

# CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

## Policy Session Worksheet

**Presentation Date:** 6/15/22 **Approx. Start Time:** 10:00 am **Approx. Length:** 30 minutes

**Presentation Title:** Annual Review of Solid Waste Collection Service - Proposed Fee Increase

**Department:** Transportation and Development - Sustainability & Solid Waste Program

**Presenters:** Cheryl Bell, Asst Director; Eben Polk, Sustainability Manager

**Other Invitees:** Dan Johnson, DTD Director; Rick Winterhalter, Sr. Sustainability Analyst; Beth Vargas Duncan representing the *Clackamas County Refuse & Recycling Association*; Kelly Stewart, Sr. Sustainability Analyst

### **WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?**

To take action on the recommendation from the Solid Waste Commission to increase Solid Waste Collection Fees effective July 1, 2022.

### **EXECUTIVE SUMMARY:**

*The purpose of this policy session is to present the findings of the County's annual solid waste fee review and the fee increase recommendation from the Solid Waste Commission.*

### **Overview**

The Sustainability & Solid Waste Program, which is part of the Department of Transportation and Development (DTD), is responsible for managing the County's Integrated Solid Waste Collection System. This work includes an annual review of the production records of the seven parent companies holding Board approved solid waste collection franchises.

The purpose of the review is to ensure that solid waste collection services are provided to residents and businesses safely, cost-effectively, efficiently, and in a manner that supports the benefits of recovering materials from the system. The review is used to establish the fees charged for the variety of services the County requires our franchised collectors to offer, and to ensure a fair return to the collectors. A contracted certified public accountant assists in this review process by reviewing franchisee financial records, creating summaries, and providing analysis.

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. These adjustments may come in the form of fee increases, adding additional collection services, or a combination of these options. This review model prevents large and unexpected increases for customers that can result from less frequent reviews. The Solid Waste Commission last recommended increasing fees in 2021, and the Board adopted and made effective these new fees on July 1, 2021.

### **Annual Fee Review and Cost Factors**

During the annual review process, franchisees submit detailed reports which are reviewed by staff and the contracted CPA. As questions arise, they are submitted to the franchisees for clarification. Site visits are conducted, as needed, to confirm the validity and accuracy of reported costs. County staff adjust or exclude reported costs as necessary to ensure the costs included in our review are appropriate.

This review includes an assessment of appropriate operating margins. The County's practice, consistent with other communities in Oregon, is to set fees at a level that targets a 10% operating margin, with an acceptable range of 8-12%. (*Attachment 4*).

As part of the review, we evaluate costs and test the impact of known costs and potential fee increases or decreases on the operating margins for each service zone, and for the system as a whole. For further details on the history of solid waste fees, refer to Attachment 6.

Our review of the allowable costs and revenues for calendar year 2021 showed:

- The margins for the Urban fee zone exceeded the high end of the range at just over 13%
- The margins for the Combined Rural zones fell within the acceptable range at 11%
- The analysis of all fee zones combined (which we term the 'composite'), revenues provided a system-wide margin of 12.32%, as illustrated in *Attachment 2* (see the *2021 Adjusted Results*).

### Cost Increases

Known and measurable cost increases of providing garbage and recycling services, included in our calculations of an estimated margin for 2022, are:

1. Driver labor costs (up 2.2%),
2. Health expense for administrative workers (up 5%),
3. An increase to the Metro tip fee on disposed waste effective July 1, 2022, representing a 7.1% increase to disposal costs over the current FY (on a calendar year basis this and the prior increase translate to an 11.9% increase from 2021 to 2022); and,
4. Estimated fuel increases (58%)

A general inflation assumption was **NOT** included in the estimated margins for 2022.<sup>1</sup>

This year's review also identified a significant increase in the cost to purchase drop boxes, the other primary line of service in addition to regular residential and commercial cart and container collection service.

### 22/23 Fee Discussion

If the 2021 margins had been below or at the low end of the range, it is likely that all of the above cost increases would be factored into a proposed fee increase. Since the margin, however, was just above the range, we propose to increase regular residential and commercial garbage collection fees **only** to account for the known and measurable increase to disposal costs (the Metro tip fee on disposed waste). In contrast, last year the Board approved a fee increase accounting for cost increases in all three categories of labor, fuel and disposal fees.

If the proposed fee increase **is** approved, the total county system estimated margin would be 11.41%. For additional context, a three-year review of the total county composite is provided. (*Attachment 2*).

If the proposed fee increase **is not** approved, the estimated 2022 margin for the entire system is 10.68%, within the target range (*Attachment 3*). While the estimated 2022 margins remain within the acceptable range without a collection fee increase, two additional considerations have been made in recommending a fee increase:

- 1) Keeping up with disposal cost increases as they occur helps avoid more significant increases later (for example in 2023 when disposal fees are projected to increase 7-8%).

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<sup>1</sup> According to the US Bureau of Labor and Statistics Western Consumer Price Index, inflation was 8.7% from April 2021 to March 2022. When food and fuel were excluded from the calculation, the adjusted inflation was 6.8%. [https://www.bls.gov/regions/west/news-release/ConsumerPriceIndex\\_West.htm](https://www.bls.gov/regions/west/news-release/ConsumerPriceIndex_West.htm)

- 2) Additional costs are anticipated in 2022 that cannot be reliably estimated at this time. These include:
- a. Increased implementation of food waste collection among restaurants, grocery stores and other large food businesses in the urban fee zone.
  - b. The processing cost for recyclables decreased below the 2021 estimate, bolstering the margin, but these processing costs appear to be on the rise in the first quarter of 2022.
  - c. A number of planned truck replacements in 2021 did not occur due to supply chain issues that affected many parts of the economy, so the depreciation costs associated with new equipment may show up disproportionately on 2022 cost reports.

While not quantifiable, it is known each of these additional costs will have an effect on the 2022 review.

### **Solid Waste Commission Recommendation**

The Solid Waste Commission, the County's formal advisory body reflecting public participation in managing the solid waste system, met on May 12, 2022 to consider the Annual Review and the proposed fee increase. The Commission voted to accept the review, and recommended the proposed fee increase (based upon known and measurable costs), to be forwarded to the Board for consideration. (*Attachments 1 & 5*)

### **FINANCIAL IMPLICATIONS (current year and ongoing):**

Is this item in your current budget? **N/A**     YES     NO

What is the cost? \$ **N/A**    What is the funding source? **N/A**

For a summary of the financial implications for the garbage and recycling collection system, see Page 3 (Proposed Fee Increase Discussion).

