



Tualatin

Sustainability in Action

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Tualatin Service Facts

- ❖ Republic Services has 20 drivers servicing your City
- ❖ Drivers are at the curbs of 5,980 homes 3x each week
- ❖ Approximately 965,000 carts were picked up last year






Tualatin Service Facts

-  5,980 Single-family Customers
-  209 Multi-family Customers
-  904 Commercial Customers
-  7,699 Industrial Hauls (Drop-boxes and Compactors)

Annual Report Details

Residential

Container Counts





 20 Gallon Can	527
 35 Gallon Cart	3,156
 65 Gallon Cart	2,297



Annual Report Details

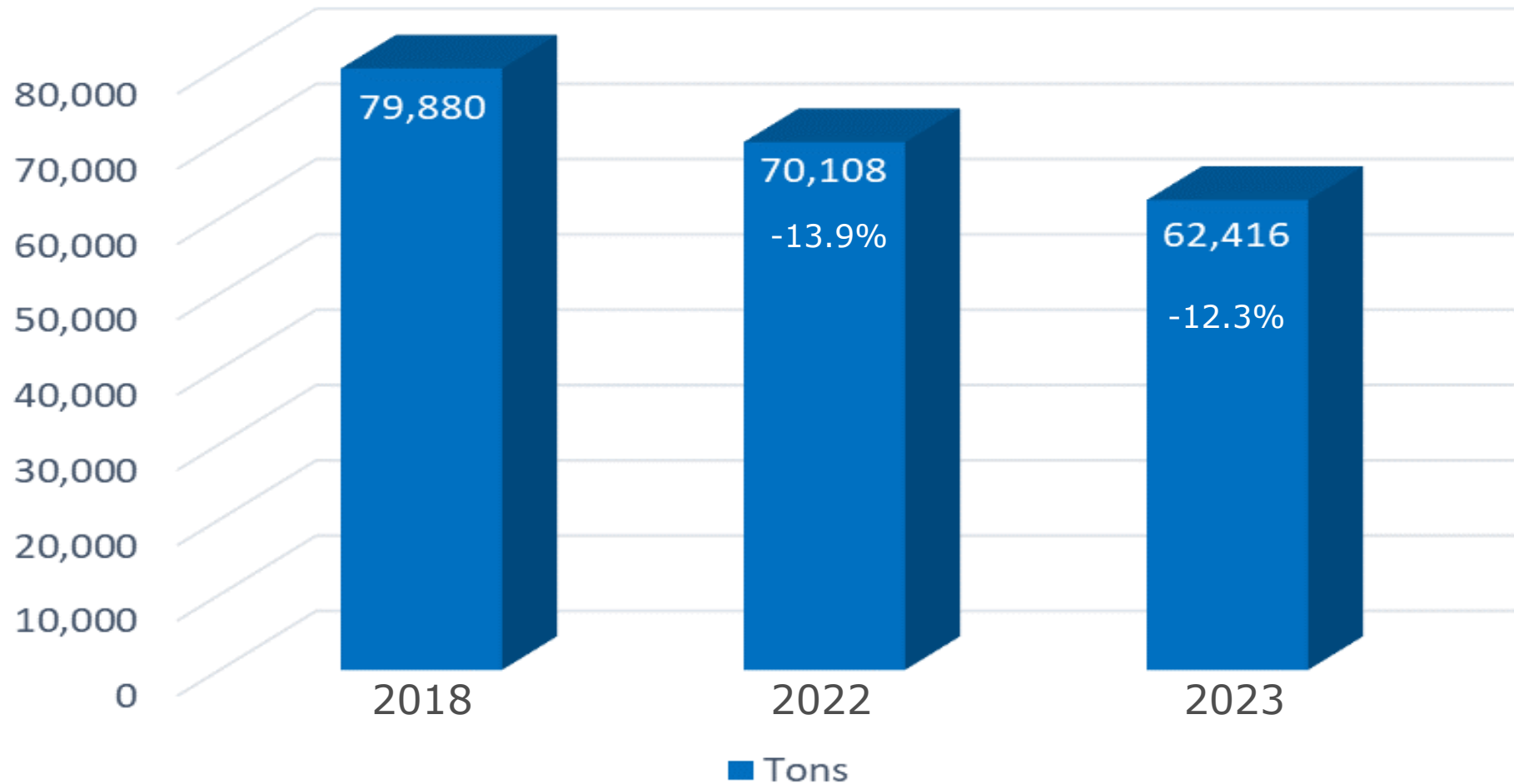
Residential

Volume in tons

 Recycling	1,563
 Glass Recycling	261
 Garbage	4,891
 Yard Debris	2,779



Metro's Solid Waste Allocation Forecast



Disposal Cost Components

- ✿ **Tonnage Charge** - covers the cost of facility operations, including sorting, reloading, transportation and disposal costs.
- ✿ **Metro's Regional System Fee** - This new fund is used to recover the costs for all associated regional solid waste activities related to managing, planning and administering the entire recycling, processing and disposal system.
- ✿ **Metro's Excise Tax** - Pays for Metro's general operations and services.
- ✿ **Metro's Host Fee** - Also referred to as the Community Enhancement Fee. This pays for grants to enhance the communities that host and are directly impacted by transfer stations.
- ✿ **DEQ Fee** - A fee assessed by Oregon Department of Environmental Quality to pay for a portion of its costs in regulating the state's solid waste system.

