean, in theory, yes, some of those funds could have come from the Regional System Fee, but just to be clear, our capital reserves, are not sufficient to fund development of, the Metro West facility or really any new facility. Those Capital Reserve Funds are set aside for really repair and replacement at our existing facilities.

Kendall Martin:

And with that, we are at time. So I can just thank you all again for joining us this afternoon. All of the questions that have been asked and the transcript, as well as this recorded video that will be found or can be found within the next 10 days, use the same calendar, invite the calendar invite on the Metro website. Basically that page is our landing page for all the content from today. And we will continue to update that page with links and any other questions that you have, you can continue to send them into our "let's talk trash" at oregonmetro.gov inbox. And we will make sure that we collect them and get the part of the written FAQ. So once again, thank you all for joining and Roy, if you have anything else or Marissa, if you want to close this out,

Marissa Madrigal:

I just wanted to say thank you to everyone for joining us and to leaning into the details and definitely take advantage of. If we didn't answer your questions or you are not comfortable asking in this setting, feel free to email that address that we sent out, and we'll make sure that we get your questions and concerns addressed.

Roy Brower:

I just want to thank everybody. Very helpful, very good conversation. Thank you for your ideas and your participation. Take care.

Brian Kennedy:

I agree. Thank you.