

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Study Session Worksheet

Presentation Date: 5/19/2015 **Approx Start Time:** 11:00 **Approx Length:** 30 minutes

Presentation Title: Clackamas County Solid Waste Collection Fees

Department: DTD Resource Conservation & Solid Waste

Presenters: Rick Winterhalter (Sr. Analyst)

Other Invitees: Eben Polk (Supervisor), Scott Caufield (Division Manager), Barb Cartmill (DTD Director)

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Accept the annual review of the County's solid waste collection franchisees and the recommendation of the Solid Waste Commission.

EXECUTIVE SUMMARY:

The Department of Transportation and Development (DTD) is responsible for managing the County's Integrated Solid Waste Collection System. This includes an annual review of the production records of the nine franchised solid waste collection companies that hold the County's 22 franchises. The purpose of the review is to ensure solid waste and recycling collection services are being provided as safely and as efficiently as possible. The review is also used to establish the fees charged for the services required by the County, and to ensure a fair return on revenues to the collectors. This process is supported by a certified public accountant to review franchisee financial records.

Historically the County has recognized the administrative and strategic value of an annual review, coupled with annual adjustments *as necessary* to keep fees and real costs aligned. This governance model prevents large and unexpected increases that may result from a less frequent review.

The County is divided into four fee zones: 1) Urban; 2) Rural; 3) Distant Rural and 4) Mountain. Zones are differentiated by services offered (e.g. no yard debris service outside the Urban zone) and distances traveled between houses and from disposal sites.

The current fees were adopted by the Board and made effective July 1, 2013. The adjusted returns for 2014 in each fee zone fall within the acceptable range of 8-12%.

This year's annual review was conducted on a range of factors impacting the cost of service, including labor, fuel costs, and disposal and processing fees for materials collected.

Of these factors, three have increased:

- An increase of \$1.65 per ton in the solid waste disposal fee at Metro transfer stations. This increase is effective July 1, 2015. Disposal expense is approximately 30% of the direct operational expenses. (*see Metro Rate Comparison*)

- The effective disposal and processing rate for yard debris has seen a 30% increase since 2013. This only impacts the Urban zone where yard debris service is provided.
- Markets for recyclables have declined, resulting in a loss of revenue and increased processing costs, experienced most drastically in the fourth quarter of 2014.

These cost increases are the primary drivers for the proposed fee adjustment, proposed to take effect on July 1, 2015. Using as an example the most common service level, the 32-gallon can/cart collected weekly would increase from \$28.90 to \$29.95 per month (a \$1.05 increase) in the Urban fee zone. Residential customers in other fee zones would see an increase of \$0.65 per month. This represents an increase of 3.7% in the Urban fee zone and approximately 2.5% in the other fee zones. All other classes of service follow similar proposed increases. (See *Solid Waste Collection Supporting Documents*)

The following tables illustrate the recommended proposed fees for each zone. The 32-35 gallon can/cart is the predominant service level. (See *Composite Summaries*)

Recent History of 32-Gallon Cart / Can Fees							
	2009	2010	2011	2012	2013	2014	Proposed
Urban	\$26.35	\$27.45	\$28.20	\$28.65	\$28.90	\$28.90	\$29.96
Rural	23.30	24.20	24.85	25.30	25.60	25.60	26.25
Distant Rural	28.20	29.10	29.80	30.35	30.60	30.60	31.20
Mountain	29.45	30.35	31.05	31.60	31.85	31.85	32.45

The Solid Waste Commission also recommends an increase for commercial container service based on cubic yard serviced. This reflects the adjustments to labor, disposal and processing costs as mentioned above.

Commercial Container Fee	
Fee Zone	Increase Per Cubic Yard
Urban	\$0.47
Rural	\$0.47
Distant Rural / Mountain	\$0.47

Lastly, the Solid Waste Commission recommends a new fee associated with drop box service. The system has seen an increase in use of lidded boxes as businesses attempt to avoid illegal dumping in their open drop boxes and adhere to storm water best management practices. While still a relatively small portion of the overall business, the higher cost to serve these boxes should be recovered with fees. Over the years these additional costs have been addressed on a case-by-case basis between the customer and the franchisee with County oversight. As use of these containers grows, an additional fee is proposed to ensure uniformity across the County.

Fiscal Impact Form

RESOURCES:

Is this item in your current work plan and budget?

