



BOARD OF COMMISSIONERS

AGENDA REQUEST & STAFF REPORT

MEETING DATE: June 21, 2023

SUBJECT: Public Hearing: Rate adjustments for waste and recyclables collection and transfer services

RECOMMENDED MOTION:

First, hold a public hearing; then consider approval of Board Order 2023-023 to provide for a 12.5% rate adjustment for waste and recyclables collection services provided to residents in unincorporated Deschutes County by Wilderness Garbage and Recycling, Cascade Disposal, Bend Garbage and Recycling and High Country Disposal, and a 9% rate increase for waste and recyclables transfer services provided to Deschutes County by Deschutes Transfer Company.

BACKGROUND AND POLICY IMPLICATIONS:

Franchise Waste and Recyclables Collection Services

By Board Order, Deschutes County contracts for the collection of waste and recyclables in unincorporated Deschutes County through franchises granted to Cascade Disposal (a subsidiary of Waste Connections) and three other franchises granted to Wilderness Garbage and Recycling, Bend Garbage and Recycling and High Country Disposal (operated by Republic Services). All four franchises approached the Solid Waste Department with rate increase requests for FY24. The rate increases are driven primarily by increases in fuel, oil and personnel costs as well as other general cost increases for business operations and management driven by economic and inflationary conditions over the past year. After several negotiation/discussion sessions with Republic Services and Waste Connections, it was determined that a 12.5% rate increase was appropriate and reasonable for waste and recyclables collection services in unincorporated Deschutes County.

Part of the rate increase is due to the increase in disposal fees charged by the Solid Waste Department for disposal at Knott Landfill. Disposal fees are a "pass through" that the franchises charge directly to their customers. The disposal fee increase is responsible for an approximate 6% increase in overall franchise operating expenses and represents slightly less than half of the 12.5% rate adjustment request.

Deschutes Transfer

Deschutes Transfer provides waste and recyclables transfer services for the County's four

rural transfer stations. Waste received at these facilities is hauled to Knott Landfill for disposal. Recyclables received at the transfer stations are accumulated at the sites in drop boxes rented from Deschutes Transfer and, depending on the commodity, are hauled to the Recycling Center at Knott Landfill for processing (primarily for freon recovery from refrigerators, freezers and air conditioners) and reload, or are delivered to Republic Services' Mid-Oregon Recycling facility where the materials are consolidated and baled for shipment to out-of-County recycling processors.

As with franchise collection services, the rate increase for Deschutes Transfer is driven primarily by fuel, oil and personnel cost increase and general increases in business operations and management services across the board, driven by inflationary pressures. After several negotiation/discussion sessions with Republic Services, it was determined that a 9% rate increase was appropriate and reasonable for the transfer services contracted with Deschutes Transfer.

The rate modifications to the franchise collection service fees as recommended by staff are anticipated to bring both Waste Connections and Republic Services operations in the unincorporated areas of Deschutes County into the allowable operating margin of 9-12% as provided by Board of County Commissioners Order 94-011.

BUDGET IMPACTS:

There are no budget impacts for the franchise collection service rate adjustments. Funds have been budgeted in the FY24 Solid Waste Operating Budget for the Deschutes Transfer rate increase.

ATTENDANCE:

Chad Centola, Director of Solid Waste
Tim Brownell, Incoming Director of Solid Waste