

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Study Session Worksheet

Presentation Date: 6/29/10 Time: 11:00 Length: 30 minutes

Presentation Title: Solid Waste Administration: Fee Adjustments

Department: DTD-Strategic Planning & Sustainability

Presenters: Susan Ziolkowski, Rick Winterhalter

POLICY QUESTION

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 Board of County Commissioners is responsible for establishing uniform Waste Management Fees for solid waste collection services throughout the County. Any adjustment to fees is made with a recommendation from the Solid Waste Commission and is based on the increases or decreases in the cost of doing business, or an increased cost of additional, better or more comprehensive service.

The Strategic Planning & Sustainability Division 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 fourteen (14) 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 provided to 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 reasonable return and operating margin for the owner(s) of the business.

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 and from disposal facilities.

The annual review revealed while production levels are as expected, the projected rise in labor and equipment costs, the loss of revenue from the sale of recyclables, slight rise in fuel prices, and a disposal fee increase effective August 1, 2010, place the composite operating margins at the low end of the reasonable return spectrum.

Almost immediately after the County adopted new collection fees in September of 2008 the bottom fell out of the market for recyclables. The revenue from the sale of recyclables, prior to the downturn directly offset 24% of the direct expenses attributed to the collection of the recyclables. While 2011 is anticipated to be better, it still seems prudent to exclude revenue from sales of recyclables from projected revenues.

Additional upward pressure to the collection fees is the Metro increase for the cost of disposal, by \$5.10 per ton, effective on August 1, 2010. It is important to note a tip fee increase in the range of \$4-\$6.00 per ton can be expected each year over the next several years. The rise in fuel, labor, and equipment costs along with the tip fee increase has been factored into the projections used to calculate the proposed fee adjustments.

The following table illustrates staff's proposed fee adjustments necessary in each zone for can/cart collection service. The 32-35 gallon can/cart, the predominant service level in this classification primarily serving residences is used as an example. See attachments for proposed changes to other service levels.

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 (dumpster) service based on cubic yard serviced. Commercial customers are the primary users of this service. The adjustment takes into consideration effects on costs as mentioned above.

Fee Zone	Proposed per Yard Adjustment
All Zones	\$1.62

Last year the collection, mileage, and delivery fees for drop box service were adjusted to address the requirement to meet expenses when serving the areas outside the urban zone. 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 change is listed below.

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

Background materials are attached.

OPTIONS AVAILABLE

- Adjust fees as proposed to meet the expected increases in expenses.
- Keep fees at current levels.

QUESTION(S) PRESENTED FOR CONSIDERATION

Do the members of the Board accept the recommendation of the Solid Waste Commission or do the members of the Board prefer to adjust the collection fees in a different manner?

RECOMMENDATIONS

On June 8, 2010 members of the Solid Waste Commission met. The Commission recommended the results of this year's annual financial review of the Integrated Solid Waste Management program be presented to the Board of County Commissioners. It was further, *unanimously*, recommended to accept the fee adjustments as presented by staff effective August 1, 2010.

SCHEDULE FOR STUDY SESSION

Division Director/Head Approval RSP
Department Director/Head Approval
County Administrator Approval

For information on this issue or copies of attachments, please contact Rick Winterhalter @ 503.742.4466.