



BOARD OF COMMISSIONERS

AGENDA REQUEST & STAFF REPORT

MEETING DATE: June 1, 2022

SUBJECT: Authorization of Rate Adjustments for Deschutes Transfer and Approval of Additional Container Services for Republic Services' Wilderness Disposal Service Area

RECOMMENDED MOTION:

Approval of Board Order 2022-029 to provide for a 20% rate adjustment for services provided to Deschutes County by Deschutes Transfer and authorization for Republic Services to implement additional container services and rates in their Wilderness Disposal service area.

BACKGROUND AND POLICY IMPLICATIONS:

Deschutes Transfer Rate Request

Deschutes Transfer provides waste and recycling transfer services from 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 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), or are delivered to Republic Services' Mid-Oregon Recycling facility where the materials are consolidated for shipment to out-of-County recycling processors.

As shown on the attached 2022 Rate Adjustment Request Detail, Deschutes Transfer operated at a very low net income margin of 0.68% in 2021. Their projection for 2022 shows that they will be operating at a -7.98% loss through 2022. The primary cost increases contributing to the revenue decline include employee wages, fuel and oil, repair and maintenance and depreciation. Republic Services has requested a 20% rate increase for the services they provide to the Solid Waste Department. This rate increase will bring their net income up to 10.02%, which is within the allowed 9-12% net revenue margin for the franchise. After review of the request and discussions with Republic Services, staff feels that the rate adjustment request is warranted and appropriate. It should be noted that the last rate increase granted to Deschutes Transfer was in August 2017.

A comparison of the current and proposed rate changes are shown on the following table.

Waste Transfer Rates	Current Rate	Proposed Rate
Northwest Transfer Station	\$304.00 /load	\$364.80 /load
Southwest Transfer Station	\$304.00 /load	\$364.80 /load
Alfalfa Transfer Station	\$150.00 /load	\$180.00 /load
Negus Transfer Station	\$13.94 /ton	\$16.73 /ton
Recycling Transfer Rates		
Northwest Transfer Station	\$135.00 /load	\$162.00 /load
Southwest Transfer Station	\$135.00 /load	\$162.00 /load
Alfalfa Transfer Station	\$135.00 /load	\$162.00 /load
Negus Transfer Station	\$135.00 /load	\$162.00 /load
Container Rental Rate		
40 cubic yard Security Box	\$87.50 /month	\$105.00 /month
30 cubic yard Drop Box	\$70.00 /month	\$84.00 /month
40 cubic yard Drop Box	\$51.50 /month	\$61.80 /month

Wilderness Garbage and Disposal Service Additions

Republic Services recently added a front load truck to their fleet which can accommodate larger size commercial containers. With this, they will be able to incorporate two larger waste containers into the service offering for their commercial customers. It is anticipated that commercial customers electing to move to the larger bins will see service cost savings through the reduction of pick-up frequency needed.

The attached Board Order 2022-029 includes both the rate increase for Deschutes Transfer and the service addition and rates for Wilderness Disposal.

BUDGET IMPACTS:

Funds have been budgeted in the FY23 Solid Waste Operating Budget for the Deschutes Transfer rate increase.

ATTENDANCE:

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