Average per ton Disposal Rates



10% Industry Target

Does the hauling company really pocket the 10% margin? The answer is no. Before the profit can be returned to the owners, the following need to be paid.

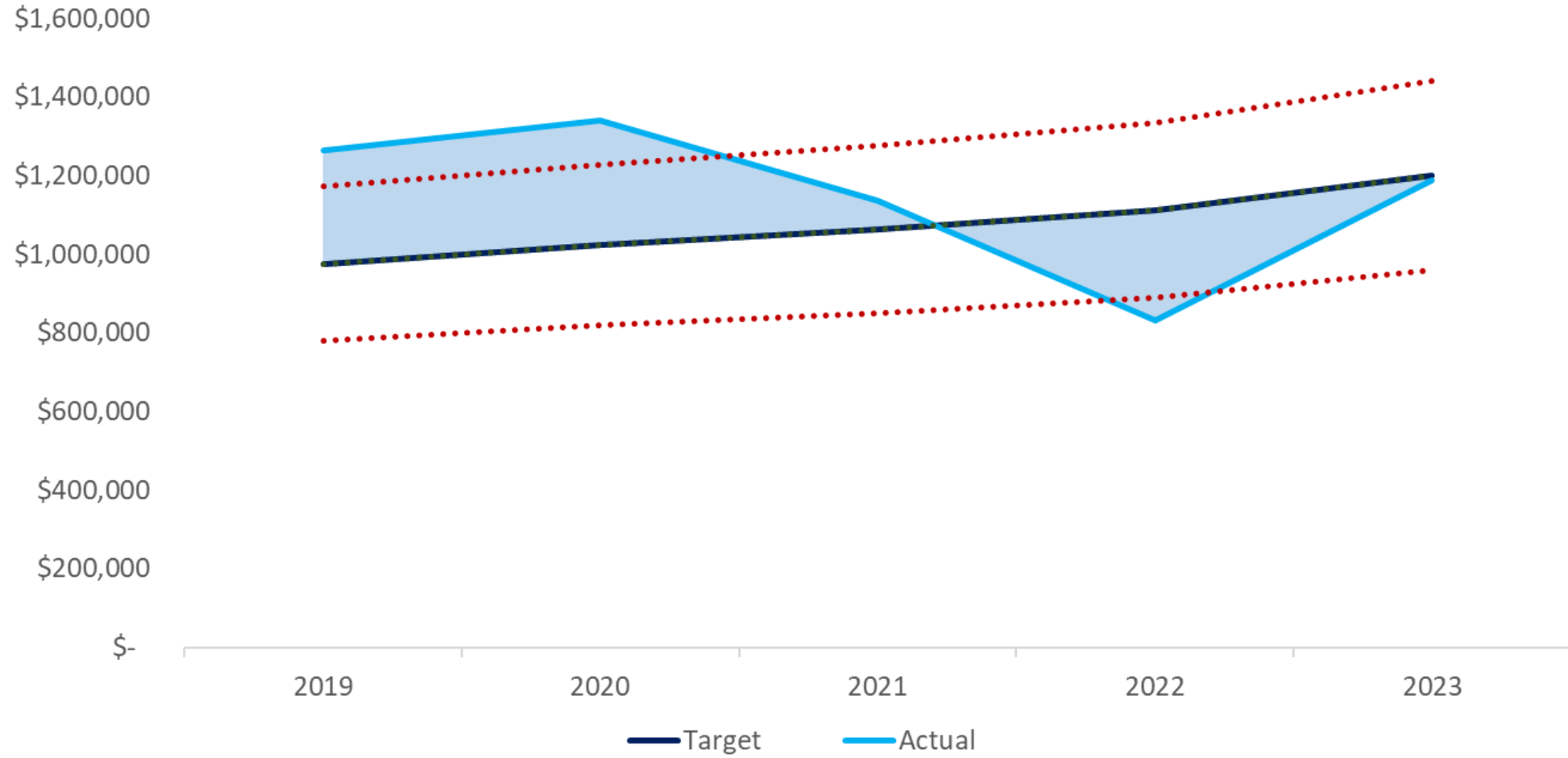
Averages 3-4% of the margin is paid in local, state, and federal taxes. Most taxing authorities, tax the profits of the business while some tax the personal property. These taxes are not included in the allowable expense when calculating the operating margin by the local jurisdiction.

