

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR COLUMBIA COUNTY, OREGON**

In the Matter of Rate Adjustments for)	
Curbside Collection Services for)	ORDER NO. 36-2013
Franchise Areas Covering Rural)	
Columbia County)	

WHEREAS, Section 5.01(A) of the Columbia County Solid Waste Management Ordinance ("SWMO") authorizes the Board of County Commissioners, upon its own recommendation or the recommendation of the Solid Waste Advisory Committee (SWAC), to approve and establish rate adjustments; and

WHEREAS, Section 5.01(A)(4) of the SWMO authorizes the Board to increase or decrease rates based on the cost of doing business; and

WHEREAS, Section 5.01(B)(6) of the SWMO provides that in determining rates, the Board shall give due consideration to, among other things, a reasonable rate of return to the franchisee based upon a percentage of gross receipts under the franchise; and

WHEREAS, on May 22, 2013, the SWAC At-Large Members and County Staff reviewed proposed rate adjustments for curbside collections services by Waste Management, for its rural Scappoose and Vernonia franchise service areas, and Waste Connections (dba Hudson Garbage Service) for its rural St. Helens, Clatskanie, and Rainier franchise service areas; and

WHEREAS, the proposed rate adjustments were supported by Detail Cost Reports (DCRs) submitted by Waste Management and Waste Connections/Hudson. The 2012 DCRs that Waste Management submitted showed an operating margin of 5.9% for rural Scappoose and 2.4% for rural Vernonia. The 2012 DCRs Waste Connections/Hudson submitted showed an operating margin of 5.4% for the rural St. Helens, 8.8% for rural Clatskanie, and 11.3% for rural Rainier; and

WHEREAS, the SWAC policy is to recommend a hauler-requested rate adjustment to the Board when the operating margin for the franchise area falls below 8%; and

WHEREAS, following review of the DCRs, the SWAC voted unanimously to recommend rate adjustments for curbside collection services for the rural Scappoose and Vernonia franchise areas, served by Waste Management, and the rural St. Helens franchise area, served by Waste Connections/Hudson, to the Board of County Commissioners. The rate adjustment would allow for an 11% operating margin for those three franchise areas; and

WHEREAS, the SWAC also recommended a disposal pass-through rate

increase of \$0.17 for all franchise areas, in accordance with Section 5.01(A)(4), to incorporate the annual Consumer Price Index (CPI) adjusted rates for disposal at the transfer station; and

WHEREAS, following published notice, the Board held a hearing on July 10, 2013 on the proposed rate adjustments for curbside collection services by franchised haulers for residents and businesses in rural Columbia County; and

WHEREAS, the Board admitted all written evidence and testimony received prior to the hearing, all of which is listed in Exhibit 1, Legal Counsel's File, attached hereto and incorporated herein by this reference; and

WHEREAS, during the hearing, a calculation error in the Rainier-Rural rate proposed in the Staff Report dated June 27, 2013 was corrected from \$26.61 to \$21.94; and

WHEREAS, after deliberating on the proposed rate adjustments, the Board determined that an increase of \$.0.17 for all franchise areas is necessary as a pass-through to cover the transfer station's annual CPI-adjusted disposal rate; and

WHEREAS, the Board also determined that the proposed rate increase for the Scappoose, Vernonia and St. Helens franchise areas, which provide for an 11% operating margin, are necessary to cover the costs of the waste-disposal program without reducing services to the public; and

WHEREAS, the Board found that the operating margin for the rural Clatskanie and Rainier franchise area did not justify a rate adjustment at this time, other than to accommodate the CPI-adjusted, pass-through rate for disposal.

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

1. In addition to the findings in the staff's Board communication dated June 27, 2013, attached hereto as Exhibit 2 and incorporated herein by this reference, the Board adopts the following supplemental findings:
 - A. That based on the cost of doing business, an increase in curbside collection rates for the rural Scappoose, Vernonia and St. Helens franchise areas is justified; and
 - B. That the proposed increase in curbside collection rates for the rural Scappoose, Vernonia and St. Helens franchise areas are just, fair, reasonable, and sufficient to provide proper service to the public; and
 - C. That the proposed increase in curbside collection rates to pass through the CPI-adjusted disposal rate increase is justified for all franchise areas and is just, fair, reasonable and sufficient to

provide proper service to the public.