- YES
 NO

START-UP EXPENSES AND STAFFING (if applicable):

Not Applicable

ONGOING OPERATING EXPENSES/SAVINGS AND STAFFING (if applicable):

Not Applicable

ANTICIPATED RESULTS:

COSTS & BENEFITS:

Costs:							
	Item	Hours	Start-up Capital	Other Start-up	Annual Operations	Annual Capital	TOTAL
	Total Start-up Costs						
	Ongoing Annual Costs						
Benefits/Savings:							
	Item	Hours	Start-up Capital	Other Start-up	Annual Operations	Annual Capital	TOTAL
	Total Start-up Benefit/Savings						
	Ongoing Annual Benefit/Savings						

Metro Rate Comparison 2014-2015

FY 2015-16 Tip & Transaction Fees and Comparison with Current Rates

March 4, 2015

Charges at Metro	Current	Proposed FY 2015-16	Change
Transfer Stations			
Transaction Fees (per load)	12.00\$	12.00\$	-\$
Staffed	3.00	3.00	-
Automated			
Tip Fee for Mixed Solid Waste			
Tonnage Charge	61.62\$	62.87\$	1.25\$
Regional System Fee	18.21	18.39	0.18
Metro Excise Tax	11.76	11.48	(0.28)
DEQ Fees	1.24	1.24	-
Community Enhancement Fee	0.50	1.00	0.50
Total = Metro Tip Fee	93.33\$	94.98\$	1.65\$
Minimum load charge	28\$	28\$	-\$
Maximum pounds per load	340	340	-
Tip Fees for Organic Wastes at Metro Stations			
Waste Class	Current	Proposed FY 2015-16	Change
Wood/yard debris	52.13\$	50.56\$	(1.57)\$
Residential organics	58.78	59.45	0.67
Commercial organics	64.17	65.23	1.06

Solid Waste Collection Supporting Documents

May 19, 2015

Solid Waste Collection Fee Adjustment

- ORS 459A.085(3) allows the Counties and Cities to “...displace competition with a system of regulated [integrated solid waste] collection service by issuing franchises which may be exclusive if service areas are allocated.”
- The State also provides to Cities and Counties the authority to assess fees that are adequate to provide necessary collection service and allow the recovery of the costs necessary to provide the opportunity to recycle.
- The Resource Conservation and Solid Waste Division of the Department of Transportation and Development (DTD) is responsible for managing the County’s Integrated Solid Waste Collection System.
- One condition of maintaining a County franchise in good standing is:
On an annual basis submit production, sale and purchase records, which include income and expense statements, labor hours, truck hours, customer and receptacle counts, tonnage reports, and which may include, at the County’s option, financial statements and tax returns, for 12 month periods, beginning January 1 and ending December 31 of the previous year, for purposes of Solid Waste Management Fee review... (Clackamas County Solid Waste and Recycling Collection Services Administrative Regulations for Franchisee & Customer; Adopted 10/10/1994, Last amended 11/5/2009)
- The County currently manages 22 franchises. These franchises are held by 9 companies. Of the 9 companies three are publicly traded corporations and six are locally owned Subchapter C corporations. Some of the franchises consolidate their annual reports, resulting in fewer reports than franchisees.
- The County has a contract with Bell & Associates, Inc. a consulting firm specializing in solid waste financial analysis, to perform an analysis of the data submitted.
- The information submitted by the individual franchises is consolidated to create a composite ‘franchisee’. Costs are adjusted to eliminate those allowed for tax purposes but not allowed for determining collection fees. This composite is used to analyze the financial health of the entire system.
- The County determines the systems’ health based on return on revenues. The county’s policy is to measure the health of the solid waste collection system within a range of 8-12% return on revenues. When the system falls within this range typically neither an increase nor decrease in fees is deemed necessary. Special circumstances, such as the addition of new programs or anticipated increases in expenses outside the control of the companies, may cause exceptions.
- Metro Council has approved an increase in the disposal fee by \$1.65 per ton on July 1, 2015; increasing the tip fee to \$94.98. The ‘transaction fee’ of \$3.00 for customers with accounts (franchisees) is to remain the same. For analytical purposes when calculating disposal it is assumed each transaction is a five (5) ton load; therefore an additional \$0.60

(to account for the transaction fee at the transfer station) is added to the disposal fee to arrive at an effective disposal fee of \$ 95.58 beginning July 1, 2015. This increase has been factored into the projections calculated in the financial review.

- A 30% increase in the cost of disposing yard debris has been factored into the projections.
- The cost to remove contaminants from recyclables has been on the rise in recent years while commodity prices respond to global market conditions. In quarter four of 2014 was the first period where there was not a positive return when delivering materials to the processor. Over the past few years the fee adjustments have calculated a decrease in the returns from recyclables. Because of recent issues at ports and lower markets for some materials, there has been zero revenue and a \$25.00 processing fee calculated for delivering recyclables to the processor.
- General inflation has not been applied.
- There has been an increase in the demand for lidded drop boxes by businesses employing best management practices for storm water management. Lids add equipment cost currently not included in the drop box fee structure. Therefore a monthly fee has been added to address the purchase and maintenance cost for the lid.