### **STRATEGIC PLAN ALIGNMENT:**

- **How does this item align with your Department's Strategic Business Plan goals?**  
Our Departmental and program mission includes providing franchise oversight of the solid waste system to ensure franchisees have the ability to provide, and customers continue to receive, safe, efficient and timely garbage and recycling services.
- **How does this item align with the County's Performance Clackamas goals?**  
Every county resident and business has access to safe, convenient garbage and recycling services to *ensure a safe and healthy community*. The annual review provides assurances customers are provided fair value for the services they receive.

### **LEGAL/POLICY REQUIREMENTS:**

ORS 459 and 459A authorize the County to franchise solid waste collection services. County Code Chapter 10.03 requires a review of the solid waste collection system to ensure residents and businesses receive timely service at a reasonable cost, and the County's franchisees are able to provide those services safely, efficiently, and with a reasonable return.

**PUBLIC/GOVERNMENTAL PARTICIPATION:**

The Solid Waste Commission, the County's formal advisory body reflecting public participation in managing the solid waste system, convened to discuss the annual review and make recommendations to the Board. Staff, Bell & Associates, Inc. and the franchisees have participated in the annual review.

**OPTIONS:**

1. Maintain fees at current levels until next year's annual fee review.
2. Approve a fee increase effective July 1, 2022, and as approved and recommended by the Solid Waste Commission.
3. Propose an alternative to the proposed increase.

**RECOMMENDATION:**

Option 2. Approve a fee increase effective July 1, 2022, and as approved and recommended by the Solid Waste Commission.

**ATTACHMENTS:**

1. Proposed Fee Changes: Tables
2. Annual Summaries (2021 Review Results and 2022 Estimated Margins With Proposed Increase in Effect)
3. Annual Summaries (2021 Review Results and 2022 Estimated Margins Without Proposed Increase)
4. Background: Fee Zones Return on Revenue
5. Proposed Fee Changes: Narrative
6. Fee History Narrative

**SUBMITTED BY:**

Division Director/Head Approval \_\_\_\_\_

Department Director/Head Approval \_\_\_\_\_

County Administrator Approval \_\_\_\_\_

For information on this issue or copies of attachments, please contact Rick Winterhalter at <a href="mailto:rickw@clackamas.us">rickw@clackamas.us</a> or 503-742-4466.
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**Proposed Fee Changes 2022**

Urban		Adjustment		
Current Fee	Service Level	Proposed	\$	%
\$ 30.60	20 gal Singlefamily	\$ 30.90	0.30	1.0%
\$ 35.05	32 gal	\$ 35.60	0.55	1.6%
\$ 45.55	60 gal	\$ 46.45	0.90	2.0%
\$ 53.50	90 gal	\$ 54.85	1.35	2.5%
\$ 16.30	On Call	\$ 16.55	0.25	1.5%
\$ 17.05	Monthly	\$ 17.30	0.25	1.5%
\$ 26.10	20 gal Multifamily	\$ 26.40	0.30	1.1%
\$ 30.55	32 gal	\$ 31.10	0.55	1.8%
\$ 31.10	35 gal Commercial	\$ 31.65	0.55	1.8%
\$ 43.50	60 gal	\$ 44.40	0.90	2.1%
\$ 47.35	90 gal	\$ 48.70	1.35	2.9%
\$ 7.45	Recycling Only	\$ 7.45		0.0%
\$ 6.05	YD Subscription	\$ 6.05		0.0%
\$ 4.50	YD 2nd Cart	\$ 4.50		0.0%
Urban		Adjustment		
Current Fee	Service Level	Proposed	\$	%
\$ 110.24	1 yard weekly	\$ 112.62	2.38	2.2%
\$ 187.85	2 yard weekly	\$ 192.61	4.76	2.5%
\$ 367.96	2 yard 2x weekly	\$ 377.49	9.53	2.6%
\$ 651.24	4 yard 2x weekly	\$ 670.29	19.05	2.9%

Rural		Adjustment		
Current Fee	Service Level	Proposed	\$	%
\$ 27.80	20 gal Singlefamily	\$ 28.10	0.30	1.1%
\$ 32.25	32 gal	\$ 32.80	0.55	1.7%
\$ 44.80	60 gal	\$ 45.70	0.90	2.0%
\$ 51.55	90 gal	\$ 52.90	1.35	2.6%
\$ 16.85	On Call	\$ 17.10	0.25	1.5%
\$ 17.65	Monthly	\$ 17.90	0.25	1.4%
\$ 26.20	20 gal Multifamily	\$ 26.50	0.30	1.1%
\$ 30.65	32 gal	\$ 31.20	0.55	1.8%
\$ 32.25	35 gal Commercial	\$ 32.80	0.55	1.7%
\$ 44.80	60 gal	\$ 45.70	0.90	2.0%
\$ 51.55	90 gal	\$ 52.90	1.35	2.6%
\$ 10.30	Recycling Only	\$ 10.30	-	0.0%
Rural		Adjustment		
Current Fee	Service Level	Proposed	\$	%
\$ 127.07	1 yard weekly	\$ 129.45	2.38	1.9%
\$ 224.15	2 yard weekly	\$ 228.91	4.76	2.1%
\$ 435.45	2 yard 2x weekly	\$ 444.98	9.53	2.2%
\$ 808.19	4 yard 2x weekly	\$ 827.24	19.05	2.4%