2. The Board adopts rate increases in curbside collection services proposed in Exhibit A, as corrected for Rural-Rainier, which is to have a new rate of \$21.94.
3. The rate increases shall be effective August 1, 2013.

Dated this 24th day of July, 2013.

BOARD OF COUNTY COMMISSIONERS
FOR COLUMBIA COUNTY, OREGON

By: _____

Henry Heimuller, Chair

By: _____

Anthony Hyde, Commissioner

By: _____

Earl Fisher, Commissioner

Approved as to form

By: _____

Office of County Counsel

**Legal Counsel's File
2013 Solid Waste Collection Rate Review**

1. Board Communication from Todd Dugdale, Director of Land Development Services, dated June 27, 2013, with the following attachments:
 - a. Collection Franchise Area Map
 - b. Waste Management Proposed Rates and Supporting Detailed Cost Report for the Scappoose and Vernonia rural service areas (**CONFIDENTIAL** and **EXEMPT FROM DISCLOSURE** pursuant to ORS 192.501(5))
 - c. Waste Connections (dba Hudson Garbage Service) Proposed Rates and Supporting Detailed Cost Report for the St. Helens, Clatskanie and Rainier rural service areas (**CONFIDENTIAL** and **EXEMPT FROM DISCLOSURE** pursuant to ORS 192.501(5))
2. Notice of Public Hearing and affidavits of mailing and publication, dated June 12, 2013
3. Board Communication from Todd Dugdale, dated June 11, 2013

BOARD COMMUNICATION

FROM THE LAND DEVELOPMENT SERVICES DEPARTMENT

MEETING DATE: **July 10, 2013 Regular Meeting****TO: BOARD OF COUNTY COMMISSIONERS****FROM:** Todd Dugdale, Director of Land Development Services**DATE:** June 27, 2013**SUBJECT: PUBLIC HEARING
2013 Solid Waste Collection Rate Review****SUMMARY:**

Each year, the County reviews solid waste collection rates using a uniform Detailed Cost Report(DCR) rate review procedure established in 2011 which is designed to provide the information necessary for the County to make rate setting decisions pursuant to Section 5.01 of the Solid Waste Management Ordinance(**Attachment 1**). Under the DCR procedure, an operating ratio for each collection service area is determined using detailed cost data presented by each collection franchisee in a standard format prescribed by the County. The operating ratio is a measure, expressed as a percentage, of what proportion of a collection franchisee's revenue is left over, before taxes, after paying for the variable costs of providing the service. The County has established a policy that an acceptable operating ratio will be in the range of 8-14% with a target operating ratio of 11%. If the DCR for the previous year indicates an operating ratio which is less than 8%, a rate adjustment to the target 11% would be made. If the operating ratio falls within the 8-14% acceptable range, no rate adjustment would be allowed.

In May 2013, Waste Management and Waste Connections, the two solid waste collection franchisees serving Columbia County, submitted confidential Detailed Cost Reports (DCRs) for calendar year 2012 to the Columbia County Solid Waste Advisory Committee (SWAC) At-Large members and Staff. A map of the franchise collection service areas is contained in **Attachment 2**. The DCRs were reviewed by SWAC at a public meeting on Wednesday, May 22, 2013. Revisions were made to the DCRs based on SWAC review and a recommendation was forwarded to the Board of Commissioners.

On June 19, 2013, Staff briefed the Board concerning the 2013 Solid Waste Collection rate requests from Waste Management(Scappoose and Vernonia Rural Areas and Rural Drop Box) and Waste Connections dba Hudson's Garbage Service(St. Helens, Rainier and Clatskanie Rural Areas).

The Board referred the rate requests to a public hearing on July 10, 2013. Public notice was provided per Chapter 5 of the Solid Waste Management Ordinance by mailed notice to parties and published twice in the Chronicle, Spotlight, Clatskanie Chief and Independent newspaper at least 10 days prior to the hearing. The proposed rates have also been posted on the County's website. To date no written testimony has been received concerning the rate requests.

