

BEFORE THE BOARD OF COUNTY COMMISSIONERS  
FOR COLUMBIA COUNTY, OREGON

In the Matter of the Application by Clatskanie )  
Sanitary Service for a Drop Box Rate Increase ) Order No. 88-2007

WHEREAS, Section 5.01(A) of the Columbia County Solid Waste Management Ordinance authorizes the Board of County Commissioners, upon its own recommendation or the recommendation of the Solid Waste Advisory Committee, to approve and establish a rate adjustment, as requested and filed by the solid waste franchisee; and

WHEREAS, on February 20, 2007, Waste Connections Inc. a solid waste franchisee, submitted a letter requesting a rate adjustment for drop boxes provided by the Clatskanie Sanitary Service; and

WHEREAS, at their April 5, 2007, meeting the Solid Waste Advisory Committee (SWAC) unofficially recommended that the Board approve the requested increase with the condition that if the truck included in the cost analysis is not used for drop box operations in the future then the rate would be adjusted accordingly; and

WHEREAS, on April 18, 2007, the Board of Commissioners held a hearing on the rate adjustment application from the Clatskanie Sanitary Service; and

WHEREAS, Jason Hudson, Operations Manager for the Clatskanie Sanitary Service, testified in favor of the proposed rate change, and no one testified in opposition of the proposed rate change;

NOW, THEREFORE, IT IS HEREBY ORDERED, as follows:

1. The Board finds that the proposed rate is just, fair, reasonable, and sufficient to provide proper service to the public. The Board further finds that the rate increase, as proposed, is not demonstrably unreasonable and is not substantially higher than rates charged generally in the County under similar service requirements.
2. The Board adopts the rate increase as described in the Staff Report to the Board of County Commissioners dated April 11, 2007, which is attached hereto and is incorporated herein by this reference.
3. Clatskanie Sanitary Service is authorized to charge the rates as mentioned hereinabove, effective May 1, 2007.

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4. This rate increase is subject to the following condition: If the truck included in the cost analysis is not used for drop box operations in the future, the rate will be adjusted accordingly.

Dated this 25th day of April, 2007.

BOARD OF COUNTY COMMISSIONERS  
FOR COLUMBIA COUNTY, OREGON

By: Rita M. Bernhard  
Rita Bernhard, Chair

By: Anthony Hyde  
Anthony Hyde, Commissioner

By: Joe Corsiglia  
Joe Corsiglia, Commissioner

Approved as to form

By: Sarah Henson  
Assistant County Counsel

**DEPARTMENT OF LAND DEVELOPMENT SERVICES  
SOLID WASTE PROGRAM  
Staff Report  
Drop Box Service Rate Request  
Clatskanie Sanitary Service**

April 11, 2007

COLUMBIA COUNTY

APR 12 2007

COUNTY COUNSEL

**APPLICANT:** Jason Hudson, Operations Manager  
Clatskanie Sanitary Service  
P.O. Box 1002  
St. Helens, OR 97051

**REQUEST:** Update Clatskanie Sanitary Services drop box rates to reflect other drop box franchise rates in Columbia County.

**BACKGROUND:**

The applicant, Jason Hudson of Clatskanie Sanitary Service, requests that the Columbia County Board of Commissioners approve a service rate increase for drop box service in accordance with, Columbia County Solid Waste Ordinance, Chapter V, Section 5.01. The service area is shown in Attachment 1. According to Mr. Hudson, Operations Manager for Clatskanie and Hudson Sanitary Services, the company has not realized a drop box rate increase since 1991. Until recently the Clatskanie Sanitary Service had one regular drop box customer in the area. However, the increase in development and construction in the Port Westward region had increased the demand for drop box services.

Clatskanie Sanitary Services current disposal rate for both 20 cubic yard and 30 cubic yard containers is a \$150 flat fee plus the disposal fee with no mileage factor for the 84 mile round trip.

The following is Clatskanie Sanitary's proposed fee scheduled which is currently in use by Waste Management in Columbia County.

<u>Drop Box Size</u>	<u>Haul Fee</u>	<u>Rent/Day*</u>	<u>Mileage**</u>
20 Yard Drop Box	\$124.69	\$4.00	\$1.58
30 Yard Drop Box	\$131.25	\$4.00	\$1.58

\*Rent: 3 days no charge. Delivery/Pickup days not included. Rent shall not exceed \$84 per month.

\*\*Mileage to be charged for hauls in excess of 14 miles round trip

\*\*\*\$400 deposit is required.

