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DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT

DEVELOPMENT SERVICES BUILDING
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CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS Study Session Worksheet

Presentation Date: 6/20/2017 **Approx Start Time:** 2:30 **Approx Length:** 30 minutes

Presentation Title: Annual Review of Clackamas County Solid Waste Collection Fees & Bundling food waste collection in food generators' suite of waste services

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 fees and the recommendation of the Solid Waste Commission to include food waste collection in the fees for service for food generators.

EXECUTIVE SUMMARY:

The Resource Conservation & Solid Waste Program 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 nine franchised solid waste collection companies. 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 required by the County and ensure a fair return to the collectors. The review process is assisted by a contracted certified public accountant to review franchisee financial records, create summaries and provide 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. The adjustments may come in the form of fee increases, additional collection services or a combination. This governance model prevents large and unexpected increases resulting from a less frequent review.

The County is 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 (curbside Yard Debris

service is not offered outside the Urban zone) and the distances traveled between houses and from disposal sites.

The current fees were adopted by the Board and made effective July 1, 2016. The adjusted returns to revenue in each fee zone fall within the acceptable range of 8-12%.

The Metro Council has adopted a small decrease to the cost of disposal of \$1.30 per ton effective July 1, 2017. (*Metro Fee report attached.*)

County Counsel has reviewed this report.

Part I. Annual Fee Review and Recommendations

Cart & Container Fees

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. (*CompositeSummFeeHistory attached*)

Drop Box Fees

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	
10 and 20 yd	\$119.00	\$125.00	5.0%	\$ 6.00
30 yd	\$136.00	\$145.00	6.6%	\$ 9.00
40 yd	\$153.00	\$165.00	7.8%	\$ 12.00
Lidded/Specialized 10/20 yard	\$135.00	\$150.00	11.1%	\$ 15.00

Compactor	Current	Proposed	Change	
<25 yards	\$135.00	\$150.00	11.1%	\$ 15.00
25-34 yards	\$169.00	\$189.00	11.8%	\$ 20.00
>34 yards	\$196.00	\$218.00	11.2%	\$ 22.00

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 franchisee passes that cost through to the customer separately.

Some drop boxes are used to collect ‘special wastes’ that must be disposed of at a landfill specifically permitted to accept them. These may include auto shredder waste, asbestos, contaminated soil, industrial process wastes, and sludge. To accommodate the additional on-site handling costs that may be associated with these drop boxes, staff recommends creating a uniform fee for the collection and delivery of special wastes requiring additional on-site handling and disposal at a special waste landfill. This fee will apply to industrial customers with special wastes. The level of service required for these industrial customers differs significantly from the predominant service levels associated with typical drop box service. The proposed fee represents a \$42.00 increase from the current fee for 10 and 20 cubic yard drop boxes.

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

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

The fee increases presented are proposed to take effect on July 1, 2017. (See *Fee Background attachment for history*)

FINANCIAL IMPLICATIONS:

Residential customers and businesses with container and cart service will experience no change in their garbage and recycling collection bill. Customers using drop box service will experience an increase in all sizes and specialty uses. The County’s revenues will remain relatively flat.

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 the public receives the services required and the County’s franchisees are able to provide those services safely, efficiently and with a reasonable return.

PUBLIC/GOVERNMENTAL PARTICIPATION:

The County’s Solid Waste Commission met on June 1, 2017 to receive and discuss the annual review and make a recommendation on fees to the Board of Commissioners.

OPTIONS:

1. Maintain fees at current levels.
2. Accept recommendation of the Solid Waste Commission to increase fees for drop box service to be effective July 1, 2017.

RECOMMENDATION:

At its meeting on June 1, 2017 the Solid Waste Commission accepted this year's financial review and unanimously recommended the Board of County Commissioners approve the proposed Waste Management Fees for drop box collection service as presented and be made effective July 1, 2017.

Part II. Commercial sector food waste collection fees

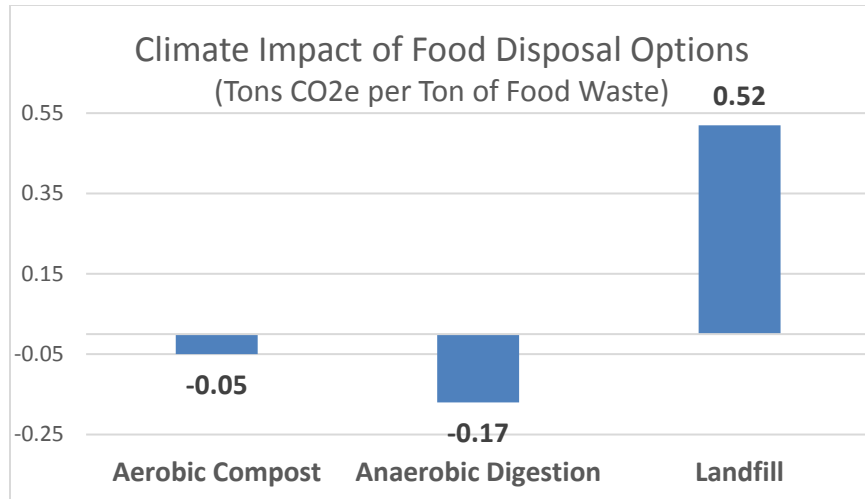
Why is the expansion of food waste collection a priority?

Clackamas County, the State, and Metro, have placed a priority on developing programs and policies to increase the recovery of food waste. It is a primary focus of recovery efforts because (a) food waste remains prevalent in our waste stream, (b) collecting food waste for processing reduces climate impacts compared to landfilling food waste and (c) the material has value for energy production and to promote agricultural productivity when separated.

Food, at 18 percent of our overall disposed waste, is the largest component the material our region throws out as garbage. The total food disposed to landfills is equivalent to 5,000 long-haul trucks full of food each year. Businesses generate 55 percent of that total (100,000 tons).

When disposed in landfills, food waste is a primary contributor to the production of methane. Methane has a greenhouse gas impact at least 24 times that of carbon dioxide (CO₂). A 2014 report from the Oregon DEQ illustrates the climate benefits of collecting food waste for processing via anaerobic digestion or composting. A metric ton of food waste disposed in a landfill results in a net increase in 0.52 tons of CO₂-equivalent emissions; processing the same food waste via anaerobic digestion or composting would result in a net reduction of -0.17 or -0.05 tons of CO₂-equivalent, as seen in the figure below:¹

¹ Evaluation of Climate, Energy, and Soils Impacts of Selected Food Discards Management Systems. October 2014. Prepared for State of Oregon Department of Environmental Quality. Morris, J., S. Brown, M. Cotton, H. Matthews.



The same report ranked these four food waste processing methods for their agricultural benefits (soil carbon, fertilizer replacement, water conservation, and yield increase), and found that landfilling food ranked last in each of the agricultural benefits, while anaerobic digestion and composting ranked first or second in each.

One goal of collecting food scraps is to route them into a preferred process to capture their potential for environmental and economic benefits. Treating food scraps as garbage is a missed opportunity to capture these benefits and make the most of our waste. At present, commercial food scraps collected in Clackamas County are processed either via anaerobic digestion near Junction City, or at Pacific Region Compost near Corvallis. Another potential benefit of increased collection is that it brings the region closer to being able to support a local processing facility, reducing our need to ship waste longer distances.

This emerging priority is reflected in the state of Oregon’s recently established goal to recover 25 percent of our wasted food by 2020. The legislature also recently amended recycling laws to encourage local governments to adopt food scraps collection service. Food is also a priority of our Regional Solid Waste Management Plan.

How has Clackamas County approached commercial food waste collection?

First, it is important to note that whenever possible, preventing food waste and the donation of edible food to feed hungry people are and will continue to be the County’s emphasis in the technical assistance we provide to businesses generating food waste. Staff continues to work with businesses to find opportunities for donating food.

In 2015, the Board approved a program development period for food waste collection service, making it available to food generating businesses in most of our urban unincorporated areas, at the same price as they would pay for the collection and disposal of an additional garbage container. Commercial food scraps collection service is also available in the cities of Canby, Happy Valley, Lake Oswego, Milwaukie, and West Linn. As these services have been established over the past several years, we have provided technical assistance to select businesses to train staff and help them implement best practices—primarily restaurants and grocery stores. Some businesses

have contacted the County requesting the service.

During this program development phase, County staff have researched and considered a few options for the structuring of fees for commercial food scraps collection.

While we have secured some early adopting customers, the presence of a separate fee charged to the customer who wishes to participate has proven to be a significant barrier to participation. At present count, just eight larger food generators in unincorporated Clackamas County's urban area have initiated service, though staff have reached many more businesses to present the opportunity.

Consequently, at this early phase, staff believes the most important criterion for any fee structure is that it encourage greater participation. In addition, the County's fee structure ideally will promote participation, material quality (food-only), capture efficiencies that minimize collection costs, and encourage businesses to generate less waste.