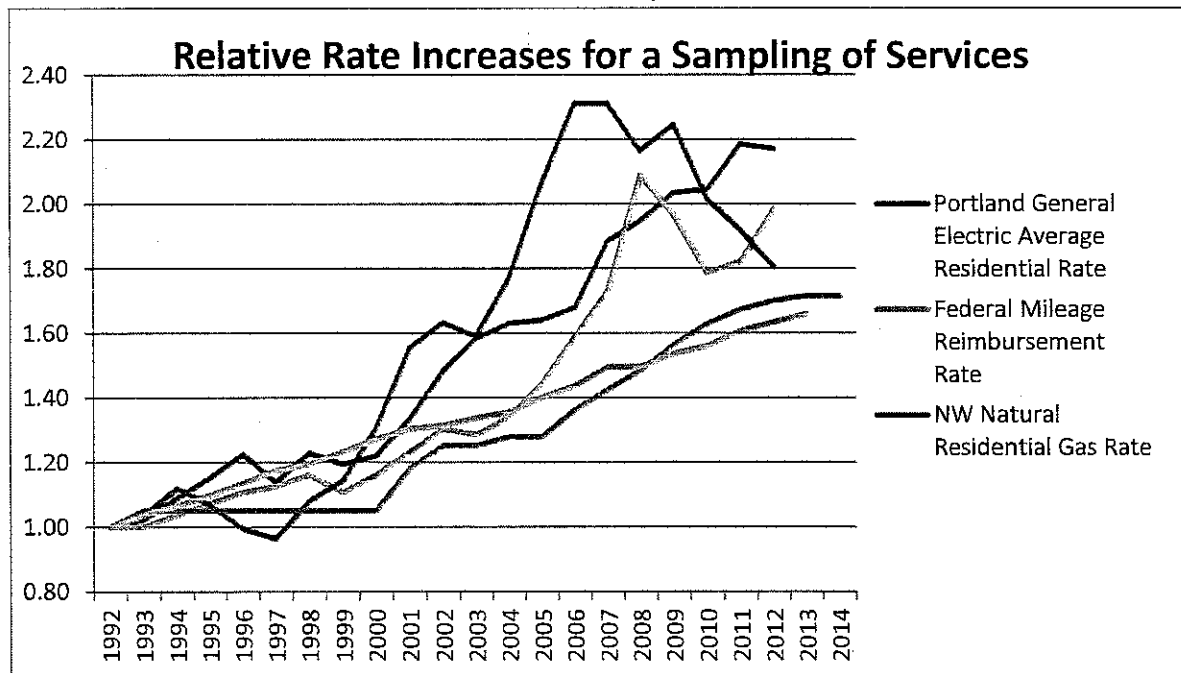
Open Drop Box-All Zones	Current	Proposed	Change
Monthly Fee for Lid	\$0.00	\$20.00	\$20.00

- After reviewing the production records submitted by the franchisees, and making agreed upon adjustments and applying known increases for the processing of yard debris and recyclables and the disposal of garbage, it has been determined that collection fee adjustments will need to be made in each of the collection zones for the coming year.
- The following tables illustrate staff's current proposed fee adjustments necessary in each zone to continue the provision of solid waste collection services the public has come to expect. The 32-35 gallon can/cart is the predominant service level. (See attachments for proposed changes to other service levels.)

32/35 gallon can/ cart	Current	Proposed	Change
Urban	\$28.90	\$29.95	\$1.05
Rural	\$25.60	\$26.25	\$0.65
Distant Rural	\$30.60	\$31.25	\$0.65
Mountain Zone	\$31.85	\$32.50	\$0.65

- Staff is proposing an increase for container service based on cubic yard serviced. This reflects the adjustments to fuel and disposal costs as mentioned above.

Fee Zone	Adjustment Per Cubic Yard
Urban	\$0.47
Rural	\$0.47
Distant Rural/Mountain	\$0.47



History of Fee Adjustments (copied from previous reports)

July 1, 2014

No Fee adjustment was made in 2014.

- Metro Council approved a decrease in the disposal fee by \$1.00 per ton on July 1, 2014; lowering the tip fee to \$93.33. The ‘transaction fee’ of \$3.00 for customers with accounts (franchisees) is to remain the same. For analytical purposes when calculating disposal it is assumed each transaction is a five (5) ton load; therefore an additional \$0.60 (to account for the transaction fee at the transfer station) is added to the disposal fee to arrive at an effective disposal fee of \$93.93 beginning July 1, 2014. This increase has been factored into the projections calculated in the financial review.
- A 25% increase in the cost of disposing yard debris has been factored into the projections.
- Other notable expenses are rising, but at a lower percentage in the recent past. Driver wages are increasing by 1.24% and health insurance for all employees was held flat this year.

- Last year fuel was projected to decrease by 1.21%. This year the projected adjustment is set at -1.76%.
- General inflation is anticipated to be 2.12%.

