

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Policy Session Worksheet

Presentation Date: June 10, 2025 **Approx. Start Time:** 1:30 PM

Approx. Length: 30 minutes

Presentation Title: Annual Review of Fees for Solid Waste Collection Services and Transfer Station

Department: Transportation and Development

Presenters: Dan Johnson, DTD Director; Cheryl Bell, Assistant Director

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Approval of the recommendation from the Solid Waste Commission to increase solid waste collection fees and transfer station fees, effective July 1, 2025.

EXECUTIVE SUMMARY:

In accordance with County Code Chapter 10.03, the Board has the authority to set fees for solid waste collection and the Clackamas County Transfer Station, and to assist in setting fees, an annual review is conducted evaluating known costs and the operating margin. The County's practice, consistent with other Oregon communities, is to set fees at a level that targets a 10% operating margin, with an acceptable range of 8-12%. This year's review considered cost increases in labor, fuel, and disposal (tip fee), and the analysis shows without a fee increase the estimated margins for cart and container services fall to 8-9% which is at the lower end of the range; therefore, the Solid Waste Commission is recommending fee increases which can be found in *Attachments 4 and 5*.

Background

The Sustainability & Solid Waste Program in the Department of Transportation and Development (DTD) is responsible for managing the County's Integrated Solid Waste Collection System. This work includes an annual review of the production records of the seven parent companies holding Board-approved solid waste collection franchises. 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;
- Establish the fees charged for the variety of services the County requires franchised collectors to offer, and
- Ensure a fair return to the collectors.

Historically, the County has recognized the value of an annual review, coupled with annual adjustments as necessary, to keep fees and real costs aligned. This practice prevents large and unexpected increases for customers that can result from less frequent reviews.

Services Provided

Through the franchise program, collectors offer similar services to residents throughout unincorporated Clackamas County, and the cities of Happy Valley and Barlow. All customers receive garbage service (with the option to choose the garbage cart size and collection frequency) and curbside recycling. State statute requires local governments to provide the opportunity to recycle for all garbage customers.

Annual Fee Review and Operation Margin

A contracted, certified public accountant assists in the annual review by studying franchisee financial records, creating summaries, and providing analysis. As needed, questions are asked and site visits are conducted to confirm the validity and accuracy of franchisee reported costs. Reported costs are adjusted or excluded as necessary to ensure those included in the review are appropriate.

The review and fee-setting process covers residential, commercial, and drop-box service in four fee zones:

- Urban (within the Metro Urban Growth Boundary established prior to March 2003)
- Rural
- Distant Rural
- Mountain

Zones are differentiated by services offered (for example, curbside yard debris service is only in the urban fee zone), and the distances traveled between customers and from disposal sites.

The review includes an assessment of the impact of known costs and potential fee increases on the operating margins of each service zone, and for the system as a whole. The County's practice, consistent with other Oregon communities, is to set fees at a level that targets a 10% operating margin, with an acceptable range of 8-12%. The margin is used by the franchised collectors to cover costs and taxes, set aside reserves for operations and capital purchases, and provide a return to ownership.

Our review of the allowable costs and revenues for **calendar year 2024** showed:

- The margins for cart and container service in the Urban zone were within the acceptable range at 8.54% (*Attachment 1*)
- The margins for cart and container service in the Rural zones were within the acceptable range at 9.85% (*Attachment 1*)
- The margins for Drop Box services across all fee zones were within the acceptable range at 9.87% (*Attachment 2, first column*).

FY 25/26 Fee Discussion

For calculation of the **estimated margins for 2025**, the known and measurable cost increases of providing garbage and recycling services are:

1. Increased labor costs
2. Increased fuel costs, particularly impacted by the sunseting of compressed natural gas (CNG) fuel tax credits.
3. Metro waste disposal fee, known as the tip fee, which represents a 5.5% increase to the disposal expense calculated in the collection fee.