How are we proposing to change commercial food waste collection?

Surveys and interviews conducted in September 2016 with 58 food generating businesses in Clackamas County, Washington County, and Gresham found that in general, businesses said they participated to reduce the garbage sent to landfill and to help curb climate change. The most commonly cited barrier to participation was increased costs.

The present recommendation prioritizes the biggest barrier to participation, costs, by proposing to incorporate food waste collection service, alongside recycling, with garbage service. From a business's perspective, for a single fee for service, their collector will be providing a suite of collection services that helps enable the highest and best use of the materials.

Note: In a separate but related initiative, as discussed at C4 and at MPAC, Metro Council has asked their staff to develop a proposal that would require the largest generators of food waste to separate and collect food scraps starting in 2019. The proposal is intended to boost food collected to enable private investment in a local processing facility. Metro staff will be invited to present on the proposal under development to the Board in coming weeks.

FINANCIAL IMPLICATIONS:

The eight food generating businesses currently signed up for food waste collection service will experience a fee decrease. The costs will be accommodated across the system in current commercial fees without an increase in the next year--as is done with recycling. As more businesses opt to participate, we expect that collection system costs will increase, on balance. An expected savings on disposal for food materials will help to partially offset costs. The County's revenues will remain relatively flat.

LEGAL/POLICY REQUIREMENTS:

ORS 459 and 459A authorize the County to franchise solid waste collection services and to provide collection programs for food waste. The statutes further authorize local governments to include the costs of providing the opportunity to recycle.

PUBLIC/GOVERNMENTAL PARTICIPATION:

The County’s Solid Waste Commission met on June 1, 2017 to receive and discuss adding food waste collection to the solid waste collection services for food generators and make a recommendation to the Board of Commissioners.

OPTIONS:

1. Continue assessing a separate fee for the collection of food waste from food generating businesses.
2. Accept the recommendation of the Solid Waste Commission to include food waste collection in the bundle of solid waste collection services for food generators; to be effective July 1, 2017.

RECOMMENDATION

In consultation with the franchised collectors, staff are prepared to recommend the inclusion of commercial food scraps collection service for eligible food waste generating businesses (e.g. restaurants, grocery stores, food processors, institutions and companies with food service) in the urban areas of Clackamas County. Instead of paying a separate, additional fee for the additional containers, a participating eligible business would receive food scraps collection containers as part of the suite of materials collection services. This approach is a good fit for the near term and extends the ‘Opportunity’ model for collection service to encompass food scraps alongside recycling.

At its meeting on June 1, 2017 the Solid Waste Commission unanimously endorsed the proposed approach; staff respectfully submits the recommendation of the Solid Waste Commission to the Board of Commissioners for their consideration.

ATTACHMENTS:

- 1 *Solid Waste Collection Supporting Documents*
- 2 *Composite Summaries*
- 3 *Proposed Fee Schedule*
- 4 *Metro Rate Comparison*

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 @ 503-742-4466

Further Background on Commercial Food Scraps Collection Options:

The County's fee structure does not differentiate customers with heavier containers from those with light containers. Fee structures for collection service, as implemented throughout the region and the state with few exceptions, is volume based. As such, fees do not differentiate customers with heavier containers from those with light containers. Fees are calculated by averaging out weight across the yards of capacity, resulting in the same fee for the same volume of service—even though in many cases, some customers generate heavier (thus more expensive) waste than other customers.

Studies conducted in Washington County, Gresham and with one Clackamas County franchisee's daily weight records show food-producing businesses' waste to weigh slightly more than 300 pounds per cubic yard. Our container fees are calculated using the system average of 125 pounds per cubic yard for disposal. Effectively, the additional cost of disposing of heavy waste such as food scraps is spread across all business customers.

As mentioned above, in addition to the public benefits, there is a slight disposal cost savings when diverting food from the landfill to productive purposes. This creates a small system savings to be shared by all customers. This is the same principle used to develop the County's integrated solid waste collection system.

The County has practiced this method of pricing the bundled services of collecting recyclables and garbage from businesses and residences since the early 1990s. The additional costs borne by the franchisees to collect recyclables separately from garbage are included when calculating fees. Additionally, any revenues earned from the sale of recyclables are returned to the system. Any disposal savings, revenue (if earned) and costs are not attributed to the contribution of one customer, but instead are spread across the customer base.

This pricing method has been described as the Opportunity Model, because the structure was defined in statute in the Opportunity to Recycle Act.

After reviewing several other pricing methods of capturing the costs/savings associated with providing separate food waste collection it is believed continuing this model is the best means to begin capturing the most food from the system. Although as described above, generators of heavy food waste benefit from the way costs are distributed in our system, an argument can be made that many businesses, residents, and customers of food generators contribute to the waste generated at restaurants and grocery stores, and spreading those costs across all commercial users is reasonable.

Other pricing systems reviewed required a restructuring of the existing system, resulting in higher costs for food producing businesses even when they choose to divert their material for productive public good purposes. Continuing with this model now does not preclude the opportunity to evaluate and implement a different pricing strategy in the future. For example, a pricing strategy ensuring all customers with heavy materials pay more per yard of service could be considered. As we look out over a 5 year planning horizon we may need to consider charging higher fees for those choosing not to participate in food waste collection services.

Staff believes the Opportunity Model is the best way to begin rolling out food waste collection services throughout the unincorporated County Urban fee zone, City of Milwaukie and the City of Happy Valley. Staff will work with other cities in Clackamas County to encourage a consistency of approach in a way that benefits business customers. As when the collection of recyclables were rolled out there was a recognition the additional service comes with additional cost. As it was then, at this time these costs are not precisely known. However, they will be included in the annual reviews and considered along with all the allowable costs to ensure the County's citizens are paying appropriately for all the services and the franchisees are able to adequately support their business.

In implementing this approach, staff asks for support from the Board, Solid Waste Commission, and franchised collectors in methodically continuing outreach work in areas identified with a concentration of food generators. One of the important components of this outreach is working closely with businesses to ensure that food waste is not contaminated with other material. This will take time and effort on the part of County staff and most importantly the drivers who are collecting the material. This model anticipates a time when all users will have the opportunity to recover food scraps as the service expands, however, staff may need to ask some customers to wait before being added to the program, to ensure that expansion is as efficient and cost-effective as possible.

If the inclusion of food scraps collection service is approved, other tasks associated with adding this material to collection will be addressed. It is uncertain whether cart-cleaning service should be included at some point and if so, how often it should be available. Working with collectors, staff would need to develop a protocol for monitoring/enforcing material quality standards, etc. Also, the County could benefit from a strategy to address undersized or missing solid waste enclosures, and may need to craft priorities for storage in enclosures. As with the collection of other recyclables, rules were established over time after the programs had been running and the County worked with franchisees and customers to develop rules to bring forward to the SW commission and the Board.

Solid Waste Collection Supporting Documents

July 1, 2017

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 to ensure adequate solid waste collection services and specifically 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 franchises 9 companies to collect solid waste. 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 a decrease in the disposal fee by \$1.30 per ton effective July 1, 2017; decreasing the tip fee to \$94.95. The current transaction fee, for customers with accounts (franchisees), remains the same at \$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 \$ 95.35 beginning July 1, 2017. This decrease has been considered in the financial review. (*Metro report attached.*)

- This year's analysis recognizes the slight decrease 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 returns in 2016 fall within the targeted range for the total composite in each fee zone. The exception is in drop box service, the returns for drop box service fall below the targeted range and consequently are putting downward pressure on the composite.
- No adjustment to cart and container fees are proposed for 2017. However, an increase in fees for drop box services are proposed.
- Staff recommends creating a uniform fee for special wastes requiring additional handling and disposal outside the Metro region permitted by the DEQ to receive the material. All such permitted landfills are located outside the Metro area. Hillsboro landfill is the current recipient of the material. This fee will apply to asbestos abatement contractors and industrial users with special wastes. The level of service for these industrial customers differs significantly from the predominant service levels contemplated when reviewing and creating the drop box fees. The proposed fee represents a \$42.00 increase from the current fee for 10 and 20 cubic yard drop boxes.

Special Wastes delivered to an appropriately permitted Landfill

	Current Fee	Proposed	Change	
10/20 Yard	\$119.00	\$161.00	40.3%	\$42.00
30 Yard	\$136.00	\$178.00	37.5%	\$42.00

- The last fee adjustment was approved in 2013 for the standard roll off service-both open box and compactors. In 2015 an adjustment was approved to apply to customers choosing a lidded box for service. The following table illustrates the proposed adjustments for 2017.