Another 3-4% is allocated to reserves used to run the day-to-day activities of the business. Every well-run business should have adequate cash reserves to meet payroll, daily operational expenses such as vehicle maintenance and disposal costs, and investing activities such as capital purchases.

The remaining portion is then passed back to the owners in the form of dividends and distributions, which is then again taxed as income.

Tualatin Financials

Profit Compared to Acceptable Profitability Range (8% - 12%)



Statement of Income

(with requested adjustment included)

5Y Financial	2019	2020	2021	2022	2023
	Actuals			Forecasted	
Revenue	\$9,765,280	\$10,240,786	\$10,634,491	\$11,123,678	\$11,998,994
Cost of Operations	\$7,834,429	\$8,107,610	\$8,658,925	\$9,429,602	\$9,955,948
Gross Profit	\$1,930,851	\$2,133,176	\$1,975,566	\$1,694,076	\$2,043,046
Sales, General and Administrative	\$665,548	\$792,643	\$838,975	\$860,905	\$854,881
Operating Income	\$1,265,303	\$1,340,533	\$1,136,591	\$833,171	\$1,188,164
<i>Op Income as a % of Revenue</i>	13.0%	13.1%	10.7%	7.5%	10%
Income Taxes	\$539,019	\$383,392	\$325,065	\$243,036	\$441,641
Net Income	\$726,284	\$957,141	\$811,526	\$590,135	\$746,524
<i>Net Income as a % of Revenue</i>	7.4%	9.3%	7.6%	5.3%	6.2%

Table of Expenses

(with requested adjustment included)

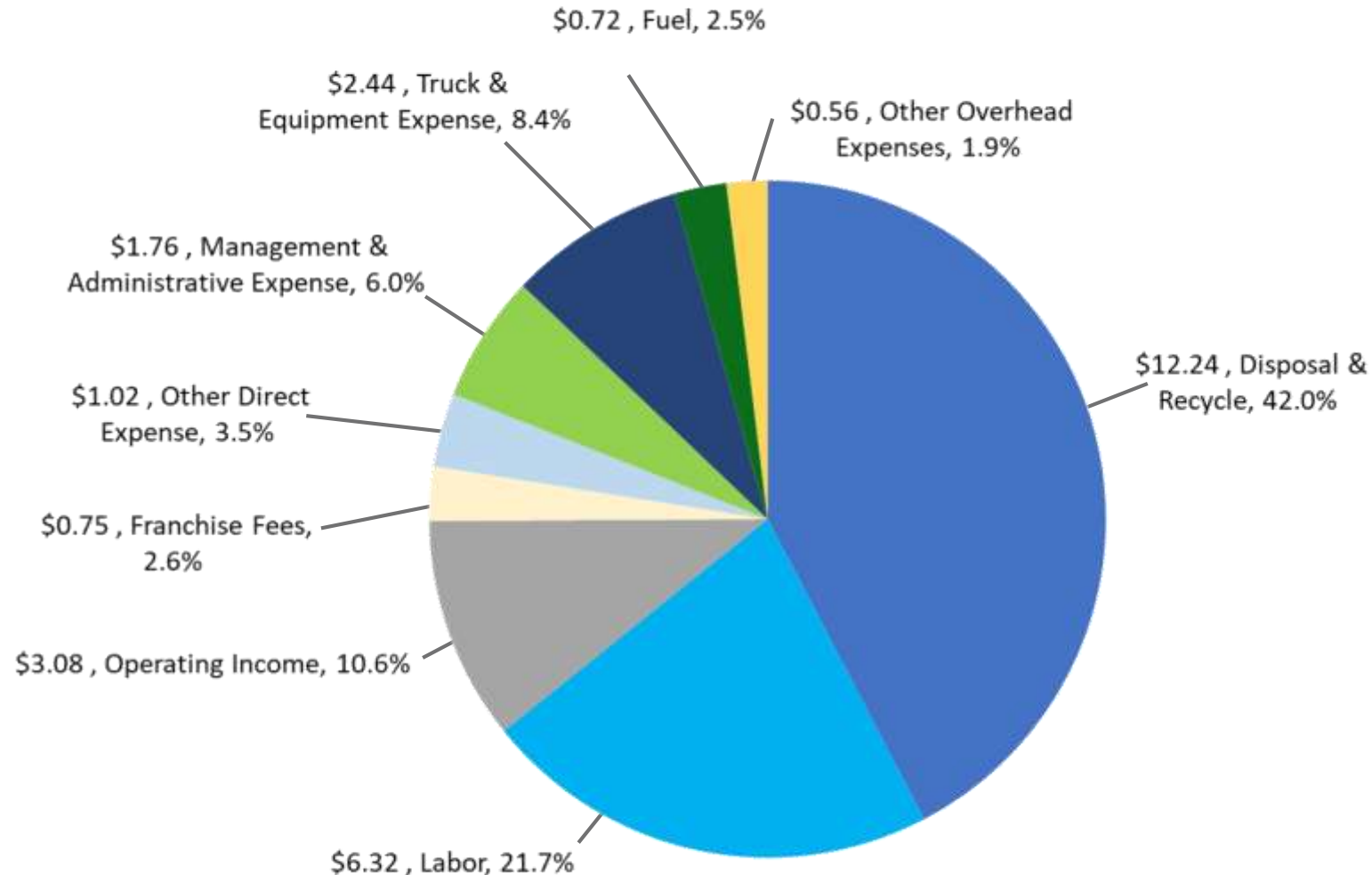
5Y Financial	2019	2020	2021	2022	2023
	Actuals			Forecast	
<i>Cost of Operations</i>					
Disposal & Recycle	\$4,314,649	\$4,370,713	\$4,469,571	\$4,995,640	\$5,345,335
Labor	\$1,932,984	\$2,133,906	\$2,309,687	\$2,422,355	\$2,519,249
Truck & Equipment Expense	\$892,607	\$933,658	\$1,062,593	\$1,094,757	\$1,127,570
Fuel	\$159,034	\$103,690	\$172,730	\$190,003	\$199,304
Franchise Fees	\$227,434	\$238,967	\$273,460	\$333,710	\$333,717
Other Direct Expense	\$307,721	\$326,676	\$370,883	\$393,136	\$410,231
Cost of Operations	\$7,834,429	\$8,107,610	\$8,658,925	\$9,429,602	\$9,935,405
<i>Sales, General and Administrative</i>					
Management & Administrative Expense	\$531,664	\$572,381	\$632,938	\$643,284	\$653,385
Other Overhead Expenses	\$133,884	\$220,261	\$206,037	\$217,621	\$201,474
Sales, General, and Administrative	\$665,548	\$792,643	\$838,975	\$860,905	\$854,859