**Proposed Fee Changes 2022**

Distant Rural		Adjustment		
Current Fee	Service Level	Proposed	\$	%
\$ 32.85	20 gal Singlefamily	\$ 33.15	0.30	0.9%
\$ 37.60	32 gal	\$ 38.15	0.55	1.5%
\$ 48.95	60 gal	\$ 49.85	0.90	1.8%
\$ 55.70	90 gal	\$ 57.05	1.35	2.4%
\$ 17.40	On Call	\$ 17.65	0.25	1.4%
\$ 19.50	Monthly	\$ 19.75	0.25	1.3%
\$ 31.25	20 gal Multifamily	\$ 31.55	0.30	1.0%
\$ 36.00	32 gal	\$ 36.55	0.55	1.5%
\$ 37.60	35 gal Commercial	\$ 38.15	0.55	1.5%
\$ 48.95	60 gal	\$ 49.85	0.90	1.8%
\$ 55.70	90 gal	\$ 57.05	1.35	2.4%
\$ 10.40	Recycling Only	\$ 10.40	-	0.0%
Distant Rural		Adjustment		
Current Fee	Service Level	Proposed	\$	%
\$ 142.45	1 yard weekly	\$ 144.83	2.38	1.7%
\$ 246.67	2 yard weekly	\$ 251.43	4.76	1.9%
\$ 472.23	2 yard 2x weekly	\$ 481.76	9.53	2.0%
\$ 873.51	4 yard 2x weekly	\$ 892.56	19.05	2.2%

Mountain		Adjustment		
Current Rate	Service Level	Proposed	\$	%
\$ 34.10	20 gal Singlefamily	\$ 34.40	0.30	0.9%
\$ 38.85	32 gal	\$ 39.40	0.55	1.4%
\$ 17.70	On Call	\$ 17.95	0.25	1.4%
\$ 19.80	Monthly	\$ 20.05	0.25	1.3%
\$ 32.50	20 gal Multifamily	\$ 32.80	0.30	0.9%
\$ 37.25	32 gal	\$ 37.80	0.55	1.5%
\$ 38.85	35 gal Commercial	\$ 39.40	0.55	1.4%
\$ 10.40	Recycling Only	\$ 10.40	-	0.0%
Mountain		Adjustment		
Current Rate	Service Level	Proposed	\$	%
\$ 161.50	1 yard weekly	\$ 163.88	2.38	1.5%
\$ 284.77	2 yard weekly	\$ 289.53	4.76	1.7%
\$ 548.44	2 yard 2x weekly	\$ 557.97	9.53	1.7%
\$ 1,025.93	4 yard 2x weekly	\$ 1,044.98	19.05	1.9%

Monthly Rental	Current	Proposed	\$Change	% Change
Open Drop Box	\$50.00	<b>\$70.00</b>	\$20.00	40.0%
Lidded Drop Box	\$70.00	<b>\$90.00</b>	\$20.00	28.6%
Daily rent 10 days maximum	\$6.30	<b>\$7.00</b>	\$0.70	11.1%

**Fee Zone Composite****2021 Adjusted Results**

	Urban		Combined Rural		Total County	
<b>Collection &amp; Service Revenues</b>	<b>27,844,875</b>		<b>18,886,535</b>		<b>46,731,410</b>	
<b>Direct Costs of Operations</b>	<b>20,356,058</b>	<b>% of revenue</b>	<b>14,054,713</b>	<b>% of revenue</b>	<b>34,410,771</b>	<b>% of revenue</b>
Disposal Expense	9,623,217	35%	5,012,088	27%	14,635,305	31%
Labor Expense	5,620,316	20%	4,792,221	25%	10,412,537	22%
Truck Expense	2,855,411	10%	2,351,235	12%	5,206,646	11%
Equipment Expense	632,179	2%	594,638	3%	1,226,817	3%
Franchise Fees	1,239,358	4%	935,246	5%	2,174,604	5%
Other Direct Expense	385,577	1%	369,285	2%	754,862	2%
<b>Indirect Costs of Operations</b>	<b>3,903,540</b>		<b>2,814,770</b>		<b>6,718,310</b>	
Management Expense	1,215,539	4%	661,897	4%	1,877,436	4%
Administrative Expense	740,581	3%	879,139	5%	1,619,720	3%
Other Overhead Expenses	1,947,420	7%	1,273,734	7%	3,221,154	7%
<b>Total Cost</b>	<b>24,259,598</b>		<b>16,869,483</b>		<b>41,129,081</b>	
<b>Less Unallowable Costs</b>	<b>64,521</b>		<b>89,205</b>		<b>153,726</b>	
<b>Allowable Costs</b>	<b>24,195,077</b>		<b>16,780,278</b>		<b>40,975,355</b>	
<b>Franchise Income</b>	<b>3,649,798</b>		<b>2,106,257</b>		<b>5,756,055</b>	
<b>Return on revenues</b>	<b>13.11%</b>		<b>11.15%</b>		<b>12.32%</b>	

**2022 Estimated Results**

	Urban		Combined Rural		Total County	
<b>Collection &amp; Service Revenues</b>	<b>28,856,038</b>		<b>19,478,779</b>		<b>48,334,816</b>	
<b>Rate Increase</b>	<b>247,031</b>		<b>152,066</b>		<b>399,097</b>	
<b>Direct Costs of Operations</b>	<b>21,726,876</b>	<b>% ▲ from prior year</b>	<b>14,889,188</b>	<b>% ▲ from prior year</b>	<b>36,616,064</b>	<b>% ▲ from prior year</b>
Disposal Expense	10,615,036	10.3%	5,575,549	11.2%	16,190,585	10.6%
Labor Expense	5,718,652	1.7%	4,879,405	1.8%	10,598,057	1.8%
Truck Expense	3,066,775	7.4%	2,513,906	6.9%	5,580,681	7.2%
Equipment Expense	632,179	0.0%	594,638	0.0%	1,226,817	0.0%
Franchise Fees	1,308,657	5.6%	956,405	2.3%	2,265,062	4.2%
Other Direct Expense	385,577	0.0%	369,285	0.0%	754,862	0.0%
<b>Indirect Costs of Operations</b>	<b>3,913,483</b>		<b>2,823,697</b>		<b>6,737,180</b>	
Management Expense	1,221,059	0.5%	664,565	0.4%	1,885,624	0.4%
Administrative Expense	745,004	0.6%	885,398	0.7%	1,630,402	0.7%
Other Overhead Expenses	1,947,420	0.0%	1,273,734	0.0%	3,221,154	0.0%
<b>Total Cost</b>	<b>25,640,359</b>		<b>17,712,886</b>		<b>43,353,245</b>	
<b>Less Unallowable Costs</b>	<b>90,063</b>		<b>89,205</b>		<b>179,268</b>	
<b>Allowable Costs</b>	<b>25,550,296</b>		<b>17,623,681</b>		<b>43,173,977</b>	
<b>Franchise Income</b>	<b>3,552,772</b>		<b>2,007,164</b>		<b>5,559,936</b>	
<b>Return on revenues</b>	<b>12.21%</b>		<b>10.22%</b>		<b>11.41%</b>	

