

RESOLUTION NO. 596

A RESOLUTION ESTABLISHING SOLID WASTE DISPOSAL RATES FOR UNITED DISPOSAL SERVICE, INC., OPERATION IN THE CITY OF WILSONVILLE.

WHEREAS, under the provisions of Ordinance No. 204, enacted on February 2, 1982, the City of Wilsonville renewed the franchise for solid waste management and services with United Disposal Service, Inc.; and

WHEREAS, Section 13 of Ordinance No. 204 provides for the establishment of rates by City Council approving a Resolution; and

WHEREAS, the Franchisee has applied to the City for a rate increase to cover the increased costs of doing business that have occurred in the 31 months since the last over-all rate increase was approved and to provide a reasonable rate of return for the Franchisee. The Franchisee has submitted supporting information satisfactory to the City Council.

NOW, THEREFORE, BE IT RESOLVED that the City Council does hereby adopt this Resolution and incorporates by the attached Exhibit "A" of three pages setting forth the maximum rates to be charged by the Franchisee for the services set forth, with such rates to be effective March 1, 1987.

ADOPTED by the City Council of the City of Wilsonville at a regular meeting thereof this 20th day of January, 1987, and filed with the Wilsonville City Recorder this same date.

William E Stark

WILLIAM E. STARK, Mayor

ATTEST:

Vera A Rojas

VERA A. ROJAS, City Recorder

Summary of Votes:

Mayor Stark: AYE

Councilor Gardiner: AYE

Councilor Clarke: AYE

Councilor Edwards: AYE

Councilor Stokes: AYE

UNITED DISPOSAL SERVICE, INC.
 180 S. Pacific Hwy.
 Woodburn, Oregon, 97071
 PH. 981-1278

CITY OF WILSONVILLE

Effective Date: March 1, 1987

I. RESIDENTIAL RATE ON MONTHLY BASIS:

1 STOP PER WEEK - 32 Gallon Can	1 CAN	EACH ADDITIONAL CAN
	\$7.50	\$5.25

NOTES ON RESIDENTIAL SERVICE: (1) IN TRAILER COURTS WHERE OWNER OF PARK IS RESPONSIBLE FOR PAYMENT AND WHERE CANS ARE AT THE CURB, THE CHARGE WILL BE \$6.55 PER CAN. (2) OCCASIONAL EXTRA CAN FOR A REGULAR CUSTOMER SHALL BE \$1.95. (3) THE MINIMUM CHARGE FOR ANY STOP FOR AN OCCASIONAL CUSTOMER SHALL BE \$3.60. (4) STATE ACCIDENT INSURANCE FUND SAFETY RECOMMENDATIONS SHALL BE FOLLOWED. THESE ARE THE CAN SHALL NOT EXCEED 32 GALLONS AND 60 POUNDS. CANS TO BE OF RECOMMENDED TYPE AND LOCATED IN ACCORDANCE WITH S.A.I.F. RECOMMENDATIONS.

II. COMMERCIAL CAN RATE ON MONTHLY BASIS - 32 GALLON CAN:

1 STOP PER WEEK		2 STOPS PER WEEK		3 STOPS PER WEEK	
1 Can	Each Add'l Can	1 Can	Each Add'l Can	1 Can	Each Add'l Can
\$8.10	\$6.15	\$16.15	\$12.30	\$24.35	\$18.30

NOTES ON COMMERCIAL SERVICE: (1) ADDITIONAL CANS SHALL BE \$6.15 PER MONTH MULTIPLIED BY THE NUMBER OF STOPS PER WEEK. (2) AN EXTRA CHARGE OF 25% WILL BE MADE FOR EACH ADDITIONAL FLIGHT OF STAIRS. (3) EXTRA CHARGE MAY BE MADE FOR GARBAGE WHICH IS NOT READILY AVAILABLE ON COLLECTION DAY OR WHICH NEEDS ADDITIONAL JANITORIAL SERVICE. (4) BRUSH OR LIMBS ARE TO BE BUNDLED AND AT THE CURB. (5) THE CHARGE FOR MULTIPLE UNITS OF ANY TYPE SHALL BE TO THE OWNER OF THE UNITS. (6) AN EXTRA CHARGE MAY BE MADE FOR SERVICE THAT INCURS ADDITIONAL DISPOSAL COSTS SUCH AS TIRES, MAJOR APPLIANCES, ETC. OR FOR HANDLING OVERSIZED, ODOROUS, DANGEROUS OR LIQUID ARTICLES. (7) WHEN A STOP USES 7 OR MORE 32 GALLON CANS, THE COLLECTOR MAY REQUIRE THAT THE SERVICE BE SHIFTED TO A CONTAINER TYPE SERVICE.

