MARION COUNTY BOARD OF COMMISSIONERS

Work Session Summary Minutes

Solid Waste Updates

September 25, 2025. 1:30 PM
Courthouse Square, 555 Court St. NE, Salem
5th Floor, Suite 5232, Commissioners Board Room

ATTENDANCE:
Commissioners: Kevin Cameron, and Colm Willis.
Board's Office: Trevor Lane, Heather Inyama, Matt Lawyer, and Toni Whitler.
Legal Counsel: Scott Norris, and Steve Elzinga
Public Works: Cory Swartwout, Andrew Johnson, Dennis Mansfield, Brian May and Brian Nicholas.

Commissioner Colm Willis called the meeting to order at 1:30 p.m.

510-ES Fund – Event Timeline:

- Significant site improvements at the transfer station in FY 23-24:
  - Costing nearly $1 million.
  - Led to increased throughput and customer volume.
- Browns Island bridge installation and related shutdown cost $850,000.
- Leachate disposal costs were reduced in one year:
  - Saving $860,000.
  - Led to compounding future costs.
- FY 24-25 elimination of waste reduction coordinators after October 21:
  - Resulted in $150,000 savings.
- Stopped receiving waste at Reworld, causing a $4 million impact.
- Household Hazardous Waste (HHW) facility closed in February 2025:
  - Maintenance and contract renewal, saving $130,000.
- Shifted lift beds away from North Marion in 2025:
  - Resulting in a $112,000 loss in volume.
- Deferred leachate disposal in FY 24-25, with $729,000 in deferred savings.
- FY 25-26 saw reduced staff at Reworld and North Marion reopening of the HHW facility, and realization of full-year impacts from previous changes.
- Tip fee increases at Salem-Keizer Recycling & Transfer Station (SKRTS) and North Marion implemented October 1:
  - Expected to generate $1.7 million annually.
  - Partial year impact is $1.2 million.
- System has seen a significant reduction in incoming volume:
  - Especially after the closure of Reworld and changes at North Marion.

Year-to-Year Financial Comp:

- FY 23-24:
  - Net income of $391,000.

- Ending fund balance nearly $31.9 million (highest on record).
- FY 24-25:
  - Net income dropped by $2.3 million.
  - Ending fund balance at $29.5 million.
- Personnel costs increased despite a reduction of 4.5 Full Time Equivalents (FTE), due to normal cost increases (COLA, insurance, merit increases) and the difference between budgeted and actual FTEs.
- Vacancy savings of about 13% factored into the FY 25-26 budget.
- Revenue in FY 23-24 was $10.6 million:
  - Significant decline in resources in FY 24-25.
  - Due to end of the Covanta contract and reduced volume at North Marion.
- Materials and services costs declined by $3 million:
  - Resources declined by almost $12 million.
- North Marion's reduction in accepted waste (tip bed trailers) led to a forecasted 60% reduction in volume.
- The October 1 rate increase is included in the $12.6 million revenue projection for FY 25-26.
- The system is now handling less than half the volume it did two years ago:
  - Corresponding drop in resources.

Leachate Graph:
- Current budget for leachate hauling and disposal is $2.2 million:
  - Nearly double the historical budget.
- System generates about 3.5 million gallons of leachate per year:
  - Only able to dispose less than 2 million gallons annually in recent years due to disposal restrictions.
- The leachate lagoon currently holds 6.6 million gallons:
  - Costs increasing as the balance grows.
- Monofil's interim closure allows significant water ingress:
  - Final closure is planned.
  - Design and Oregon Department of Environmental Quality (DEQ) approval expected by next summer.
  - Construction targeted for completion by end of 2027.
- Closure and post-closure funds (about $15 million) will be used for this project:
  - Not current revenue.
- Cap on monofil expected to significantly reduce leachate generation:
  - Risks due to historical construction issues (e.g., groundwater intrusion).
- Increased leachate budget is intended to draw down the lagoon before costs rise further and to prepare for necessary maintenance:
  - Replacing the lagoon cover in four years.
- Maintain manageable pond balance and spread costs over several years:
  - Expectation that leachate costs will remain elevated for at least four years.

Break-Even Analysis:
- North Marion is not expected to break even, even with the tip fee increase:
  - Anticipated in the financial planning.
- SKRTS is projected to be positive, but overall system volume is down:
  - Reducing total resources.
- System's fixed costs (e.g., personnel, administration) remain high even as volume and revenue decline.

- Combining SKRTS and North Marion is intended to minimize system and ratepayer impact:
    - Neither is expected to be profitable alone.
- Loss of Covanta contract removed a major subsidy:
    - Created a $5.5–$6 million annual shortfall.
- Raising rates is seen as only viable option to cover the deficit:
    - Cost-cutting alone cannot close the gap.
- Proposed solution is a $30/ton tip fee at Marion Resource Recovery Facility (MRRF), with a 2.5% annual inflationary increase:
    - Would stabilize the fund without significant further losses.
- Not aiming to make a profit, but to break even and cover operational and administrative costs.

Next Steps:

- Talk to Chief Administrative Officer about allocation of administration charges to the solid waste fund.
- Provide a detailed comparison of FTEs and personnel costs for recent fiscal years.
- Recommend increase to tip fee at the MRRF to $30/ton:
    - All additional revenue directed back to the county.
- Update the franchise agreement to ensure new revenue from rate increases is returned to the county, not retained by the operator.
- Coordinate with other jurisdictions to align rate increases and implementation timelines.
- Prepare for a public hearing and formal board decision on the rate increase.
- Continue to explore long-term options for solid waste disposal, including regional partnerships, transfer station ownership, and alternative disposal methods (e.g., rail, barge).
- October 23 work session scheduled to present the long-term plan and options for the future.
- Ongoing monitoring of fund balance, leachate management, and system costs to ensure financial sustainability.

Adjourned – time: 2:58 p.m.
Minutes by: Mary Vityukova
Reviewed by: Gary L. White