2022 and 2023 Cost Increase Factors

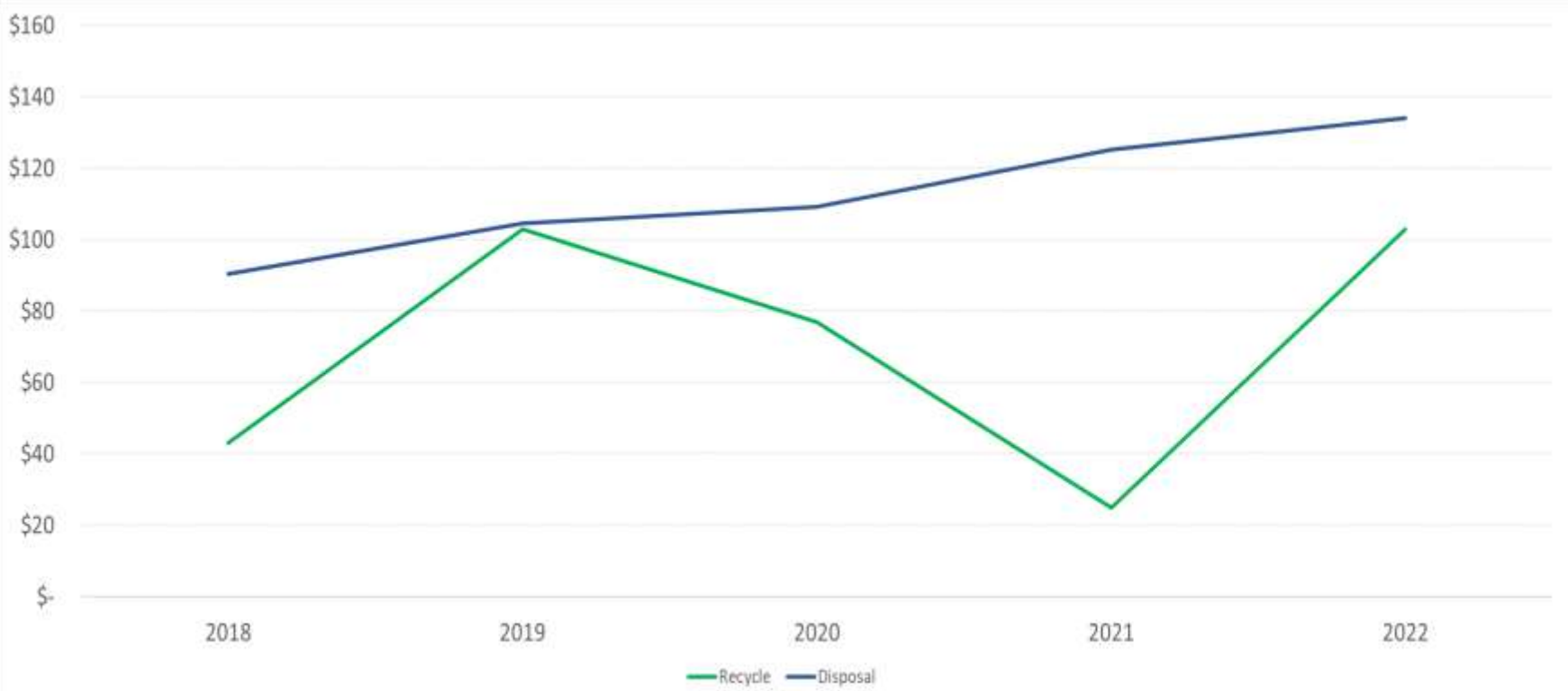
Expense	2022 Factor	2023 Factor	Expense Detail
Disposal & Recycle	11.80%	7.00%	Assumes Metro price adjustment of ~ 7.1% effective 7/1/22 and forecasted 7/1/23. Remaining portions based on recycling commodity market trend.
Labor	4.90%	4.00%	Based on actual and budgeted wage increases.
Repairs and Maintenance	6.00%	3.00%	2022 -Used 2022 actuals. 2023 assumed a 7 year average of CPI based on conservative estimate.
Fuel	10.00%	4.90%	Similar to surrounding cities rates analysis. 2023 used a lower rate based on CNG cost forecasting.
Management & Admin	1.63%	1.57%	Actual and budget wage increases for 2022/2023.
Other Overhead Expenses	5.60%	-7.42%	Used year to date actual trend for 2022. In 2023, we removed non recurring expenses.