III. RESIDENTIAL RATE ON MONTHLY BASIS FOR CURBSIDE CART SERVICE:

1 STOP PER WEEK - CART AT THE CURB	60 Gal. Cart	90 Gal. Cart
	\$8.75	\$12.75

NOTES ON RESIDENTIAL SERVICE: (1) IN TRAILER COURTS WHERE OWNER OF PARK IS RESPONSIBLE FOR PAYMENT, THE CHARGE WILL BE \$7.65 FOR A 60 GAL. CART AND \$11.30 FOR A 90 GAL. CART. (2) STATE ACCIDENT INSURANCE FUND SAFETY RECOMMENDATIONS SHALL BE FOLLOWED. THE 60 GAL. CART SHALL NOT EXCEED 120 POUNDS, AND THE 90 GAL. CART SHALL NOT EXCEED 180 POUNDS. (3) CARTS MUST BE PLACED AT THE CURB BY THE CUSTOMER ON COLLECTION DAY.

IV. COMMERCIAL RATE ON MONTHLY BASIS FOR CURBSIDE CART SERVICE:

1 STOP PER WEEK		2 STOPS PER WEEK		3 STOPS PER WEEK	
60 Gal.	90 Gal.	60 Gal.	90 Gal.	60 Gal.	90 Gal.
\$11.00	\$16.50	\$22.00	\$33.00	\$33.00	\$49.50

NOTES ON COMMERCIAL SERVICE: (1) ADDITIONAL CARTS SHALL BE AT 100% TIMES THE FIRST CART RATE, MULTIPLIED BY THE NUMBER OF STOPS PER WEEK. (2) EXTRA CHARGE MAY BE MADE FOR GARBAGE WHICH NEEDS ADDITIONAL JANITORIAL SERVICE. (3) THE CHARGE FOR MULTIPLE UNITS OF ANY TYPE SHALL BE TO THE OWNER OF THE UNITS. (4) AN EXTRA CHARGE MAY BE MADE FOR SERVICE THAT INCURS ADDITIONAL DISPOSAL COSTS SUCH AS TIRES, MAJOR APPLIANCES, ETC., OR FOR HANDLING OVER-SIZED, ODOROUS, DANGEROUS OR LIQUID ARTICLES.

#1 NOTE: THESE RATES FOR CART SERVICE ARE IN ADDITION TO THE RATES FOR CAN SERVICE NOW IN EFFECT. CUSTOMERS PREFERRING CAN SERVICE SHALL BE BILLED AT THE RATES EFFECTIVE MARCH 1, 1987, FOR CAN SERVICE.

#2 NOTE: IF THERE IS A SHARING OF CARTS BETWEEN CUSTOMERS, THE MINIMUM RATE PER UNIT SHALL BE \$6.60.

V. CONTAINER RATES ON A MONTHLY BASIS: (a) FOR LOOSE MATERIAL

STOPS PER WEEK:	ONE	TWO	THREE
ONE YARD	\$43.80	\$80.64	\$117.65
ONE-ONE/HALF YARD	58.15	107.55	157.00
TWO YARD	74.75	138.30	202.00

(b) FOR COMPACTED MATERIAL

WHERE THE COMPACTED CONTAINER CAN BE DUMPED INTO THE COLLECTION TRUCK, THE CHARGE WILL BE DOUBLE THE ABOVE LOOSE RATE, AND THE COMPACTOR SHALL BE COMPATIBLE WITH THE EQUIPMENT OF THE COLLECTOR. (IN ACCORDANCE WITH WORKERS COMPENSATION BOARD REGULATIONS).

(c) CHARGE FOR LARGER CONTAINERS AND ADDITIONAL STOPS

FOR LARGER CONTAINERS, THE CHARGE SHALL BE A MULTIPLE OF THE PRICE FOR THE TWO YARD CONTAINER FOR THE RELEVANT NUMBER OF STOPS PER WEEK. FOR MORE THAN THREE STOPS PER WEEK, THE RATE SHALL BE THE DIFFERENCE BETWEEN THE SECOND AND THIRD STOP PER WEEK FOR EACH ADDITIONAL STOP, MODIFIED AS NECESSARY FOR CONTAINERS LARGER THAN TWO YARDS.

