



**WILSONVILLE**  
OREGON



# City of Wilsonville

## Solid Waste Collection Rate Report

# City of Wilsonville



## Solid Waste Collection Rate Report

Amended December 2019

Bell & Associates

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## Background of Solid Waste Review

The City of Wilsonville (City) contracted with Bell & Associates, a consulting firm with expertise in solid waste collection operations, to provide the City with solid waste and recycling consulting services. In March 2019, solid waste franchisee Republic Services (Republic) submitted its annual detailed cost reports to the City for the calendar year 2018. Due to staffing changes that included a transition in controllers, additional effort and meetings were needed to acquire the data needed to conduct the review.

## Annual Cost Report

Collection of waste and recycling within Wilsonville is accomplished under an exclusive franchise agreement between Republic and the City. The annual report provides line-item costs and revenues associated with providing service within the City as well as combined line item totals for their non-Wilsonville operations. The format of the report provides the capacity to calculate the cost of service for each line of business (cart, container, and drop box). Cart collection is primarily residential customers, whereas business customers are serviced with a container. Reported results were analyzed and the following tasks were completed:

- a. Analyze reported route collection hours to the reported customer counts for each line of business.
- b. Using a predictive test of revenue for each line of business, ensure the reported revenues are reasonable for the number of reported customers.
- c. By thoroughly reviewing the reported direct cost line items, determine if the expense is reasonable in relation to the customer and operational data entered from the detailed cost report.
- d. Utilize a predictive test of disposal to determine if the reported disposal expense is reasonable.
- e. Using the reported administrative line items, determine if the expense is reasonable in relation to the operational data entered from the detailed cost report.
- f. Review the costs between the City and Republic's other franchised collection operations to determine if the allocations are reasonable.

Report adjustments were made to the submission by Republic from the application of the tasks above that reduced the reported costs and increased the profitability of services provided to Wilsonville customers.

## Adjusted Report for 2018

Table 1 details the return for each collection service provided within the Wilsonville franchise collection system.

**Table 1: Adjusted 2018 Wilsonville Results**

Cost Component	Roll Cart	Container	Drop Box	Composite
Revenues	1,929,273	2,689,503	2,430,916	7,049,692
Allowable Costs for Rates	1,693,762	2,212,371	2,076,861	5,982,994
Franchise Income	235,511	477,132	354,055	1,066,698
<b>Margin (Income / Revenue)</b>	<b>12.2%</b>	<b>17.7%</b>	<b>14.6%</b>	<b>15.1%</b>

## Projected Results for 2019

The report submitted by Republic was for the calendar year 2018; however, changes to the rates typically occur 6 to 12 months in the future. Additionally, changes to rates in 2018 are not fully realized in the submitted report. Therefore, an estimate of the expected results for 2019 is completed to provide the City with information to make an informed decision.

Projected revenues for the 2019 calendar year were calculated on the recycling surcharge and the two, 3.25% rate increases that were effective in July and October 2018 for residential, commercial, and drop box service.

The line item expenses from 2018 were adjusted to project the results for 2019 using assumptions based on contractual obligations such as the labor agreement between Republic and the union drivers, administrative wages, health insurance, recycling processing, fuel, and estimated inflation. Table 2 summarizes the inflation assumptions.

Expense	Change
Driver Wage	2.72%
Administrative Wage	2.50%
Health Insurance	5.00%
Fuel	-9.69%
Inflation	2.81%
Recycling Processing	16.5%

## Year-to-Year Comparison of Expenses

Projected increases from the recycling surcharges and the July and October 2018 rate increases combined with estimated line item costs for the current year are summarized in Table 3.