Where does my monthly payment go towards?

(Based on 2021 figures for a 35-gallon customer's monthly rate: \$29.12)



Recycling and Disposal Costs per Ton



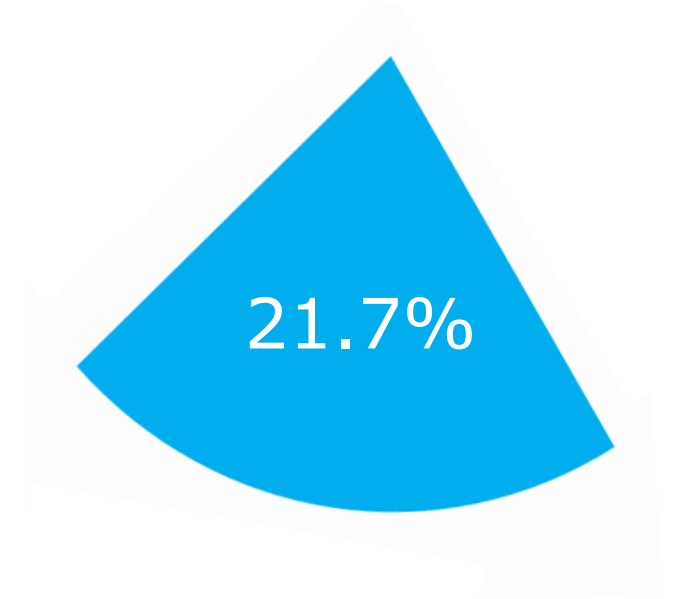
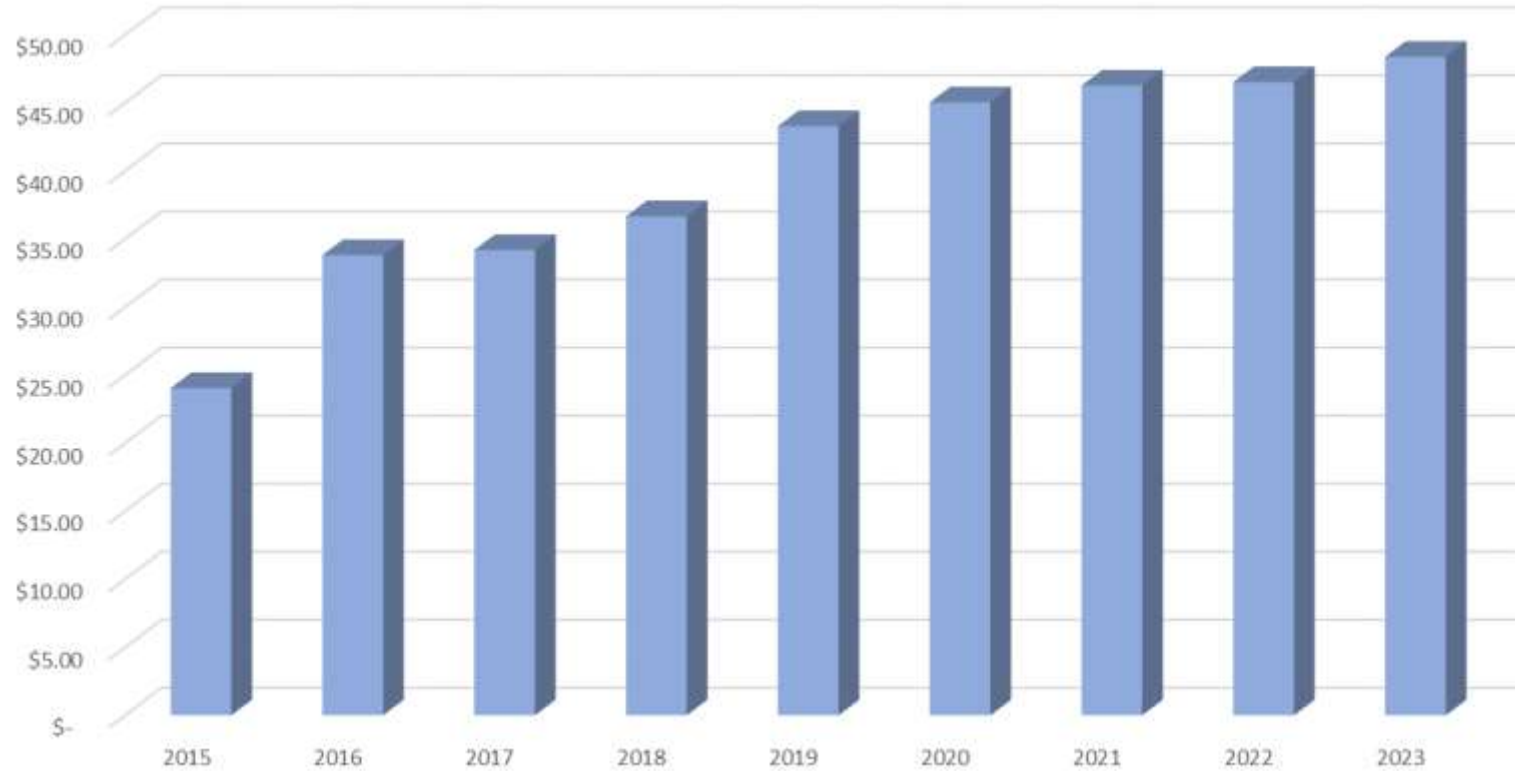
42%