(d) MISCELLANEOUS PROVISIONS FOR CONTAINERS

THE CHARGE FOR THE USE OF THE CONTAINER IS INCLUDED IN THE PRICE FOR SERVICE. THE MINIMUM CHARGE FOR A CONTAINER SHALL BE THE ONE STOP PER WEEK RATE. WHILE NO RENTAL CHARGE WILL BE MADE ON CONTAINERS, WHERE CONTAINERS ARE USED IN HANDLING MATERIAL THAT CAUSES EXCESSIVE WEAR OR DAMAGE, AN ADDITIONAL CHARGE MAY BE MADE FOR SUCH WEAR OR DAMAGE. THE CHARGE FOR DELIVERY OF A CONTAINER TO AN OCCASIONAL CUSTOMER SHALL BE \$13.75. THE CHARGE FOR EMPTYING SAID OCCASIONAL CONTAINER SHALL BE BASED ON THE FIRST STOP PER WEEK RATE.

VI. DROP BOX SERVICE RATES:

(a) FOR LOOSE MATERIAL

THE CHARGE SHALL BE \$2.95 PER YARD FOR 20 AND 30 YARD DROP BOXES. AND \$2.80 PER YARD FOR 40 YARD DROP BOXES. IN ADDITION, THERE SHALL BE A \$50.70 PER MONTH RENTAL CHARGE ON A BOX. FOR BOXES LEFT ON AN OCCASIONAL BASIS, THERE SHALL BE A RENTAL CHARGE OF \$3.80 PER DAY AFTER 48 HOURS ON A LOCATION. THE COST OF DISPOSAL SHALL BE CHARGED IN ADDITION TO THE YARDAGE AND RENTAL CHARGES.

(b) FOR COMPACTED MATERIALS

THE CHARGE SHALL BE \$4.50 PER YARD PLUS COST OF DISPOSAL WHERE THE CUSTOMER FURNISHES THE COMPACTOR DROP BOX. HOWEVER, FOR A 15 YARD OR SMALLER COMPACTED DROP BOX, A COMPACTOR OF ANY KIND THAT HAS TO BE HAULED TO THE LANDFILL AND RETURNED TO THE CUSTOMER, THE SERVICE FEE SHALL BE \$72.95 PLUS COST OF DISPOSAL. IF THE COLLECTOR AGREES TO FURNISH THE COMPACTOR, THE RENTAL SHALL BE THE CURRENT RATE THE COLLECTOR WOULD PAY ON A LEASE-PURCHASE. BEFORE ACQUIRING A COMPACTOR, THE CUSTOMER MUST MAKE CERTAIN THE COMPACTOR TO BE ACQUIRED IS COMPATIBLE WITH THE EQUIPMENT OF THE COLLECTOR OR THE EQUIPMENT THE COLLECTOR IS WILLING AND ABLE TO ACQUIRE. (AND MUST COMPLY WITH WORKERS COMPENSATION BOARD REGULATIONS AND OREGON ADMINISTRATIVE RULES).

VII. MISCELLANEOUS SERVICES AND PROVISIONS:

(a) HOURLY HAULING RATES
(Plus Cost of Disposal)

ONE TRUCK AND ONE MAN - \$42.00 PER HOUR
ONE TRUCK AND TWO MEN - \$57.40 PER HOUR

(b) EACH LOCATION OF CANS WILL BE
BILLED AS A SEPARATE ACCOUNT UNDER THIS SCHEDULE.

(c) WHEN MATERIALS OR CUSTOMER ABUSE
CAUSES EXCESSIVE WEAR OR DAMAGE TO THE DROP BOX, THE COST OF REPAIR OR REPLACEMENT MAY BE CHARGED TO THE CUSTOMER.

(d) THE WEIGHT OF MATERIAL PUT INTO
A CONTAINER OR DROP BOX, WHETHER COMPACTED OR UNCOMPACTED, SHALL NOT EXCEED THE LIFTING CAPACITY OF THE COLLECTOR'S EQUIPMENT NOR SHALL THE WEIGHT PUT THE COLLECTOR OVER THE WEIGHT LIMIT FOR THE LOADED VEHICLE. THE COLLECTOR SHALL FURNISH THE CUSTOMER WITH INFORMATION CONCERNING LIMITATIONS ON HIS EQUIPMENT, UPON REQUEST.

(e) IF MATERIALS ARE DIVERTED TO A
DIVERSION FACILITY, THE DISPOSAL FEE SAVINGS WILL BE PASSED ON TO THE CUSTOMER, BUT THE HOURLY HAULING RATE SHALL BE CHARGED IN ADDITION TO THE COLLECTION AND DISPOSAL FEE BECAUSE OF THE EXTRA DISTANCE TO THE DIVERSION FACILITY. (IN MANY INSTANCES THERE WILL STILL BE A SAVINGS TO THE CUSTOMER.)