The base rate in the "Drop Box Rate Change Workup". pg. 7 of the proposal in Attachment 2 indicates that based on a projected 612 annual hauls and a 10% rate of return the revenue requirement would result in an increase in \$87.38 per haul(\$237.38) , or a 58% increase.

**CRITERIA FOR REVIEW-Columbia County Solid Waste Ordinance**

**Section 5.01            Determination Of Rates**

**(A)    Upon recommendation by the Committee or upon its own recommendation, the Board may by ordinance, order, or resolution and after public hearing:**

- (1) Approve and establish rates filed by applicants for franchises if it finds that such rates are not demonstratively unreasonable and are not substantially higher than those charged generally in the county under similar service requirements and for the same or similar quality of service or it may establish a different rate schedule.
- (2) Establish uniform rates throughout the county or establish rates that are uniform within zones based upon the length of haul to disposal sites, concentration of customers, and other factors which may, in the opinion of the Board, justify establishment of rate differentials.
- (3) Establish rates for disposal sites that are uniform throughout the county or different rates for each site or class of sites.
- (4) Increase or decrease rates based on the cost of doing business.
- (5) Establish an interim rate until the Board makes a final determination of the rate for that type of service.

#### **FINDING 1**

The Solid Waste Advisory Committee reviewed the rate request on April 5, 2007. A quorum of members was not available since the applicant/member could not vote on the request. A members present made a consensus recommendation for approval of the rate request as submitted based on a determination that the request was reasonable in light of comparative drop rates charged by Waste Management dba Columbia County Drop Box(serving Scappoose, Columbia City and St.Helens) when the distance to the Transfer Station was adjusted for comparison(See Minutes, Attachment 3). The request to increase rates was based on a detailed pro-forma financial analysis which documented the cost of doing business.

- (B) In determining rates, the Board shall make a finding that the rates will be just, fair, reasonable, and sufficient to provide proper service to the public. The Board may consider rates charged by other persons performing the same or similar service in the same or other areas. The Board shall give due consideration to:
- (1) The investment in facilities and equipment .
  - (2) The services of management.
  - (3) Local wage scales.
  - (4) The concentration of customers in the area served.
  - (5) Methods of storage, collection, transportation and disposal, salvage, recycling, or reuse.
  - (6) A reasonable return to the franchisee, based upon a percentage of gross receipts under the franchise.
  - (7) The length of haul to disposal facilities.
  - (8) The cost of disposal.
  - (9) The use of transfer stations or transfer systems and the added costs.
  - (10) The cost of alternate methods of disposal.
  - (11) The future service demands of the service area or disposal site which must be anticipated in equipment, facilities, personnel or land.
  - (12) Extra charges for special pickups or pickups on days where service is not normally provided on collection route.
  - (13) Extra charges where the type of character of waste or solid waste, including but not limited to, wastes with peculiarly offensive odors, requires special handling or service.
  - (14) Extra charges for providing janitorial services on the premises where service is provided.
  - (15) In addition, with respect to disposal sites, the type of site, whether the site is open to the public and houses, type of wastes disposed of and method of disposal.
  - (16) Cost of compliance with laws, ordinances or regulations and rules of public

- agencies or bodies having jurisdiction.  
**(17) Other factors which may, in the opinion of the Committee and the Board, necessarily affect the rates to be charged.**

#### **FINDING 2**

The rate proposal shows that the current rates charged have not been updated since 1981. Flat rates are charged for both 20 and 20 yard containers and no mileage factor is built in. Mileage to disposal is a valid component of cost that can be factored into the rate. The detailed pro-forma submitted by the applicant, addresses actual 2006 operating costs and anticipated costs based on cost inflation factor(generally 3%), projected activity and a rate of return factor of 10%. The analysis also provides a comparison of the requested rates with those of Waste Management dba Columbia County Drop Box(serving Scappoose, Columbia City and St.Helens) in the request , Attachment 2, page 7.

Staff finds that the rate increase proposal is reasonable based on the length of time since the last change in rate(15 years); the current fee basis which does not include current cost factors such as mileage, and the pro-forma analysis that addresses actual and projected costs for the service. The comparison with Columbia County Drop Box show that the rates are fair when mileage distances to disposal are factored in.

- (C) The Board may require an investigation by the Committee of any proposed rates. For the purpose of making this investigation, the Administrator shall assist the Committee and the Committee is authorized to hold public hearings and to take and receive testimony. Upon completion of such an investigation the Committee shall report the results of any public hearing, its finding and its recommendations to the Board.**

#### **FINDING 3**

The SWAC reviewed the request on April 5, 2007 after notice of the agenda item was made to interested agencies and individuals on the SWAC mailing list. No one other than members of the Committee commented on the rate request.

