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Clackamas County
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DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT

DEVELOPMENT SERVICES BUILDING
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May 12, 2026

Solid Waste Commissioners
Clackamas County

Members of the Commission:

EXECUTIVE SUMMARY:

The Sustainability & Solid Waste Program of the Department of Transportation and Development (DTD) is responsible for managing the County's Integrated Solid Waste Collection System. This includes an annual review of the production records of the seven parent companies holding solid waste collection franchises in the County. 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. The review is used to establish the fees charged for the variety of services required by the County and ensure a fair return to the collectors. The review process is assisted by a contracted certified public accountant to review franchisee financial records, create summaries, and provide analysis.

When looking at the annual review results, it is helpful to understand the service zones established in the County. The County is divided into four fee zones:

- 1) Urban (within the Metro Urban Growth Boundary established prior to March 2003);
- 2) Rural;
- 3) Distant Rural, and;
- 4) Mountain.

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

County Code allows the Solid Waste Commission (Commission) and the Board of County Commissioners (Board) to give due consideration to all the costs of collection, investment in trucks and equipment, and management and administrative costs when determining waste management fees for collection services. Further, the code allows "a reasonable return and operating margin for the owner(s) of the business".

Since uniform fees were established in the mid-1980s, the County has included a ten percent return on revenue in approved waste management fees. This ten percent return is intended to:

- pay for income taxes (three percent);
- be allocated to reserves to run operations and pay for capital purchases (three percent); and
- provide a return to owners (four percent - subject to tax).

The annual review of the franchisees' production records, from the previous calendar year, involves assembling the individual franchisee reports into a composite "company" for a system-wide review by fee zone. The target return on the composite is ten percent with an acceptable range between eight and twelve percent.

Historically the County has recognized the administrative and strategic value of conducting this annual review, predominantly coupled with annual adjustments as necessary to keep fees and real costs aligned. The adjustments may come in the form of fee increases, additional collection services, or a combination of these options.

When the composite falls within the range of acceptable returns, an increase will be limited to "known and measurable" expenses. Typical "known and measurable" expenses include costs that are known to have increased, such as contracted labor and disposal costs. Some or all "known and measurable expenses" may be considered in the rate setting process. When the composite return falls below the acceptable range, in addition to "known and measurable" expenses, consideration is given to increasing fees to provide the revenue necessary to bring the return within the range. This review model prevents large and unexpected increases that can result from a less frequent review.

The Commission last recommended increasing fees in 2025 and ultimately the Board decided to maintain the fees as established in 2024. In 2024, the increase was based on the known and measurable increase in labor costs, recycling processing costs, disposal costs, and truck expenses. The Board adopted the Solid Waste Commission's recommendation and made effective new fees on August 1, 2024. The 2025 proposed increase was intended to address increasing costs associated with driver labor, disposal and the sunset of a fuel tax credit for collectors utilizing compressed natural gas (CNG) as a primary fuel. In 2025, the projected Total County composite return was estimated to fall to the bottom of the 8-12% acceptable range at 8.21% without a fee increase.

Annual Fee Review

In keeping with the County's typical practice of providing annual fee adjustments, as necessary, to keep fees and real costs aligned, this year's review indicates a fee increase is warranted due to increasing costs that continue to impact collectors.

The review's composites separate drop box collection service from cart and container collection service. The Total County projected cart and container composite falls below the acceptable range, so a further review of the cart costs/revenues was warranted to account for additional costs that will be incurred in 2026.

When considering increases for labor, disposal, and collection costs, the Total County projected return remains at the bottom of the target range at 8.12% with Urban slightly below the range at 7.53%. The disposal increase includes the transaction fee calculated on a per ton basis. These fee drivers represent a 5.7-11% increase for the 35-gallon cart across fee zones. (*Attachment 1*)

The Metro tip fee on disposed waste is effective July 1, 2026, and represents an 8.9% increase to disposal expense calculated in the collection fee. Tip fees at private transfer stations are not regulated and may increase. The County calculates the disposal portion of the collection fee based on the publicly reviewed Metro disposal fee. The Metro Council (Council) has not officially approved the fee that has been presented to them by Metro staff. There remains the possibility Council may approve a different amount. County staff will make any adjustments necessary.

While the estimated 2026 returns for the Total County cart and container composite remain slightly within the acceptable range at 8.12% with the proposed fee increase, it is important to realize there will be additional costs appearing in the 2026 review that cannot be reliably estimated at this time. We anticipate another increase in disposal fees and labor in 2027.