(f) EVERY PERSON WHO GENERATES OR
PRODUCES SOLID WASTE SHALL HAVE ALL PUTRESCIBLE WASTES REMOVED AT LEAST EVERY 7 DAYS, WITH MORE FREQUENT REMOVAL IF NECESSARY TO PREVENT HEALTH HAZARDS, NUISANCES OR POLLUTION IN ACCORDANCE WITH OAR 340-61-070(3).

HARLAN BUSINESS CONSULTANTS, INC.
 2202 S.E. LAKE RD.
 MILWAUKIE, OREGON 97222
 (503) 654-9533

ESTLE HARLAN
 CONSULTANT

January 12, 1987

HONORABLE MAYOR and CITY COUNCIL, CITY OF WILSONVILLE:

1. RATE HISTORY

The last over-all rate increase was effective August 1, 1984 in the amount of 13%. Due to an unexpected increase in disposal fees, a pass-through of those increased disposal fees (together with the attendant increase in franchise fees) in the amount of 16% for can and container service and in the amount of 2% for drop box services was effective March 1, 1985. Effective December 1, 1985, cart service was instituted in Wilsonville, and rates were set for that service.

2. RATE REQUEST

Your franchisee is requesting a 13.6% increase in can service, a 5% increase in container service, and a 10% increase in drop box and cart service, effective March 1, 1987. Based on a distribution of revenue between these various types of service, this makes an average increase request of 8.9%. This will be the first over-all rate request in 31 months.

3. RATE REQUEST EVALUATION

(a) The solid waste industry has been particularly hard-hit by certain cost increases, and the attached financial summaries would indicate the following:

	<u>3/1/85</u>	<u>3/1/87</u>	<u>% Increase</u>	<u>x % of Gross</u>	<u>= Effective Increase</u>
Disposal Fees	\$15.68/ton	\$19.70/ton	25.64%	10.9%	3.00%

(Note: For many years your franchisee has been able to take advantage of the lower disposal fees in Marion County, however, those fees are going up to a projected \$26/ton on March 1, 1987, so Wilsonville waste is being disposed of at Clackamas Transfer and Recycling Center (CTRC) where rates are currently \$17.38/ton and are going to \$19.70/ton 4/1/87)

	<u>8/1/84</u>	<u>3/1/87</u>	<u>% Increase</u>	<u>x % of Gross</u>	<u>=</u>
General Insurance	\$28,021	\$57,238	104.27%	1.2%	1.25%
Labor Related	779,000	1,147,245	47.27%	33.7%	<u>15.95%</u>
TOTAL EFFECTIVE INCREASE					20.20%

These costs alone total far more than the rate increase we are requesting.

January 12, 1987

(b) Also attached is a Summary of Comparative Rates in other jurisdictions. If you were to approve the requested rate request, the rates in Wilsonville would be very favorable when compared to current rates in other jurisdictions. However, because of the disposal fee increase, virtually every one of these other jurisdictions are also facing rate requests, and that will make Wilsonville's rates even more favorable by comparison.

(c) Your franchisee is entitled to a reasonable rate of return. The financial statements attached to this Rate Memorandum include a pro-forma column for the 12 months ended June 30, 1987. The figures in that column are based on the assumption that this rate request will be approved, and they take into consideration the increased costs of doing business that have been outlined in (a) of this Memo. If you grant this rate request, your franchisee will realize a rate of return (net as a percent of gross) of 5.06%. That is not a healthy rate of return, considering the accounting firm of Coopers & Lybrand has indicated that rate of return for Clackamas County franchisees should be 10-15%, based on current interest rates. A national accounting firm doing a rate study for Washington County arrived at a 10% average for the rate of return. Therefore, your franchisee is not seeking an unduly favorable return for his company, and if the rate request is not granted, that return will fall to a dangerously low level.

The final documents attached are the form of Resolution with Exhibit "A" setting forth the requested rates. We believe these rates are reasonable, and your franchisee appreciates your consideration of the rate increase request.

Respectfully submitted,



ESTLE HARLAN, Consultant for
UNITED DISPOSAL SERVICE, INC.

