



WASHINGTON COUNTY

OREGON

Solid Waste & Recycling



2020 Annual Rate Review

Erin Stein

Operations Supervisor

GRAC Committee Meeting

May 13, 2021

Rate Review Stakeholders



- **Customers**

- **Washington County**



- **Certificated Haulers**

County Authority to Set Rates

- Authority of the Code:
- **Section 8.04.330** provides that increases or decreases in the rates shall not be made by the board unless the board finds that the increase or decrease is based upon an increase or decrease in the cost of doing business or an increased cost of additional, better or more comprehensive service.



Current Rate System

- **Washington County employs a cost-based system to set collection rates.**
- **Uniform collection rates provide revenues that cover allowable collection costs plus a profit margin for the certificated collection companies.**
 - Annual review process includes the entire aggregate of certificated haulers
 - 2020 Return on Revenue (ROR) was determined using the haulers adjusted financial results
 - Variations of rates occur between rural and urban areas to account for additional transportation cost



Key Rate Change Considerations



- In determining whether to approve a rate change the below items should be considered by the Board of Commissioners:
 - investment in facilities and equipment
 - services of management
 - local wage scales
 - concentration of customers in the area served
 - methods of collection and transportation
 - length of haul to disposal facilities and the cost of disposal
 - reasonable return on revenue for the haulers
 - fair and reasonable rates for community members



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Current structure

- Return on Revenue (ROR) methodology is utilized



Revenues – Expenses = Profit

$\text{Profit/Revenues} = \text{Return on Revenue}$

Current target **10%** ROR

2020 Collection Service ROR

- Residential ROR = 4.15 percent
- Commercial container, cart and food scrap collection ROR = 11.87 percent
- Occasional container, drop box and compactor service ROR = 12.66 percent

ROR = 7.10 percent



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Initial Rate Recommendations

Residential

ROR of 4.15 % = 6.5 % rate increase

Commercial

ROR of 11.87 % = 2.07 % rate decrease

Drop box/compactor

ROR of 12.66 % = 2.96 % rate decrease



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Special Conditions in the 2021 Review Process

- Covid-19 impacts
- Recycling Processing Surcharges continuation
- Metro Resolution No. 20-5142



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Metro Tip Fee Implications

Predicted downward pressure on the ROR

Line of service	Annual rate review		Metro tip fee increase		Combined	
	Revenue needed	Rate change	Additional expense	Rate change	Revenue needed	Rate change
Residential	\$ 1,310,000	+6.50%	\$ 494,000	+2.45%	\$ 1,804,000	+8.95%
Commercial	\$ (125,000)	-2.07%	\$ 189,100	+3.10%	\$ 64,100	+1.06%
Drop box*	\$ (164,000)	-2.96%	N/A*	N/A*	\$ (164,000)	-2.96%

**Disposal costs are a pass-through charge to drop box customers, the Metro increase doesn't impact this line of service*

Staff Rate Recommendations

Residential

8.95 % rate increase

Commercial

1.06 % rate increase

Drop box/compactor

2.96 % rate decrease



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Additional Rate Considerations

- Establish commercial yard debris service rate - \$5.15 for a 60-gallon cart, bi-weekly service
- Adjust the extra yard debris cart rate to \$4.15 for a 60-gallon cart, bi-weekly service- Extend the rate to commercial customers
- Establish a can/cart cleaning fee for commercial customers of \$16.00 per occurrence
- Commercial food scrap bundling with disposal & recycling service effective March 31, 2022 as recommended by SWAC February 2020



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Any Questions?
Thank you!

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