The tip fee is set annually by Metro as part of its budget process, and is charged to solid waste franchised collectors when they unload materials at Metro transfer stations. Disposal is a significant component of the cost to provide garbage and recycling services to Clackamas County residents and businesses.

For 2025 Metro Council approved a 5.5% fee increase to disposal expenses. This year's increase is lower than the range determined as part of the fee predictability methodology established after regional engagement in 2022, which set increases ranging from 7.1% to 7.9% from 2020 to 2027.

When the known and measurable cost increases anticipated for 2025 are considered, the 2025 estimated margins fall below the target toward the bottom of the acceptable range (*Attachment 3, upper table*).

Therefore, based upon all costs, a fee increase appears warranted to account for the costs of collection, administrative costs, fuel, the investment in equipment, and a reasonable return for the owner(s) of the collection companies.

Proposed Fees

The proposed fee increase (*Attachment 4*) represents a 2-4.5% increase in cart and container collection, depending on service level. The increase, for the majority of residential customers, will be in the range of \$1.20-\$1.30 per month.

If the proposed fee increase is approved, the estimated 2025 margin for carts and containers is 10.48% (*Attachment 3, lower table*), and the estimated margin for drop box service is 10.67% (*Attachment 2, second column*), placing both slightly above the target margin within the acceptable range.

Without a fee increase, the estimated 2025 margin for carts and containers is 9.01% (*Attachment 3, upper table*), which is within the acceptable range but falls below the target, and the estimated drop box service margin is 9.80% (*Attachment 2, third column*) which is also within the acceptable range but falls below the target.

An increase is also proposed for the drop box rental fees due to the increasing costs of drop boxes (*Attachment 4*).

Transfer Station Fees

The County's transfer station, located east of the City of Sandy, is a small drop-off facility serving about 30,000 customers a year dropping off trash, metal, electronics and other recyclables. The last fee adjustment at the transfer station was approved and made effective by the Board on July 1, 2023. That operating increase (approximately 8.3%) was intended to cover increasing disposal and labor costs.

Similar to the cost increases impacting collectors, the transfer station continues to be impacted by increasing costs for disposal and labor. To mitigate these costs, staff is recommending increasing fees:

- \$2.00 per cubic yard of light waste or general garbage
- \$2.80 per cubic yard of heavy waste or demo debris
- \$0.30 per light and heavy can
- \$0.50 per off rim small tire
- \$1.00 per refrigerator, freezer, and air conditioner

Attachment 5 is a table of all the fees at the Clackamas County Garbage & Recycling Transfer Station.

Solid Waste Commission Recommendation

The Clackamas County Solid Waste Commission, our formal advisory body reflecting public participation in managing the solid waste system, met May 8, 2025, to consider the annual review and proposed fee increases. The Commission voted 6-0 (one absence) to accept the review and recommend the fee increases proposed by staff be forwarded to the Board for consideration.

FINANCIAL IMPLICATIONS (current year and ongoing):

Is this item in your current budget? **N/A** ☐ YES ☐ NO

What is the cost? \$ **N/A**

What is the funding source? **N/A**

STRATEGIC PLAN ALIGNMENT:

- **How does this item align with your Department's Strategic Business Plan goals?**
Our Departmental and Program mission includes providing franchise oversight of the solid waste system to ensure franchisees have the ability to provide, and customers continue to receive safe, efficient and timely garbage and recycling services.
- **How does this item align with the County's Performance Clackamas goals?**
Every county resident and business has access to safe, convenient garbage and recycling services to ensure a safe and healthy community. The annual review provides assurances customers are provided fair value for the services they receive.

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 residents and businesses receive timely service at a reasonable cost, and the County's franchisees are able to provide those services safely, efficiently, and with a reasonable return.

PUBLIC/GOVERNMENTAL PARTICIPATION:

The Solid Waste Commission, the County's formal advisory body reflecting public participation in managing the solid waste system, convened to discuss the annual review and make recommendations to the Board. Staff, the consultants (Bell & Associates, Inc.) and the franchisees participated in the annual review.