EH:e

Attachments

UNITED DISPOSAL SERVICE, INC.
 WOODBURN, OREGON

STATEMENT OF INCOME
 FOR FISCAL YEARS ENDING
 JUNE 30

	12 MONTHS 1984	12 MONTHS 1985	12 MONTHS 1986	12 MONTHS PROFORMA
REVENUES				
SALES	\$ 2,145,322	2,470,423	2,901,166	3,885,545
RECYCLING	102,174	103,853	122,579	125,762
TOTAL	2,247,496	2,574,276	3,023,745	4,011,327
DIRECT OPERATING EXPENSES				
SCHEDULE 1	1,626,896	1,789,064	2,203,513	3,026,772
GROSS PROFIT	620,600	785,212	820,232	984,555
ADMINISTRATIVE EXPENSES-				
SCHEDULE 2	564,975	592,175	707,880	805,909
OPERATING PROFIT	55,625	193,037	113,152	178,646
OTHER INCOME (EXPENSE)	62,272	13,700	36,762	24,159
INCOME BEFORE TAX	117,897	206,745	151,934	202,805
INCOME TAX	23,615	62,024	61,685	62,339
NET INCOME	\$ 94,282	144,721	90,249	140,466

UNITED DISPOSAL SERVICE, INC.
 WOODBJRN, OREGON

SCHEDULE OF DIRECT EXPENSES
 FOR FISCAL YEARS ENDING
 JUNE 30

	12 MONTHS 1984	12 MONTHS 1985	12 MONTHS 1986	12 MONTHS PROFORMA
<u>DIRECT OPERATING EXPENSES</u>				
LABOR	\$ 580,769	640,504	725,925	879,962
PAYROLL TAXES & BENEFITS	198,231	184,555	240,634	267,263
GAS & OIL	108,693	108,822	114,591	132,577
TIRES & REPAIR	27,163	30,638	37,687	54,482
REPAIRS & MAINTENANCE	94,367	93,519	163,701	188,249
RENT OPERATING EQUIPMENT	96,054	86,204	40,503	40,503
SUPPLIES	3,173	2,963	5,311	5,523
UNIFORMS & LAUNDRY	3,230	6,491	5,565	5,752
FRANCHISE FEES	55,509	57,669	76,365	97,677
LICENSES & USE TAXES	15,051	15,806	22,650	26,264
RENT-SHOP BUILDING	42,576	81,186	66,976	67,715
REPAIRS & MAINT SHOP BLD	2,455	10,397	4,190	4,358
UTILITIES SHOP	4,720	7,573	6,231	6,400
DUMPING CHARGES	224,708	282,731	459,583	556,666
DEPRECIATION	115,341	139,822	169,214	254,977
PURCHASES FOR RECYCLE	50,716	39,184	30,501	31,682
SUBCONTRACTORS	1,739	000	13,282	6,641
TOTAL DIRECT EXPENSES	\$ 1,626,896	1,789,064	2,203,513	3,026,712

UNITED DISPOSAL SERVICE, INC.
 WOODBURN, OREGON
 SCHEDULE OF ADMINISTRATIVE EXPENSES
 FOR FISCAL YEARS ENDING
 JUNE 30

	12 MONTHS 1984	12 MONTHS 1985	12 MONTHS 1986	12 MONTHS PROFORMA
GENERAL & ADMINISTRATIVE				
SALARIES	\$ 158,963	173,225	211,550	220,012
PAYROLL TAXES & BENEFITS	25,201	24,520	32,789	34,101
ADVERTISING	2,616	3,633	8,289	8,621
AMORTIZATION	58,603	41,608	48,931	88,310
BAD DEBTS	10,856	16,396	16,530	17,191
CONTRIBUTIONS	1,824	1,311	2,479	2,578
DEPRECIATION	27,349	34,345	40,244	41,854
DUES & SUBSCRIPTIONS	7,230	8,772	10,399	10,815
INSURANCE & DAMAGES	28,021	27,988	50,411	57,238
INTEREST	65,767	54,464	131,929	180,672
MANAGEMENT SERVICES	78,600	87,600	9,602	9,602
MISCELLANEOUS	7,865	5,275	10,112	10,516
OFFICE SUPPLIES	8,258	9,487	16,063	16,706
POSTAGE	10,274	10,996	12,753	13,263
PROFESSIONAL SERVICES	13,819	18,227	14,340	14,914
PROPERTY TAXES	12,221	15,284	21,822	22,695
RENT OFFICE BUILDING	7,176	6,918	11,823	12,194
REPAIRS OFFICE BUILDING	2,321	2,182	4,188	4,356
REPAIRS OFFICE EQUIPMENT	4,549	3,578	4,894	5,090
TELEPHONE	18,399	16,551	17,667	18,374
TRAVEL & PROMOTION	14,023	27,989	27,108	13,554
UTILITIES	1,840	1,406	3,157	3,255
TOTAL	\$ 564,975	592,175	707,080	805,509

SCHEDULE 2

SUMMARY OF COMPARATIVE MONTHLY RATES
UNITED DISPOSAL SERVICE, INC.