September 1, 2013

- Metro Council has approved an increase in the disposal fee by \$0.49 per ton on September 1, 2013; raising the tip fee to \$94.33. The ‘transaction fee’ of \$3.00 for customers with accounts (franchisees) is to remain the same. For analytical purposes when calculating disposal it is assumed each transaction is a five (5) ton load; therefore an additional \$0.60 (to account for the transaction fee at the transfer station) is added to the disposal fee to arrive at an effective disposal fee of \$94.93 beginning September 1, 2013. This increase has been factored into the projections calculated in the financial review.
- A 0% increase in the cost of disposing yard debris has been factored into the projections.
- Other notable expenses are rising, but at a lower percentage in the recent past. Driver wages are increasing by 2.0% and health insurance for all employees was held flat this year.
- Last year fuel was projected to increase by 4.99%. This year the projected adjustment is set at -1.21%.
- Other costs have not been projected to increase.
- The following tables illustrate staff’s current proposed fee adjustments necessary in each zone to continue the provision of solid waste collection services the public has come to expect. The 32-35 gallon can/cart is the predominant service level. (See attachments for proposed changes to other service levels.)

32/35 gallon can/ cart	Current	Proposed	Change
Urban	\$28.65	\$28.90	\$0.25
Rural	\$25.30	\$25.60	\$0.30
Distant Rural	\$30.35	\$30.60	\$0.25
Mountain Zone	\$31.60	\$31.85	\$0.25

- Staff is proposing an increase for container service based on cubic yard serviced. This reflects the adjustments to fuel, labor and disposal costs as mentioned above.

Fee Zone	Adjustment Per Cubic Yard
Urban	\$0.95
Rural	\$1.04
Distant Rural/Mountain	\$1.04

- In addition to the adjustment presented above, an additional adjustment to commercial carts is recommended. A historical differential has existed between the carts collected

from residential and commercial customers, with commercial customers having a lower fee, except in the Rural zone. In the Urban area this differential can be attributed to the collection of yard debris from residential customers. However, in the rural, distant rural and mountain zones yard service is not offered in these zones.

Staff is proposing this differential be equalized over the next three years.

32/35 gallon can/ cart	Current	Proposed	Change
Rural	\$25.35	\$25.60	\$0.25
Distant Rural	\$28.90	\$29.65	\$0.75
Mountain Zone	\$30.15	\$30.90	\$0.75
60 gallon cart	Current	Proposed	Change
Rural	\$35.80	\$36.30	\$0.50
Distant Rural	\$38.05	\$39.30	\$1.25
Mountain Zone	\$39.30	\$40.25	\$1.05
90 gallon cart	Current	Proposed	Change
Rural	\$38.40	\$38.90	\$0.50
Distant Rural	\$40.65	\$41.70	\$1.05
Mountain Zone	\$41.90	\$42.95	\$1.05

- Staff is recommending a slight adjustment in the hauling fees associated with open drop box service and for small compactors. Currently the composite earnings for the drop box falls below the acceptable range and has for several years. The system has seen an increase in use of lidded boxes as businesses attempt to avoid illegal dumping in their open drop boxes and adhere to storm water best management practices. The cost of new equipment along with the associated increases in labor expenses warrants this slight adjustment. The last increase on the haul portion of drop box fees was done in 2011.

Open Drop Box-All Zones	Current	Proposed	Change
10/20 Cubic Yards	\$113.00	\$119.00	\$6.00
30 Cubic Yards	\$130.00	\$136.00	\$6.00
40 Cubic Yards	\$147.00	\$153.00	\$6.00

Compactors-All Zones	Current	Proposed	Change
Less than 25 Cubic Yards	\$128.00	\$135.00	\$7.00

August 1, 2012

- Metro Council has approved an increase in the disposal fee by \$4.31 per ton on August 1, 2012; raising the tip fee to \$93.84. The 'transaction fee' of \$3.00 for account customers is to remain the same. For analytical purposes when calculating disposal it is assumed each transaction is a five (5) ton load; therefore an additional \$0.60 (to account for the transaction fee at the transfer station) is added to the disposal fee to arrive at an effective disposal fee of \$94.44 beginning August 1, 2011. A 4.5% increase has been factored into the projections calculated in the financial review.
- A 0% increase in the cost of disposing yard debris has been factored into the projections.
- Other notable expenses are rising, but at a lower percentage in the recent past. Driver wages are increasing by 2.0% and health insurance for all employees was held flat this year.
- Fuel was projected to increase by 4.99%.
- Other costs have not been projected to increase.
- After reviewing the production records submitted by the franchisees, and making agreed upon adjustments and applying projected increases, it has been determined that collection fee adjustments will need to be made in each of the collection zones for the coming year.
- A monthly rent was applied to all customers with a permanent box on site. Past practice had been to apply rental based on frequency of service for both temporary (occasional) and permanent customers.

In August 2012 fees were adjusted upwards in all zones for all service types.

32/35 gallon can/ cart	Current	Proposed	Change
Urban	\$28.20	\$28.65	\$0.45
Rural	\$24.85	\$25.30	\$0.45
Distant Rural	\$29.80	\$30.35	\$0.55
Mountain Zone	\$31.05	\$31.60	\$0.55

An increase for container service based on cubic yard serviced was approved. This reflects the adjustments to fuel, labor and disposal costs as mentioned above.