- (D) Applications for rate adjustments shall be made on the form provided by the Solid Waste Administrator and must provide all information required by the Administrator.**

#### **FINDING 4**

The rate request provided the information required by the Ordinance necessary to evaluate the request(Attachment 2).

#### **ATTACHMENTS**

1. Clatskanie Sanitary Service Drop Box Service Area
2. Clatskanie Sanitary Service Drop Box Rate Request
3. Solid Waste Advisory Committee Minutes-April 5, 2007.

#### **RECOMMENDATIONS:**

##### **Solid Waste Advisory Committee(Non Quorum Vote):**

Recommended approval with the condition that if the truck is not used for drop box operations that the rate should be modified accordingly.

##### **Staff:**

Based on the above findings, Staff recommends approval of the proposed rates as submitted.

**EXCLUSIVE DROP BOX  
FRANCHISE AREAS**

1990

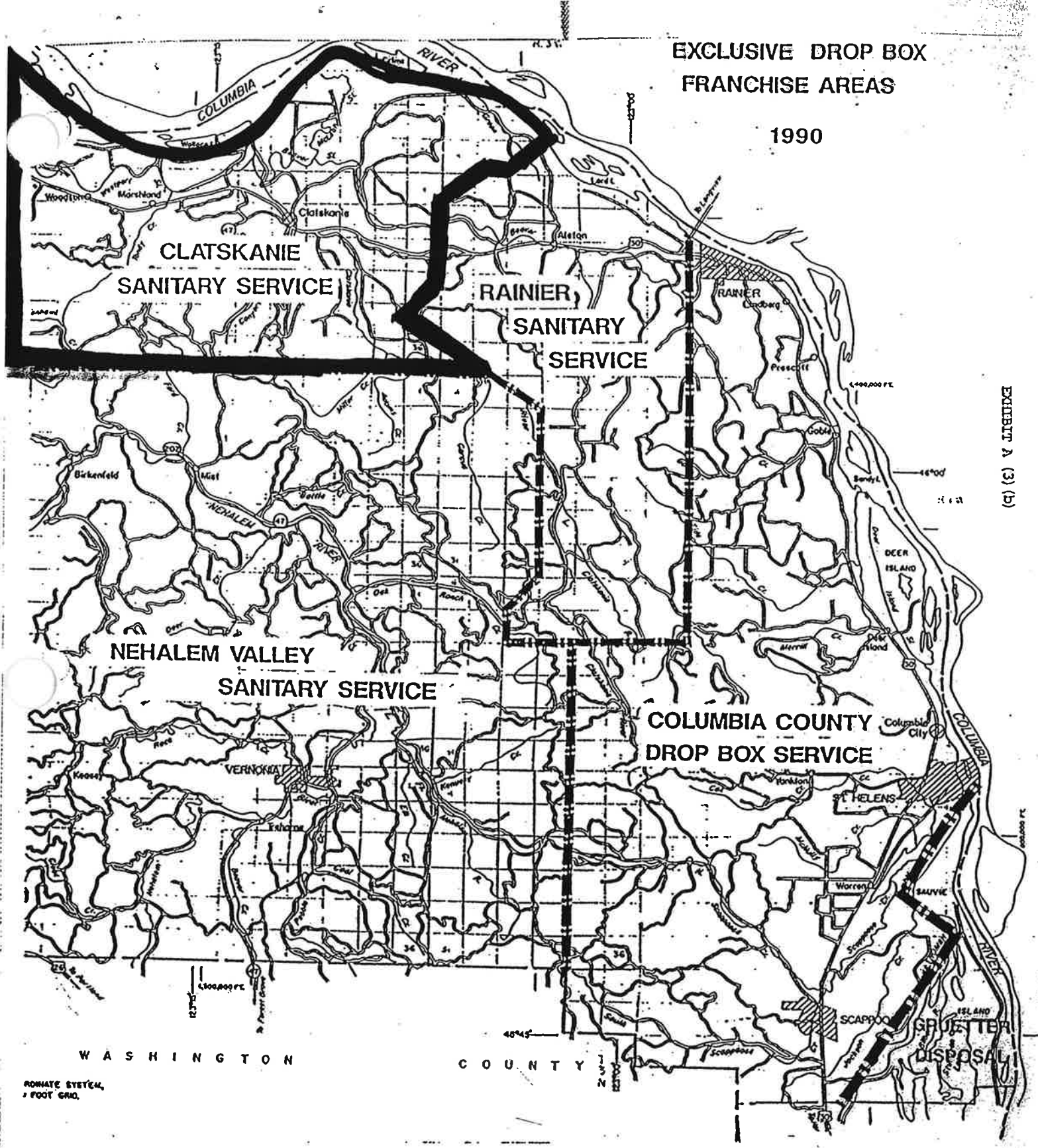


EXHIBIT A (3) (b)

WASHINGTON

COUNTY

MONTE SYSTEM,  
FOOT GRID.