<b>Total County Composite</b>	<b>2019*</b>	<b>2020</b>	<b>2021</b>	<b>3 yr Total County Composite</b>
Revenues	39,180,619	42,577,096	46,731,410	\$ 128,489,125
Direct Costs	31,129,206	32,791,660	34,410,771	\$ 98,331,637
Indirect Costs	5,289,328	5,960,516	6,718,310	\$ 17,968,154
Total Cost	36,418,534	38,752,176	41,129,081	\$ 116,299,791
Less Unallowable Costs	33,099	51,063	153,726	\$ 237,888
Allowable Costs	36,385,435	38,701,113	40,975,355	\$ 116,061,903
Franchise Income	2,795,183	3,875,984	5,756,055	\$ 12,427,222
Return on revenues	<b>7.10%</b>	<b>9.10%</b>	<b>12.32%</b>	<b>9.70%</b>

\* 2019 Review was based on Reported only, early effective date: Covid



**Fee Zone Composite**

**2021 Adjusted Results**

	Urban		Combined Rural		Total County	
<b>Collection &amp; Service Revenues</b>	<b>27,844,875</b>		<b>18,886,535</b>		<b>46,731,410</b>	
<b>Direct Costs of Operations</b>	<b>20,356,058</b>	<b>% of revenue</b>	<b>14,054,713</b>	<b>% of revenue</b>	<b>34,410,771</b>	<b>% of revenue</b>
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Equipment Expense	632,179	2%	594,638	3%	1,226,817	3%
Franchise Fees	1,239,358	4%	935,246	5%	2,174,604	5%
Other Direct Expense	385,577	1%	369,285	2%	754,862	2%
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<b>Less Unallowable Costs</b>	<b>64,521</b>		<b>89,205</b>		<b>153,726</b>	
<b>Allowable Costs</b>	<b>24,195,077</b>		<b>16,780,278</b>		<b>40,975,355</b>	
<b>Franchise Income</b>	<b>3,649,798</b>		<b>2,106,257</b>		<b>5,756,055</b>	
<b>Return on revenues</b>	<b>13.11%</b>		<b>11.15%</b>		<b>12.32%</b>	

**2022 Estimated Results without an Increase**

	Urban		Combined Rural		Total County	
<b>Collection &amp; Service Revenues</b>	<b>28,856,038</b>		<b>19,478,779</b>		<b>48,334,816</b>	
<b>Rate Increase</b>					<b>0</b>	
<b>Direct Costs of Operations</b>	<b>21,726,876</b>	<b>% ▲ from prior year</b>	<b>14,889,188</b>	<b>% ▲ from prior year</b>	<b>36,616,064</b>	<b>% ▲ from prior year</b>
Disposal Expense	10,615,036	10.3%	5,575,549	11.2%	16,190,585	10.6%
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Truck Expense	3,066,775	7.4%	2,513,906	6.9%	5,580,681	7.2%
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Other Direct Expense	385,577	0.0%	369,285	0.0%	754,862	0.0%
<b>Indirect Costs of Operations</b>	<b>3,913,483</b>		<b>2,823,697</b>		<b>6,737,180</b>	
Management Expense	1,221,059	0.5%	664,565	0.4%	1,885,624	0.4%
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Other Overhead Expenses	1,947,420	0.0%	1,273,734	0.0%	3,221,154	0.0%
<b>Total Cost</b>	<b>25,640,359</b>		<b>17,712,886</b>		<b>43,353,245</b>	
<b>Less Unallowable Costs</b>	<b>90,063</b>		<b>89,205</b>		<b>179,268</b>	
<b>Allowable Costs</b>	<b>25,550,296</b>		<b>17,623,681</b>		<b>43,173,977</b>	
<b>Franchise Income</b>	<b>3,305,742</b>		<b>1,855,098</b>		<b>5,160,840</b>	
<b>Return on revenues</b>	<b>11.46%</b>		<b>9.52%</b>		<b>10.68%</b>	

### Background

When looking at the annual review, some context is helpful when reviewing the results.

#### Service Zones

The County is divided into four service zones:

- 1) Urban Zone (defined as the area within the Metro Urban Growth Boundary established prior to March 2003),
- 2) Rural Zone,
- 3) Distant Rural Zone, and;
- 4) Mountain Zone.

These zones are differentiated by geography, the services offered (for example, curbside yard debris service is not included outside the Urban zone), and the distances traveled by the franchisees between the customers they serve and the disposal sites.

#### Operating Margin

The County's practice, consistent with other communities in Oregon, is to set fees at a level that targets a 10% operating margin, with an acceptable range of 8-12% (this is also referred to as return on revenues, for example in Attachments 1 and 2). This approach has been used since the mid-1980s when the County established uniform fees. (Previously the County approved different fees per collector.) The concept of using a range for an acceptable operating margin to inform the direction of the Annual Review was suggested by third-party CPAs. The variance in reported expenses and revenues year over year are well suited to review within the context of a range.

Our franchised collectors cover certain costs from their margin, per guidelines reviewed by our third-party CPA. The collectors use their margin to:

- Cover income taxes;
- Provide reserves to run operations and pay for capital purchases; and
- Provide a return to ownership.