Open Box	Current	Proposed	Change	
10 and 20 yd	\$119.00	\$125.00	5.0%	\$ 6.00
30 yd	\$136.00	\$145.00	6.6%	\$ 9.00
40 yd	\$153.00	\$165.00	7.8%	\$ 12.00
Lidded/Specialized 10/20 yard	\$135.00	\$150.00	11.1%	\$ 15.00

Compactor	Current	Proposed	Change	
<25 yards	\$135.00	\$150.00	11.1%	\$ 15.00
25-34 yards	\$169.00	\$189.00	11.8%	\$ 20.00
>34 yards	\$196.00	\$218.00	11.2%	\$ 22.00

History of Fee Adjustments (copied from previous reports)

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 Metro Council has adopted a small increase to the cost of disposal of \$1.27 per ton effective July 1, 2016. (*Metro report attached.*)
- 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.*)

32/35 gallon can/ cart	Current	Proposed	Change
Urban	\$29.95	\$30.05	\$0.10
Rural	\$26.25	\$26.35	\$0.10
Distant Rural	\$31.25	\$31.35	\$0.10
Mountain Zone	\$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.

Fee Zone	Adjustment Per Cubic Yard
Urban	\$0.09
Rural	\$0.09
Distant Rural/Mountain	\$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.

32/35 gallon can/ cart	Current	Proposed	Change
Rural	\$39.85	\$43.15	\$3.30
Distant Rural	\$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.

Open Drop Box-All Zones	Current	Proposed	Change
Lidded/Specialized box	\$119.00	\$135.00	\$16.00
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

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	<i>Change</i>
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	<i>Change</i>
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; DistantRural & 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.

All Fee Zones Composite
Return on Revenues
2016 Adjusted

	Urban Total		Rural Total		Distant Rural Total		County Composite	
Collection & Service Revenues	20,010,878		9,196,591		4,453,789		33,661,258	
Direct Costs of Operations	15,481,111	% of revenue	7,200,783	% of revenue	3,201,908	% of revenue	25,883,802	% of revenue
Disposal Expense	7,538,968	38%	2,623,612	29%	960,549	22%	11,123,129	33%
Labor Expense	4,176,208	21%	2,240,417	24%	1,225,981	28%	7,642,606	23%
Truck Expense	2,276,242	11%	1,538,580	17%	599,537	13%	4,414,359	13%
Equipment Expense	465,999	2%	272,235	3%	113,088	3%	851,322	3%
Franchise Fees	814,622	4%	390,738	4%	206,496	5%	1,411,856	4%
Other Direct Expense	209,072	1%	135,201	1%	96,257	2%	440,530	1%
Indirect Costs of Operations	2,541,448		1,182,981		738,035		4,462,464	
Management Expense	594,484	3%	351,179	4%	157,227	4%	1,102,890	3%
Administrative Expense	722,399	4%	402,750	4%	339,461	8%	1,464,610	4%
Other Overhead Expenses	1,224,565	6%	429,053	5%	241,347	5%	1,894,965	6%
Total Cost	18,022,559		8,195,685		3,939,943		30,346,266	
Less Unallowable Costs	17,560		23,482		12,595		53,637	
Allowable Costs	18,004,999		8,172,203		3,927,348		30,292,629	
Franchise Income	2,005,879		1,012,614		526,441		3,368,629	
Return on revenues	10.02%		11.02%		11.82%		10.01%	

**2017
Proposed Solid Waste Fee Adjustments**

Urban

Cart/Can Service			Adjustment		
Current Rate	Service Level	Proposed	\$	%	
\$ 26.20	20 gal Singlefamily	\$ 26.20	-		
\$ 30.05	32 gal	\$ 30.05	-		
\$ 39.40	60 gal	\$ 39.40	-		
\$ 46.20	90 gal	\$ 46.20	-		
\$ 13.65	On Call	\$ 13.65	-		
\$ 12.95	Monthly	\$ 12.95	-		
\$ 21.70	20 gal Multifamily	\$ 21.70	-		
\$ 25.55	32 gal	\$ 25.55	-		
\$ 26.10	35 gal Commercial	\$ 26.10	-		
\$ 37.35	60 gal	\$ 37.35	-		
\$ 40.05	90 gal	\$ 40.05	-		
\$ 4.70	Recycling Only	\$ 4.70	-		
\$ 5.70	YD Subscription	\$ 5.70	-		
Container Service			Adjustment		
Current Rate	Service Level	Proposed	\$	%	
\$ 95.68	1 yard weekly	\$ 95.68	\$ -		
\$ 158.75	2 yard weekly	\$ 158.75	\$ -		
\$ 309.76	2 yard 2x weekly	\$ 309.76	\$ -		
\$ 534.85	4 yard 2x weekly	\$ 534.85	\$ -		

Rural

Cart/Can Service			Adjustment		
Current Rate	Service Level	Proposed	\$	%	
\$ 22.55	20 gal Singlefamily	\$ 22.55	-		
\$ 26.35	32 gal	\$ 26.35	-		
\$ 37.60	60 gal	\$ 37.60	-		
\$ 43.15	90 gal	\$ 43.15	-		
\$ 13.90	On Call	\$ 13.90	-		
\$ 12.85	Monthly	\$ 12.85	-		
\$ 20.95	20 gal Multifamily	\$ 20.95	-		
\$ 24.75	32 gal	\$ 24.75	-		
\$ 26.35	35 gal Commercial	\$ 26.35	-		
\$ 37.60	60 gal	\$ 37.60	-		
\$ 43.15	90 gal	\$ 43.15	-		
\$ 7.00	Recycling Only	\$ 7.00	-		
Container Service			Adjustment		
Current Rate	Service Level	Proposed	\$	%	
\$ 108.22	1 yard weekly	\$ 108.22	\$ -		
\$ 186.48	2 yard weekly	\$ 186.48	\$ -		
\$ 360.11	2 yard 2x weekly	\$ 360.11	\$ -		
\$ 657.51	4 yard 2x weekly	\$ 657.51	\$ -		

**2017
Proposed Solid Waste Fee Adjustments**

Distant Rural

Distant Rural			Adjustment		
Current Rate	Service Level	Proposed	\$	%	
\$ 27.25	20 gal Singlefamily	\$ 27.25	-		
\$ 31.35	32 gal	\$ 31.35	-		
\$ 41.45	60 gal	\$ 41.45	-		
\$ 47.05	90 gal	\$ 47.05	-		
\$ 14.35	On Call	\$ 14.35	-		
\$ 14.50	Monthly	\$ 14.50	-		
\$ 25.65	20 gal Multifamily	\$ 25.65	-		
\$ 29.75	32 gal	\$ 29.75	-		
\$ 31.35	35 gal Commercial	\$ 31.35	-		
\$ 41.45	60 gal	\$ 41.45	-		
\$ 47.05	90 gal	\$ 47.05	-		
\$ 7.20	Recycling Only	\$ 7.20	-		
Distant Rural			Adjustment		
Current Rate	Service Level	Proposed	\$	%	
\$ 122.48	1 yard weekly	\$ 122.48	\$ -	0.3%	
\$ 206.75	2 yard weekly	\$ 206.75	\$ -	0.4%	
\$ 392.39	2 yard 2x weekly	\$ 392.39	\$ -	0.4%	
\$ 713.82	4 yard 2x weekly	\$ 713.82	\$ -	0.4%	

Mountain

Mountain			Adjustment		
Current Rate	Service Level	Proposed	\$	%	
\$ 28.50	20 gal Singlefamily	\$ 28.50	-		
\$ 32.60	32 gal	\$ 32.60	-		
\$ 14.65	On Call	\$ 14.65	-		
\$ 14.80	Monthly	\$ 14.80	-		
\$ 26.90	20 gal Multifamily	\$ 26.90	-		
\$ 31.00	32 gal	\$ 31.00	-		
\$ 32.60	35 gal Commercial	\$ 32.60	-		
\$ 7.20	Recycling Only	\$ 7.20	-		
Mountain			Adjustment		
Current Rate	Service Level	Proposed	\$	%	
\$ 141.53	1 yard weekly	\$ 141.53	\$ -	0.3%	
\$ 244.85	2 yard weekly	\$ 244.85	\$ -	0.3%	
\$ 468.60	2 yard 2x weekly	\$ 468.60	\$ -	0.3%	
\$ 866.24	4 yard 2x weekly	\$ 866.24	\$ -	0.4%	

Recent History of 32-Gallon Cart / Can Fees

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Urban	\$26.35	\$27.45	\$28.20	\$28.65	\$28.90	\$28.90	\$29.96	\$30.05	<i>\$30.05</i>
Rural	23.3	24.2	24.85	25.3	25.6	25.6	26.25	26.35	26.35
Distant Rural	28.2	29.1	29.8	30.35	30.6	30.6	31.2	31.35	31.35
Mountain	29.45	30.35	31.05	31.6	31.85	31.85	32.45	32.6	32.6