WASTE CONNECTIONS INC.  
*Connect with the Future*

RECEIVED  
FEB 20 2007  
LAND DEVELOPMENT SERVICES

February 15, 2007

Todd Dugdale  
Columbia County  
St. Helens, OR 97051

Dear Todd:

I am writing to request that a Solid Waste Advisory Committee meeting be scheduled to discuss a drop box fee rate increase for Clatskanie Sanitary Service. Included with this letter is a proforma income statement based on actual and anticipated expenses. Also included is a "drop box rate change workup" based on the proforma financial information submitted. You will also find two pages that shows how this new rate compares to the current county approved drop box rate Waste Management is using. As you can see, our proposed rate is very competitive with Waste Management's current rate structure.

Finally, I have included the document that Matt Tracy prepared for our initial request last summer. I thought it might help give you some background information. I will be following up with you by phone to see if you have any questions regarding our request. Thank you for your assistance with this matter.

Sincerely,

Jason Hudson

**Hudson Garbage Service  
Proforma Drop Box Service Analysis**

	<u>Current</u>	<u>Adjustments**</u>	<u>Proposed</u>	<u>%</u>
	<u>Proforma*</u>			<u>Revenue</u>
Drop Box Revenue	\$ 143,987	\$ 53,450	\$ 197,437	
<b>Total Revenue</b>	<b>143,987</b>	<b>53,450</b>	<b>197,437</b>	100.0%
Disposal	52,234	-	52,234	26.5%
Franchise Fees (5%)	7,199	2,673	9,872	5.0%
<b>Revenue Reductions</b>	<b>59,433</b>	<b>2,673</b>	<b>62,106</b>	31.5%
<b>Net Revenue</b>	<b>84,554</b>	<b>50,778</b>	<b>135,332</b>	68.5%
Wages Regular	15,080	452	15,532	7.9%
Wages O.T.	-	-	-	0.0%
Bonuses and Commissions	300	-	300	0.2%
Contract Labor	-	-	-	0.0%
Payroll Taxes	1,659	50	1,709	0.9%
Group Insurance	5,364	215	5,579	2.8%
Vacation Pay	-	-	-	0.0%
Sick Pay	-	-	-	0.0%
Safety and Training	-	-	-	0.0%
Drug Testing	-	-	-	0.0%
Uniforms	233	7	239	0.1%
Pension and Profit Sharing	111	3	114	0.1%
<b>Labor</b>	<b>22,746</b>	<b>727</b>	<b>23,473</b>	11.9%
Safety and Training	6	-	6	0.0%
Uniforms	50	-	50	0.0%
Pension and Profit Sharing	-	-	-	0.0%
Parts and Materials	1,301	65	1,366	0.7%
Operating Supplies	349	17	366	0.2%
Equipment and Maint Repair	782	39	821	0.4%
Tires	815	41	856	0.4%
Fuel Expense	6,010	301	6,311	3.2%