Cart & Container Fees

Applying the known and measurable costs above with a July 1, 2026 effective date to the most common service level, the 35-gallon can/cart collected weekly, the fee is proposed to increase \$4.30, from \$39.05 to \$43.35 per month (11% increase) in the Urban fee zone.

Residential customers in the Rural, Distant Rural, and Mountain fee zones will see a lower increase due to the composite showing a better operating margin in these areas. All other classes of service follow similar proposed increases, relative to the 35-gallon cart. Without a fee increase, the composite is projected to fall well below the acceptable range, placing the Total County composite return on revenues at 4.8%. (*Attachment 2*)

The following tables illustrate the proposed fees for each zone, along with a historical review of adjustments. The 35-gallon can/cart is the predominant residential service level.

Residential 35-gallon cart	Current	Proposed	\$ Change	% Change
Urban	\$ 39.05	\$ 43.35	\$ 4.30	11.0%
Rural	\$ 36.25	\$ 38.30	\$ 2.05	5.7%
Distant Rural	\$ 41.80	\$ 45.00	\$ 3.20	7.7%
Mountain Zone	\$ 43.05	\$ 46.25	\$ 3.20	7.4%

Recent History of Monthly 35-Gallon Cart/Can Fees							
Fee Zone	2018	2019	2020	2021	2022	2023	2024
Urban	\$ 32.55	\$ 33.15	\$33.70	\$ 35.05	\$ 35.60	\$ 37.10	\$ 39.05
Rural	\$ 29.35	\$ 30.20	\$30.75	\$ 32.25	\$ 32.80	\$ 34.30	\$ 36.25
Distant Rural	\$ 34.35	\$ 35.10	\$35.65	\$ 37.65	\$ 38.15	\$ 39.80	\$ 41.80
Mountain	\$ 35.60	\$ 36.35	\$36.90	\$ 38.85	\$ 39.40	\$ 41.05	\$ 43.05

The table below illustrates the proposed increase for container service. The proposed fee increase covers the increased disposal expense, while the Urban increase also takes into account an increase in labor costs. The 4 cubic yard container serviced twice a week is a common commercial service level.

Fee Zone	Increase Per Cubic Yard	Current 4yd 2x/week	Proposed Fee	\$ Monthly Change	% Change
Urban	\$ 1.09	\$ 758.97	\$ 796.80	\$ 37.83	5.0%
Rural	\$ 0.94	\$ 921.46	\$ 954.09	\$ 32.63	3.5%
Distant Rural	\$ -	\$ 986.78	\$ 986.78	\$ -	0.0%
Mountain	\$ -	\$1,139.20	\$1,139.20	\$ -	0.0%

Also, as part of the Recycling Modernization Act, staff is proposing the addition of a Residential Contamination Fee. In the garbage and recycling industry, contamination refers to unaccepted items found in the recycling cart. The legislation requires prescriptive contamination reduction programming with an ultimate consequence of a financial penalty, service restriction, or both if repeated educational and technical assistance are ineffective.

Clackamas County has elected to start contamination reduction programming in the residential sector and therefore must establish a contamination fee. Staff is proposing \$10 per instance, regardless of cart size or fee zone, only to be applied when pre-approved by Clackamas County staff. Multiple steps in the County’s future contamination reduction plan would need to be completed before this fee would be charged.

Drop Box Fees

The following tables illustrate the proposed increase to the collection fees for drop box service for 2026. The increase is based on the rising labor expenses. We are also proposing an increase in daily and monthly rental fees based on the rising costs of drop boxes. (Attachment 3)

Open Box	Current	Proposed	\$ Change	% Change
10 and 20 cu.yd	\$177.50	\$ 179.50	\$ 2.00	1.1%
30 cu.yd	\$187.50	\$ 189.50	\$ 2.00	1.1%
40 cu.yd	\$197.50	\$ 199.50	\$ 2.00	1.0%

Compacted Box	Current	Proposed	\$ Change	% Change
Less than 25 cu.yd	\$202.50	\$ 204.50	\$ 2.00	1.0%
25 - 34 cu.yd	\$231.50	\$ 233.50	\$ 2.00	0.9%
35 cu.yd and greater	\$250.50	\$ 252.50	\$ 2.00	0.8%

Rental Fee	Current	Proposed	\$ Change	% Change
Per day	\$ 7.00	\$ 10.00	\$ 3.00	43%
Per month	\$ 70.00	\$ 100.00	\$ 30.00	43%

NOTE: The fees adopted by the Board for drop box service do not include the cost of disposal at a landfill or transfer station. The franchisees pass that cost through to the customer separately.