Clackamas County Fee Schedule For Waste and Recycling Collection Services

Effective: July 1, 2017

U R B A N	Residential Service		Monthly Fee	Fee per Pick Up	At House Service²
	Weekly Pick Up¹ - one cart each for garbage, yard debris and recycling				
	20 gallon cart/can		\$ 26.20		\$ 29.70
	35 gallon cart/can		\$ 30.05		\$ 33.55
	60 gallon cart		\$ 39.40		N/A
	90 gallon cart		\$ 46.20		N/A
	Occasional extra garbage - 35 gallon			\$ 6.05	\$ 6.85
	Occasional extra yard debris - 35 gallon			\$ 3.00	
	Monthly Pick Up⁴ - one cart/can of garbage; weekly recycling included				
	35 gallon cart/can		\$ 12.95		\$ 13.85
Occasional extra garbage - 35 gallon			\$ 6.05	\$ 6.85	
On-Call Pick Up⁴ - one cart/can of garbage					
35 gallon cart/can			\$ 13.65	N/A	
Other Services and Fees					
Recycling only - weekly		\$ 4.70		N/A	
Yard debris subscription ³ - weekly		\$ 5.70		N/A	
Yard debris Permanent 2nd Cart		\$ 4.25		N/A	
Distance fees		Table 2			
Terrain fee		\$ 3.65			
Multifamily Service - for shared containers see commercial fees.					
Weekly Pick Up¹ - one cart/can of garbage and recycling					
Central billing	20 gallon	\$ 21.70		\$ 23.70	
	35 gallon	\$ 25.55		\$ 27.55	
Individual billing	20 gallon	\$ 23.30		\$ 25.30	
	35 gallon	\$ 27.15		\$ 29.15	
Occasional extra garbage - 35 gallon			6.05	\$ 6.85	
Bulky waste - furniture, appliances etc.			Table 1		
Additional fees - see Tables 1 and 2					

¹Greater than one cart/can per week, use multiples of single cart/can fee.

² At House Service is when garbage carts/cans are picked up at house instead of curbside/roadside (must be placed within 50 feet of curb/road). At House Service is not available for recycling or yard debris.

³ Available to customers without weekly garbage service. Requires full year subscription. May be billed annually or monthly, depending on provider.

⁴ Putrecibles must not be placed in cart/can in excess of 7 days prior to scheduled collection.

Exhibit A

Effective: July 1, 2017

U R B A N	Commercial Containers weekly recycling included						
	Stops/ Week	Monthly fee for container size in cubic yards					
		1	<i>Add'l</i>	1 1/3	<i>Add'l</i>	1.5	<i>Add'l</i>
	1	\$95.68	\$81.24	\$118.23	\$100.07	\$125.55	\$107.40
	2	\$183.63	\$156.40	\$228.74	\$195.01	\$243.35	\$207.36
	3	\$271.58	\$230.12	\$339.22	\$288.93	\$361.17	\$307.86
	4	\$359.53	\$306.72	\$449.72	\$383.47	\$478.96	\$407.58
	5	\$447.48	\$380.43	\$560.23	\$477.41	\$596.77	\$510.94
	6	\$535.43	\$456.21	\$670.73	\$570.65	\$714.57	\$610.06
	Stops/ Week	Monthly fee for container size in cubic yards					
		2	<i>Add'l</i>	3	<i>Add'l</i>	4	<i>Add'l</i>
	1	\$158.75	\$135.65	posed 6/20/17	\$184.17	\$273.64	\$236.10
	2	\$309.76	\$265.49	\$417.78	\$358.45	\$534.85	\$461.07
	3	\$460.78	\$394.53	\$620.45	\$533.36	\$796.06	\$685.20
	4	\$611.79	\$521.22	\$823.12	\$710.33	\$1,057.27	\$906.73
	5	\$762.82	\$655.30	\$1,025.80	\$883.65	\$1,318.47	\$1,134.82
	6	\$913.83	\$782.57	\$1,228.46	\$1,053.68	\$1,579.68	\$1,359.22
	Stops/ Week	Monthly fee for container size in cubic yards					
		5	<i>Add'l</i>	6	<i>Add'l</i>	8	<i>Add'l</i>
	1	\$329.83	\$305.08	\$378.96	\$350.49	\$465.44	\$432.43
	2	\$646.05	\$597.26	\$744.30	\$689.49	\$917.27	\$851.92
	3	\$962.27	\$887.28	\$1,109.63	\$1,022.20	\$1,369.09	\$1,271.61
	4	\$1,278.47	\$1,178.98	\$1,474.97	\$1,361.43	\$1,820.92	\$1,689.31
	5	\$1,594.70	\$1,473.63	\$1,840.32	\$1,700.28	\$2,272.75	\$2,100.03
6	\$1,910.91	\$1,770.86	\$2,205.66	\$2,032.94	\$2,724.58	\$2,523.70	
Commercial Carts/Cans¹ - monthly fee; weekly recycling included							
One Stop per Week				One cart/can	Two carts/cans	Each additional	
35 gallon cart/can				\$26.10	\$50.00	\$21.90	
60 gallon cart				\$37.35	N/A	N/A	
90 gallon cart				\$40.05	N/A	N/A	
Occasional extra garbage - 35 gallon				N/A	N/A	\$5.00	
Two Stops per Week							
35 gallon cart/can - 2 stops/wk				\$51.60	\$98.90	\$22.55	
Occasional extra garbage - 35 gallon				N/A	N/A	\$5.00	
Additional fees may apply - see Tables 1, 2 & 3							

¹The use of a cart and the type of customer using a cart for commercial waste collection services shall be at the discretion of the collector.

Exhibit A

Effective: July 1, 2017

R U R A L	Residential Service		Monthly Fee	Fee per Pick Up	At House Service²
	Weekly Pick Up¹ - one cart/can of garbage and recycling				
	20 gallon cart/can		\$22.55		\$26.05
	35 gallon cart/can		\$26.35		\$29.85
	60 gallon cart		\$37.60		N/A
	90 gallon cart		\$43.15		N/A
	Occasional extra garbage - 35 gallon			\$6.10	\$6.90
	Monthly Pick Up³ - one cart/can garbage; weekly recycling included				
	35 gallon cart/can		\$12.85		\$13.75
	Occasional extra garbage - 35 gallon			\$6.10	\$6.90
	On-Call Pick Up³ - one cart/can of garbage				
	35 gallon cart/can			\$13.90	N/A
	Other Services and Fees				
	Recycling only - weekly		\$7.00		N/A
	Bulky waste - furniture, appliances etc.			Table 1	
	Distance fees		Table 2		
	Terrain fee		\$3.65		
	Multifamily Service - for shared containers see commercial fees.				
	and recycling				
	Central billing	20 gallon	\$20.95		\$22.95
		35 gallon	\$24.75		\$26.75
	Individual billing	20 gallon	\$22.55		\$24.55
		35 gallon	\$26.35		\$28.35
	Occasional extra garbage - 35 gallon			\$6.10	\$6.90
Bulky waste - furniture, appliances etc.			Table 1		
Additional fees may apply - see Tables 1 and 2					

Exhibit A

Effective: July 1, 2017

R U R A L	Commercial Containers weekly recycling included						
	Stops/ Week	Monthly fee for container size in cubic yards					
		1	<i>Add'l</i>	1 1/3	<i>Add'l</i>	1.5	<i>Add'l</i>
	1	\$108.22	\$ 103.52	\$ 132.72	\$ 127.56	\$ 147.57	\$ 141.93
	2	\$207.03	\$ 198.43	\$ 255.22	\$ 245.92	\$ 283.85	\$ 273.75
	3	\$305.75	\$ 293.35	\$ 377.64	\$ 364.19	\$ 420.28	\$ 405.63
	4	\$404.56	\$ 388.31	\$ 500.20	\$ 482.55	\$ 556.59	\$ 537.39
	5	\$503.28	\$ 483.23	\$ 622.67	\$ 600.82	\$ 692.86	\$ 669.31
	6	\$611.54	\$ 586.79	\$ 755.32	\$ 728.43	\$ 840.43	\$ 811.18
	Stops/ Week	Monthly fee for container size in cubic yards					
		2	<i>Add'l</i>	3	<i>Add'l</i>	4	<i>Add'l</i>
	1	\$186.48	\$ 180.03	sed 6/20/17	\$ 254.85	\$ 338.16	\$ 328.71
	2	\$360.11	\$ 348.46	\$ 509.74	\$ 495.39	\$ 657.51	\$ 640.56
	3	\$533.54	\$ 516.69	\$ 756.63	\$ 735.78	\$ 976.87	\$ 952.42
	4	\$707.01	\$ 684.96	\$ 1,003.52	\$ 976.37	\$ 1,296.23	\$ 1,264.28
	5	\$880.59	\$ 853.29	\$ 1,250.37	\$ 1,216.52	\$ 1,615.52	\$ 1,575.97
	6	\$1,067.07	\$ 1,033.37	\$ 1,513.20	\$ 1,471.65	\$ 1,953.78	\$ 1,904.63
	Stops/ Week	Monthly fee for container size in cubic yards					
		5	<i>Add'l</i>	6	<i>Add'l</i>	8	<i>Add'l</i>
	1	\$412.33	\$ 401.58	\$ 488.44	\$ 476.09	\$ 632.31	\$ 617.61
	2	\$803.19	\$ 783.82	\$ 952.27	\$ 930.27	\$ 1,235.73	\$ 1,209.63
	3	\$1,194.02	\$ 1,166.02	\$ 1,416.00	\$ 1,384.35	\$ 1,839.08	\$ 1,801.58
	4	\$1,584.92	\$ 1,548.32	\$ 1,879.78	\$ 1,838.53	\$ 2,442.39	\$ 2,393.49
	5	\$1,975.70	\$ 1,930.50	\$ 2,343.57	\$ 2,292.67	\$ 3,045.81	\$ 2,985.41
	6	\$2,388.02	\$ 2,332.07	\$ 2,831.10	\$ 2,767.90	\$ 3,678.12	\$ 3,603.12
Commercial Carts/Cans¹ - monthly fee; weekly recycling included							
				One	Two	Each	
One Stop per Week				cart/can	carts/cans	additional	
35 gallon cart/can				\$ 26.35	\$ 51.30	\$ 24.10	
60 gallon cart				\$ 37.60	N/A	N/A	
90 gallon cart				\$ 43.15	N/A	N/A	
Occasional extra garbage - 35 gallon				N/A	N/A	\$ 5.25	
Two Stops per Week							
35 gallon cart/can - 2 stops/wk				\$ 51.95	\$ 101.15	\$ 22.80	
Occasional extra garbage - 35 gallon				N/A	N/A	\$ 5.25	
Additional fees may apply - see Tables 1, 2 & 3							