## Attachment 4

During the annual fee review, the County reviews the total costs and revenues across our fee zones—which we call the ‘composite’. Comparing the revenues to the costs, one of the following courses of action, or scenarios, is typically called for:

Scenario	Operating margin (Determined based upon revenues and costs)	Are there known cost increases ahead?	Action suggested through the review process
1	Within the acceptable range	No	None – in this scenario current fees would be continued into the next year.
2	Within the acceptable range	Yes – unavoidable cost increases are known for the upcoming year	Pursue a fee increase to keep the system within the acceptable operating margin range and avoid larger increases in future years
3	Above the acceptable range	No – there are no known cost increases to bring revenues down into the acceptable range	Pursue a decrease in fees, provide additional services for customers, or some combination of these
4	Above the acceptable range	Yes – unavoidable cost increases are known for the upcoming year	Pursue an increase in fees to recognize some of the known costs if this action is estimated to result in the operating margin staying within the acceptable range
5	Below the acceptable range	With the operating margin below the acceptable range, the process would recommend a fee increase. Any known cost increases would be accounted for in a recommended increase.	Proposed an increase to bring the estimated margin within the range

**This year’s fee review for all zones falls into course of action scenario four (4).**

# Attachment 5

## Summary of Proposed Fee Increases

If the Board approves a fee increase for cart and container service effective July 1, 2022, to account for one of the known and measurable cost increases, this action will result in:

- A \$0.55 per-month increase to a customer with weekly collection of a 35-gallon cart (which is the most common service level);
- \$0.55 per yard for commercial container service;
- A projected system-wide composite operating margin of 11.41%.

In addition, if the Board approves the proposed fee increase for drop boxes in recognition of the increased cost to purchase and provide drop boxes, the monthly rental fee for a drop box will increase for the first time in 10 years, by \$20 per month (see below for further detail).

## Cart & Container Fees

Applying the known and measurable costs above with a July 1, 2022 effective date to the most common service level, the 35-gallon can/cart collected weekly, the fee would increase from \$35.05 to \$35.60 per month (a 1.6% increase) in the Urban fee zone.

Residential customers in the Rural, Distant Rural, and Mountain fee zones would see a similar increase. All other classes of service follow similar proposed increases, relative to the 35-gallon cart. (*Attachment 3* details the current and proposed fees across all zones, types of service, and service levels.)

The following tables illustrate the proposed fees for each zone, along with a historical review of adjustments. The 35-gallon can/cart is the predominant residential service level.

### Example of Proposed Residential Fees and Recent History

**Table 1. Current and Proposed Fees for Residential 35-gallon cart collected weekly**

Service Zone	Current Monthly Fee	Proposed Monthly Fee	\$ Increase	% Increase
Urban	\$35.05	\$35.60	\$0.55	1.6%
Rural	\$32.25	\$32.80	\$0.55	1.7%
Distant Rural	\$37.65	\$38.15	\$0.55	1.5%
Mountain Zone	\$38.85	\$39.40	\$0.55	1.4%

**Table 2. Recent history of monthly rates for a residential 35-gallon cart collected weekly**

Service Zone	2015	2016	2017	2018	2019	2020	2021
Urban	\$29.95	\$30.05	\$30.05	\$32.55	\$33.15	\$33.70	\$35.05
Rural	26.25	26.35	26.35	29.35	30.20	30.75	32.25
Distant Rural	31.25	31.35	31.35	34.35	35.10	35.65	37.65
Mountain	32.50	32.60	32.60	35.60	36.35	36.90	38.85

See *Attachment 4* for a summary of the factors affecting these fee adjustments.

# Attachment 5

## Example of Proposed Commercial Fees

For commercial customers the table below illustrates the proposed increase to the disposal portion of container service fees. The 4 cubic yard container serviced twice a week is a common commercial service level.

**Table 3. Current and proposed fees – Commercial 4 yard container service, collected twice a week**

Service Zone	Proposed Increase Per Cubic Yard	Current Monthly Fee - 4 yd container 2x/week	Proposed Fee	\$ Increase per month	% Increase
Urban	\$0.55	\$651.24	\$670.29	\$19.05	2.9%
Rural	\$0.55	\$808.19	\$827.24	\$19.05	2.4%
Distant Rural /Mountain	\$0.55	\$873.51	\$892.56	\$19.05	2.2%

## Drop Box Rental Fees

One of the components of drop box fees is a rental fee, which is typically paid by customers that permanently keep drop boxes for ongoing use. The following table illustrates the proposed increase to the monthly rental fee for permanent open and lidded drop boxes for 2022. The cost of purchasing drop boxes has increased considerably in the past several years. This increase in monthly and daily rent recognizes those increased costs. A corresponding increase in the daily rental fee is proposed for the occasional drop box customer. The daily rental is charged after the first 48 hours of use of the drop box, and can only be charged for 10 days, after which the monthly fee applies. The permanent monthly rental fee was introduced in 2012 and has not changed in the ensuing 10 years.

**Table 4. Current and Proposed Drop Box Rental Fees**

	Current	Proposed	\$ Increase	% Increase
Open Drop Box	\$50.00	<b>\$70.00</b>	\$20.00	40.0%
Lidded Drop Box	\$70.00	<b>\$90.00</b>	\$20.00	28.6%
Daily rent 10 days maximum	\$6.30	<b>\$7.00</b>	\$0.70	11.1%

**Note:** The fees adopted by the County for drop box service do not include the cost of disposal at a landfill or transfer station. The franchisees pass that cost through to the customer separately.

**Solid Waste Collection  
Supporting Documents**

**July 1, 2022**

**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 Sustainability and Solid Waste program in 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 franchises 7 companies to collect solid waste. Of the 7 companies three are publicly traded corporations and 4 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 consideration is given to contractual labor increases and increases in disposal costs. Special circumstances, such as the addition of new programs or anticipated increases in expenses outside the control of the companies, may cause exceptions.

## **History of Fee Adjustments (copied from previous reports)**

### **July 1, 2021**

- In keeping with the County practice of providing annual adjustments, as necessary, to keep fees and real costs aligned, County staff has proposed adjustments based on known and measurable expenses. Three expenses that are known and measurable are as follows:
  1. Labor expense increases (wages, medical, pension, etc.) of 2.4%, and
  2. Metro tip fee on disposed waste is effective July 1, 2021, and represents a 17.1% increase to disposal expense; and
  3. Fuel expense of 25.7%.