PROPOSED RATE ADJUSTMENTS:

Rate adjustment proposals for Columbia County's two franchised solid waste collection haulers are described below.

Waste Management Proposed Rate Adjustments:

Proposed rate adjustments for the Waste Management franchise area (Vernonia and Scappoose unincorporated areas) are contained in **Attachment 3**. Waste Management has not proposed any changes to its services to their rural Scappoose and Vernonia customers in 2013. Currently, all Scappoose and Vernonia rural residential customers receive every-other-week (EOW) curbside recycling services in conjunction with solid waste collection, the cost of which is built into the collection rate.

For the **Unincorporated Scappoose Service Area**, the Waste Management DCR indicates a projected operating ratio of 5.9%, indicating a rate increase of 5.1% to achieve the target operating ratio of 11%. Waste Management's DCR shows a significant decline in revenue from recycling commodity markets and an adjustment in administrative overhead. They saw their operating margin fall from 8.6% in 2011 to 7.2 % in 2012.

For the **Unincorporated Vernonia Service Area**, the DCR indicates a projected operating ratio of 2.4%, indicating a rate increase of 8.6% to achieve the target operating ratio of 11%.

Typical residential collection service rates under the request would be adjusted as follows:

Franchise Area	Current Services	Current Rate	Rate Increase	Disposal Pass-Thru	New Rate
Scappoose-Rural	32 Gal. Weekly Recycling EOW	\$25.12	5.1% \$1.28	\$.17	\$26.57
Vernonia- Rural	32 Gal. Weekly Recycling EOW	\$24.34	8.6% \$2.09	\$.17	\$26.61

Waste Connections Proposed Rate Adjustments:

Proposed rate adjustments for the Waste Connections franchise area (Clatskanie, St. Helens and Rainier unincorporated areas) are contained in **Attachment 4**. Currently, all St Helens, Clatskanie, and Rainier rural residential customers receive every-other-week (EOW) curbside recycling services in conjunction with solid waste collection, the cost of which is built into the collection rate. No new services are proposed for the unincorporated Clatskanie, St. Helens or Rainier service areas in 2013.

For the **Unincorporated St. Helens Service Area**, the Waste Connections DCR projects revenues and costs for FY 2013 which support a rate increase of 8.8% to achieve the target operating ratio of 11%. Waste Connections notes that they failed to realize an increase in operating margin as a result of last year's rate increase. Due to a loss of revenue from commercial customers and less than expected income from recycled materials, they saw their operating margin fall from 6.8% in 2011 to 5.4% in 2012.

For the **Unincorporated Clatskanie Service Area**, the DCR indicates a projected operating

ratio of 8.8%, indicating that no rate adjustment is required.

For the **Unincorporated Rainier Service Area**, the DCR indicates a projected operating ratio of 11.3%, indicating that no rate adjustment is required. Waste Connections added every-other-week (EOW) curbside recycling services to unincorporated Rainier area customers in 2012, the cost of which is built into the current collection rate.

Typical residential collection service rates under the request would be adjusted as follows:

Franchise Area	Current Services	Current Rate	Rate Increase	Disposal Pass-Thru	New Rate
St. Helens-Rural	32 Gal. Weekly Recycling EOW	\$24.31	8.8% \$2.14	\$.17	\$26.62
Clatskanie-Rural	32 Gal. Weekly Recycling EOW	\$26.03	0% \$0	\$.17	\$26.20
Rainier-Rural	32 Gal. Weekly Recycling EOW	\$21.77	0% \$0	\$.17	\$21.94

RECOMMENDATION:

Based on a review of revised detailed cost information submitted in support of the franchise hauler requests, the Solid Waste Advisory Committee and Staff recommend approval of the above described collection franchisee rate adjustments. If approved by the Board of Commissioners, the new collection rates including the CPI tipping fee pass through would become effective on August 1, 2013.

ATTACHMENTS:

1. Criteria For Determination of Rates-Chapter 5 of the Solid Waste Management Ordinance
2. Collection Franchise Area Map.
3. Waste Management Proposed Rates for the Scappoose and Vernonia rural service areas.
4. Waste Connections(dba Hudson Garbage Service) Proposed Rates for the St Helens, Clatskanie and Rainier rural service areas.