¹The use of a cart and the type of customer using a cart for commercial waste collection services shall be at the discretion of the collector.

Exhibit A

Effective: July 1, 2017

D I S T R I B U T I O N R U R A L	Residential Service		Monthly Fee	Fee per Pick Up	At House Service²
	Weekly Pick Up¹ - one cart/can of garbage and recycling				
	20 gallon cart/can		\$27.25		\$30.75
	35 gallon cart/can		\$31.35		\$34.85
	60 gallon cart		\$41.45		N/A
	90 gallon cart		\$47.05		N/A
	Occasional extra garbage - 35 gallon			\$6.65	\$7.45
	Monthly Pick Up³ - one cart/can; weekly recycling included				
	35 gallon cart/can		\$14.50		\$15.40
	Occasional extra garbage - 35 gallon			\$6.65	\$7.45
	On-Call Pick Up³ - one cart/can of garbage				
	35 gallon cart/can			\$14.35	N/A
	Other Services and Fees				
	Recycling only - weekly		\$7.75		N/A
	Bulky waste - furniture, appliances etc.			Table 1	
	Distance fees		Table 2		
	Terrain fee		\$3.65		
	Multifamily Service - for shared containers see commercial fees.				
	Weekly Pick Up¹ - one cart/can of garbage and recycling				
	Central billing	20 gallon	\$25.65		\$27.65
		35 gallon	\$29.75		\$31.75
	Individual billing	20 gallon	\$27.25		\$29.25
		35 gallon	\$31.35		\$33.35
	Occasional extra garbage - 35 gallon			\$6.65	\$7.45
Bulky waste - furniture, appliances etc.			Table 1		
Additional fees may apply - see Tables 1, 2 & 3					

¹Greater than one cart/can per week, use multiples of single cart/can fee.

² At House service is when garbage carts/cans are picked up at house instead of curbside/roadside (must be within 50 feet of curb/road). At House Service is not available for recycling.

³Putrecibles must not be placed in cart/can in excess of 7 days prior to scheduled collection.

Exhibit A

Effective: July 1, 2017

D I S T R I C T R I A L	Commercial Containers includes weekly recycling						
	Stops/ Week	Monthly fee based on size in cubic yards					
		1	<i>Add'l</i>	1 1/3	<i>Add'l</i>	1.5	<i>Add'l</i>
	1	\$122.48	\$ 117.78	\$ 148.97	\$ 143.81	\$ 164.85	\$ 159.20
	2	\$227.30	\$ 218.70	\$ 279.49	\$ 270.19	\$ 310.12	\$ 300.02
	3	\$332.02	\$ 319.62	\$ 409.91	\$ 396.46	\$ 455.57	\$ 440.92
	4	\$436.84	\$ 420.59	\$ 540.47	\$ 522.82	\$ 600.89	\$ 581.69
	5	\$541.57	\$ 521.52	\$ 670.95	\$ 649.10	\$ 746.18	\$ 722.63
	6	\$655.84	\$ 631.09	\$ 811.60	\$ 784.70	\$ 902.75	\$ 873.50
	Stops/ Week	Monthly fee based on size in cubic yards					
		2	<i>Add'l</i>	3	<i>Add'l</i>	4	<i>Add'l</i>
	1	\$206.75	\$ 200.30	\$ 281.12	\$ 281.12	\$ 370.44	\$ 360.99
	2	\$392.39	\$ 380.74	\$ 554.04	\$ 539.69	\$ 713.82	\$ 696.87
	3	\$577.84	\$ 560.99	\$ 818.95	\$ 798.10	\$ 1,057.22	\$ 1,032.77
	4	\$763.32	\$ 741.27	\$ 1,083.87	\$ 1,056.72	\$ 1,400.61	\$ 1,368.66
	5	\$948.92	\$ 921.62	\$ 1,348.74	\$ 1,314.89	\$ 1,743.93	\$ 1,704.38
	6	\$1,147.42	\$ 1,113.72	\$ 1,629.59	\$ 1,588.04	\$ 2,106.22	\$ 2,057.07
	Stops/ Week	Monthly fee based on size in cubic yards					
		5	<i>Add'l</i>	6	<i>Add'l</i>	8	<i>Add'l</i>
	1	\$450.62	\$ 439.87	\$ 532.74	\$ 520.39	\$ 688.62	\$ 673.92
2	\$871.52	\$ 852.15	\$ 1,032.62	\$ 1,010.62	\$ 1,340.11	\$ 1,314.01	
3	\$1,292.39	\$ 1,264.39	\$ 1,532.39	\$ 1,500.74	\$ 1,991.52	\$ 1,954.02	
4	\$1,713.33	\$ 1,676.73	\$ 2,032.22	\$ 1,990.97	\$ 2,642.90	\$ 2,594.00	
5	\$2,134.15	\$ 2,088.95	\$ 2,532.06	\$ 2,481.16	\$ 3,294.38	\$ 3,233.98	
6	\$2,576.51	\$ 2,520.56	\$ 3,055.64	\$ 2,992.44	\$ 3,974.75	\$ 3,899.75	
Commercial Carts/Cans¹ - monthly fee; weekly recycling included							
One Stop per Week				One cart/can	Two carts/cans	Each additional	
35 gallon cart/can				\$31.35	\$62.00	\$30.35	
60 gallon cart				\$41.45	N/A	N/A	
90 gallon cart				\$47.05	N/A	N/A	
Occasional extra garbage- 35 gallon				N/A	N/A	\$6.00	
Two Stops per Week							
35 gallon cart/can - 2 stops/wk				\$62.00	\$122.55	\$29.75	
Occasional extra garbage - 35 gallon				N/A	N/A	\$6.00	
Additional fees may apply - see Tables 1, 2 & 3							

¹The use of a cart and the type of customer using a cart for commercial waste shall be at the discretion of the collector.

Exhibit A

Effective: July 1, 2017

M O U N T A I N	Residential Service		Monthly Fee	Fee per Pick Up	At House Service²
	Weekly Pick Up¹ - one can of garbage and recycling				
	20 gallon can		\$28.50		\$32.00
	35 gallon can		\$32.60		\$36.10
	Occasional extra - 35 gallon			\$6.65	\$7.45
	Monthly Pick Up³ - one can; weekly recycling included				
	35 gallon can		\$14.80		\$15.70
	Occasional extra - 35 gallon			\$6.05	\$6.85
	On-Call Pick Up³ - one can of garbage				
	35 gallon can			\$14.65	N/A
	Other Services and Fees				
	Recycling only - weekly		\$7.75		N/A
	Bulky waste - furniture, appliances etc.			Table 1	
	Distance fees		Table 2		
	Terrain Fee		\$3.65		
	Multifamily Service see commercial fees for shared containers.				
	Weekly Pick Up¹ - one cart/can of garbage and recycling				
	Central billing	20 gallon	\$26.90		\$28.90
		35 gallon	\$31.00		\$33.00
	Individual billing	20 gallon	\$28.50		\$30.50
		35 gallon	\$32.60		\$34.60
Occasional extra - 35 gallon			\$6.65	\$7.55	
Bulky waste - furniture, appliances etc.			Table 1		
Additional fees may apply - see Tables 1, 2 & 3					

¹Greater than one can per week, use multiples of single can fee.