**Hudson Garbage Service  
Proforma Drop Box Service Analysis**

	<u>Current</u>			<u>%</u>
	<u>Proforma*</u>	<u>Adjustments**</u>	<u>Proposed</u>	<u>Revenue</u>
Oil and Grease	794	40	834	0.4%
Outside Repairs	636	32	668	0.3%
Allocated Exp In - District	-	-	-	0.0%
Allocated Exp In Out - District	3,322	166	3,488	1.8%
Communications	19	1	20	0.0%
Equip/Vehicle Rental	9	0	9	0.0%
Towing Expense	222	11	233	0.1%
<b>Truck Variable</b>	<b>14,314</b>	<b>713</b>	<b>15,027</b>	<b>7.6%</b>
Parts and Materials	48	2	51	0.0%
Operating Supplies	-	-	-	0.0%
Equipment and Maint Repair	1,252	63	1,315	0.7%
Allocated Exp In Out - District	2,250	113	2,363	1.2%
<b>Container Expense</b>	<b>3,550</b>	<b>178</b>	<b>3,728</b>	<b>1.9%</b>
Salaries	4,384	132	4,515	2.3%
Bonuses and Commissions	-	-	-	0.0%
Corp Allocated Bonuses	-	-	-	0.0%
Payroll Taxes	482	14	497	0.3%
Group Insurance	822	33	855	0.4%
Vacation Pay	-	-	-	0.0%
Safety and Training	-	-	-	0.0%
Empl & Commun Activ	-	-	-	0.0%
Pension and Profit Sharing	95	3	97	0.0%
Operating Supplies	5	0	5	0.0%
Fuel Expense	-	-	-	0.0%
Travel	174	5	179	0.1%
Meal and Entertainment	162	5	167	0.1%
Office Supply and Equip	-	-	-	0.0%
<b>Supervisory Expense</b>	<b>6,124</b>	<b>192</b>	<b>6,316</b>	<b>3.2%</b>

**Hudson Garbage Service  
Proforma Drop Box Service Analysis**

	<u>Current</u> <u>Proforma*</u>	<u>Adjustments**</u>	<u>Proposed</u>	<u>%</u> <u>Revenue</u>
Operating Supplies	922	28	949	0.5%
Bldg & Property	454	14	467	0.2%
Allocated In - District	-	-	-	0.0%
Allocated In - Out District	-	-	-	0.0%
Utilities	22	1	23	0.0%
Real Estate Rentals	19	1	19	0.0%
Equipment Vehicle Rental	9	0	10	0.0%
Subcontract Expense	26	1	27	0.0%
Other Prof Fees	-	-	-	0.0%
Property Taxes	390	12	402	0.2%
Other Taxes	359	11	369	0.2%
Penalties and Violations	15	0	16	0.0%
Miscellaneous	-	-	-	0.0%
Monitoring and Maint	7	0	8	0.0%
Permits	72	2	74	0.0%
Bonds Expense	23	1	23	0.0%
Allocation Out - Out District	-	-	-	0.0%
<b>Other Operating Expenses</b>	<b>2,317</b>	<b>70</b>	<b>2,386</b>	<b>1.2%</b>
Self Insurance Premium	1,140	34	1,174	0.6%
A&L - Current Year Claims	160	5	165	0.1%
WC - Current Year Claims	1,062	32	1,094	0.6%
Damages paid by District	346	10	356	0.2%
<b>Insurance Expense</b>	<b>2,708</b>	<b>81</b>	<b>2,790</b>	<b>1.4%</b>
<b>Cost of Operations</b>	<b>51,760</b>	<b>1,960</b>	<b>53,721</b>	<b>27.2%</b>
<b>Gross Profit</b>	<b>32,794</b>	<b>48,817</b>	<b>81,611</b>	<b>41.3%</b>
Salaries	678	20	698	0.4%
Wages Regular	3,818	115	3,932	2.0%

**Hudson Garbage Service  
Proforma Drop Box Service Analysis**

	<u>Current</u> <u>Proforma*</u>	<u>Adjustments**</u>	<u>Proposed</u>	<u>%</u> <u>Revenue</u>
Other Prof Fees	47	1	48	0.0%
Property Taxes	-	-	-	0.0%
Other Taxes	-	-	-	0.0%
Data Processing	162	5	166	0.1%
Computer Software	2	0	2	0.0%
Computer Supplies	-	-	-	0.0%
Bad Debt Provision	452	14	466	0.2%
Credit and Collection	1	0	1	0.0%
Miscellaneous	0	0	0	0.0%
Coffe Bar	37	1	38	0.0%
Security Services	21	1	22	0.0%
Allocation Out - District	352	11	363	0.2%

**Hudson Garbage Service  
Proforma Drop Box Service Analysis**

	<u>Current</u> <u>Proforma*</u>	<u>Adjustments**</u>	<u>Proposed</u>	<u>%</u> <u>Revenue</u>
G&A	11,939	358	12,298	6.2%
Corporate Overhead	3,600	1,336	4,936	2.5%
Depreciation	20,000	-	20,000	10.1%
Long Term Contract Amort	-	-	-	0.0%
Interest Expense	12,800	-	12,800	6.5%
Earnings Before Taxes	<u>(15,545)</u>	<u>47,123</u>	<u>31,577</u>	16.0%
Taxes	(5,830)	17,671	11,842	6.0%
Net Income	<u>(9,716)</u>	<u>29,452</u>	<u>19,736</u>	10.0%
	-7%	55%	10%	