Residential Reduced Fee Program

In 2025, the Board requested that staff bring a reduced fee program forward for consideration. Staff partnered with Garryana Consulting to better understand the landscape among local jurisdictions and utilities, including some research into out-of-state programs. The proposed program outline below shows the primary elements considered.

Proposed Program Outline	
Discount amount	50% or 75%
Income eligibility	60% of State Median Income (SMI)
Term of eligibility	2 years with renewals
Require income documentation with application	No - utilize confirmation/enrollment letters showing participation in an existing assistance program
Participation cap	No
Cost spread	Residential ratepayers only (1-4 units)
Payment approach	Adjust rates based on projections for system costs; wait and see if there are meaningful differences in the financial impacts to individual collectors
Program administration	Franchised collectors
Estimated participation at program maturity	4% (2,002 customers) - Start program at 3%.

The table below illustrates the Single-Family (SF) 35-gallon cart rate impact options, based on a participation rate of 3%. Staff expects full participation to be around 4%, so the proposal of 3% comes with the understanding that depending on enrollment in the program, future rate adjustments may be necessary.

Proposed Reduced Fee Impacts					
		50% Discount		75% Discount	
35-Gallon Cart	Current Rate	Discounted Fee	Fee Increase	Discounted Fee	Fee Increase
SF Urban	\$ 39.05	\$ 19.53	\$ 0.91	\$ 9.76	\$ 1.31
SF Rural	\$ 36.25	\$ 18.13	\$ 0.90	\$ 9.06	\$ 1.29
SF Dist Rural	\$ 41.80	\$ 20.90	\$ 1.01	\$ 10.45	\$ 1.46

Staff requests that the Commission consider recommending this program and seeks the Commission's preference in terms of a 50% discount versus a 75% discount for residential customers participating in the program. The selected impact would be added to the proposed fee increase for residential carts as shown in the tables below.

Residential 35-gallon cart	Current	Proposed Increase	50% Discount	\$ Change	% Change
Urban	\$ 39.05	\$ 4.30	\$ 0.91	\$ 5.20	13.3%
Rural	\$ 36.25	\$ 2.05	\$ 0.90	\$ 2.95	8.1%
Distant Rural	\$ 41.80	\$ 3.20	\$ 1.01	\$ 4.20	10.0%
Mountain Zone	\$ 43.05	\$ 3.20	\$ 1.01	\$ 4.20	9.8%

Residential 35-gallon cart	Current	Proposed Increase	75% Discount	\$ Change	% Change
Urban	\$ 39.05	\$ 4.30	\$ 1.31	\$ 5.60	14.3%
Rural	\$ 36.25	\$ 2.05	\$ 1.29	\$ 3.35	9.2%
Distant Rural	\$ 41.80	\$ 3.20	\$ 1.46	\$ 4.65	11.1%
Mountain Zone	\$ 43.05	\$ 3.20	\$ 1.46	\$ 4.65	10.8%

Note: Staff rounds residential cart fees to the nearest nickel.

Infectious Waste Fees

These fees were last approved in 2003 and have not changed since approval. Staff proposes a new structure for the fees. This reflects that transportation costs are different for pathological waste/waste requiring incineration compared to autoclaving, as there is no longer a local option for incineration. The proposed fees have a similar impact on customers, and the volume discounts remain similar. The table below illustrates the proposed structure and fees.

Proposed Infectious Waste Fees	
On-site pick up charge	\$49.00
Disposal Cost per 17 gallon unit	\$18.02/unit
Disposal Cost per 23 gallon unit	\$24.39/unit
Disposal Cost per 31 gallon unit (first 10 units)	\$32.87/unit
11+ units	\$21.89/unit
Disposal Cost per 43 gallon unit (first 10 units)	\$45.59/unit
11+ units	\$30.36/unit
Pharmaceutical Waste per 5 gallon unit	\$48.19/unit
Chemotherapy/Pathology boxes	\$75/unit
Cardboard Bio box surcharge (23/30g)	\$8.50 per box

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. The increase (approximately 8.3%) was intended to cover the cost of building a new storm water management facility.

The increasing disposal and labor costs affecting the collection companies are also having an impact on the transfer station operations. For this reason, in 2025 staff proposed and the Commission recommended an increase in the per-can fees, handling fees for small tires, and the cubic yard charge for household and demolition waste. Ultimately in 2025, the Board decided to maintain the established 2023 fees, so now in 2026, staff is proposing the below fee increases due to the same compounding costs.

Below please find the proposed fee increases.