² Cans picked up at house instead of roadside or curb (must be within 50 feet of roadside or curb).

³Putrecibles must not be placed in cart/can in excess of 7 days prior to scheduled collection.

Exhibit A

Effective: July 1, 2017

M O U N T A I N	Commercial Containers includes weekly recycling						
	Stops/ Week	Monthly fee for container size in cubic yards					
		1	<i>Add'l</i>	1 1/3	<i>Add'l</i>	1.5	<i>Add'l</i>
	1	\$141.53	\$ 136.83	\$ 174.38	\$ 169.22	\$ 193.43	\$ 187.78
	2	\$265.40	\$ 256.80	\$ 330.29	\$ 320.99	\$ 367.28	\$ 357.18
	3	\$389.18	\$ 376.78	\$ 486.12	\$ 472.67	\$ 541.31	\$ 526.66
	4	\$513.05	\$ 496.80	\$ 642.08	\$ 624.43	\$ 715.20	\$ 696.00
	5	\$636.83	\$ 616.78	\$ 797.96	\$ 776.11	\$ 889.07	\$ 865.52
	6	\$770.15	\$ 745.40	\$ 964.02	\$ 937.12	\$ 1,074.22	\$ 1,044.97
	Stops/ Week	Monthly fee for container size in cubic yards					
		2	<i>Add'l</i>	proposed 6/2	<i>Add'l</i>	4	<i>Add'l</i>
	1	\$244.85	\$ 238.40	\$ 346.28	\$ 338.28	\$ 446.65	\$ 437.20
	2	\$468.60	\$ 456.95	\$ 668.35	\$ 654.00	\$ 866.24	\$ 849.29
	3	\$692.15	\$ 675.30	\$ 990.42	\$ 969.57	\$ 1,285.84	\$ 1,261.39
4	\$915.74	\$ 893.69	\$ 1,312.49	\$ 1,285.34	\$ 1,705.44	\$ 1,673.49	
5	\$1,139.44	\$ 1,112.14	\$ 1,634.52	\$ 1,600.67	\$ 2,124.97	\$ 2,085.42	
6	\$1,376.04	\$ 1,342.34	\$ 1,972.53	\$ 1,930.98	\$ 2,563.47	\$ 2,514.32	
Commercial Cans - monthly fee; weekly recycling included							
One Stop per Week				One cart/can	Two carts/cans	Each additional	
35 gallon can				\$32.60	\$64.50	\$31.60	
Occasional extra - 35 gallon				N/A	N/A	\$6.00	
Two Stops per Week							
35 gallon can - 2 stops/wk				\$64.50	\$127.55	\$31.00	
Occasional extra - 35 gallon				N/A	N/A	\$6.00	
Additional fees may apply - see Tables 1, 2 & 3							

Table 1

Miscellaneous Services		
Bulky Waste - appliances, furniture, etc.		
<i>Fee based on weight and special handling needs. If not easily accessible, hourly fee also applies.</i>		
Minimum fee	\$5.45	
Maximum fee	\$29.15	
Coolant removal fee	\$30.00	<i>Applies to refrigerators, freezers and air conditioners even if refrigerant is removed. Disposal fee additional.</i>
Clean Up Containers		
Each collection charged at 33% of regular container fee (see commercial containers).		
Handling fee*	\$16.60	<i>*only charged for first collection.</i>
Container rent is charged when container is kept longer than proposed		
< 3 cubic yard	\$2.10	rent per day
3 cubic yards	\$3.10	rent per day
4 cubic yards	\$4.10	rent per day
<i>For larger containers, see Drop Box, Table 4</i>		
Tire Handling Fee - charged in addition to disposal fees		
On rim	\$2.00	
Off rim	\$5.50	
<i>Tires greater than 18 inch diameter are subject to a special handling fee.</i>		
Occasional Extra Garbage - 35 gallon maximum		
Light	\$3.00	<i>does not require extra trip</i>
Heavy	\$5.05	<i>curbside/roadside and requires extra trip</i>
At House	\$5.85	<i>picked up at house (50 ft max from curb/road)</i>
Hourly handling fee - charged in addition to disposal fees		
1 truck, 1 person	\$73.00	per hour
1 truck, 2 people	\$105.00	per hour
Other Fees		
Gate fee	\$1.00	
Reinstatement fee	\$5.00	<i>When service is reinstated after it has been stopped for non-payment or if customer stops and starts service more than once in a calendar year.</i>
Cart redelivery	\$10.00	<i>If cart picked up then service restarted within 12 months.</i>

¹ Rent shall not exceed \$20.00 per container in a 30 day period.

Exhibit A

Effective: July 1, 2017

Table 2

Distance Fees	
Distance	Monthly Fee
3 - 50 feet	\$ 3.50
51 - 100 feet	\$ 5.10
101 - 200 feet	\$ 6.15
201 - 400 feet	\$ 7.20
401 - 800 feet	\$ 8.25
More than 800 feet	\$ 9.30

Distance fees apply when service is not curbside or roadside as defined.

Distances over 50 feet are considered drive-in only.

Fees for distances over 50 feet also apply to non-urban containers served off public roads.

Table 3

Miscellaneous Container Fees
Overweight charges will be applied to containers weighing over 275 pounds per cubic yard. The fee must be mutually agreeable to the customer and collector. The County will act as an arbitrator in the event of a dispute.
Containers that have been compacted are charged 2.2 times the regular container fee for the zone.
Overweight compacted containers weighing over 500 pounds per cubic yard will be charged this fee plus disposal for the excess weight.
Container cleaning fee will be charged for containers needing cleaning more than 2 times in a 12 month period. The fee is the actual cost of cleaning.
Mileage fee applies to Distant Rural and Mountain Fee Zones when containers are located over 26 miles round trip from a disposal site if there are less than seven (7) containers picked up per collection route.

Table 4

Drop Boxes and Compactors -Disposal, rental, mileage & other fees are additional	
Open Drop Box	
10-20 cubic yard	\$125.00
Lidded/Specialized-requiring deadhead roundtrip	\$150.00
30 cubic yard	\$145.00
40 cubic yard	\$165.00
Compacted Drop Box	
Less than 25 cubic yards	\$150.00
25 - 34 cubic yards	\$189.00
35 cubic yards and greater	\$218.00
Industrial Special Waste Drop Box	
10-20 cubic yard	\$161.00
30 cubic yard	\$178.00
Other fees	
Rental Fee	
Per day (after 2 working days at one site)	\$6.30
Per month (Occasional Customer collection of less than one load per week)	\$63.00
Per month (Permanent customer)	\$50.00
Per Month Equipment Fee: Lidded/Specialty Drop Box	\$20.00
Delivery Fee¹	
Urban zone	\$40.00
All other zones	\$50.00
Mileage Fee	
Per mile over 18 miles roundtrip from where the truck is stationed (if in Clackamas County, if not then from the Metro South Transfer Station) for a repeat customer and for over 18 miles of truck operation for a one-stop drop box customer.	\$4.70
Multifamily Service Fee - additional fee for communities using compactors and drop boxes to collect garbage. Fee is charged per unit per month.	
5-299 units	\$1.60
300 - 399 units	\$1.45
More than 399 units	\$1.40
Incidental Service Fees	
Stand by time - waiting for box to be cleared, cars to be moved, etc. ²	\$7.00
Leveling load - if driver must spend time leveling load to safely haul. ²	\$7.00
Wash out - if requested by customer or box is contaminated.	\$30.00
Compactor turn-around - if repositioning required to enable collection and tip.	\$40.00
Deadhead round trip: specialized boxes that cannot be exchanged .	\$25.00
Dry run - if scheduled collection is prevented because box is blocked or customer is not ready.	\$30.00

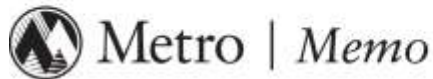
¹For the occasional customer, the delivery charge shall be made for the first drop box at a given location within a 30-day period. For the repeat customer, the delivery charge shall be made for service at different locations.

²Charged in 5 minute increments.