OPTIONS:

1. Maintain collection and transfer station fees at current levels until next year's annual fee review.
2. Approve collection and transfer station fee increases as recommended by the Solid Waste Commission, effective July 1, 2025.
3. Approve only collection fee increases as recommended by the Solid Waste Commission, effective July 1, 2025.
4. Approve only transfer station fee increases as recommended by the Solid Waste Commission, effective July 1.
5. Propose an alternative to the amount or timing of the proposed increases.

RECOMMENDATION:

The Solid Waste Commission respectfully recommends Option 2: Approve collection and transfer station fee increases as recommended by the Solid Waste Commission, effective July 1, 2025.

ATTACHMENTS:

1. 2024 Composite and Rate of Return by Zone – Cart and Container
2. Drop Box Countywide Composite and Rate of Return
3. 2025 Composite and Rate of Return by Zone-Cart and Container; with and without fee increase
4. Proposed Fee Increase Tables
5. Transfer Station – Proposed Fees

SUBMITTED BY:

Division Director/Head Approval _____

Department Director/Head Approval _____

County Administrator Approval _____

For information on this issue or copies of attachments, please contact Kate Taylor at ktaylor1@clackamas.us or 503-742-4455

Fee Zone Composite *Cart and Container Only*
Return on Revenues
2024 Adjusted

	Urban		Combined Rural		Total County
Collection & Service Revenues	26,914,475		18,977,873		45,892,348
Direct Costs of Operations	20,751,664	% of revenue	14,444,756	% of revenue	35,196,420
Disposal Expense	8,589,923	32%	5,137,155	27%	13,727,078
Labor Expense	6,507,942	24%	4,758,588	25%	11,266,530
Truck Expense	3,203,423	12%	2,662,476	14%	5,865,899
Equipment Expense	792,094	3%	490,126	3%	1,282,220
Franchise Fees	1,237,743	5%	915,403	5%	2,153,146
Other Direct Expense	420,539	2%	481,008	3%	901,547
Indirect Costs of Operations	3,919,532		2,677,696		6,597,228
Management Expense	880,941	3%	655,228	3%	1,536,169
Administrative Expense	735,601	3%	903,521	5%	1,639,122
Other Overhead Expenses	2,302,990	9%	1,118,947	6%	3,421,937
Total Cost	24,671,196		17,122,452		41,793,648
Less Unallowable Costs	55,551		13,037		68,588
Allowable Costs	24,615,645		17,109,415		41,725,060
Franchise Income	2,298,830		1,868,458		4,167,288
Return on revenues	8.54%		9.85%		9.08%

Drop Box: Total County-No Disposal

	Adjusted Drop Box (no disposal)	Proposed Increase Drop Box (no disposal)	No Increase Drop Box (no disposal)
Collection & Service Revenues	4,203,618	4,325,763	4,311,119
Rate Increase		50,367	
Direct Costs of Operations	3,415,295	3,532,994	3,512,246
Disposal Expense	0	0	0
Labor Expense	1,732,904	1,786,258	1,786,258
Truck Expense	955,563	997,422	997,422
Equipment Expense	183,542	183,542	183,542
Franchise Fees	358,793	381,279	360,531
Other Direct Expense	184,493	184,493	184,493
Indirect Costs of Operations	387,400	390,468	390,468
Management Expense	86,149	86,149	86,149
Administrative Expense	84,108	87,176	87,176
Other Overhead Expenses	217,143	217,143	217,143
Total Cost	3,802,695	3,923,462	3,902,714
Less Unallowable Costs	14,161	14,161	14,161
Allowable Costs	3,788,534	3,909,301	3,888,553
Franchise Income	415,084	466,829	422,566
Return on revenues	9.87%	10.67%	9.80%