	(urban) Clackamas County	Forest Grove	Gladstone	Marion County	Milwaukie	Molalla	Oregon City	Sandy	Tigard	Tualatin	Washington County	Wilsonville	Wilsonville Requested
Effective Date of Rates:	3/1/86 (1) (2)	1/1/86 (3) (2)	1/1/86 (1) (2) (3)	3/1/85 (2) (3)	6/1/86 (1) (2)	1/1/86 (1) (2)	1/1/86 (1) (2) (3)	4/1/86 (1) (2) (3)	4/1/86 (2)	7/1/83 (2)	4/1/86 (2)	3/1/85 (4)	3/1/87
<u>RESIDENTIAL</u>													
1 Can	8.63	7.55	7.35	9.50	6.99	7.80	7.10	7.65	8.10	6.95	8.20	6.60	7.50
2 Cans	15.83	13.80	12.60	14.20	12.97	13.65	12.95	14.25	15.30	13.15	15.55	11.20	12.75
Each Additional	5.92	6.25	5.50	4.70	5.03	-	4.80	7.15	7.20	6.20	6.45	4.50	5.25
<u>COMMERCIAL CAN.</u>													
1 Can	9.00	7.55	7.35	8.15	7.68	8.80	8.35	8.25	8.60	7.40	8.20	7.15	8.10
2 Cans	16.35	13.80	12.60	13.75	14.08	15.15	15.15	14.25	16.00	13.80	15.55	12.55	14.25
Each Additional	6.65	6.25	5.50	5.10	5.03	-	-	7.15	6.40	5.50	6.45	5.30	6.15
<u>COMMERCIAL CONTAINER (Loose-1 stop per week)</u>													
1-1/2 Yards	57.52	64.00	55.75	60.95	51.79	63.00	55.05	56.15	64.00	54.90	62.20	55.40	58.15
2 Yards	76.24	78.20	71.00	78.25	68.31	83.50	73.00	74.05	84.40	72.45	81.65	71.20	74.75
3 Yards	90.69	110.55	90.15	117.60	86.31	-	-	111.10	108.80	93.35	103.75	-	-
4 Yards	115.84	138.00	-	156.70	-	-	-	148.15	133.10	114.25	125.65	-	-
<u>DROP BOX (Plus Disposal Fee)</u>													
20 Yards	60.63	88.00	60.63	60.00	60.00	60.63	64.30	60.63	112.20	57.20	86.50	54.00	59.00
30 Yards	79.49	132.00	79.49	90.00	90.00	79.49	81.80	79.49	148.80	74.99	119.25	81.00	88.50
40 Yards	91.82	176.00	91.82	120.00	120.00	-	-	91.82	-	86.62	142.95	102.00	112.00
	Plus	rental	Plus	Plus	Plus	Plus	Plus	Plus	Plus	Plus	Plus/day	Plus	Plus
	5.06/	figures	5.06	3.60	2.66	5.06	10.05	5.06	rental	4.77	4.20/20yd.	3.45/	4.50/
	day	not	/day	/day	/day	/day	drop	/day	51.10/	/day	5.52/30yd.	day	day
	after	avail-	after	after	per 10	after	off	after	20 yds.	after	6.21/40yd.	after	after
	48 hrs.	able	48 hrs.	48 hrs.	yds.	48 hrs.	charge	48 hrs.	68.20/	48 hrs.	48 hrs.	48 hrs.	48 hrs.
					after	plus			30 yds.		48 hrs.		
					48 hrs.	mileage							

- (1) Jurisdiction has an annual rate review.
- (2) Next Rate Request expected to be presented within 30-45 days.
- (3) Near a Transfer Station, so less time getting to a disposal facility.
- (4) Rates impacted by lower disposal rate that has been in effect in Marion County.