Fee Zone	Adjustment Per Cubic Yard
Urban	\$2.62
Rural	\$2.82
Distant Rural/Mountain	2.77

August 1, 2011

- Metro Council approved an increase in the disposal fee by \$3.68 per ton on August 1, 2011; raising the tip fee to \$89.53. The 'transaction fee' of \$3.00 for account customers

is to remain the same. For analytical purposes when calculating disposal it is assumed each transaction is a five (5) ton load; therefore an additional \$0.60 (to account for the transaction fee at the transfer station) is added to the disposal fee to arrive at an effective disposal fee of \$90.13 beginning August 1, 2011. This 4.3% increase has been factored into the projections calculated in the financial review.

- A 0% increase in the cost of disposing yard debris has been factored into the projections.
- Other notable expenses are rising, but at a lower percentage in the recent past.. Driver wages are increasing by 3.17% and health insurance for all employees is increasing by 12.86%.
- Last year fuel was projected as a negative 12.73%. This year a projected increase is at 30.86%.
- Other identified costs have been projected to increase at 3.17%.

- After reviewing the production records submitted by the franchisees, and making agreed upon adjustments and applying projected increases, it has been determined that collection fee adjustments will need to be made in each of the collection zones for the coming year.

32/35 gallon can/ cart	Current	Proposed	Change
Urban	\$27.45	\$28.20	\$0.75
Rural	\$24.20	\$24.85	\$0.65
Distant Rural	\$29.10	\$29.80	\$0.70
Mountain Zone	\$30.35	\$31.05	\$0.70

- Staff is proposing an increase for container service based on cubic yard serviced. This reflects the effects as mentioned above.

Fee Zone	Adjustment Per Cubic Yard
Urban	\$2.51
Rural	\$2.90
Distant Rural/Mountain	\$2.99

- Staff is also proposing a small increase to drop box service fees and an increase in the Urban Zone delivery fee to more accurately capture the costs associated with this service.

Urban Zone	Current	Proposed	Change
Delivery Fee	\$25.00	\$40.00	\$15.00

- The basic service charges for collecting and tipping a drop box/compactor have not changed since 2009. The following are the proposed changes to Open Drop Box and Compactor service in all zones.

Open Drop Box-All Zones	Current	Proposed	Change
10/20 Cubic Yards	\$110.00	\$113.00	\$3.00
30 Cubic Yards	\$127.00	\$130.00	\$3.00
40 Cubic Yards	\$144.00	\$147.00	\$3.00

Compactors-All Zones	Current	Proposed	Change
Less than 25 Cubic Yards	\$125.00	\$128.00	\$3.00
25-34 Cubic Yards	\$165.00	\$169.00	\$4.00
Greater than 35 Cubic Yards	\$191.00	\$196.00	\$5.00

August 1, 2010

- A 0% increase in the cost of disposing yard debris has been factored into the projections.
- Other notable expenses are rising, but at a lower percentage in the recent past.. Driver wages are increasing by 3.23% and health insurance for all employees is increasing by 9.83%.
- Last year fuel was projected as a negative 21.01%. This year a projected increase is at 12.73%, considerably lower than the 60% increase experienced 2 years ago.
- Other identified costs have been projected to increase at 3.04%.
- This year an unusual 30% increase in the PUC fees was experienced and expressed in the projections.
- Metro Council has approved an increase in the disposal fee by \$5.10 per ton on August 1, 2010; raising the tip fee to \$85.85. The 'transaction fee' of \$3.00 for account customers is to remain the same. For analytical purposes when calculating disposal it is assumed each transaction is a five (5) ton load; therefore an additional \$0.60 (to account for the transaction fee at the transfer station) is added to the disposal fee to arrive at an effective disposal fee of \$86.45 beginning August 1, 2010. This 6.32% increase has been factored into the projections calculated in the financial review.

32/35 gallon can/ cart	Current	Proposed	Change
Urban	\$26.35	\$27.45	\$1.10
Rural	\$23.30	\$24.20	\$0.90
Distant Rural	\$28.20	\$29.10	\$0.90
Mountain Zone	\$29.45	\$30.35	\$0.90

Staff is proposing an increase for container service based on cubic yard serviced. The adjustment takes into consideration effects on costs as mentioned above.

Fee Zone	Proposed per Yard Adjustment
All Zones	\$1.62

The distances traveled to deliver and collect a box in this area of the County and the infrequency of service continues to have a tremendous impact on the cost of delivering service to the outlying portions of the County. Staff believes the best way to address this concern is to increase the mileage fee. The proposed changes is:

Drop Box Mileage Fee	Current	Proposed	Change
Over 18 miles round trip	\$2.70	\$4.70	\$2.00

August 1, 2009

35 gallon cart: Urban fees were increased by \$1.35; Rural by \$0.50; Distant Rural & Mountain by \$2.25. (*The 32/35 gallon service is the predominant service in the customer mix. Other fees were adjusted proportionally based on the 32-gallon fee.*):

Container Urban/Rural fees increased by \$1.59 and Distant Rural/Mountain fees increased by \$3.21 per cubic yard served.