**Table 3: Adjusted Results**

Report Table	2018 Adjusted	2019 Projected	\$ ▲	% ▲
Collection Revenue	\$6,870,679	\$7,453,895	\$583,216	8.5%
Recycling Revenue	\$179,013	\$92,542	\$(86,471)	-48.3%
<b>Total Revenue</b>	<b>\$7,049,692</b>	<b>\$7,546,437</b>	<b>\$496,745</b>	<b>7.0%</b>
SW and Yard Debris Disposal	\$2,763,746	\$2,810,123	\$46,377	1.7%
Recycling Processing	\$355,826	\$414,707	\$58,881	16.5%
Labor, Health Ins, & Taxes	\$1,014,559	\$1,046,272	\$31,713	3.1%
Truck, Fuel, and Repairs	\$712,789	\$712,544	\$(245)	0.0%
Equipment and Containers	\$99,597	\$99,964	\$367	0.4%
Franchise Fees	\$203,643	\$229,632	\$25,989	12.8%
Other Expense / Food Waste	\$183,532	\$185,988	\$2,456	1.3%
Management & Administration	\$661,650	\$673,356	\$11,706	1.8%
Less: Unallowable Costs	\$(12,348)	\$(12,348)	\$0	0%
<b>Total Expense</b>	<b>\$5,982,994</b>	<b>\$6,160,238</b>	<b>\$164,770</b>	<b>2.8%</b>
Income (Revenue – Expense)	\$1,066,698	\$1,386,199	\$319,501	30.0%
<b>Margin (Income / Total Revenue)</b>	<b>15.1%</b>	<b>18.4%</b>		<b>3.3%</b>

## Recycling Costs

The revenue or cost of processing collected recycling in Wilsonville has three costs: transfer, processing, and material value. Collected materials from Wilsonville are consolidated at Willamette Resources and transported to Pioneer Recycling in Clackamas. Pioneer will sort the materials and sells them to end-users. The average cost to sort the material ranges from \$80 to \$120 per ton. The value of the material sorted offsets the processing cost. When the value of the material declines, the cost of processing increases and is passed back to the franchised haulers within the Portland area.

The value of collected recyclable material declined in 2019 compared to 2018 as the volume of materials seeking domestic markets continued to increase. The value of mixed paper, which is approximately 40% of the residential mix, has been negative over the last two years. But the value of cardboard, which is the second-largest material volume by weight, has experienced a decrease in value by over 50% from last year. Other materials have decreased in value, which is the primary reason the cost of recycling has increased when compared to the prior year.

## Temporary Recycling Surcharge

Revenue generated from the residential customers of \$2.50 per month has generated \$148,114 over the last year whereas the commercial container surcharge has generated \$209,004. The combined surcharge amounts total \$357,118. The amount of revenue generated from the commercial surcharge appears to have been greater than approved by City Council because the per yard surcharge was applied to all collected yards. The surcharge approved by City Council was simply the customer's SW container size multiplied by \$1.50. The following figure is Attachment C from the May 7, 2018 Council Agenda.

**Figure 1: Attachment C – Commercial Surcharge Rates**

Container Size	Number of Customers with Container Size	Percentage of Customers with Container Size	Recycling Surcharge (\$1.50 per yard)
35 gallon	40	5.5%	\$1.50
60 gallon	293	40.6%	\$1.50
90 gallon	88	12.2%	\$1.50
2 yard	49	6.8%	\$3.00
3 yard	17	2.4%	\$4.50
4 yard	131	18.1%	\$6.00
6 yard	39	5.4%	\$8.00
8 yard	65	9%	\$12.00

Commercial customer counts from the 2018 cost report multiplied by their respective container size should generate \$47,331 annually, but the reported commercial surcharge revenue amount is 4.42 times higher (\$209,004 / \$47,331). The surcharge from the above example on an 8 yard container is only \$12, but the customer was invoiced \$51.96 (8 yards x \$1.50 x 4.33 pickups per month). The 4.33 pickups per month are calculated by dividing 52 weeks by 12 months. Customers were charged \$1.50 for each collected yard, which is why the cost is almost 4.33 times higher than amounts from the figure above.

The increase in commercial revenue using the method approved by City Council would have increased commercial revenue by an estimated 4.5% in 2019; however, the current method previously discussed increased commercial revenue by 11.2%. If the overcharges are refunded to the customers, commercial revenue should decrease by \$161,673 in the current year, which would decrease the overall margin to 16.5%. See **Attachment A** for the detailed projected results.