\*Based Upon 2006 Final Operating Costs where possible

\*\*Incremental revenue, plus cost inflators (generally 3%) to roll forward 2006 expenses into 2007 at 10% Return on Revenues (90% Operating Ratio)

**Hudson Garbage Service  
Drop Box Rate Change Workup**

Current Revenue	\$ 143,987
Less Disposal revenue	<u>(52,234)</u>
Current Revenue, Net of Disposal	91,753
Revenue/Haul	\$150
Number of annual Hauls (Calculated)	612

Increase in Revenue Desired	\$ 53,450
Number of annual Hauls	<u>612</u>
Change in Revenue/Haul	<u>\$ 87.38</u>

**Rate Comparison**

	Hudson
Current Rate	\$ 150.00
Increase (Flat Method)	<u>87.38</u>
New Rate	<u>\$ 237.38</u>

	WM 20	WM 30
	Yard	Yard
Current	\$ 124.69	\$ 131.25
Mileage (70 Miles RT to Clatskanie)	<u>110.6</u>	<u>110.6</u>
	<u>\$ 235.29</u>	<u>\$ 241.85</u>

Service Type	Haul Fee	Rent/Day*	Mileage**	
20 - Yard Drop Box	\$ 124.69	\$ 4.00	\$1.58/mile	
30 - Yard Drop Box	\$ 131.25	\$ 4.00	\$1.58/mile	249
				110.6 \$ 241.85

\*Rent: 3 days no charge. Delivery/Pickup days not included. Rent shall not exceed \$84 per month.  
 \*\*Mileage: Charged for all hauls in excess of 14 miles round trip.  
 \*\*\*\$400 deposit is required.

The majority of our Clatskanie business is an 84 mile round trip.  
 Our current rate is \$150 per 20 or 30 yard box. No mileage.

22.12

Columbia County  
LAND DEVELOPMENT SERVICES  
**SOLID WASTE ADVISORY COMMITTEE MEETING**  
COURTHOUSE, ST. HELENS, OR 97051  
PHONE(503) 397-1501 Fax(503) 366-3902

**MINUTES**  
**Solid Waste Advisory Committee Public Meeting**  
**April 5, 2007**  
**4pm**

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Members Present: Jason Hudson, Mike Sheehan, Dan Wilson  
Staff Present: Todd Dugdale

**Call to Order** by Mike Sheehan

**Minutes:** The minutes of the previous meeting were not available.

**NEW BUSINESS:**

**Clatskanie Sanitary Service Drop Box Rate Request.**

It was noted that a quorum was not present for this item since Member Hudson was proposer of the rate increase.

Jason Hudson of Clatskanie Sanitary Service summarized his February 15, 2007 proposal for a drop box rate increase for the Clatskanie franchise area included in the packet for the meeting. He reminded SWAC that this was for the unincorporated Clatskanie area only. He explained that there had not been an adjustment in rates since 1991. He reviewed the submitted proforma with detailed actual costs for 2006 and projected costs and activity as a basis for the request. He explained that he used the assumption of 612 hauls, 12 trips per week and 84 miles round trip per haul, a 10% rate of return, .5 FTE driver and a truck among the other costs for the service in his rate analysis.

Mike Sheehan asked if the County had a standard rate setting methodology. Todd indicated that we used to use the Lurito Gallaher method but that was of limited applicability and was dropped some time ago. Mike suggested that the County develop a standard rate setting methodology for future requests. .

In response to a question by Mike Sheehan, Jason explained that the depreciation on the truck was included in the costs and the proposal includes a 10 drop box inventory.

Dan Wilson asked how the disposal costs were considered. Jason responded that the disposal costs were backed out of the net revenue costs since that is a fixed cost added to the drop box service rate.

Jason explained that given the assumptions in the analysis he had a revenue requirement of an additional \$53,450 which translated into a per haul increase of about \$87.

Mike Sheehan asked if the County had a standard rate setting methodology. Todd indicated that

we used to use the Lurito Gallaher method but that was of limited applicability and was dropped some time ago. Mike suggested that the County develop a standard rate setting methodology for future requests. .

After some discussion, Mike Sheehan made a motion to approve the request as submitted with the condition that if the truck included in the cost analysis was not used for drop box operations in the future that the rate would be adjusted accordingly. He noted that this was not a quorum recommendation but only the recommendation of members Dan Wilson and himself. The motion was approved 2-0.

Next meeting will be set as agenda item are identified.

Meeting adjourned at 4:45 p.m.