Drop Box:

	Current	Proposed	Change
Outside the Urban Zone			
Delivery Fee	\$45.00	\$50.00	\$5.00
Mileage Fee	\$2.30	\$2.70	\$0.40

The basic service charges for collecting and tipping a drop box/compactor have not changed since 1993. The following were the changes made in 2009 to Open Drop Box service in all zones.

Open Drop Box-All Zones	Current	Proposed	Change
10/20 Cubic Yards	\$80.55	\$110.00	\$29.45
30 Cubic Yards	\$98.10	\$127.00	\$28.90
40 Cubic Yards	\$113.35	\$144.00	\$30.65

The compactor fees as developed in 1993 were priced on a per yard basis within particular size ranges. This practice seemed to be dated per review of the standard throughout the region which revealed a fixed price within a size range. After surveying the size of compactors in service the proposed size ranges were created. The fees are based on those assessed by the City of Milwaukie.

Compactors-All Zones	Current Low-High	Proposed	Change Low-High
Less than 25 Cubic Yards	\$91.95-135.60	\$125.00	\$33.05-(10.60)
25-34 Cubic Yards	\$141.25-171.70	\$165.00	\$23.75-(6.70)
Greater than 35 Cubic Yards	\$176.75-178.00	\$191.00	\$14.25-13.00

- ◆ September 1, 2008
35 gallon cart: Urban fees were increased by \$1.00; Rural by \$1.45; Distant Rural & Mountain by \$1.65.
Container fees increased by \$1.47 per cubic yard served.
Drop Box: Mileage increased to \$2.30.; Delivery charges -Urban increased from \$20 to \$25; All rural delivery from \$40 to \$45. Several incidental fees charged by most drop box companies were codified on the fee schedule, these include but are not limited to: wash out fee; dead head fee; clarified hourly increments.
- ◆ September 1, 2007
Urban fees were increased by \$1.05. All other fee zones remained static.
Yard Debris exemption program was eliminated. Those currently enrolled, "grandfathered" until leave County system regardless of address.
- ◆ July 1, 2006 Changes to Drop Box fees occurred for the first time since 1993.

Rural Distant Rural	Current	Proposed & Adopted
Delivery Fee	\$20	\$40
Mileage Fee	\$1.70	\$2.00

- ◆ July 1, 2006 added the Mountain Zone to address increased services and collection challenges associated with this part of the County. Primarily the Mt. Hood area east of Rhondendron.
- ◆ There were no fee adjustments in 2005, although Metro did increase fees for disposal in September by 0.62% and other costs increased.

- ◆ On October 1, 2004 the following increases were made to residential and commercial services in each of the collection zones. *(The 32/35 gallon service is the predominant service in the customer mix. Other fees were adjusted proportionally based on the 32-gallon fee.):*

32/35 gallon can/ cart	Current	Adopted 2004	Change
Urban	\$21.10	\$21.55	\$0.45
Rural	\$19.50	\$19.90	\$0.40
Distant Rural	\$22.75	\$23.55	\$0.80

The changes in commercial container service were made on a per-yard basis. The following table shows the increase per yard in each of the fee zones.

Fee Zone	Adopted per Yard Increase 2004
Urban	\$1.75
Rural	\$1.75
Distant Rural	\$3.50

- ◆ In 2003 Metro increased the disposal fee but the County did not adopt a fee adjustment.
- ◆ In July 2002 the Board approved the following increases for 32-gallon can/cart service *(The 32-gallon service is the predominant service in the customer mix. Other fees were adjusted proportionally based on the 32-gallon fee.):*

32/35 gallon can/cart	2002
Urban	\$1.20
Rural	\$1.20
Distant Rural	\$2.70

- ◆ In 2001, residential and commercial fees were adjusted in the Urban zone only. Commercial containers fees were **decreased** 5-20%. The residential 32-gallon fee was increased by 11% (\$2.20) and residential customers were provided a large roller cart for yard debris collection service.

Urban Zone Composite
Return on Revenues
2014 Adjusted

	Can / Cart Service		Container Service		Drop Box Service		Urban Total
Collection & Service Revenues	9,398,440		4,990,728		5,148,946		19,538,114
Direct Costs of Operations	6,994,041	% of revenue	3,522,757	% of revenue	4,394,525	% of revenue	14,911,323
Disposal Expense	2,063,936	22%	1,700,611	34%	2,728,067	53%	6,492,614
Labor Expense	2,565,800	27%	913,142	18%	751,699	15%	4,230,641
Truck Expense	1,484,866	16%	467,781	9%	556,666	11%	2,509,313
Equipment Expense	304,921	3%	171,585	3%	28,165	1%	504,671
Franchise Fees	446,699	5%	227,735	5%	116,776	2%	791,210
Other Direct Expense	127,819	1%	41,903	1%	213,152	4%	382,874
Indirect Costs of Operations	1,681,909		817,512		257,769		2,757,190
Management Expense	416,827	4%	179,407	4%	52,214	1%	648,448
Administrative Expense	491,342	5%	179,259	4%	55,288	1%	725,889
Other Overhead Expenses	773,740	8%	458,846	9%	150,267	3%	1,382,853
Total Cost	8,675,950		4,340,269		4,652,294		17,668,513
Less Unallowable Costs	28,287		15,256		215		43,758
Allowable Costs	8,647,663		4,325,013		4,652,079		17,624,755
Franchise Income	750,777		665,715		496,667		1,913,359
Return on revenues	7.99%		13.34%		9.65%		9.79%
Customer Count / Drop Box Pulls	25,038		1,336		10,079		