Material Description	Current	\$ Increase	Proposed	Rate UOM
1 Piece Full mattress	\$12.00	\$3.00	\$15.00	EA
1 Piece King mattress	\$17.00	\$4.00	\$21.00	EA
1 Piece Queen mattress	\$16.00	\$4.00	\$20.00	EA
1 Piece Twin mattress	\$12.00	\$3.00	\$15.00	EA
2 Piece Full mattress	\$17.00	\$4.00	\$21.00	EA
2 Piece King mattress	\$25.00	\$6.00	\$31.00	EA
2 Piece Queen mattress	\$24.00	\$6.00	\$30.00	EA
2 Piece Twin mattress	\$12.00	\$3.00	\$15.00	EA
32 gallon can	\$8.70	\$2.00	\$10.70	EA
Couch/ Loveseat/ Recliner/ Chair	\$12.00	\$3.00	\$15.00	EA
Freezer/ Refrigerator	\$22.00	\$5.00	\$27.00	EA
Heavy Can	\$9.70	\$2.00	\$11.70	EA
Heavy Volume Waste	\$41.20	\$6.00	\$47.20	CYD
MSW Tons	\$75.00	\$18.00	\$93.00	TON
MSW Yards	\$26.00	\$6.00	\$32.00	CYD
Sectional/Hide-a-Bed	\$17.00	\$4.00	\$21.00	EA
Tires with Rims-Pickup/Auto	\$5.00	\$1.00	\$6.00	EA
Tires With Rims-Trailor	\$16.00	\$4.00	\$20.00	EA
Tires without Rims Pickup/Auto	\$3.50	\$1.00	\$4.50	EA
Tires Without Rims-Trailor	\$10.00	\$2.00	\$12.00	EA
Minimum	\$26.00	\$6.00	\$32.00	EA

FINANCIAL IMPLICATIONS:

With an approved fee increase, residential customers and most businesses with container and cart service will experience an increase in their garbage and recycling collection bill. Qualifying residential cart customers may be eligible for a discounted fee. Customers using drop box service will also experience increases in collection fees and rental charges, as well as customers disposing of infectious waste. Transfer Station users will experience price increases. With the proposed changes, the County's revenues from franchise fees will remain relatively flat.

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.

STAFF/FRANCHISEE PARTICIPATION:

Staff, Bell & Associates, Inc. and the franchisees have participated in the annual review.

OPTIONS:

1. Maintain fees at current levels until 2027. In this scenario, the 2026 estimated composite return will fall far below the 8-12% acceptable range at 4.8%.
2. Increase fees for cart, container, drop box, infectious waste, and the transfer station, as proposed, effective July 1, 2026. In this scenario, the estimated 2026 Total County composite for cart and container will be at the bottom of the 8-12% acceptable range at 8.12%.
3. Option two and increase residential cart fees as proposed to recommend the Residential Reduced Fee program, effective July 1, 2026, providing a 50% discount to participants.
4. Option two and increase residential cart fees as proposed to recommend the Residential Reduced Fee program, effective July 1, 2026, providing a 75% discount to participants.
5. Propose an alternative option.

RECOMMENDATION:

Staff respectively requests the Solid Waste Commission consider this report and propose a recommendation to the Board of County Commissioners for their consideration.

Fee Zone Composite *Cart and Container Only*
Return on Revenues
2025 Adjusted

	Urban		Combined Rural		Total County
Collection & Service Revenues	27,939,356		19,143,902		47,083,258
Direct Costs of Operations	22,404,419	% of revenue	15,049,607	% of revenue	37,454,026
Disposal Expense	8,960,819	32%	5,043,520	26%	14,004,339
Labor Expense	7,095,828	25%	5,040,136	26%	12,135,964
Truck Expense	3,623,616	13%	3,040,033	16%	6,663,649
Equipment Expense	951,830	3%	487,697	3%	1,439,527
Franchise Fees	1,365,539	5%	967,925	5%	2,333,464
Other Direct Expense	406,787	1%	470,296	2%	877,083
Indirect Costs of Operations	4,257,294		2,742,079		6,999,373
Management Expense	953,773	3%	649,953	3%	1,603,726
Administrative Expense	822,618	3%	918,502	5%	1,741,120
Other Overhead Expenses	2,480,903	9%	1,173,624	6%	3,654,527
Total Cost	26,661,713		17,791,686		44,453,399
Less Unallowable Costs	48,344		7,045		55,389
Allowable Costs	26,613,369		17,784,641		44,398,010
Franchise Income	1,325,987		1,359,261		2,685,248
Return on revenues	4.75%		7.10%		5.70%