## Prospective System Changes in 2020

Direct and indirect expenses were calculated to increase by 3% and 2% respectively in 2020 while revenue was left unchanged from 2019. The City has increased the franchise fee from 3% to 5% of gross revenue effective January 1, 2020. This change will increase the fees paid to the City by approximately \$150,000 compared to the current year. The expected performance in 2020 is estimated to be 12.9% (**Attachment B**); therefore, a rate adjustment should be enacted by the City to recalibrate the margin to 10% to be in compliance with Article VIII, section 3 of the City's Solid Waste Ordinance. Direct expenses.

City Council could adjust the rate to 10% by a combination of a rate decrease and an increase of additional services provided by Republic. Additional services include the commercial food waste program, a residential food waste program, a walk-in bulky waste collection for senior and disabled residents, a commercial Styrofoam / florescent light recycling program. The estimated costs of these new programs are summarized in Table 4.

**Table 4: Estimated Impact of Increased Franchise Fees and New Programs in 2020**

New Program Costs	Program Amount
Commercial Food Waste Costs	\$7,752
Residential Food Waste Program	\$21,521
Bulky Waste Collection for Senior Citizens	\$10,000
Commercial Styrofoam / Florescent Light	\$25,000
<b>Total New Program Costs</b>	<b>\$64,273</b>

Because the additional services only reduce the margin by 0.7%, from 13.1% to 12.2%, a reduction in the recycling surcharge for commercial and residential service should be implemented effective January 1, 2020. Reducing the residential recycling surcharge by 50% from \$2.50 per customer per month to \$1.25 and the commercial surcharge from \$1.50 to \$0.75 per yard will reduce the composite margin from 12.9% to 10.9%.

The 0.9% difference in the estimated margin above the targeted 10% is approximately \$75,000. To offset the difference, Republic Services will assist the Wilsonville Public Works Department with the disposal of street sweeping debris. Attachment C on the last page of this report has the estimated cost of the new recycling programs, the 50% reduction in the recycling surcharge, and the estimated disposal assistance to public works.

## Commercial Food Waste Collection Costs and Rate Alternatives

The Clackamas County Recycling Education and Outreach office has estimated the number of customers within Wilsonville that would qualify for the Metro food waste collection program by phase.

**Table 5: Estimated Food Waste Program Participants in Wilsonville**

Totals	Year of Implementation	Customers
Phase 1 (1,000 lbs. food waste weekly)	2020	21
Phase 2 (500 lbs. food waste weekly)	2021	30
Phase 3 (250 lbs. food waste weekly)	2022	27
<b>Total Food Waste Participants</b>		<b>78</b>

Implementing the rates to support Metro’s food waste program can be accomplished by two rate methods; either a variable rate assessed on the cost of service or allocate the program costs over the commercial rate base.

### Cost of Service Rate Calculations for 2019

The service rate is comprised of the collection cost, container, food waste disposal cost, operating margin, and franchise fee. The cost of collection was calculated on the 2019 projected results of collection operations within Wilsonville to collect waste using either a roll cart or a container. The expected number of stops per hour is eight stops, which is lower than garbage and recycling because the number of customers generating food waste in quantities high enough to implement the program is limited. Therefore, the time and distance between stops are higher than garbage. Table 6 summarizes the cost of service in 2019 costs for a 64 gallon roll cart and a 2 yard container.

**Table 6: Commercial Food Waste Cost of Service Rates**

Rate Component	64 gallon cart	2 yard container
Collection Cost	\$67.50	\$67.50
Cart / Container	\$0.65	\$5.77
Food Waste Disposal	\$27.27	\$156.69
Margin @ 10%	\$10.60	\$25.55
Fran Fee @ 5%	\$5.30	\$12.78
<b>Total Cost of Service Rate</b>	<b>\$111.32</b>	<b>\$268.29</b>

Food waste collection costs would be an additional charge assessed to food waste generators. There is a potential for the customer to down-size their level of solid waste collection and reduce the cost impact from the program, but that change will vary for each customer.

## Allocated Program Costs Calculations for 2019

The second method is the same approach currently in use to assess the cost of recycling services to commercial customers within Wilsonville and throughout the Portland metropolitan area. Because each customer's recycling needs vary, the cost of the service is blended with the cost of providing waste collection and the cost of recycling service is assessed on the level of waste collection service. While most customers receive a commensurate level of waste and recycling service, some customers either receive more and some receive less than the number of waste collection yards and/or collection frequency than waste.

