

RESOLUTION NUMBER 13-1983

A RESOLUTION SETTING RATE TO BE CHARGED BY FRANCHISEES UNDER ORDINANCE NUMBER 1301, THE ORDINANCE PROVIDING FOR THE ESTABLISHMENT, MAINTENANCE, AND OPERATION OF A SYSTEM OF WASTE AND SOLID WASTE DISPOSAL.

WHEREAS, the garbage franchisees of the City of Milwaukie have applied for a Rate Increase, and

WHEREAS, their cost of doing business has increased substantially since the last Rate Increase approved August, 1980 and

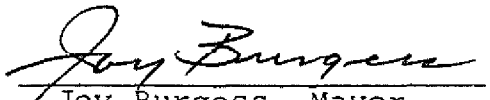
WHEREAS, further increases in their cost of doing business in the form of an increase in the disposal cost at the landfill have occurred.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Milwaukie, Oregon, that a Rate Increase is necessary to enable the garbage franchisees to receive a reasonable rate of return on their investment and on the service performed in the City of Milwaukie.

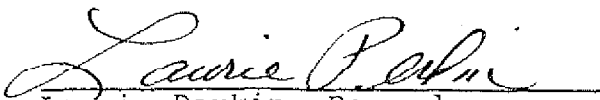
BE IT FURTHER RESOLVED by the Council of the City of Milwaukie, Oregon, that the rates to be charged by franchisees under Ordinance Number 1301, an Ordinance providing for the establishment, maintenance and operation of a system of waste and solid waste disposal, shall be as set forth in the attached Exhibit "A" hereto, which is by reference made a part hereof, and that said rates as set forth on the attached Exhibit "A" shall be effective on the 1st day of September, 1983 .

BE IT SO RESOLVED.

Introduced and adopted by the City Council on the 16th day of August, 1983, at a regular meeting of the City Council.

  
Joy Burgess, Mayor

ATTEST:

  
Laurie Perkin, Recorder

Approved as to form:

  
City Attorney

TABLE 1

Regional Collection Rates  
 Rate for 1 can per week  
 pick up service as of 7/83

Portland	\$6.00 - \$7.25 (unregulat
Gresham	\$5.90
Oregon City	\$5.50
Lake Oswego	\$6.05 (pending)
Gladstone	\$7.00
West Linn	\$5.30
Beaverton	\$5.00
Hillsboro	\$5.95
Tigard	\$6.75
Forest Grove	\$6.35
Clack. Co. Urban	<u>\$6.90</u>
Average -	\$6.25
Milwaukie	\$5.05 (proposed 5.96)

TABLE 2

Operating Costs  
 % change since last  
 rate increase.  
 (Aug. 80 - Aug. 83)

1.	Labor	- Wage	20%
		- Medical	63%
		- Pension	10%
2.	Disposal		125%
3.	Costs of Money		Unstable*
4.	Fuel	- Gas	No change
		- Diesel	9%
5.	C.P.I.		18.3%

\* The prime rate has gone from 11% to 21½% and back down to 10¾ % in the past 3 years. A franchise trying to finance equipment would pay 3-4% over prime (if money was available).

TABLE 3  
FINANCIAL DATA  
As of October 1982

A. Inside City	98%	20%	31%	2.3%	23%	100%		
B. Firm	Wichita	Deines Bros.	Mal Deines	Lak Grove Disposal	P. Deines	SCA	Consolidated	
C. Gross Receipts	(907,447)	(165,203)	(90,916)	(917,261)	(73,038)	(461,000)	1,797,945	
1. Personnel	37,235	88,676	43,690	439,991	60,360	126,000	795,952	40%
2. Deprec.	6,461	5,557	2,331	42,278	750	33,000	90,371	5%
3. Disposal	10,023	22,514	13,382	127,262	2,600	118,000	293,602	17%
4. Dues, Mtg.	--	1,964	953	8,353	442	2,250	14,162	1%
5. Franch Fee	802	944	554	18,063	233	1,598	22,794	1%
6. Insurance	2,345	3,774	1,773	14,129	707	28,000	49,723	3%
7. Interest V. & E.	2,250	---	408	---	483	25,000	28,141	2%
8. Lease Exp.	---	---	---	20,625	---	---	20,625	1%
9. Office	4,117	5,808	2,929	31,275	3,743	32,152	81,044	5%
10. Professional Fees	2,309	4,615	1,195	11,092	656	8,700	28,752	2%
11. Promotion	---	35	76	9,074	---	300	9,485	1%
12. Subcontracts	---	---	10,798	---	---	---	10,798	1%
13. Utilities	542	398	100	6,874	---	4,000	11,919	1%
14. Fuel & Maint	9,021	24,147	7,935	103,164	2,505	91,000	237,777	14%
15. Miscellaneous *	11,182	635	724	37,752	2,906	16,000	53,379	3%
D. TOTAL COSTS	86,273	159,301	86,949	859,742	75,179	481,000	1,748,604	
E. PROFIT	3,174	6,042	3,967	57,519	(2,361)	(20,000)	49,341	

This table shows the % of the haulers business in the city, gross revenues, itemized cost summary and profit.