Effective: July 1, 2017

Table 5

Infectious Waste		
Number of units	Fee per gallon	
	20/21	35/48
1	\$ 81.45	\$ 83.23
2	\$ 61.85	\$ 63.50
3	\$ 54.30	\$ 56.00
4	\$ 49.35	\$ 51.00
5	\$ 46.35	\$ 48.00
6	\$ 44.35	\$ 46.00
7	2017 propos	\$ 43.50
8	\$ 40.40	\$ 42.00
9	\$ 37.35	\$ 39.00
10	\$ 35.85	\$ 37.50
11	\$ 34.75	\$ 36.50
12	\$ 33.25	\$ 35.00
13	\$ 32.75	\$ 34.50
14	\$ 32.00	\$ 33.75
15	\$ 31.25	\$ 33.00
16	\$ 26.30	\$ 28.00
17	\$ 26.30	\$ 28.00
18	\$ 26.30	\$ 28.00
19	\$ 26.30	\$ 28.00
20	\$ 26.30	\$ 28.00
60	\$ 17.90	\$ 18.75
75	\$ 17.45	\$ 18.10
90	\$ 12.80	\$ 13.10



Date: March 16, 2017
To: Metro Council
From: Tim Collier, Director, Finance and Regulatory Services
Subject: Solid Waste Rate Report for Fiscal Year 2017-18

As required by Metro Code 5.02.020 (e) (1), this report provides the context for the solid waste rate making process and documents the methodologies, data, assumptions, adopted criteria and any other factors used by the Chief Operating Officer in calculating the proposed rates and the response to the recommendations of the independent review.

Methodology

Two years ago, Metro engaged a consulting firm to review the solid waste rate setting process and provide recommendations for improving and simplifying development of those rates. In response to recommendations provided by the consultant, Metro implemented a new rate model based on a standard rate setting process:

- Step 1: Identify revenue requirements. This step identifies the total annual financial obligations of the system. This includes operations, capital improvements and replacements and fiscal policy compliance.
- Step 2: Allocate costs. This step establishes rate equity through cost causation or the cause and effect relationship between different costs and activities that cause those costs to be incurred.
- Step 3: Forecast activity. This step establishes a forecast for the solid waste activity anticipated for the coming fiscal year.
- Step 4: Establish Fees/Charges. This step achieves required revenue levels by establishing rates and charges that accurately reflect the cost to provide a particular service.

Step 1 – Identify Revenue Requirements

Revenue requirements are determined by projecting costs for the various solid waste functions that Metro performs. Those functions include:

Disposal Services. Metro owns two transfer stations that provide disposal services to commercial haulers, businesses and the public. Metro staffs the scalehouses, but the operation of the stations, transport and disposal are all performed by private operators under long-term contracts with Metro. Metro finances and manages this function as a municipal utility.

Regional Programs. Metro provides or participates in solid waste services and programs with region-wide impact. Some of these stem from state mandates. Others are driven by Metro's own goals and policies for the solid waste system. These programs and services are closer in form to public goods rather than utility functions. The programs are:

- Household hazardous waste reduction
- Latex paint recovery
- Resource conservation and recycling
- Landfill closure and stewardship

- Illegal dumpsite monitoring and clean-up

Regulation. Metro regulates privately-owned disposal facilities and manages its own flow control authority through a system of licensing, franchising, inspection and enforcement.

Revenue Requirement Summary

	Scalehouses	Municipal Solid Waste	Wood/Yard Debris	Residential Organics	Commercial Organics	Regional System Fee
Revenue Requirement	\$ 3,157,309	\$ 34,316,016	\$739,177	\$3,604,731	\$1,156,039	\$ 24,857,275
Percentage of Total	4.65%	50.59%	1.09%	5.31%	1.70%	36.65%

Step 2 – Allocate Costs

The rate process uses a cost of service approach that distributes costs based on a proportionate share of costs required to provide service. The methodology used identifies how expenses are allocated to the solid waste system functional areas including disposal and recovery, regional programs, sustainability, clean-up and compliance and general and administrative. Allocations are based on staff time, tickets processed, floor area and tonnage. The allocation factor is designed to be an equitable expression of the how and why the cost is incurred.

The cost of service details cost allocation for an additional layer of service by waste type; mixed solid waste, wood waste, yard debris, residential organics and commercial organics. Costs associated with processing each waste type were reviewed and discussed with Metro staff and/or engineers. The cost of service process reviewed existing cost allocation approaches and identified changes and additional allocation factors used in the process. A sensitivity analysis indicating the rate change/impact of alternative general and administrative cost allocations was included in the review.

Step 3 – Forecast Activity

Metro staff reviewed tonnage information from the current fiscal year and projected anticipated levels of tonnage and transactions by material type at Metro transfer stations and private facilities.

Summary of Tonnage Forecast

Facility	Material Class	Projected		% Change
		FY 2017	FY 2018	
Metro Central	Wet waste	172,661	191,394	10.85%
Metro Central	Dry waste	60,268	63,480	5.33%
Metro South	Wet waste	156,852	161,732	3.11%
Metro South	Dry waste	124,178	128,450	3.44%
Private	Wet waste	437,013	483,624	10.67%
Private	Dry waste	397,039	467,517	17.75%

Summary of Transactions

Facility	Transaction Type	Projected		% Change
		FY 2017	FY 2018	
Metro Central	Staffed	92,214	90,388	-1.98%
Metro Central	Automated	52,850	56,310	6.55%
Metro South	Staffed	181,561	192,304	5.92%
Metro South	Automated	50,110	47,058	-6.09%

Step 4: Establish Fees/Charges

Unit costs were developed for each rate/fee charged. The unit costs were analyzed to identify any warranted shifts in cost burden that could improve equity between the fees/charges. The result of the cost of service process is a calculated rate/fee for providing solid waste services.

Summary of Fees and Charges for FY 2017-18

	Mixed Solid Waste	Clean Wood/Yard Debris	Residential Organics	Commercial Organics
Transaction Fee				
Staffed Scalehouse	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
Automated Scalehouse	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
Tip Fee				
Tonnage Charge	\$ 63.20	\$ 48.69	\$ 65.67	\$ 65.23
Regional System Fee	\$ 18.12			
Excise Tax	\$ 10.81			
DEQ Fees	\$ 1.82			
Community Enhancement Fees	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Total Tip Fee	\$ 94.95	\$ 49.69	\$ 66.67	\$ 66.23

Assumptions

See Attachment A for the full list of assumptions used in the rate model. Key points are summarized below:

- Costs for disposal charges driven by contract cost inflation
- Other expenses based on budget estimates used in the Chief Operating Officer's budget
- Overall inflation assumptions match those used in the FY 2017-18 budget process
- Tonnage forecast is based on the forecast developed for the FY 2017-18 budget process and five year forecast

Criteria

In developing the rates, staff relied on Metro's legal authority as determined by the Metro Code and Oregon Revised Statute, as well as policies adopted by the Metro Council and other informal guidance used by staff. Those factors and criteria are summarized below.

Authority. Metro's authority to charge fees for goods and services is derived from the Oregon Constitution, from the Metro Charter and from the provisions of Oregon law, including Oregon Revised Statutes Chapter 268. ORS 268 also enumerates Metro's authorities over solid waste.

Allowable expenditures are set in state law. Under state law, Metro is limited to using the revenue derived from disposal fees only on activities related to solid waste. Specifically:

[T]he metropolitan service district shall use moneys collected by the district as service or user fees for solid waste disposal for (1) activities of the metropolitan service district related to solid waste, including activities of regional concern that are directly related to reducing the environmental impact from the generation, collection, transportation, processing and disposal of solid waste; and (2) planning, administrative and overhead costs for activities of the district related to solid waste. *[Oregon Revised Statutes section 459.335]*

User charges limited to the cost of service. The Metro Charter restricts the types of costs that may be recovered from user charges:

... charges for the provision of goods or services by Metro may not exceed the costs of providing the goods or services. These costs include, but are not limited to, costs of personal services, materials, capital outlay, debt service, operating expenses, overhead expenses, and capital and operational reserves attributable to the good or service. *[Metro Charter, Chapter III. Finance, Section 15]*

Metro code section 5.01.150 and Chapter 5.02 govern solid waste rates. (Chapter 7.01 governs the Metro excise tax generally, and various subsections address the solid waste excise tax in particular.)

Adopted Policies. In 1993 Metro adopted policies (Resolution 93-1824A) to guide choices during rate making:

- Financial Criteria
 - Revenue adequacy, reliability and predictability
 - Authority to implement
 - Implementation and administrative cost and effort
 - Impact on credit rating
- Economic Effects
 - Rate payer equity and affordability
 - Impacts on the costs of living and of doing business in the region
- Environmental and Management
 - Consistency with agency-wide planning policies and the Solid Waste Management Plan
 - The rate structure should encourage waste reduction, reuse, and recycling

Bond Covenants. Metro continues to employ a number of the business practices that implemented its bond covenants even though the bonds were retired in December 2008:

- Pay as you go: means that ongoing costs are to be paid with ongoing revenue.
- Coverage to ensure revenue adequacy. One of Metro's practices for meeting the debt service coverage was to base the revenue requirement on the budget rather than expected expenditures. Metro generally continues to follow this practice. Exceptions are explicitly noted.
- Operating surpluses. The priority for the use of operating surpluses is: restore contingencies, fund the new capital reserve, and hold any remaining surplus as undesignated fund balance.