<b>Residential 35-gallon cart</b>	<b>Current</b>	<b>Proposed</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Urban</b>	\$33.70	\$35.05	\$1.35	4.0%
<b>Rural</b>	30.75	\$32.25	\$1.50	4.9%
<b>Distant Rural</b>	35.65	\$37.65	\$2.00	5.6%
<b>Mountain Zone</b>	36.85	\$38.85	\$2.00	5.4%

<b>Recent History of Monthly 35-Gallon Cart / Can Fees</b>							
<b>Fee Zone</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Urban</b>	\$28.90	\$29.95	\$30.05	\$30.05	\$32.55	\$33.15	\$33.70
<b>Rural</b>	25.60	26.25	26.35	26.35	29.35	30.20	30.75
<b>Distant Rural</b>	30.60	31.25	31.35	31.35	34.35	35.10	35.65
<b>Mountain</b>	31.85	32.50	32.60	32.60	35.60	36.35	36.90

- The table below reflects the known and measurable adjustments to labor, disposal, and fuel on container service. The 4 cu.yd. container serviced twice a week is a common commercial service level.

<b>Fee Zone</b>	<b>Per Cubic Yard</b>	<b>Current 4 yd 2x/week</b>	<b>Proposed Fee</b>	<b>\$ Change</b>	<b>% Change</b>
Urban	\$1.36	\$604.13	\$651.24	\$47.11	7.8%
Rural	\$1.50	\$756.23	\$808.19	\$51.96	6.9%
Distant Rural /Mountain	\$1.76	\$812.54	\$873.51	\$60.97	7.5%

### **Drop Box Fees**

The following table illustrates the proposed increase, based on the known and measurable costs, to all drop box and compactor services for 2021.

Open Box	Current	Proposed	\$Change	% Change
<b>10 and 20 cu.yd</b>	\$155.00	<b>\$159.50</b>	\$4.50	2.9%
<b>30 cu.yd</b>	\$165.00	<b>\$169.50</b>	\$4.50	2.7%
<b>40 cu.yd</b>	\$175.00	<b>\$179.50</b>	\$4.50	2.6%

NOTE: The fees adopted by the Board for drop box service do not include the cost of disposal at a landfill or transfer station. The franchisees pass that cost through to the customer separately.

### July 1, 2020

- Due to Covid, only known and measurable expenses and costs were considered, with the suggested adjustments provided to simply keep fees and real costs aligned. A thorough review, including site visits, was not performed. The summaries from this year are based only on reported numbers.

The three expenses that are known and measurable are:

- The Oregon Corporate Activity Tax (CAT), which went into effect on January 1, 2020, is imposed on companies who are doing business within the State. The tax is applied to Oregon taxable commercial activity, which is considered the total amount a business realized from transactions and activity in Oregon. The CAT is computed as \$250 plus 0.57% of a company's Oregon commercial activity of more than \$1 million. The composite tax rate for waste and recycling services within Clackamas County is calculated at 0.50% of revenue.
- Labor expense increases (wages, medical, pension, etc.) of 2.5%, and
- Metro Excise Tax increase of \$0.90 per ton of disposed waste is effective July 1, 2020, and represents a 0.46% increase to disposal expense, adding approximately \$0.05 to the monthly rate for a 35 gallon cart. (Attachment 2).

<b>Residential 35 gallon cart</b>	Current Monthly Rate	Proposed Monthly Rate	\$ Change	% Change
<b>Urban</b>	\$33.15	\$33.70	<b>\$0.55</b>	1.6%
<b>Rural</b>	30.20	30.75	<b>\$0.55</b>	1.8%
<b>Distant Rural</b>	35.10	35.65	<b>\$0.55</b>	1.5%
<b>Mountain Zone</b>	36.35	36.90	<b>\$0.55</b>	1.5%

Fee Zone	Proposed increase Per Cubic Yard	Current fee: 4 yd container 2x/week	Proposed fee: 4 yd container 2x/week	\$ Change	% Change
Urban	\$0.30	\$593.74	\$604.13	\$10.39	1.7%
Rural/Distant Rural /Mountain	\$0.35	\$800.42	\$812.54	\$12.12	1.5%



Open Box	Current	<b>July 1, 2020</b>	<i>\$Change</i>	<i>% Change</i>
<b>10 and 20 cu.yd</b>	\$150.00	<b>\$155.00</b>	\$5.00	3.2%
<b>30 cu.yd</b>	\$160.00	<b>\$165.00</b>	\$5.00	3.0%
<b>40 cu.yd</b>	\$170.00	<b>\$175.00</b>	\$5.00	2.9%

**July 1, 2019**

- The Metro Council has adopted an increase to the cost of yard debris disposal of \$6.38 per ton effective July 1, 2019. The cost to dispose garbage is not increasing.
- The cost of disposing yard debris is projected to increase by 6.7%.
- Additionally, labor, health benefits and the slight increase in yard debris disposal is considered in the proposed increase. Using the most common service level, the 32-gallon can/cart collected weekly, as an example the fee would increase from \$32.55 to \$33.15 per month (a \$0.60 increase) in the Urban fee zone. Residential customers in the Rural fee zone would see an increase of \$0.85 per month. The proposed increase for the Distant Rural and Mountain zones is \$0.75. All other classes of service follow similar proposed increases, relative to the 35 gallon cart.

<b>Residential 35 gallon cart</b>	<b>Current</b>	<b>Proposed</b>	<b>Change</b>				
<b>Urban</b>	\$32.55	<b>\$33.15</b>	<b>\$0.60</b>	1.8%			
<b>Rural</b>	\$29.35	<b>30.20</b>	<b>\$0.85</b>	2.9%			
<b>Distant Rural</b>	\$34.35	<b>35.10</b>	<b>\$0.75</b>	2.2%			
<b>Mountain Zone</b>	\$35.60	<b>36.35</b>	<b>\$0.75</b>	2.1%			
<b>Recent History of Monthly 32-Gallon Cart / Can Fees</b>							
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Proposed</b>
<b>Urban</b>	\$28.90	\$28.90	\$29.95	\$30.05	\$30.05	\$32.55	<b>\$33.15</b>
<b>Rural</b>	25.60	25.60	26.25	26.35	26.35	\$29.35	<b>30.20</b>
<b>Distant Rural</b>	30.60	30.60	31.25	31.35	31.35	\$34.35	<b>35.10</b>
<b>Mountain</b>	31.85	31.85	32.50	32.6	32.6	\$35.60	<b>36.35</b>

- Increase for commercial container service reflecting the adjustments to labor, disposal and processing costs as mentioned above and a revenue adjustment to bring them into the range.