REFUSE COLLECTOR INSURANCE COSTS
09/30/84 -THRU- 01/01/87 ... MILWAUKIE, OREGON

January 11, 1987

WORKERS COMPENSATION

Three factors influence the cost of workers compensation paid by an Oregon employer [a refuse collector]:

- [a] Governing Classification Rate
There are a number of classifications which "could" effect a refuse collector's workers compensation cost. But, the great majority of the payroll is concentrated in the governing class, Garbage, ashes or refuse collection - code 9403;

- [b] Insurer/or/Saif Expense Loading
In Oregon, each insurer and Saif applies an expense factor to the published Oregon workers compensation rate [the "pure" rate]. Since this system was adopted in 1981, these expense loading have gradually increased and this is projected to continue;

- [c] Oregon Assessment(s)
When the Oregon rate system was changed in 1981, premium taxes were removed from the rates. As a result there is a separate assessment which is paid to the workers compensation insurer who, in turn, remits it to the State. And, each Oregon employer pays another assessment for each employee per full or partial day worked.

WORKERS COMPENSATION COST CHANGES 09/30/84 -TO- 01/01/87

<u>CODE</u> <u>9403 RATE</u>	<u>EXPENSE</u> <u>LOADING</u>	<u>OREGON</u> <u>ASSESSMENT</u>	<u>FINAL</u> <u>RATE</u>	<u>CHANGE</u> <u>THIS YR</u>	<u>OVERALL CHANGE</u> <u>TO DATE</u>
[1-1-84] 6.99	1.00	16.8%	8.164		
[7-1-85] 8.46	1.00	16.8%	9.881	+ 21%	+ 21%
[1-1-86] 9.51	1.125	12.0%	11.982	+ 21%	+ 47%
[1-1-87] 10.49	1.125	12.0%	13.217	+ 10%	+ 62%

(CONTINUED - P.2)

Expense Loading(s)

The expense loadings used for the above display are those of SAIF. SAIF's expense loadings are the lowest, but the relative changes are representative. Additionally, it is anticipated that these expense loading will be increased 7-1-87 by most insurers including SAIF. The loading show now is "only" applicable for customers who have premiums in excess of \$10,000 annually /and/ who have experience modifications below 93%. For all other SAIF customers the loading is 1.25. For those collectors, the overall rate increase from 09/30/84 to 01/01/87 is + 80%.

GENERAL / VEHICLE / INSURANCE RATE CHANGES 09/30/84 -TO- 01/01/87

Here also there are several factors which influence the actual insurance costs paid by a refuse collector:

[a] Published Insurance Rates

The base insurance rates used insurers are published by the Insurance Services Office (ISO). Insurers have modifications which can be applied to these rates;

[b] Rate Deviation(s)

Insurer's can deviate (increase or decrease) the ISO rate based on their rate filings with the Oregon Ins. Dept.;

[c] Experience and/or Schedule Rate Modifications

Insurers have the ability to increase or decrease rates based on the individual loss experience of the collector and based on factors which separate the collector from others in the same class. To some degree in 1984 and universally in 85, 86 these rate adjustment factors are "not" being applied.

The predominate factor in refuse collectors general insurance costs are vehicle rates. Thus, for comparision purposes, shown below are the liability rates for a garbage truck in Milwaukie, Oregon.

VEHICLE LIABILITY RATE CHANGES 09/30/84 -TO- 01/01/87

<u>RATE EFF.</u> <u>DATE</u>	<u>RATE</u>	<u>RATE</u> <u>DEV</u>	<u>EXP/SCH</u> <u>MOD</u>	<u>TOTAL</u> <u>RATE</u>	<u>PRESENT</u> <u>CHANGE</u>	<u>OVERALL CHANGE</u> <u>TO DATE</u>
10/01/84	1,755	-15%	-15%	1,268		
09/01/85	2,026	None	-15%	1,722	+ 36%	+ 36%
09/01/86	2,535	None	None	2,535	+ 47%	+ 100%

{CONTINUED}

REFUSE COLLECTOR INSURANCE RATE CHANGES

09/30/84 -TO- 01/01/87

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Equally important is the physical damage insurance for collection vehicles. However, analysis of this element of the insurance program must recognize:

[a] Proportion of Physical Damage to Liability Premiums

For garbage trucks, the physical damage premiums are 2 to 3 times as much as the liability rates. And, these rates are the same regardless of where the truck is operated in Oregon. Portland, Milwaukie or Burns all have identical rates;

[b] Rates based on Cost New of Vehicle

The insurance rates are based on the "original" cost new of the vehicle to be insured. Identical trucks purchased several years apart will have different insurance premiums based on the inflation in the purchase price of identical equipment. A single axle, 20 cu.yd. packer truck purchased in 84 would cost \$2,800 to insure as compared to the same unit in 87 with insurance costs of \$5,300, a combined increase of 89%;

[c] Much Physical Damage "NOT" Insured

Because of the substantial increase in premiums combined with the difficulty in damaging garbage trucks, many collectors choose not to insure some or all of their vehicles for collision. Nevertheless, some will be damaged and the collector will have to pay for repairs out of his/her pocket. This definitely "is" an insurance cost in spite of the fact that it is "self-insured". The smaller the collection firm, the less likely it is that this element can be self-insured.