Overview

Actual Disposal Costs shown by year, but not reflective of units. The recycling costs from 2018 through 2022 are the average costs due to the fluctuating commodity market prices through the duration of the year. 2022 is showing the current pricing to show the change in price from 2021 to 2022.

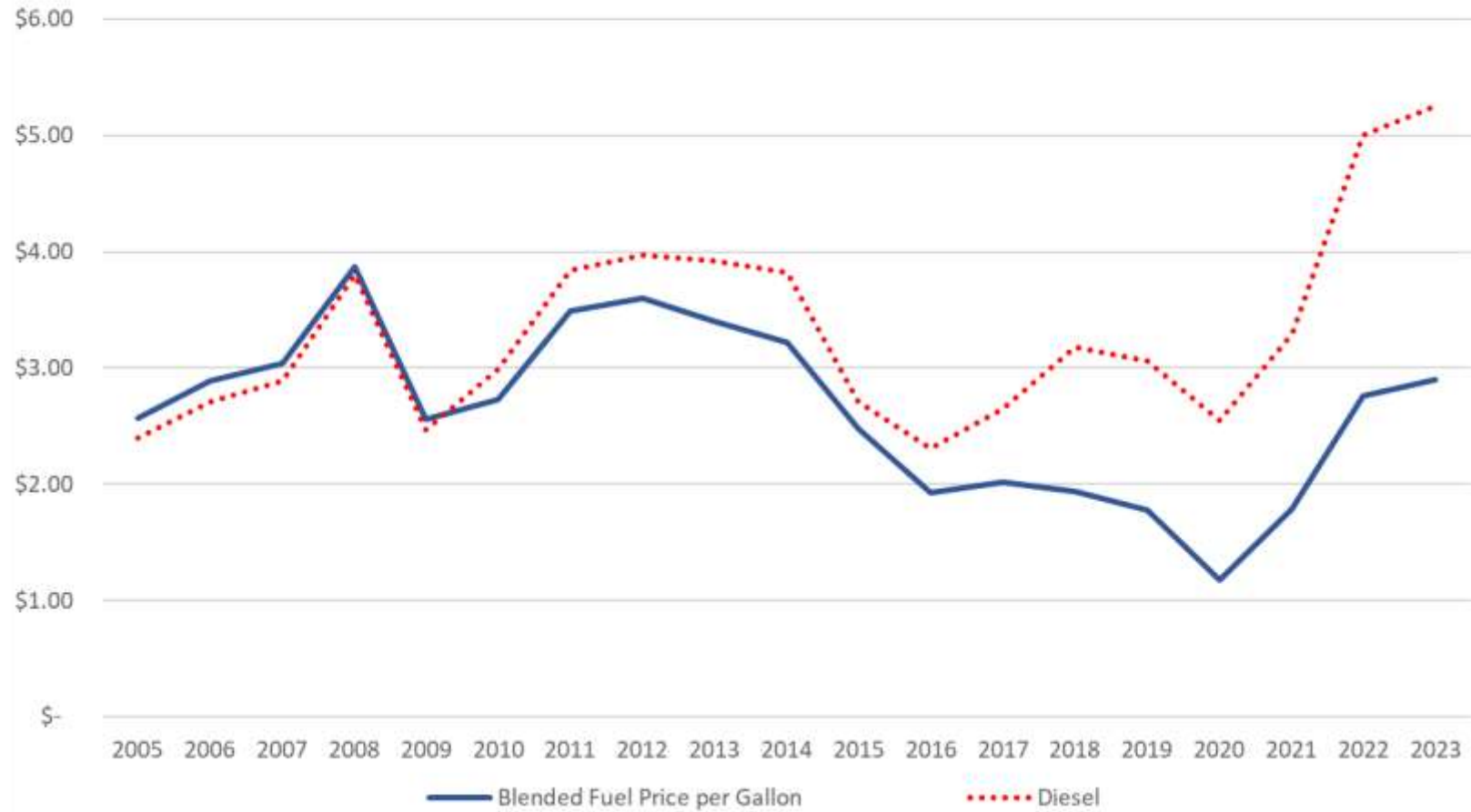
Labor

(Average Driver Wage per Hour -Includes taxes, pension, and benefits)



Fuel

Blended Fuel vs. Diesel Price per Gallon



2.5%

Area Rates

	Tualatin		Sherwood	Wilsonville	West Linn	Oregon City	Lake Oswego	Tigard	Beaverton
Population	27,537		20,254	26,519	27,103	37,411	40,411	55,767	98,216
Residential Rates	Current	Proposed	1/1/2023	Current	Current	Current	1/1/2023	Current	Current
20 gallon	\$24.80	\$26.75	\$28.45	\$21.32	-	\$24.35	\$26.69	\$30.44	\$25.70
35 gallon	\$29.12	\$31.41	\$31.20	\$27.95	\$32.18	\$39.96	\$35.96	\$33.79	\$29.40
65 gallon	\$38.83	\$41.89	\$40.85	\$36.30	\$51.54	\$40.34	\$53.45	\$39.16	\$44.10

Service Frequency

Garbage	Weekly	Weekly	Weekly	Weekly	Weekly	Weekly	Weekly	Weekly	Weekly
Recycle	Weekly	EOW	Weekly	EOW	Weekly	Weekly	Weekly	Weekly	Weekly
Yard Debris	Weekly	Weekly	Weekly	EOW	Weekly	Weekly	EOW	Weekly	Weekly
Glass	Weekly	EOW	Weekly	EOW	Weekly	Weekly	Weekly	Weekly	Weekly