<b>Commercial Container Fee Monthly Increase</b>	
<b>Fee Zone</b>	<b>Per Cubic Yard</b>
Urban	\$0.20
Rural/Distant Rural/Mountain	\$0.50

- The returns in drop box service are below the targeted range. This is placing downward pressure on the composite returns. The Commission recommended an increase in general drop box service fees in 2017. Proposed increases to drop box services for 2019:

<b>Open Box</b>	<b>Current</b>	<b>Proposed</b>	<b>Change</b>
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<b>10 and 20 cu.yd</b>	<b>\$125.00</b>	<b>\$150.00</b>	<b>20.0%</b>	<b>\$25.00</b>
<b>30 cu.yd</b>	<b>\$145.00</b>	<b>\$160.00</b>	<b>10.3%</b>	<b>\$15.00</b>
<b>40 cu.yd</b>	<b>\$165.00</b>	<b>\$170.00</b>	<b>3.0%</b>	<b>\$ 5.00</b>

### May 1, 2018

- Note the 2 month early effective date.
- The County's collection system (and others across the state) has been impacted by an increase in the cost to process recyclables. Costs to process recyclables have increased 300-500% above the cost reflected in our current fees, and are expected to remain at this level for the time being.
- Analysis focused primarily on what was needed to capture the increasing processing costs in the future and a slight look back to the beginning of 2018.
- While the full annual review is not complete, we have reviewed the impact of increased processing costs, and known contractual increases in labor and disposal for the coming year. The Metro Council had their first hearing on March 15th of a recommended 2.6% increase in the cost of disposal (\$2.50 per ton) effective July 1, 2018. Labor costs are expected to rise by 4%.
- Reflecting known costs would result in an estimated increase of approximately \$2.50 to the monthly fee for a residential 35 gallon cart in the urban fee zone (from \$30.05/month), and \$1.50 per yard for urban commercial customers with container service (see Container Service table below). The rural zones would increase \$3.00 for a residential 35 gallon cart and container service would increase by \$2.00. All other fees would increase similarly.

### July 1, 2017

- The Metro Council has adopted a small decrease to the cost of disposal of \$1.30 per ton effective July 1, 2017.
- No change to cart and container fees is proposed for 2017. This year's analysis recognizes a slight decrease in cost of garbage disposal in the coming year. Other expenses will increase in the coming year but our past increases and efficiencies gained by the franchisees have allowed the system to finally move into the middle of the targeted range of returns.
- The returns in drop box service are driving overall returns below the targeted range for the composite. The last increase in general drop box service fees was adopted by the Board in 2013. Specifically, the last fee adjustment was approved in 2013 for the standard roll off service-both open box and compactors. In 2015 a separate fee was approved for lidded boxes. Staff recommends an increase to the drop box collection fees for drop box and compactor collection services. The following table illustrates the proposed increase to drop box services for 2017.

Open Box	Current	Proposed	Change	
<b>10 and 20 yd</b>	\$119.00	<b>\$125.00</b>	<b>5.0%</b>	<b>\$ 6.00</b>
<b>30 yd</b>	\$136.00	<b>\$145.00</b>	<b>6.6%</b>	<b>\$ 9.00</b>
<b>40 yd</b>	\$153.00	<b>\$165.00</b>	<b>7.8%</b>	<b>\$ 12.00</b>

<b>Lidded/Specialized 10/20 yard</b>	\$135.00	<b>\$150.00</b>	11.1%	\$ 15.00
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Compactor	Current	<b>Proposed</b>	Change	
<b>&lt;25 yards</b>	\$135.00	<b>\$150.00</b>	11.1%	\$ 15.00
<b>25-34 yards</b>	\$169.00	<b>\$189.00</b>	11.8%	\$ 20.00
<b>&gt;34 yards</b>	\$196.00	<b>\$218.00</b>	11.2%	\$ 22.00

- 

- Drop Box Collection from Industrial sites with Special Wastes required to be delivered to an appropriately permitted out of the region landfill

	Current	<b>Proposed</b>	Change	
10/20 Yards	\$119.00	\$161.00	40.3%	\$42.00
30 Yards	\$136.00	\$178.00	37.5%	\$42.00

- Food Scrap collection included in commercial container service under current fees without an additional increase.
- The fee increases presented are proposed to take effect on July 1, 2017.

### **July 1, 2016**

- Metro Council has approved an increase in the disposal fee by \$1.27 per ton effective July 1, 2016; increasing the tip fee to \$96.25. The current transaction fee, for customers with accounts (franchisees), is decreasing from \$3.00 to \$2.00. For analytical purposes when calculating disposal it is assumed each transaction is a five (5) ton load; therefore an additional \$0.40 (to account for the transaction fee at the transfer station) is added to the disposal fee to arrive at an effective disposal fee of \$ 96.65 beginning July 1, 2016. This increase has been factored into the projections calculated in the financial review.
- This year's analysis recognizes a slight increase in cost of garbage disposal, and known increases in contractual labor. While other upward pressures on expenses exist, past increases have allowed the system to finally move into the middle of the targeted range of returns. The minimal increase is being proposed to keep the composite within the range. Disposal and labor represent almost 50% of the costs to provide service and staff believes it is important to stay current with providing revenues necessary to cover expenses.
- The fee adjustment presented is proposed to take effect on July 1, 2016. Staff is proposing an increase for the most common service level, the 32 gallon can/cart collected weekly, of \$0.10 per month across all fee zones. This represents an incremental adjustment of about 0.3%.. All other classes of service follow similar adjustments for disposal. *(See Fee Background attachment for history)*
- 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 attachment *Composite Summaries for proposed changes to other service levels.*)

<b>32/35 gallon can/ cart</b>	<b>Current</b>	<b>Proposed</b>	<b>Change</b>
<b>Urban</b>	\$29.95	\$30.05	\$0.10
<b>Rural</b>	\$26.25	\$26.35	\$0.10
<b>Distant Rural</b>	\$31.25	\$31.35	\$0.10
<b>Mountain Zone</b>	\$32.50	\$32.60	\$0.10

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

<b>Fee Zone</b>	<b>Adjustment Per Cubic Yard</b>
<b>Urban</b>	\$0.09
<b>Rural</b>	\$0.09
<b>Distant Rural/Mountain</b>	\$0.09

- In 2013 the Solid Waste Commission approved bringing the commercial cart fees in the Rural, Distant Rural to parity with the residential cart fees. This was accomplished through incremental adjustments resulting with the 35 and 60 gallon commercial cart fees the same as residential services. An administrative oversight resulted in the 90 gallon commercial cart service not reaching parity this year. Bringing this service to parity with residential service will require an increase, in addition to the proposed disposal increase, of \$3.05 and \$3.40 for the Rural and Distant Rural zones respectively. This adjustment affects approximately 400 commercial customers. Staff recommends making the adjustment this year.

