

# METRO COUNCIL

## Work Session Worksheet

**PRESENTATION DATE:** May 31, 2018

**LENGTH:** 45 minutes

**PRESENTATION TITLE:** Solid Waste Regional System Fees and Excise Tax Update

**DEPARTMENT:** Finance and Regulatory Services

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### WORK SESSION PURPOSE & DESIRED OUTCOMES

- **Purpose:** Overview of the evaluation of Metro's solid waste fee and tax exemption policies and discuss policy recommendations from Metro's consultant, Solid Waste Alternatives Advisory Committee's (SWAAC's) subcommittee, and Metro staff.
- **Outcome:** Direction from Metro Council on whether to proceed with policy recommendations.

### TOPIC BACKGROUND & FRAMING THE WORK SESSION DISCUSSION

In September 2015, Metro staff held a public workshop to introduce a range of proposed changes to Metro's solid waste code (Metro Code Title V). These proposed changes included closing a number of regulatory exemptions and removing fee and tax exemptions for certain waste materials placed in a landfill. At that time, potentially affected parties raised a number of concerns regarding the proposed changes and the process used to develop those changes. Many stakeholders expressed concerns about the lack of transparency in Metro's code adoption process and not having adequate opportunity to provide meaningful input.

In October 2015, Metro Council directed staff to implement an improved and more rigorous process for considering substantive changes to the solid waste code. Metro Council also directed SWAAC to commission a subcommittee to evaluate Metro's existing fee and tax exemption policies. SWAAC subsequently commissioned a fee and tax subcommittee in March 2017. The subcommittee held five meetings between May and October 2017. The subcommittee concluded its work and completed its recommendations in November 2017.

In September 2016, Metro hired Resource Recycling Systems (RRS) to evaluate and recommend improvements to Metro's fee and tax exemption policies. The consultant's evaluation included researching fee and tax policies in other west coast jurisdictions and soliciting input from industry stakeholder in our region to better understand their views and concerns relating to Metro's fee and tax policies. The consultant concluded its work and completed its final report in July 2017.

The resulting policy recommendations from Metro's consultant, SWAAC subcommittee, and Metro staff are provided below:

#### 1. Consultant Recommendation

- a. Nine policy options were evaluated ranging from status quo to eliminating all exemptions.
- b. Recommended establishing a two-tiered rate structure for waste sent to a landfill while retaining the exemption only for auto shredder processing residual and tire processing waste.

## 2. Subcommittee Recommendations

- a. Retain status quo exemption for reused and recycled materials.
- b. Retain status quo exemption for dredge spoils processed outside of the region, but Metro should solicit further input from other stakeholders.
- c. Majority of the subcommittee recommended retaining status quo for current “material-based” fee and tax exemption for tire processing residual and “use-based” exemption for materials that are used in the operation of a landfill. Two subcommittee members recommended eliminating the exemptions for all waste placed in a landfill.

## 3. Metro Staff Recommendations

- a. Retain status quo for overall fee and tax assessment:
  - i. No fees and taxes on recycled or reused material or material used outside of a disposal site.
  - ii. Full fee and tax rate at time of disposal except:
    - Waste that qualifies as “useful material” and is used at a landfill, such as approved alternative daily cover (ADC)
    - Tire processing waste
  - iii. Reduced fee and tax rate on cleanup material.
- b. Update and clarify Metro Code Chapter 5.02. Remove Metro’s facility-specific contract and operations related provisions and relocate to internal operating procedures.
- c. Adopt administrative rules for Metro Code Chapter 5.02 to clarify cleanup material and useful material exemption criteria including the:
  - i. Application and approval process for obtaining a useful material exemption (such as for ADC).
  - ii. Types of processes and materials that qualify for a useful material exemption. For example, clarify that crushing or grinding waste to manufacture ADC does not qualify.
  - iii. Types of cleanup materials that qualify for the reduced rate e.g. sediments, soils, catch basin material, etc.
- d. Evaluate and recommend a fee and tax policy for dredge spoils.

## **QUESTIONS FOR COUNCIL CONSIDERATION**

There are three main questions for Metro Council consideration:

1. Does Metro Council have any comments or questions on the findings of Metro’s consultant or the subcommittee?
2. Does Metro Council have any additional suggestions or direction for staff?
3. Does Metro Council support staff’s proposed recommendations?

## **PACKET MATERIALS**

- Would legislation be required for Council action  Yes  No
- If yes, is draft legislation attached?  Yes  No
- What other materials are you presenting today?
  - Subcommittee Fee and Tax Policy Recommendations Memo
  - RRS Evaluation of Solid Waste Fee and Tax Policies Executive Summary