The primary difference between assessing the cost of service rate and the allocated cost is the assumption of the cost savings from disposing of the food waste at a lower rate than solid waste. While customers may not be able to reduce their level of waste collection service to benefit from the savings, the weight, and subsequently the reduced cost of the diverted food waste will be realized within the composite by Republic.

Table 7 on the following page summarizes the overall impact to Wilsonville commercial container service for each phase of the Metro program from the expected number of participants summarized in Table 5.

**Table 7: Commercial Food Waste Program Costs**

Description	Note	Phase 1	Phase 2	Phase 3
Monthly Program Cost	A	\$1,418	\$3,443	\$5,266
Food Waste Savings	B	\$(993)	\$(1,703)	\$(1,965)
Total Monthly Cost	C	\$646	\$1,909	\$3,322
Annual Program Cost	D	\$7,752	\$22,908	\$39,864
2019 Composite Costs	E	\$2,321,576	\$2,321,576	\$2,321,576
% of Composite Costs	F	0.33%	1.32%	3.04%

### Table 7 Notes

- A. Estimated collection cost to provide a weekly pick up of one container or cart to the number of customers in each phase from Table 4. Cost includes the cost of the container.
- B. Estimated savings from the difference in the lower disposal cost of food waste compared to solid waste.
- C. Collection cost less savings on food waste disposal (A – B).
- D. Annual program cost – Phase 2 is a combination of the additional cost and the prior year costs. Phase 3 is the additional cost plus the prior year's costs.
- E. Estimated commercial collection cost in the calendar year 2019 for each of the three phases
- F. Percentage of Annual Program Cost compared to the 2019 Composite Cost (D / E)

The estimated cost of the program is \$7,752 in the first year. In the second and third year, the costs increase by \$15,156 and \$16,956 respectively. As a percentage of the total commercial cost in 2019, the program is less than one percent of the total commercial collection cost.



Projected results for 2020 include the estimated cost of providing collection service to the 21 customers that generate 1,000 pounds or more of food waste weekly (Table 5). Table 8 estimates the financial performance (Rate of Return) of commercial collection with the additional food waste program costs from 2020 to 2022 as the second and third phases are fully implemented.

**Table 8: Estimated Commercial Performance with the Additional Food Waste Costs**

Year	Revenue	Expense	Income	ROR
2020	\$2,752,040	\$2,456,365	\$295,675	10.7%
2021	\$2,752,040	\$2,520,648	\$231,392	8.4%
2022	\$2,752,040	\$2,588,017	\$164,023	6.0%

The additional cost of the food waste program and the expected collection increases should decrease the commercial margin within the allowable range over the next three years; therefore, a rate increase for commercial collection is not required to implement the commercial food waste program.

**Program Rate Recommendation**

The rate approach of allocating food waste diversion costs over the commercial base is the preferred method for Clackamas County Recycling Education and Outreach office. This is also the same method employed by the cities of Beaverton and Tigard. The primary reason is the reduced cost to the food waste generator, compared to the cost of service, will likely compel them to participate in the program. While a participant will see a slight increase in their collection service invoice, they will incur additional internal costs to comply with the food waste program.