Fee Zone Composite *Cart and Container Only*
Return on Revenues**2025 Projected Results without a fee increase**

	Urban	Combined Rural	Total County
Collection & Service Revenues	27,777,333	19,561,615	47,338,948
Rate Increase	0	0	0
Direct Costs of Operations	21,476,301	15,008,168	36,484,469
Disposal Expense	8,959,511	5,380,286	14,339,797
Labor Expense	6,708,343	4,905,762	11,614,105
Truck Expense	3,314,928	2,806,396	6,121,324
Equipment Expense	792,094	490,126	1,282,220
Franchise Fees	1,280,886	944,590	2,225,476
Other Direct Expense	420,539	481,008	901,547
Indirect Costs of Operations	3,946,195	2,711,393	6,657,588
Management Expense	880,941	655,228	1,536,169
Administrative Expense	762,264	937,218	1,699,482
Other Overhead Expenses	2,302,990	1,118,947	3,421,937
Total Cost	25,422,496	17,719,561	43,142,057
Less Unallowable Costs	55,551	13,037	68,588
Allowable Costs	25,366,945	17,706,524	43,073,469
Franchise Income	2,410,388	1,855,091	4,265,479
Return on revenues	8.68%	9.48%	9.01%

2025 Projected Results with a fee increase

	Urban	Combined Rural	Total County
Collection & Service Revenues	27,777,333	19,561,615	47,338,948
Rate Increase	478,778	296,105	774,883
Direct Costs of Operations	21,476,301	15,008,168	36,484,469
Disposal Expense	8,959,511	5,380,286	14,339,797
Labor Expense	6,708,343	4,905,762	11,614,105
Truck Expense	3,314,928	2,806,396	6,121,324
Equipment Expense	792,094	490,126	1,282,220
Franchise Fees	1,280,886	944,590	2,225,476
Other Direct Expense	420,539	481,008	901,547
Indirect Costs of Operations	3,946,195	2,711,393	6,657,588
Management Expense	880,941	655,228	1,536,169
Administrative Expense	762,264	937,218	1,699,482
Other Overhead Expenses	2,302,990	1,118,947	3,421,937
Total Cost	25,422,496	17,719,561	43,142,057
Less Unallowable Costs	55,551	13,037	68,588
Allowable Costs	25,366,945	17,706,524	43,073,469
Franchise Income	2,889,166	2,151,196	5,040,362
Return on revenues	10.22%	10.83%	10.48%

Proposed Fee Changes 2025

Attachment 4

Urban		Adjustment		
Current Fee	Service Level	Proposed	\$	%
\$ 33.45	20 gal Singlefamily	\$ 34.45	1.00	3.0%
\$ 39.05	32 gal	\$ 40.30	1.25	3.2%
\$ 51.25	60 gal	\$ 52.90	1.65	3.2%
\$ 61.10	90 gal	\$ 63.20	2.10	3.4%
\$ 18.45	On Call	\$ 19.00	0.55	3.0%
\$ 18.60	Monthly	\$ 19.05	0.45	2.4%
\$ 28.95	20 gal Multifamily	\$ 29.95	1.00	3.5%
\$ 34.55	32 gal	\$ 35.80	1.25	3.6%
\$ 35.05	32 gal Commercial	\$ 36.30	1.25	3.6%
\$ 49.20	60 gal	\$ 50.85	1.65	3.4%
\$ 54.95	90 gal	\$ 57.05	2.10	3.8%
\$ 8.10	Recycling Only	\$ 8.35	0.25	3.1%
\$ 6.50	YD Subscription	\$ 6.70	0.20	3.1%
\$ 4.95	YD 2nd Cart	\$ 5.10	0.15	3.0%
Urban		Adjustment		
Current Fee	Service Level	Proposed	\$	%
\$ 123.71	1 yard weekly	\$ 127.78	4.07	3.3%
\$ 214.78	2 yard weekly	\$ 222.92	8.14	3.8%
\$ 421.83	2 yard 2x weekly	\$ 438.11	16.28	3.9%
\$ 758.97	4 yard 2x weekly	\$ 791.53	32.56	4.3%