Independent Review Response

CH2M Hill Engineers, Inc. provided the following recommendations in their report dated March 1, 2017:

Recommendations:

1) Implement a rate review process that looks at a longer horizon period (current period is 1 year). We recommend a 3-5 year planning period so potentially large rate impacts associated with unusually large capital replacements or other large one time expenditures can be spread out over a period of years rather than a single year. This strategy would help avoid potential large spikes in rates. Strategic use of reserves, such as the Rate Stabilization Fund, can also be used to mitigate the effects of significant increases in costs.

Response: Staff recently began evaluating potential options for incorporating a longer planning horizon into the rate development process.

2) Where applicable in the model, refer to actual historical revenues and expenditures instead of budget data when information is available.

Response: Staff will evaluate opportunities to include additional historical actual revenue and expense data into the model.

3) Metro may want to consider options for redefining its capital funds to meet specific needs. For example, Metro could consider setting a target balance in its capital fund that is sufficient to meet its needs if a large component of its system were to fail prematurely. This is a consistent with the recommendation from the FCS Group Review of Reserve Funds from August 2015.

Response: As part of incorporating a long-term planning horizon into the rate setting process, Staff from Finance and Regulatory Services will work with Property and Environmental Services to, where applicable, align capital funds with specific needs and benchmarks as prescribed by the FCS Group Reserve Study.

4) By funding the rate stabilization fund from annual budget surpluses, the balance of this fund has been climbing. Metro may want to define a target balance for its Rate Stabilization Fund, or range within which this fund will be managed.

Response: Staff from Finance and Regulatory Services and Property and Environmental Services will work together to establish feasible reserve targets for the Rate Stabilization Fund.

5) Based on the current balances in the utility's reserve funds, Metro may want to consider drawing down some of the reserves in its operating and rate stabilization funds to offset the need for rate increases in the current or future years. Similarly, additional contributions to the Capital Fund may not be warranted given the existing and projected capital improvement plan. Thus, funds that may have been accumulating in the Capital Fund could be used to offset rate increases in the current or future years.

Response: Metro concurs with this recommendation and plans to use rate stabilization reserves in FY2017-18 to avoid a significant increase in the commercial organics rate. Similar considerations are reviewed annually for all waste types.

6) The model that was provided for CH2M's review includes financial projections that are based on Metro's existing rates and charges. In the future, Metro may want to consider updating its financial model to reflect its proposed rates, prior to having its model results reviewed by an outside consultant. This would help ensure that the independent review can evaluate Metro's pro forma financial results given the rates that are proposed for adoption. For the current year review, the rates that are being proposed for FY 2017-18, reflect only minor changes from the rates that are currently in effect, and thus should not have materially different results. However, if more significant rate adjustments had been proposed, it will be important for the outside consultant to evaluate the financial results given those proposed rate adjustments.

Response:

Metro concurs and will update proposed rates into the revenue calculation prior to submission for 3rd party review. This addition will not impact how rates are calculated as they are strictly based on cost of service.



Solid Waste Rate Study

Assumptions

Attachment A

Economic & Financial Factors		FY 2018
General Cost Inflation		1.98%
Construction Cost Inflation		3.26%
Labor Cost Inflation		2.67%
Benefit Cost Inflation		10.00%
Weighted Labor and Benefits		4.90%
General Inflation plus Composite Growth		6.98%
Customer Growth		4.90%
No Escalation		0.00%
CPI Inflation - Central		1.96%
CPI Inflation - South		1.91%
CPI Inflation - CM. Organics		1.58%
CPI Inflation - Disposal		1.50%
CPI Inflation - Transport		1.69%
Fuel Cost Escalation		7.19%
Manual Input		
Investment Interest		0.50%
Labor and Benefits Split		
Salary Share		69.53%
Benefits Share		30.47%

Accounting Assumptions		FY 2018
FISCAL POLICY RESTRICTIONS		
Minimum Operating Fund Balance Target		
Select Minimum Operating Fund Balance Target	1	
1 - Defined as Days of O&M Expenses		
Min. Op. Fund Balance Target (days of O&M expense)		45
Max. Op. Fund Balance (days of O&M expense)		45
2 - Amount at Right ==>		
Min. Op. Fund Balance Target		\$ 4,000,000
Max. Op. Fund Balance		\$ 4,000,000
Minimum Capital Fund Balance Target		
Select Minimum Capital Fund Balance Target	2	
1 - Defined as % of Plant		
Plant-in-Service in FY 2014		\$
Minimum Capital Fund Balance - % of plant assets		1.00%
2 - Amount at Right ==>		\$ 1,200,000
EQUIPMENT REPLACEMENT FUNDING		
Select Equipment Replacement Funding Strategy	4	
Depreciation in FY 2014		\$
Amount of Annual Cash Funding from Rates		
1 - Equal to Annual Depreciation Expense		\$ 1,381,447
2 - Equal to Annual Depreciation less Annual Debt Principal Payments		\$ 1,381,447
3 - Equal to Amount at Right ==>		\$ -
4 - Do Not Fund Equipment Replacement		



Solid Waste Rate Study

Assumptions

Capital Financing Assumptions		FY 2018
FUNDING SOURCES		
Grants		\$ -
Additional Proceeds (Costs)		
[Extra line]		\$ -
[Extra line]		-
[Extra line]		-
[Extra line]		-
[Extra line]		-
Total Additional Proceeds		\$ -
REVENUE BONDS		
Term (Years)		20
Interest Cost		5.00%
Issuance Cost		1.50%
Revenue Bond Coverage Requirement	1.25	
LOW-INTEREST LOANS		
Term (Years)		20
Interest Cost		1.00%
Required Local Match		5.00%
OTHER LOANS		
Term (Years)		20
Interest Cost		4.00%
Issuance Cost		0.00%

FY 2017-18 Tip & Transaction Fees and Comparison with Current Rates

March 1, 2017

Charges at Metro Transfer Stations	Current	Proposed FY 2017-18	Change	
Transaction Fees (per load)	\$ 10.00	\$ 10.00	\$ -	
Staffed	2.00	2.00	-	
Automated				
Tip Fee for Mixed Solid Waste				
Tonnage Charge	\$ 63.19	\$ 63.20	\$ 0.01	
Regional System Fee	18.48	18.12	(0.36)	
Metro Excise Tax	11.76	10.81	(0.95)	
DEQ Fees	1.82	1.82	-	
Community Enhancement Fee	1.00	1.00	-	
Total = Metro Tip Fee	\$ 96.25	\$ 94.95	\$ (1.30)	-1.35%
Minimum load charge	\$ 28	\$ 28	\$ -	
<i>Maximum pounds per load</i>	380	380	-	

Tip Fees for Organic Wastes at Metro Stations

Waste Class	Current	Proposed FY 2017-18	Change
Wood/yard debris	\$ 48.78	\$ 49.69	\$ 0.91
Residential organics	64.61	66.67	2.06
Commercial organics	66.23	66.23	-

Solid Waste Excise Tax Rate and Yield Analysis

FY 2017-18

Detailed Worksheet

Calculation of the Tonnage Base for the Tax Rate

Waste Subject to Target Recovery

Waste delivered to disposal sites in 2016	1,713,157
<i>of which:</i> Special waste	99,379
Recovery at regional transfer stations	18,730
Environmental cleanup materials	390,201
Solid waste ('counting waste') landfilled after recovery	1,204,847

Disposal if Target Recovery Rate Met

Solid waste landfilled after recovery	1,204,847
Imputed generation at 53.9% recovery	2,612,297
Disposal if 58% recovery target met	1,097,165

Tonnage Base for the Tax Rate

Disposal at target recovery	1,097,165
<i>plus</i> Special waste	99,379
<i>plus</i> Recovery at regional transfer stations	18,730
Target base for the rate	1,215,274

Calculation of Revenue Requirement

Current (FY 2016-17) statutory yield	\$12,915,727
Inflation factor at 1.7% inflation rate	102%
FY 2017-18 statutory yield	\$13,135,294
Revenue requirement	\$13,135,294

Calculation of the Rate

Revenue requirement	\$13,135,294
<i>divided by:</i> Target base for the rate	1,215,274
FY 2017-18 excise tax rate per ton	\$10.81
<i>Change from current rate of \$11.76</i>	<i>(\$0.95)</i>
	<i>(8.1%)</i>

Yield Analysis

FY 2017-18 full-fee projections	
Jul. 1, 2017 tonnage	0
Jul. 1, 2017 revenue at \$11.76 / ton	\$0
Jul. 1, 2017 - Jun. 30, 2018 tonnage	1,393,302
Jul. 1, 2017 - Jun. 30, 2018 revenue at \$10.81 / ton	\$15,061,595
FY 2017-18 projected cleanup tonnage	436,987
Cleanup revenue at \$1.00 per ton	\$436,987
Total expected revenue	\$15,498,582
Statutory yield	\$13,135,294
Revenue over / (under) statutory yield	\$2,363,288
<i>Percentage over / (under) statutory yield</i>	<i>18.0%</i>