Chart notes: EOW represents services that are collected Every-Other-Week (twice per month). Proposed adjustment would be effective January 1, 2023.

Requested Adjustment

	Current	Proposed	\$ Δ
Residential Rates			
20 gallon	\$24.80	\$26.75	\$1.95
35 gallon	\$29.12	\$31.41	\$2.29
65 gallon	\$38.83	\$41.89	\$3.06
Commercial Rates			
35 gallon	\$26.42	\$28.50	\$2.08
65 gallon	\$35.61	\$38.41	\$2.80
90 gallon	\$43.64	\$47.07	\$3.43
1 yard	\$113.25	\$122.16	\$8.91
1.5 yard	\$143.57	\$154.87	\$11.30
2 yard	\$189.54	\$204.45	\$14.91
3 yard	\$264.53	\$285.35	\$20.82
4 yard	\$335.51	\$361.91	\$26.40
5 yard	\$408.83	\$441.00	\$32.17
6 yard	\$473.13	\$510.36	\$37.23
8 yard	\$593.82	\$640.55	\$46.73
Industrial Rates			
10 yard	\$130.93	\$141.23	\$10.30
20 yard	\$130.93	\$141.23	\$10.30
30 yard	\$156.20	\$168.49	\$12.29

Year	Δ%	Effective date
2022	7.87%	1/1/2023
2021	4.6%	1/1/2022
2020	3.1%	7/1/2020
2018	6.5%	6/1/2018
2016	5.7%	6/1/2016



Summary

- ✳ Increased disposal costs, including - tonnage charges, regional system fees, host fees, excise taxes, and DEQ fees.
- ✳ Inflation – increases of 6.58% in 2022, projected 3.70% in 2023
- ✳ Fuel costs – increases of 10% in 2022, projected 5% in 2023
- ✳ Labor and wages – increases of 4.90% in 2022, projected 4% in 2023