<b>32/35 gallon can/ cart</b>	<b>Current</b>	<b>Proposed</b>	<b>Change</b>
<b>Rural</b>	\$39.85	\$43.15	\$3.30
<b>Distant Rural</b>	\$43.40	\$47.05	\$3.65

**July 1, 2015**

- 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. Boxes with lids or other specialty boxes require a round trip return to the business of origin. The drop box fee structure for compactors includes this in the fee structure, the open box fees do not. Therefore a monthly fee has been added to address the purchase and maintenance cost for the lid. The collection fee for small compactors will be applied to the lidded and specialized boxes.

<b>Open Drop Box-All Zones</b>	<b>Current</b>	<b>Proposed</b>	<b>Change</b>
<b>Lidded/Specialized box</b>	\$119.00	\$135.00	<i>\$16.00</i>
<b>Monthly Fee for Lid</b>	\$0.00	\$20.00	<i>\$20.00</i>

- 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.)

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

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

### **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.)

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

<b>Fee Zone</b>	<b>Adjustment Per Cubic Yard</b>
<b>Urban</b>	\$0.95
<b>Rural</b>	\$1.04
<b>Distant Rural/Mountain</b>	\$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.

<b>32/35 gallon can/ cart</b>	<b>Current</b>	<b>Proposed</b>	<b>Change</b>
<b>Rural</b>	\$25.35	\$25.60	\$0.25
<b>Distant Rural</b>	\$28.90	\$29.65	\$0.75



<b>Mountain Zone</b>	\$30.15	\$30.90	\$0.75
<b>60 gallon cart</b>	<b>Current</b>	<b>Proposed</b>	<b>Change</b>
<b>Rural</b>	\$35.80	\$36.30	\$0.50
<b>Distant Rural</b>	\$38.05	\$39.30	\$1.25
<b>Mountain Zone</b>	\$39.30	\$40.25	\$1.05

<b>90 gallon cart</b>	Current	Proposed	Change
<b>Rural</b>	\$38.40	\$38.90	\$0.50
<b>Distant Rural</b>	\$40.65	\$41.70	\$1.05
<b>Mountain Zone</b>	\$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.

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

<b>Compactors-All Zones</b>	<b>Current</b>	<b>Proposed</b>	<b>Change</b>
<b>Less than 25 Cubic Yards</b>	\$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.

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

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.

<b>Fee Zone</b>	<b>Adjustment Per Cubic Yard</b>
<b>Urban</b>	\$2.62
<b>Rural</b>	\$2.82
<b>Distant Rural/Mountain</b>	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.

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

<b>Fee Zone</b>	<b>Adjustment Per Cubic Yard</b>
<b>Urban</b>	\$2.51
<b>Rural</b>	\$2.90
<b>Distant Rural/Mountain</b>	\$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.

<b>Urban Zone</b>	<b>Current</b>	<b>Proposed</b>	<b>Change</b>
<b>Delivery Fee</b>	\$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.

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

<b>Compactors-All Zones</b>	<b>Current</b>	<b>Proposed</b>	<b>Change</b>
<b>Less than 25 Cubic Yards</b>	\$125.00	\$128.00	\$3.00
<b>25-34 Cubic Yards</b>	\$165.00	\$169.00	\$4.00
<b>Greater than 35 Cubic Yards</b>	\$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.

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

<b>Fee Zone</b>	<b>Proposed per Yard Adjustment</b>
<b>All Zones</b>	\$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:

<b>Drop Box Mileage Fee</b>	<b>Current</b>	<b>Proposed</b>	<b>Change</b>
<b>Over 18 miles round trip</b>	\$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:**

	<b>Current</b>	<b>Proposed</b>	<b>Change</b>
<b>Outside the Urban Zone</b>			
<b>Delivery Fee</b>	\$45.00	\$50.00	\$5.00
<b>Mileage Fee</b>	\$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.

<b>Open Drop Box-All Zones</b>	<b>Current</b>	<b>Proposed</b>	<b>Change</b>
<b>10/20 Cubic Yards</b>	\$80.55	\$110.00	\$29.45
<b>30 Cubic Yards</b>	\$98.10	\$127.00	\$28.90
<b>40 Cubic Yards</b>	\$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.

<b>Compactors-All Zones</b>	<b>Current Low-High</b>	<b>Proposed</b>	<b>Change Low-High</b>
<b>Less than 25 Cubic Yards</b>	\$91.95-135.60	\$125.00	\$33.05-(10.60)
<b>25-34 Cubic Yards</b>	\$141.25-171.70	\$165.00	\$23.75-(6.70)
<b>Greater than 35 Cubic Yards</b>	\$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.

<b>Rural Distant Rural</b>	<b>Current</b>	<b>Proposed &amp; Adopted</b>
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.):*

<b>32/35 gallon can/ cart</b>	<b>Current</b>	<b>Adopted 2004</b>	<b>Change</b>
<b>Urban</b>	\$21.10	\$21.55	\$0.45
<b>Rural</b>	\$19.50	\$19.90	\$0.40
<b>Distant Rural</b>	\$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.

<b>Fee Zone</b>	<b>Adopted per Yard Increase 2004</b>
<b>Urban</b>	\$1.75
<b>Rural</b>	\$1.75
<b>Distant Rural</b>	\$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.):*

<b>32/35 gallon can/cart</b>	<b>2002</b>
<b>Urban</b>	\$1.20
<b>Rural</b>	\$1.20
<b>Distant Rural</b>	\$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.