Table 4

Comparison of Costs  
Sept. 1981 - Sept 1982

	<u>Sept. 81</u>	<u>Sept. 82</u>
Revenue	<u>\$1,744,565</u>	<u>\$1,797,945</u>
Labor	\$898,552	\$795,952
Veh. Op.	\$209,821	\$237,777
Disposal	\$234,001	\$293,682
Subcontracts	\$18,305	\$10,798
Overhead	<u>\$285,025</u>	<u>\$410,395</u>
Costs	\$1,645,704	\$1,748,604
Profit	\$98,494	\$49,341

TABLE 5

## RATE OF RETURN

	Richita	Deines Bros	Mel Deines	Oak Grove Disposal	P. Deines	SCA	Consolidated
Revenue	90,447	165,303	90,916	917,261	73,018	461,000	1,797,945
Costs	86,273	159,261	86,949	859,742	75,379	481,000	1,748,604
Profit	3,174	6,042	3,967	57,519	(2,361)	(20,000)	49,341
Amort	18,483	726	---	---	3,993	---	25,202
Interest	11,811	---	---	---	2,666	---	21,477

GROSS PROFIT

26,020

This table indicates how the haulers gross profit relates to the 20% benchmark for gross profit used by the county and adopted as a standard in our regulations.

Table 6

3% Franchise Fee  
Estimated Distribution  
and yield.

	% in City	Gross Rev.	Rev. In City	
SCA	100%	\$461,000	\$461,000	\$13,830
Witchita	99%	90,447	89,542	2,686
Mel Deines	33.4%	90,916	30,365	911
P. Deines	23%	73,018	16,794	504
Deines Bros.	20%	165,303	33,060	992
Oak Grove	2.3%	917,261	21,097	633
			651,858	
			x.03% =	
			\$19,555.74	

This table gives an indication what the city might receive if it charged a 3% franchise fee. It should be noted that I assume the city would pay for services currently received at no cost so the net would be lower.

EXHIBIT

TO RESOLUTION NO. 13-1983  
SOLID WASTE AND WASTE COLLECTION RATES IN  
THE CITY OF MILWAUKIE  
Effective the 1st day of September, 1983

I. 32 Gallon Can

Residential Rates

The Rate per 32 gallon can per month shall be:

One Collection Per Week	One Can	\$6.00 per month
One Collection Per Week	Two Cans	\$11.15 per month
One Collection Per Week	Each Add.Can	\$4.31 per month

Court Apartments

The Rate per 32 gallon can per month shall be:

One Collection Per Week	Per Can	\$5.07 per month
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Commercial Can Rates

The Rate per 32 gallon can, one stop per week:

One Collection Per Week	One Can	\$6.61 per month
One Collection Per Week	Two Cans	\$12.10 per month
One Collection Per Week	Each Add. Can	\$4.31 per month

Additional stops per week for 32 gallon cans shall be served at 100% of the first stop per week rate.

NOTE: Additional Residential Service: Occasional service on the regular route day in the area is available upon notification to your collector at least 24 hours prior, or personal contact with the driver ("Yoo-Hoo" Service) on the route as in the past. The rate shall be \$2.50 cash paid to the driver or \$3.50 if billed, on a per can basis.

II. Container Service

(a) Loose Material - one stop per week, first container:

One Yard	\$34.46 per month
One/One-half Yards	\$44.43 per month
Two Yards	\$58.65 per month
Three Yards	\$74.10 per month

Additional containers shall be served at 90% of the first container rate. Additional stops per week shall be served at 90% of the first stop per week rates. The collector shall furnish the containers.

(b) Compacted Material - one stop per week, first container:

One Yard	\$57.35 per month
Two Yards	\$97.94 per month
Three Yards	\$123.60 per month



Additional containers shall be served at 90% of the first container rate. Additional stops per week shall be served at 90% of the first stop per week rates. Compactors furnished by the customers shall be compatible with equipment of the collector. If the collector agrees to furnish the compactor, the collector may charge a reasonable rental fee based on the value of the compactor and the cost of repair and maintenance.

### III. Drop Box Service

#### Open Drop Boxes:

\$2.64 per yard, plus the cost of dumping fees (including M.S.D. fees) for repeat customers.

An additional \$15.00 per drop box may be charged for one-stop service.

#### Compacted Drop Boxes:

\$4.18 per yard, plus the cost of dumping fees (including M.S.D. fees).

After 48 hours on location, a rental fee of \$2.30 per 10 yards of drop box capacity shall be chargeable per day.

### IV. Any Other Type of Service

If, due to changes in technology or needs of residents and business people of Milwaukie, additional or other types of services are needed, the charge for the service shall not be discriminatory, shall be reasonable by being commensurate with the rates above, and shall not exceed the rates most generally applicable in the Portland Metropolitan Area.