Due to these factors Republic Services is asking for a 7.87% rate adjustment to take effect January 1, 2023



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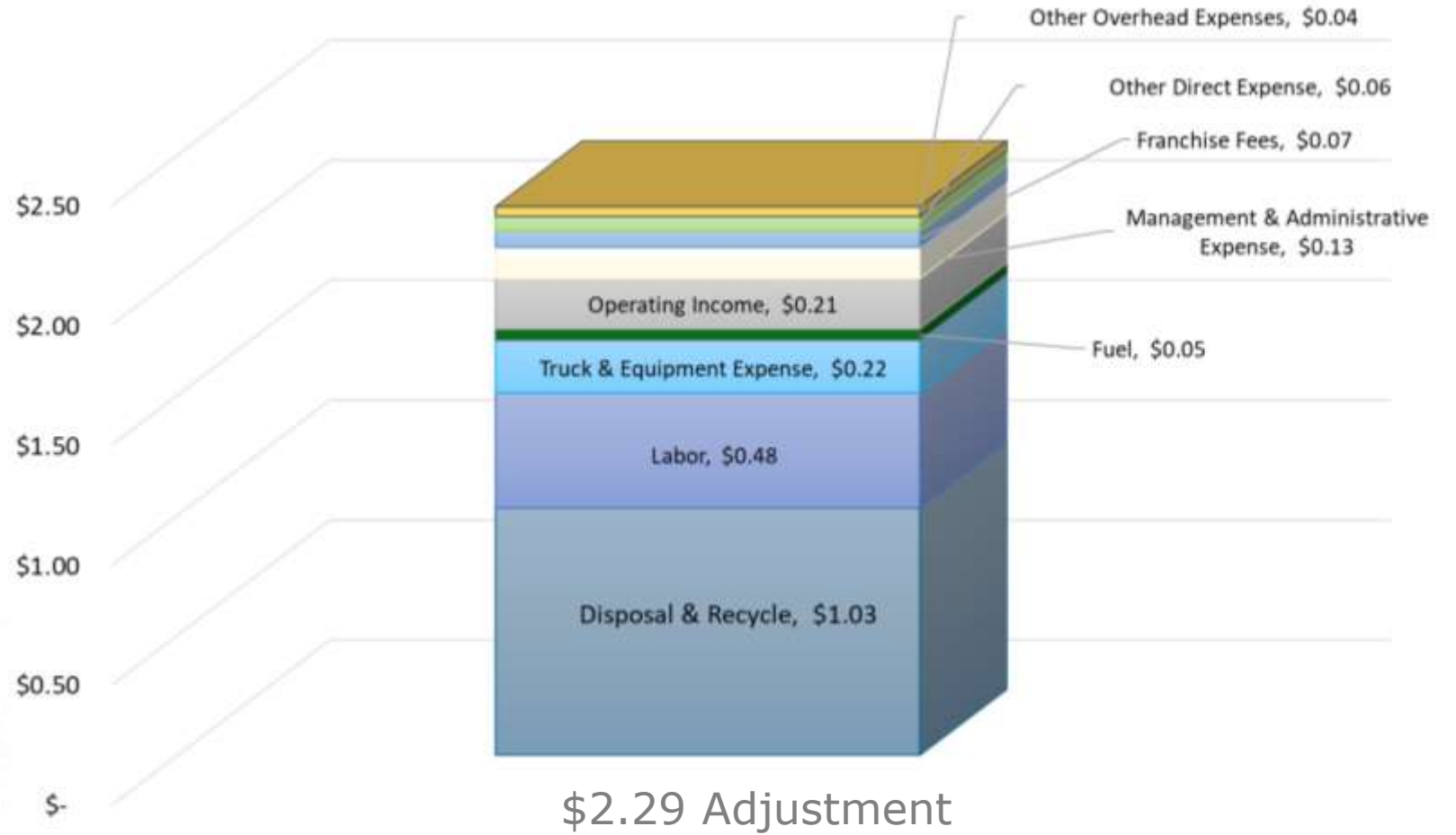
Thank you

Sustainability in Action

Appendix

What does my increase pay for?

(Based on 2021 figures for a 35-gallon customer)



Cumulative Price Adjustments

Tualatin and Water, Sewer, Trash Index (WST)



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
— Tualatin's Cumulative	-1%	3%	3%	3%	8.7%	8.7%	15.2%	15.2%	18.3%	22.9%	22.9%
..... Cumulative WST Δ	5.7%	9.3%	13.9%	13.9%	21%	24.1%	28.6%	30.8%	34.3%	37.8%	38.7%
— Cumulative CPI-U Δ	1.7%	3.2%	5%	4.8%	6.2%	8.3%	10.8%	12.6%	13.8%	18.5%	23.8%