Rural		Adjustment		
Current Fee	Service Level	Proposed	\$	%
\$ 30.65	20 gal Singlefamily	\$ 31.60	0.95	3.1%
\$ 36.25	32 gal	\$ 37.45	1.20	3.3%
\$ 50.50	60 gal	\$ 52.10	1.60	3.2%
\$ 59.15	90 gal	\$ 61.15	2.00	3.4%
\$ 19.00	On Call	\$ 19.55	0.55	2.9%
\$ 19.70	Monthly	\$ 20.20	0.50	2.5%
\$ 29.05	20 gal Multifamily	\$ 30.00	0.95	3.3%
\$ 34.65	32 gal	\$ 35.85	1.20	3.5%
\$ 36.25	32 gal Commercial	\$ 37.45	1.20	3.3%
\$ 50.50	60 gal	\$ 52.10	1.60	3.2%
\$ 59.15	90 gal	\$ 61.15	2.00	3.4%
\$ 11.35	Recycling Only	\$ 11.72	0.37	3.3%
Rural		Adjustment		
Current Fee	Service Level	Proposed	\$	%
\$ 141.23	1 yard weekly	\$ 145.30	4.07	2.9%
\$ 252.47	2 yard weekly	\$ 260.61	8.14	3.2%
\$ 492.09	2 yard 2x weekly	\$ 508.37	16.28	3.3%
\$ 921.46	4 yard 2x weekly	\$ 954.02	32.56	3.5%

Proposed Fee Changes 2025

Attachment 4

Distant Rural		Adjustment		
Current Fee	Service Level	Proposed	\$	%
\$ 35.90	20 gal Singlefamily	\$ 36.95	1.05	2.9%
\$ 41.80	32 gal	\$ 43.10	1.30	3.1%
\$ 54.90	60 gal	\$ 56.60	1.70	3.1%
\$ 63.55	90 gal	\$ 65.65	2.10	3.3%
\$ 19.35	On Call	\$ 19.95	0.60	3.1%
\$ 21.40	Monthly	\$ 21.95	0.55	2.6%
\$ 34.30	20 gal Multifamily	\$ 35.35	1.05	3.1%
\$ 40.20	32 gal	\$ 41.50	1.30	3.2%
\$ 41.80	32 gal Commercial	\$ 43.10	1.30	3.1%
\$ 54.90	60 gal	\$ 56.60	1.70	3.1%
\$ 63.55	90 gal	\$ 65.65	2.10	3.3%
\$ 11.45	Recycling Only	\$ 11.80	0.35	3.1%
Distant Rural		Adjustment		
Current Fee	Service Level	Proposed	\$	%
\$ 156.61	1 yard weekly	\$ 160.68	4.07	2.6%
\$ 274.99	2 yard weekly	\$ 283.13	8.14	3.0%
\$ 528.87	2 yard 2x weekly	\$ 545.15	16.28	3.1%
\$ 986.78	4 yard 2x weekly	\$ 1,019.34	32.56	3.3%

Open Drop Box		Adjustment		
Current Fee	Type	Proposed	\$	%
\$ 177.50	10 - 20 yard haul fee	\$ 183.15	5.65	3.2%
\$ 202.50	Lidded/Specialized	\$ 208.15	5.65	2.8%
\$ 187.50	30 yard haul fee	\$ 193.15	5.65	3.0%
\$ 197.50	40 yard haul fee	\$ 203.15	5.65	2.9%

Drop Box Rental Fee		Adjustment		
Current Fee	Duration	Proposed	\$	%
\$ 7.00	Per day	\$ 10.00	3.00	42.9%
\$ 70.00	Per month	\$ 100.00	30.00	42.9%

