

BOARD OF COMMISSIONERS

MINUTES OF THE BOARD SESSION – Regular Session

Monday, November 24, 2014
5:30 p.m.

Senator Hearing Room
555 Court Street NE
Salem, OR 97301

PRESENT: Commissioner Sam Brentano, Commissioner Janet Carlson and Commissioner Kevin Cameron. Also present were John Lattimer as chief administrative officer, Gloria Roy as county counsel and Kim Hulett as recorder.

Commissioner Brentano called the meeting to order at 5:30 p.m.

PUBLIC HEARING **5:30 P.M.**

PUBLIC WORKS

A. Public hearing to consider Solid Waste Collection rate changes. – Jeff Bickford, Dennis Mansfield, Todd Irvine, Mid-Valley Garbage & Recycling Association, Estle Harlan, Harlan Business Consultants

Summary of presentation:

- Haulers perform a Cost of Service Analysis (COSA) each year;
- General goal for haulers is to realize an approximate rate of return of 10 percent prior to taxes;
- Based on COSA, haulers determined there was a need to make adjustments to rates for urban and rural customers in order to reach target rate of return;
- Staff has reviewed submitted COSA for completeness and accuracy and concurs the rates need to be adjusted;
- Haulers proposing a 9.2 percent increase for roll cart service within the urban growth boundary (UGB) area;
- No requested increase for roll cart service outside the UGB;
- Additional request for a 7.7 percent increase for drop box service within the UGB and a 10.4 percent increase for drop boxes outside the UGB;
- Thirty-five gallon roll cart is currently \$20.95 within the UGB and proposed adjustment would increase charge by \$1.95 per month to \$22.90.

Estle Harlan (Solid Waste Management Consultant) and Todd Irvine, Mid-Valley Garbage & Recycling Association

- Charge for City of Salem effective January 1, 2015, is \$22.25;
- Each franchisee turns in a detailed actual financial accounting of its operations to Ms. Harlan;
- Data is for actual 2013;
- Ms. Harlan analyzed data for reasonableness and accuracy of revenue, tons, truck hours, and other relevant areas of operation;
- Data was then turned over to the association's Certified Public Accountant (CPA) and each company's COSA was reviewed;
- CPA tested integrity of all formulas and combined spreadsheets into a single composite for a countywide view of the franchisees profitability;

- Composite data for actual 2013, Performa 2014 and 2015 was submitted to the county for review and analysis;
- Based on analysis by Ms. Harlan and the county the revenue need was determined;
- Analysis process has great integrity and Ms. Harlan requested that the franchisees be granted the rate adjustment;
- Increase would provide an overall rate margin of approximately 10 percent before taxes:
 - Commensurate with the targeted industry average in Oregon; and
 - Complies with the reasonableness test.
- Packet also includes a comparative rate summary that lists monthly residential rates for solid waste management service that includes:
 - Garbage;
 - Recycling; and
 - Mixed organics.
- Summary indicates if proposed cart increase were approved it would compare with other jurisdictions:
 - Only jurisdictions that offer collection of mixed organics is Salem, Marion County, Keizer and Corvallis.
- Increase for drop boxes would be in urban and rural areas;
- Last general rate increase was in 2011; and
- In 2012 there was a program adjustment for mixed recycling in rural, sparse, and commercial areas.

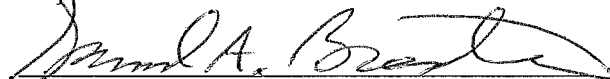
Board discussion:

- Marion County services mixed organics in the urban areas;
- City of Salem's charge is \$22.25 for a 35 gallon cart and the county's request is \$22.90 due to more density in the urban growth boundary;
- City of Salem also added a two percent franchise fee; and
- Suggestion to close the public hearing and accept written testimony until 4:00 p.m. Tuesday, November 25, 2014. Action would be taken at the board session on Wednesday, November 26, 2014.

MOTION: Commissioner Carlson moved to close the public hearing and allow written comments until 4:00 p.m. on November 25, 2014, and deliberate and take action at the board session on November 26, 2014. Seconded by Commissioner Cameron; motion carried. A voice vote was unanimous.

Commissioner Brentano adjourned the meeting at 5:50 p.m.

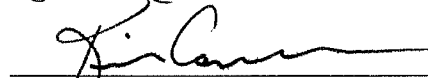
Attachments: None.



CHAIR



COMMISSIONER



COMMISSIONER

This Public Hearing can be viewed on-line at <http://www.youtube.com/watch?v=VYF8Y6U7178>.