Attachment A

**Projected 2019 Results**  
**Return on Revenues - Commercial Surcharge as Collected**  
**City of Wilsonville**

	Residential Service			Commercial Service			Drop Box	Grand Totals					
	Solid Waste	Recycling	Yard Debris	Solid Waste	Recycling								
		% ▲ from prior year			% ▲ from prior year		% ▲ from prior year						
<b>Collection &amp; Service Revenues</b>	<b>2,103,418</b>	12.6%	<b>19,750</b>	-62.0%	<b>9,378</b>	0.0%	<b>2,831,551</b>	11.2%	<b>89,249</b>	-37.4%	<b>2,493,091</b>	2.6%	<b>7,546,437</b>
<b>Surcharge Overage</b>													0
<b>Direct Costs of Operations</b>	<b>726,143</b>		<b>447,218</b>		<b>300,288</b>		<b>1,428,541</b>		<b>602,541</b>		<b>1,994,499</b>		<b>5,499,230</b>
Disposal / Processing Expense	372,139	1.5%	128,029	-15.9%	105,019	6.5%	966,878	1.5%	286,678	40.8%	1,366,087	1.5%	3,224,830
Labor Expense	148,125	3.1%	163,023	3.1%	99,739	3.1%	189,362	3.1%	161,303	3.1%	284,720	3.1%	1,046,272
Truck Expense	101,261	0.0%	111,443	0.0%	68,172	0.0%	129,480	0.0%	110,297	0.0%	191,891	0.0%	712,544
Equipment Expense	14,206	0.4%	15,634	0.4%	9,564	0.4%	18,166	0.4%	15,474	0.4%	26,920	0.4%	99,964
Franchise Fees	63,981	14.5%	0		0		90,858	19.2%	0		74,793	4.5%	229,632
Other Direct Expense	26,431	1.3%	29,089	1.3%	17,794	1.3%	33,797	1.3%	28,789	1.3%	50,088	1.3%	185,988
<b>Indirect Costs of Operations</b>	<b>245,283</b>	12%					<b>310,929</b>	11%			<b>117,144</b>	5%	<b>673,356</b>
Management Expense	63,724	2.7%					132,099	2.7%			42,344	2.7%	238,167
Administrative Expense	13,734	2.9%					28,227	2.9%			9,078	2.9%	51,039
Other Overhead Expenses	167,825	0.9%					150,603	1.2%			65,722	1.0%	384,150
<b>Less Unallowable Costs</b>	<b>12,315</b>						<b>21</b>				<b>12</b>		<b>12,348</b>
<b>Revenues</b>	<b>2,132,546</b>						<b>2,920,800</b>				<b>2,493,091</b>		<b>7,546,437</b>
		% ▲ from prior year						% ▲ from prior year					
<b>Direct Costs of Operations</b>	<b>1,473,649</b>	0.6%					<b>2,031,082</b>	6.5%			<b>1,994,499</b>		<b>5,499,230</b>
<b>Indirect Costs of Operations</b>	<b>245,283</b>	1.5%					<b>310,929</b>	2.0%			<b>117,144</b>		<b>673,356</b>
<b>Total Cost</b>	<b>1,718,932</b>	0.8%					<b>2,342,011</b>	5.9%			<b>2,111,643</b>		<b>6,172,586</b>
<b>Less Unallowable Costs</b>	<b>12,315</b>	0.0%					<b>21</b>	0.0%			<b>12</b>		<b>12,348</b>
<b>Allowable Costs</b>	<b>1,706,617</b>						<b>2,341,990</b>				<b>2,111,631</b>		<b>6,160,238</b>
<b>Franchise Income</b>	<b>425,929</b>						<b>578,810</b>				<b>381,460</b>		<b>1,386,199</b>
<b>Projected Return on Revenues</b>	<b>19.97%</b>						<b>19.82%</b>				<b>15.30%</b>		<b>18.37%</b>
<b>2018 Return on Revenues</b>	<b>12.21%</b>						<b>17.74%</b>				<b>14.56%</b>		<b>15.13%</b>

Inflation Assumptions		Changes in Revenue	
Driver Wage	2.72%	Inflation	2.81%
Health Ins	5.00%	Fuel	-9.69%
G&A Wage	2.50%	Rec Processing	6.67%
		<b>Cart &amp; Cont Revenue</b>	
		6 months of increase from July 2018	
		No value for residential recycling / 50% of com.	