Mountain		Adjustment		
Current Rate	Service Level	Proposed	\$	%
\$ 37.15	20 gal Singlefamily	\$ 38.20	1.05	2.8%
\$ 43.05	32 gal	\$ 44.35	1.30	3.0%
\$ 19.65	On Call	\$ 20.25	0.60	3.1%
\$ 21.70	Monthly	\$ 22.25	0.55	2.5%
\$ 35.55	20 gal Multifamily	\$ 36.60	1.05	3.0%
\$ 41.45	32 gal	\$ 42.75	1.30	3.1%
\$ 43.05	32 gal Commercial	\$ 44.35	1.30	3.0%
\$ 11.45	Recycling Only	\$ 11.80	0.35	3.1%
Mountain		Adjustment		
Current Rate	Service Level	Proposed	\$	%
\$ 175.66	1 yard weekly	\$ 179.73	4.07	2.3%
\$ 313.09	2 yard weekly	\$ 321.23	8.14	2.6%
\$ 605.08	2 yard 2x weekly	\$ 621.36	16.28	2.7%
\$ 1,139.20	4 yard 2x weekly	\$ 1,171.76	32.56	2.9%

Compacted Drop Box		Adjustment		
Current Fee	Type	Proposed	\$	%
\$ 202.50	Less than 25 yard	\$ 208.15	5.65	2.8%
\$ 231.50	25 - 34 yard	\$ 237.15	5.65	2.4%
\$ 250.50	35 yard and greater	\$ 256.15	5.65	2.3%

Clackamas County Transfer Station Current & Proposed Fees As of July 1, 2023						
	Current Fees		Proposed		Proposed Increase	
Garbage:	Fee	Minimim	Fee	Minimim	Fee	Minimim
Light Waste or General Garbage	\$26.00	\$26.00	\$28.00	\$26.00	\$2.00	<i>No Change</i>
(per cubic yard)		<1cuyd		<1cuyd		
Light can - 32 Gallon	\$8.70	\$26.00 <=3 Cans	\$9.00	\$26.00 <3 Cans	\$0.30	<i>No Change</i>
Heavy Waste or Demo Debris	\$41.20	\$26.00	\$44.00	\$33.00		\$7.00
(per cubic yard)		<1cuyd		<1cuyd		
Heavy Can - 32 Gallon	\$9.70	\$26.00 <=2 Cans	\$10.00	\$26.00 <=2 Cans	\$0.30	<i>No Change</i>
Tires	On rim	Off rim	On rim	Off rim	On rim	Off rim
Passenger/Lt Truck <=16"	\$5.00 ea	\$3.50 ea	\$5.00 ea	\$4.00 ea	<i>No Change</i>	\$0.50
Large Truck/Trailer 17"- 21"	\$16.00 ea	\$10.00 ea	\$16.00 ea	\$10.00 ea	<i>No Change</i>	<i>No Change</i>
Tires over 21"	Inquire	Inquire	Inquire	Inquire		
Furniture, Appliances:						
Refrigerators, Freezers, Air conditioners - even if refrigerant is removed	\$22.00 ea	NA	\$23.00 ea	NA	\$1.00	
Stuffed Chair/Recliner/ Love seat or Couch	\$12.00 ea	NA	\$12.00 ea	NA		
Sectional or Hide a bed	\$17.00 ea	NA	\$17.00 ea	NA		
Twin Mattress	\$12.00 ea	\$12.00 Set	\$12.00 ea	\$12.00 Set		
Full/Double Mattress	\$12.00 ea	\$17.00 Set	\$12.00 ea	\$17.00 Set		
Queen Mattress	\$16.00 ea	\$24.00 Set	\$16.00 ea	\$24.00 Set		
King Mattress	\$17.00 ea	\$25.00 Set	\$17.00 ea	\$25.00 Set		
Large Loads	\$75 per ton	NA	\$75 per ton	NA		
may be weighed						