Composite Summaries

Rural Zone Composite Return on Revenues 2014 Adjusted Results

	Can / Cart Service		Container Service		Drop Box Service		Rural Total	
Collection & Service Revenues	5,963,531		1,291,334		794,337		8,049,202	
Direct Costs of Operations	4,170,409	% of revenue	897,933	% of revenue	666,377	% of revenue	5,734,719	% of revenue
Disposal Expense	1,199,246	20%	384,395	30%	389,879	49%	1,973,520	25%
Labor Expense	1,550,239	26%	245,763	19%	148,852	19%	1,944,854	24%
Truck Expense	949,764	16%	154,536	12%	79,104	10%	1,183,404	15%
Equipment Expense	164,334	3%	45,472	4%	7,497	1%	217,302	3%
Franchise Fees	216,327	4%	38,964	3%	26,698	3%	281,989	4%
Other Direct Expense	90,499	2%	28,804	2%	14,347	2%	133,650	2%
Indirect Costs of Operations	1,191,096		228,819		43,380		1,463,295	
Management Expense	327,005	5%	87,657	5%	10,881	1%	405,543	5%
Administrative Expense	412,019	7%	59,536	5%	12,934	2%	484,489	6%
Other Overhead Expenses	452,072	8%	101,626	8%	19,565	2%	573,263	7%
Total Cost	5,361,505		1,126,752		709,757		7,198,014	
Less Unallowable Costs	35,581		4,154		659		40,394	
Allowable Costs	5,325,924		1,122,598		709,098		7,157,620	
Franchise Income	637,607		168,736		85,239		891,582	
Return on revenues	10.69%		13.07%		10.73%		11.08%	
Customer Count / Drop Box Pulls	17,722		450		3,262			

Composite Summaries

Distant Rural Zone Composite Return on Revenues 2014 Adjusted

	Can / Cart Service		Container Service		Drop Box Service		Distant Rural Total	
Collection & Service Revenues	2,732,519		860,398		355,258		3,948,175	
Direct Costs of Operations	1,909,170	% of revenue	585,516	% of revenue	387,274	% of revenue	2,881,960	% of revenue
Disposal Expense	421,064	15%	170,878	20%	177,856	50%	769,798	19%
Labor Expense	787,386	29%	203,601	24%	121,270	34%	1,112,257	28%
Truck Expense	440,400	16%	117,132	14%	51,672	15%	609,204	15%
Equipment Expense	68,972	3%	16,074	2%	6,630	2%	91,676	2%
Franchise Fees	123,968	5%	37,960	4%	17,168	5%	179,096	5%
Other Direct Expense	67,360	2%	39,871	5%	12,678	4%	119,929	3%
Indirect Costs of Operations	550,539		129,309		22,481		702,329	
Management Expense	139,218	5%	19,435	2%	4,761	1%	163,414	4%
Administrative Expense	227,345	8%	62,086	7%	7,872	2%	297,303	8%
Other Overhead Expenses	183,976	7%	47,788	6%	9,848	3%	241,612	6%
Total Cost	2,459,709		714,825		409,755		3,584,289	
Less Unallowable Costs	16,713		2,724		664		20,101	
Allowable Costs	2,442,996		712,101		409,091		3,564,188	
Franchise Income	289,523		148,297		-53,833		383,987	
Return on revenues	10.60%		17.24%		-16.15%		9.73%	
Customer Count / Drop Box Pulls	6,315		202		851			

Composite Summaries

Urban

Cart/Can Service		Adjustment		
Current Rate	Service Level	Proposed	\$	%
\$ 25.15	20 gal Singlefamily	\$ 26.15	1.00	4.0%
\$ 28.90	32 gal	\$ 29.96	1.06	3.7%
\$ 38.10	60 gal	\$ 39.25	1.15	3.0%
\$ 44.70	90 gal	\$ 45.95	1.25	2.8%
\$ 13.05	On Call	\$ 13.60	0.55	4.2%
\$ 12.35	Monthly	\$ 12.90	0.55	4.5%
\$ 20.65	20 gal Multifamily	\$ 21.65	1.00	4.8%
\$ 24.40	32 gal	\$ 25.45	1.05	4.3%
\$ 24.95	35 gal Commercial	\$ 26.00	1.05	4.2%
\$ 36.05	60 gal	\$ 37.20	1.15	3.2%
\$ 38.65	90 gal	\$ 39.80	1.15	3.0%
\$ 4.15	Recycling Only	\$ 4.70	0.55	13.3%
\$ 5.30	YD Subscription	\$ 5.70	0.40	7.5%
Container Service		Adjustment		
Current Rate	Service Level	Proposed	\$	%
\$ 93.25	1 yard weekly	\$ 95.29	\$ 2.04	2.2%
\$ 178.78	2 yard weekly	\$ 182.85	\$ 4.07	2.3%
\$ 300.06	2 yard 2x weekly	\$ 308.20	\$ 8.14	2.7%
\$ 515.45	4 yard 2x weekly	\$ 531.73	\$ 16.28	3.2%