Attachment B

**Projected 2020 Results**  
**Return on Revenues - Commercial Surcharge as Approved**  
**City of Wilsonville**

	Residential Service			Commercial Service			Drop Box	Grand Totals	
	Solid Waste	Recycling	Yard Debris	Solid Waste	Recycling				
		% ▲ from prior year		% ▲ from prior year		% ▲ from prior year			
<b>Collection &amp; Service Revenues</b>	<b>2,103,418</b>	0.0%	<b>19,750</b>	0.0%	<b>9,530</b>	1.6%	<b>2,534,074</b>	1.6%	<b>7,418,812</b>
<b>Recycling Surcharge</b>			0						
<b>Direct Costs of Operations</b>	<b>788,662</b>		<b>456,794</b>		<b>309,297</b>		<b>2,104,003</b>		<b>5,785,324</b>
Disposal Expense	383,303	3.0%	128,029	0.0%	108,170	3.0%	1,407,070	3.0%	3,309,134
Labor Expense	152,569	3.0%	167,914	3.0%	102,731	3.0%	293,262	3.0%	1,077,661
Truck Expense	104,299	3.0%	114,786	3.0%	70,217	3.0%	197,648	3.0%	733,920
Equipment Expense	14,632	3.0%	16,103	3.0%	9,851	3.0%	27,728	3.0%	102,963
Franchise Fees	106,635	66.7%	0		0		126,704	69.4%	370,941
Other Direct Expense	27,224	3.0%	29,962	3.0%	18,328	3.0%	51,591	3.0%	190,705
<b>Indirect Costs of Operations</b>	<b>250,189</b>	2.0%			<b>317,148</b>	2.0%	<b>119,487</b>	2.0%	<b>686,824</b>
Management Expense	64,998	2.0%			134,741	2.0%	43,191	2.0%	242,930
Administrative Expense	14,009	2.0%			28,792	2.0%	9,260	2.0%	52,061
Other Overhead Expenses	171,182	2.0%			153,615	2.0%	67,036	2.0%	391,833
<b>Less Unallowable Costs</b>	<b>12,315</b>				<b>21</b>		<b>12</b>		<b>12,348</b>
<b>Revenues</b>	<b>2,132,698</b>				<b>2,752,040</b>		<b>2,534,074</b>		<b>7,418,812</b>
		% ▲ from prior year				% ▲ from prior year			
<b>Direct Costs of Operations</b>	1,554,753	6.2%			2,126,568	11.5%	2,104,003		5,785,324
<b>Indirect Costs of Operations</b>	250,189	3.5%			317,148	4.0%	119,487		686,824
<b>Total Cost</b>	<b>1,804,942</b>	<b>5.8%</b>			<b>2,443,716</b>	<b>10.5%</b>	<b>2,223,490</b>		<b>6,472,148</b>
<b>Less Unallowable Costs</b>	<b>12,315</b>	<b>0.0%</b>			<b>21</b>	<b>0.0%</b>	<b>12</b>		<b>12,348</b>
<b>Allowable Costs</b>	<b>1,792,627</b>				<b>2,443,695</b>		<b>2,223,478</b>		<b>6,459,800</b>
<b>Franchise Income</b>	<b>340,071</b>				<b>308,345</b>		<b>310,596</b>		<b>959,012</b>
<b>Projected Return on Revenues</b>	<b>15.95%</b>				<b>11.20%</b>		<b>12.26%</b>		<b>12.93%</b>
<b>2018 Return on Revenues</b>	<b>12.21%</b>				<b>17.74%</b>		<b>14.56%</b>		<b>15.13%</b>

Inflation Assumptions for Line Item Expenses					
Solid Waste		Resi Recycling & Yard Debris			
Driver Wage	3.00%	Driver Wage	3.00%	PUC	
Health Ins	3.00%	Health Ins	3.00%	Drop Box Tip Fee	3.00%
Fuel	3.00%	Fuel	3.00%		
Tip Fee	3.00%	Yard Debris Disposal	3.00%		
Liab-Prop Ins	3.00%	Liab-Prop Ins	3.00%		
Inflation	3.00%	Inflation	3.00%		

Changes in Revenue
<b>Cart &amp; Cont Revenue</b>
No Increase from 2019
<b>Recycling Revenue</b>
Same as 2019
<b>Drop Box Revenue</b>
Increased by tip fee increase of 3%