2026 Projected Results

	Urban		Combined Rural		Total County
Collection & Service Revenues	27,939,356		19,143,902		47,083,258
Rate Increase	1,160,503		541,858		1,702,361
Direct Costs of Operations	22,700,840		15,180,473		37,881,313
Disposal Expense	9,060,784		5,039,129		14,099,913
Labor Expense	7,285,491		5,175,393		12,460,884
Truck Expense	3,623,616		3,040,033		6,663,649
Equipment Expense	958,623		487,697		1,446,320
Franchise Fees	1,365,539		967,925		2,333,464
Other Direct Expense	406,787		470,296		877,083
Indirect Costs of Operations	4,257,294		2,742,079		6,999,373
Management Expense	953,773		649,953		1,603,726
Administrative Expense	822,618		918,502		1,741,120
Other Overhead Expenses	2,480,903		1,173,624		3,654,527
Total Cost	26,958,134		17,922,552		44,880,686
Less Unallowable Costs	48,344		7,045		55,389
Allowable Costs	26,909,790		17,915,507		44,825,297
Franchise Income	2,190,069		1,770,253		3,960,322
Return on revenues	7.53%		8.99%		8.12%

Fee Zone Composite *Cart and Container Only*
Return on Revenues
2025 Adjusted

	Urban		Combined Rural		Total County
Collection & Service Revenues	27,939,356		19,143,902		47,083,258
Direct Costs of Operations	22,404,419	% of revenue	15,049,607	% of revenue	37,454,026
Disposal Expense	8,960,819	32%	5,043,520	26%	14,004,339
Labor Expense	7,095,828	25%	5,040,136	26%	12,135,964
Truck Expense	3,623,616	13%	3,040,033	16%	6,663,649
Equipment Expense	951,830	3%	487,697	3%	1,439,527
Franchise Fees	1,365,539	5%	967,925	5%	2,333,464
Other Direct Expense	406,787	1%	470,296	2%	877,083
Indirect Costs of Operations	4,257,294		2,742,079		6,999,373
Management Expense	953,773	3%	649,953	3%	1,603,726
Administrative Expense	822,618	3%	918,502	5%	1,741,120
Other Overhead Expenses	2,480,903	9%	1,173,624	6%	3,654,527
Total Cost	26,661,713		17,791,686		44,453,399
Less Unallowable Costs	48,344		7,045		55,389
Allowable Costs	26,613,369		17,784,641		44,398,010
Franchise Income	1,325,987		1,359,261		2,685,248
Return on revenues	4.75%		7.10%		5.70%

2026 Projected Results

	Urban		Combined Rural		Total County
Collection & Service Revenues	27,939,356		19,143,902		47,083,258
Rate Increase	0		0		0
Direct Costs of Operations	22,700,840		15,180,473		37,881,313
Disposal Expense	9,060,784		5,039,129		14,099,913
Labor Expense	7,285,491		5,175,393		12,460,884
Truck Expense	3,623,616		3,040,033		6,663,649
Equipment Expense	958,623		487,697		1,446,320
Franchise Fees	1,365,539		967,925		2,333,464
Other Direct Expense	406,787		470,296		877,083
Indirect Costs of Operations	4,257,294		2,742,079		6,999,373
Management Expense	953,773		649,953		1,603,726
Administrative Expense	822,618		918,502		1,741,120
Other Overhead Expenses	2,480,903		1,173,624		3,654,527
Total Cost	26,958,134		17,922,552		44,880,686
Less Unallowable Costs	48,344		7,045		55,389
Allowable Costs	26,909,790		17,915,507		44,825,297
Franchise Income	1,029,566		1,228,395		2,257,961
Return on revenues	3.69%		6.42%		4.80%

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	4,259,303	4,285,820	4,285,820
Rate Increase		15,804	
Direct Costs of Operations	3,000,392	3,072,022	3,072,022
Disposal Expense	0	0	0
Labor Expense	1,559,097	1,600,723	1,600,723
Truck Expense	863,137	863,137	863,137
Equipment Expense	188,232	190,393	190,393
Franchise Fees	241,828	269,671	269,671
Other Direct Expense	148,098	148,098	148,098
Indirect Costs of Operations	427,300	427,300	427,300
Management Expense	90,917	90,917	90,917
Administrative Expense	90,925	90,925	90,925
Other Overhead Expenses	245,458	245,458	245,458
Total Cost	3,427,692	3,499,322	3,499,322
Less Unallowable Costs	2,003	2,003	2,003
Allowable Costs	3,425,689	3,497,319	3,497,319
Franchise Income	833,614	804,305	788,501
Return on revenues	19.57%	18.70%	18.40%