

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Study Session Worksheet

Presentation Date: 6/21/11 Time: 10:30 Length: 30 minutes

Presentation Title: Solid Waste Administration: Fee Adjustments

Department: DTD-Strategic Planning & Sustainability

Presenters: Susan Ziolko, Rick Winterhalter

POLICY QUESTION

Annual Review of Solid Waste Collection Franchisees

Does the Board concur with the Solid Waste Commission that costs to provide integrated solid waste collection services to the public have risen sufficiently to require an increase in the fees charged customers?

ISSUE & BACKGROUND

The Office of Sustainability of 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 thirteen (13) franchised solid waste collection companies currently holding the County's twenty-three franchises. The purpose of the review is to ensure the solid waste collection services requested by the citizens of the County are being provided as safely and as efficiently as possible. The review is used to establish the fees charged for the variety of services required by the County and ensure a fair return on revenues to the collectors.

The County is currently divided into four fee zones: 1) Urban; 2) Rural; 3) Distant Rural and 4) Mountain. The Urban zone is within the Metro Urban Growth Boundary established prior to March 2003. Zones are differentiated by services offered (no Yard Debris outside Urban zone) and the distances traveled between houses and to disposal sites.

The fees are proposed to take effect on August 1, 2011 with an increase for the 32 gallon can/cart collected weekly from \$27.45 to \$28.20 in the Urban fee zone, a 2.7% increase. The 32 gallon cart service is the most prevalent service; all other classes of service follow similar adjustments.

Analysis has been conducted by staff and a third party vendor on a range of factors impacting the cost of providing service, including substantially higher fuel costs and increases in disposal fees at Metro transfer stations. The market value of recyclables (recycling revenues partially offset costs) and improved hauler operating efficiencies have offset the need for a larger increase in fees.

While there has been an increase in the revenue earned from the sale of recyclables, it is still less than half that earned in years prior to the precipitous declines beginning in late 2008. In 2009 and 2010 the fees did not include revenues from the sale of recyclables. The proposed fees for 2011 include an anticipated increase in revenue from the sale of recyclables in the coming months.

The Metro Council has adopted an increase to the cost of disposal of \$3.68 per ton effective August 1, 2011. It is necessary to pass this fee through to the customer to ensure the franchisees are able to recover this increase. Disposal expense is approximately 30% of the direct operational expenses. (Metro staff report attached.) A disposal fee increase of this or greater magnitude can be expected over the next several years.

All costs have been increased per inflationary factors. Only the anticipated increase in fuel costs and the disposal fee increase have been factored into the projections used to calculate the proposed fee adjustments.

In August 2010 fees were adjusted upwards in all zones for all service types. 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. (See attachments for proposed changes to other service levels.)

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 adjustments to fuel and disposal costs as mentioned above.

Container Fees	Adjustment Per Cubic Yard
Urban	\$2.51
Rural	\$2.90
Distant Rural/Mountain	\$2.99