Rural

Cart/Can Service		Adjustment		
Current Rate	Service Level	Proposed	\$	%
\$ 21.90	20 gal Singlefamily	\$ 22.50	0.60	2.7%
\$ 25.60	32 gal	\$ 26.25	0.65	2.5%
\$ 36.70	60 gal	\$ 37.45	0.75	2.0%
\$ 42.05	90 gal	\$ 42.90	0.85	2.0%
\$ 13.50	On Call	\$ 13.83	0.33	2.4%
\$ 12.45	Monthly	\$ 12.80	0.35	2.8%
\$ 20.30	20 gal Multifamily	\$ 20.90	0.60	3.0%
\$ 24.00	32 gal	\$ 24.65	0.65	2.7%
\$ 25.60	35 gal Commercial	\$ 26.25	0.65	2.5%
\$ 36.30	60 gal	\$ 37.25	0.95	2.6%
\$ 38.90	90 gal	\$ 39.85	0.95	2.4%
\$ 6.45	Recycling Only	\$ 7.00	0.55	8.5%
Container Service		Adjustment		
Current Rate	Service Level	Proposed	\$	%
\$ 105.79	1 yard weekly	\$ 107.83	\$ 2.04	1.9%
\$ 181.63	2 yard weekly	\$ 185.70	\$ 4.07	2.2%
\$ 350.41	2 yard 2x weekly	\$ 358.55	\$ 8.14	2.3%
\$ 638.11	4 yard 2x weekly	\$ 654.39	\$ 16.28	2.6%

Composite Summaries

Distant Rural

Distant Rural		Adjustment		
Current Rate	Service Level	Proposed	\$	%
\$ 26.60	20 gal Singlefamily	\$ 27.20	0.60	2.3%
\$ 30.60	32 gal	\$ 31.20	0.60	2.0%
\$ 40.55	60 gal	\$ 41.30	0.75	1.8%
\$ 45.95	90 gal	\$ 46.80	0.85	1.8%
\$ 13.95	On Call	\$ 14.28	0.33	2.4%
\$ 14.10	Monthly	\$ 14.45	0.35	2.5%
\$ 25.00	20 gal Multifamily	\$ 25.60	0.60	2.4%
\$ 29.00	32 gal	\$ 29.60	0.60	2.1%
\$ 29.65	35 gal Commercial	\$ 30.78	1.13	3.8%
\$ 39.30	60 gal	\$ 40.78	1.48	3.8%
\$ 41.90	90 gal	\$ 43.40	1.50	3.6%
\$ 7.20	Recycling Only	\$ 7.75	0.55	7.6%

Distant Rural		Adjustment		
Current Rate	Service Level	Proposed	\$	%
\$ 120.05	1 yard weekly	\$ 122.09	\$ 2.04	1.7%
\$ 201.90	2 yard weekly	\$ 205.97	\$ 4.07	2.0%
\$ 382.69	2 yard 2x weekly	\$ 390.83	\$ 8.14	2.1%
\$ 694.42	4 yard 2x weekly	\$ 710.70	\$ 16.28	2.3%

Mountain

Mountain		Adjustment		
Current Rate	Service Level	Proposed	\$	%
\$ 27.85	20 gal Singlefamily	\$ 28.45	0.60	2.2%
\$ 31.85	32 gal	\$ 32.45	0.60	1.9%
\$ 14.25	On Call	\$ 14.58	0.33	2.3%
\$ 14.40	Monthly	\$ 14.75	0.35	2.4%
\$ 26.25	20 gal Multifamily	\$ 26.85	0.60	2.3%
\$ 30.25	32 gal	\$ 30.85	0.60	2.0%
\$ 30.90	35 gal Commercial	\$ 32.03	1.13	3.7%
\$ 7.20	Recycling Only	\$ 7.75	0.55	7.6%

Mountain		Adjustment		
Current Rate	Service Level	Proposed	\$	%
\$ 139.10	1 yard weekly	\$ 141.14	\$ 2.04	1.5%
\$ 240.00	2 yard weekly	\$ 244.07	\$ 4.07	1.7%
\$ 458.90	2 yard 2x weekly	\$ 467.04	\$ 8.14	1.8%
\$ 864.84	4 yard 2x weekly	\$ 881.12	\$ 16.28	1.9%