Attachment C

**Projected 2020 Results**  
**Return on Revenues @ 50% Recycling Surcharge Rate Decrease**  
**City of Wilsonville**

	Residential Service			Commercial Service			Drop Box	Grand Totals
	Solid Waste	Recycling	Yard Debris	Solid Waste	Recycling			
		% ▲from prior year		% ▲from prior year		% ▲from prior year		
Collection & Service Revenues	2,103,418	0.0%	19,750	0.0%	9,530	1.6%	2,534,074	1.6%
Recycling Surcharge			-80,700				0	
<b>Direct Costs of Operations</b>	<b>784,627</b>		<b>488,315</b>		<b>309,297</b>		<b>2,104,003</b>	
Disposal Expense	383,303	3.0%	128,029	0.0%	108,170	3.0%	1,407,070	3.0%
Labor Expense	152,569	3.0%	167,914	3.0%	102,731	3.0%	293,262	3.0%
Truck Expense	104,299	3.0%	114,786	3.0%	70,217	3.0%	197,648	3.0%
Equipment Expense	14,632	3.0%	16,103	3.0%	9,851	3.0%	27,728	3.0%
Franchise Fees	102,600	60.4%	0		0		126,704	69.4%
Other Direct Expense	27,224	3.0%	61,483	111.4%	18,328	3.0%	51,591	3.0%
<b>Indirect Costs of Operations</b>	<b>250,189</b>	<b>2.0%</b>			<b>317,148</b>	<b>2.0%</b>	<b>119,487</b>	<b>2.0%</b>
Management Expense	64,998	2.0%			134,741	2.0%	43,191	2.0%
Administrative Expense	14,009	2.0%			28,792	2.0%	9,260	2.0%
Other Overhead Expenses	171,182	2.0%			153,615	2.0%	67,036	2.0%
			21,521	Yard Debris				
			10,000	Bulky Waste				
			31,521	Total Expense				
<b>Less Unallowable Costs</b>	<b>12,315</b>				21		12	
<b>Revenues</b>	<b>2,051,998</b>				<b>2,728,374</b>		<b>2,534,074</b>	
		% ▲from prior year				% ▲from prior year		
<b>Direct Costs of Operations</b>	<b>1,582,239</b>	<b>8.0%</b>	\$ (1.25)	Rate Decrease per Month	2,158,137	13.1%	2,104,003	\$ -
<b>Indirect Costs of Operations</b>	<b>250,189</b>	<b>3.5%</b>	\$ 1.25		317,148	4.0%	119,487	per Haul
<b>Total Cost</b>	<b>1,832,428</b>	<b>7.4%</b>			2,475,285	11.9%	2,223,490	
<b>Less Unallowable Costs</b>	<b>12,315</b>	<b>0.0%</b>			21	0.0%	12	
<b>Allowable Costs</b>	<b>1,820,113</b>				2,475,264		2,223,478	
<b>Franchise Income</b>	<b>231,885</b>				253,110		310,596	
<b>Projected Return on Revenues</b>	<b>11.30%</b>				<b>9.28%</b>		<b>12.26%</b>	<b>10.88%</b>
<b>2018 Return on Revenues</b>	<b>12.21%</b>				<b>17.74%</b>		<b>14.56%</b>	<b>15.13%</b>

Inflation Assumptions for Line Item Expenses				
Solid Waste		Resi Recycling & Yard Debris		
Driver Wage	3.00%	Driver Wage	3.00%	PUC
Health Ins	3.00%	Health Ins	3.00%	Drop Box Tip Fee
Fuel	3.00%	Fuel	3.00%	
Tip Fee	3.00%	Yard Debris Disposal	3.00%	
Liab-Prop Ins	3.00%	Liab-Prop Ins	3.00%	
Inflation	3.00%	Inflation	3.00%	

Changes in Revenue	
<b>Cart &amp; Cont Revenue</b>	No Increase from 2019
<b>Recycling Revenue</b>	Same as 2019
<b>Drop Box Revenue</b>	Increased by tip fee increase of 3%

Estimated Revenue in 2020	\$ 7,314,446
<b>Required Revenue @ 10% Return</b>	<b>\$ 7,238,979</b>
Estimated Income Surplus	\$ 75,467

<b>Street Sweeping Debris Disposal provided to Public Works by Republic Services</b>	<b>\$ 75,467</b>
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