OVERALL

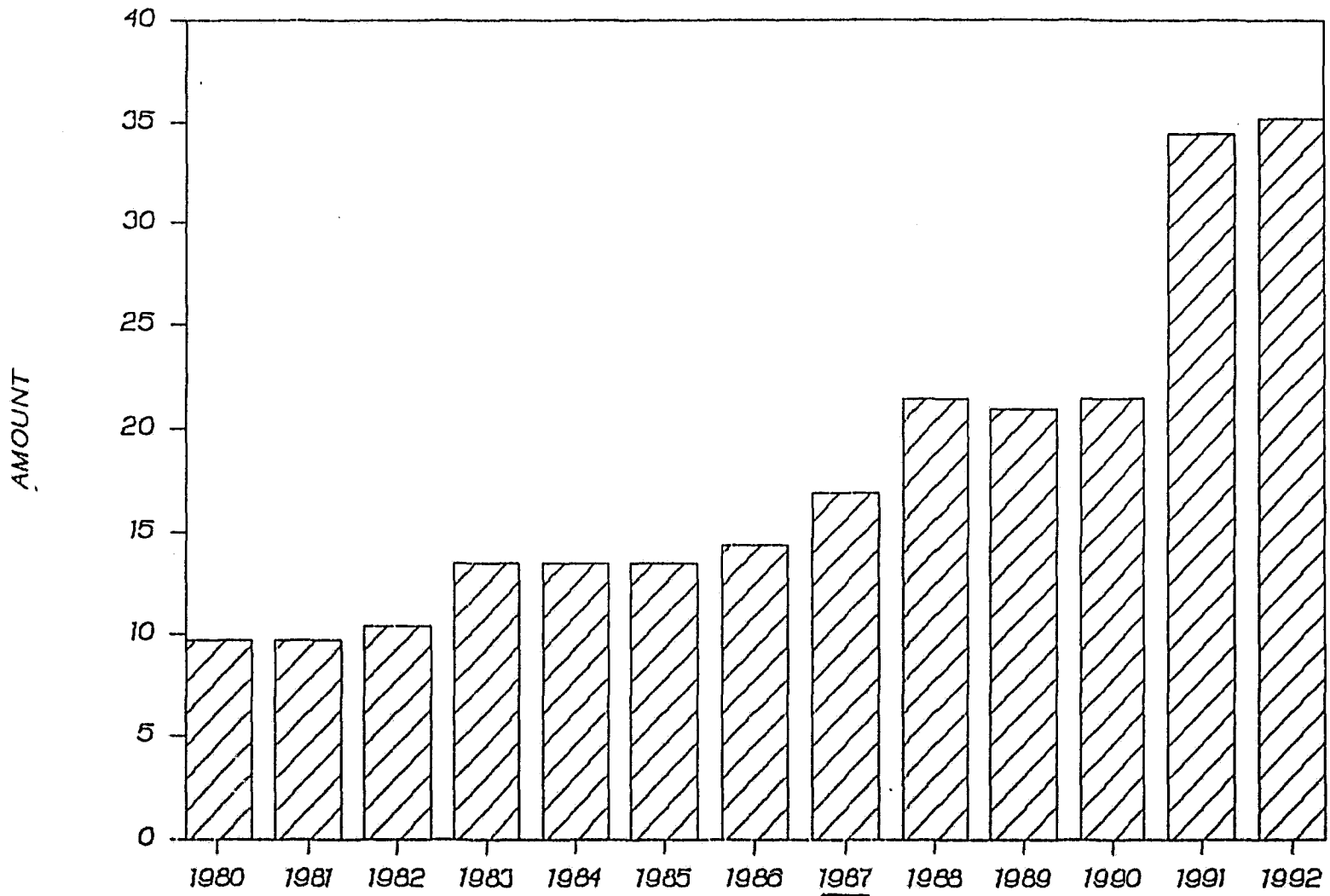
Worker's compensation costs have increased 62%;

Truck liability rates have increased 100%;

Truck physical damage rates have increased 89%.

12/3/n
METRO

Historical & Projected Disposal Rates at St. John's Landfill



→ CTRC. Add 1.50 1.50 1.50 ^{YEAR} 3.00 3.00 3.00 3.00 3.00 3.00 3.00