

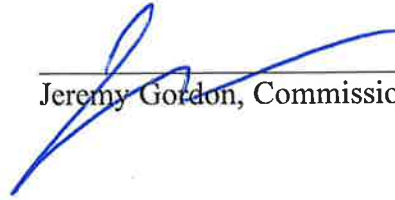
POLK COUNTY BOARD OF COMMISSIONERS



Craig Pope, Chair

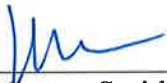


Lyle Mordhorst, Commissioner



Jeremy Gordon, Commissioner

Approved as to Form



Morgan Smith
County Counsel

**BEFORE THE COMMUNITY DEVELOPMENT DEPARTMENT
FOR POLK COUNTY, OREGON**

In the Matter of the Application of:

**BRANDT'S SANITARY SERVICE
INC.**

**ORDER RE: APPLICATION FOR
ANNUAL RATE INCREASE
(PCCO CH. 70)**

I. SUMMARY OF PROCEEDINGS

Brandt's Sanitary Service Inc. ("Brandt's"), a Polk County Solid Waste Collection Franchisee has requested a rate increase for solid waste collection services pursuant to Polk County Code of Ordinances (PCCO) 70.0801. Brandt's serves approximately 686 customers in unincorporated Polk County. Residential customers account for approximately 89% of operations by service while commercial customers account for 11%. The last rate increase by Brandt's was on June 5, 2024, when a 4.6% increase in collection rates was approved. Brandt's applied for the current annual rate adjustment on February 28, 2025.

Brandt's applied for the current annual rate adjustment on March 1, 2025. Brandt's proposed calculated rate adjustment is a flat increase of 3.5% for all collection services and is expanding their miscellaneous service fees to include a stop service fee.

Polk County Code of Ordinances (PCCO) Chapter 70.0801 allows a Solid Waste Collection Franchisee to apply for an annual rate increase. The Polk County Board of Commissioners designated Hearings Officer may approve and establish rates filed by applicants for franchises if it finds that such rates are not demonstratively unreasonable and are not substantially higher than those charged generally in the County under similar service requirements and for the same or similar quality of service, or it may establish a different rate schedule. The Hearings Officer may also increase or decrease rates based on the cost of doing business.

II. PUBLIC HEARING

A duly advertised public hearing was held in the Polk County Courthouse on April 29, 2025. Brandt's was represented by its Solid Waste Management Consultant, Estle Harlan. The Hearings Officer announced that she had no interest (financial or personal) in the matter nor any *ex parte* contact with any involved party. Polk County Staff summarized its report. Ms. Harlan agreed with the Staff Report's recommendation and provided additional information about Brandt's business. There was no one in attendance who wished to speak for or against the application. There was no request for a continuance, or for the Record to be left open for submission of further evidence. There being no further business, the Hearings Officer declared the Record closed and adjourned the meeting. Leslie Howell, Polk County Hearings Officer, presided. She has authority to make a recommendation to the Board of Commissioners on this matter.

III. APPLICABLE LAW

In determining rates, the Administrator and the Hearings Officer shall make a finding that the rates will be just, fair, reasonable, and sufficient to provide proper service to the public. The Administrator and the Hearing Officer may consider rates charged by other persons performing the same or similar service in the same or other areas. The Administrator and the Hearings Officer shall give due consideration to:

- (a) The investment in facilities and equipment.
- (b) The services of management.
- (c) Local wage scales.
- (d) The concentration of customers in the area served.
- (e) Methods of storage, collection, transportation and disposal, salvage, recycling, or reuse.
- (f) A reasonable return to the franchisee.
- (g) The length of haul to disposal facilities.
- (h) The cost of disposal.
- (i) The use of transfer stations or transfer systems and the added costs.
- (j) The cost of alternate methods of disposal.
- (k) The future service demands of the service area or disposal site which must be anticipated in equipment, facilities, personnel, or land.
- (l) Extra charges for special pickups or pickups on days where service is not normally provided on a collection route.
- (m) Extra charges where the type or character of waste or solid waste, including but not limited to wastes with peculiarly offensive odors, requires special handling or service.
- (n) Extra charges for providing janitorial services on the premises where service is provided.
- (o) In addition, with respect to disposal sites, the type of site, whether the site is open to the public, and hours, type of waste disposed of, and method of disposal.
- (p) Cost of compliance with laws, ordinances or regulations and rules of public agencies or bodies having jurisdiction.
- (q) Other factors that may, in the opinion of the Administrator and the Board, necessarily affect the rates to be charged.

IV. FINDINGS

Polk County has previously considered the rate determination factors listed above in establishing the collection rates for this franchise area. Brandt's is proposing a 3.5% rate increase adjustment across all currently offered services and is expanding their miscellaneous service fees to include a stop service fee. Brandt's has not identified future service demands that would justify a rate increase. Brandt's has not identified any changes to laws, ordinances or regulations that have increased the cost of compliance. Brandt's has identified inflationary increase in fuel, labor, and disposal cost as well as the general cost of doing business as justification for the proposed rate increase. Brandt's is also requesting a reasonable return to the franchisee.

Annual average inflation based on the Urban Consumer Price Index (CPI-U) for West Size Class B/C increased 2.4% between 2024 and 2025. Brandt's net income before tax as a percentage of sales for the unincorporated Polk County portion of their earnings decreased from 5.7% in the 2022/2023 fiscal year to 3.2% during the 2023/2024 fiscal year. The actual results for the 2023/2024 fiscal year indicated that the largest operational expenses were repairs and maintenance. From the 2022/2023 fiscal year to the 2023/2024 fiscal year, the total direct costs of operations increased by 3.35%, with repair and maintenance cost rising by 35%. Brandt's 2024/2025 ProForma projects that the total direct cost of operations will increase by 2.85% from the 2023/2024 fiscal year, while repair and maintenance costs are projected to increase by 15%. The projected net income as a percentage of sales before tax for the 2024/2025 fiscal year is 4.5%, up from 3.2 % earned in the 2023/2024 fiscal year but well below a reasonable return for the franchise.

Brandt's projects that with the rate increase, the net income as a percentage of sales before tax for the 2025/2026 fiscal year will be 5.4%, which is an increase from the projected 4.5% for the 2024/2025 fiscal year. Without the rate increase, the net income for the 2025/2026 fiscal is projected to be 0.2%.

In summary, the direct costs of total operations are projected to increase by 2.85% for the 2024/2025 fiscal year, down from 3.35% in the 2023/2024 fiscal year and are expected to increase by 2.5% for the 2025/2026 fiscal year. County Staff finds, and the Hearings Officer concurs that a projected 5.4% return as percentage of sales before tax is reasonable to the franchisee and lower than the returns for other Polk County franchisees. The cost of disposal, wages, and management services are all factors that the Hearings Officer considers when making a rate increase determination. The Hearings Officer finds that the applicant has demonstrated that the cost of doing business has increased.

The Hearings Officer may compare rates charged by others performing the same or similar service in the same or other areas. Attached are rate comparison charts compiled by Polk County Staff in order to review other solid waste collection rates both inside and surrounding Polk County. The surrounding counties included in this comparison are Benton, Lincoln, Marion, Tillamook, Yamhill and Washington.

A review of Brandt's proposed rural rate structure finds that some of their container rates are higher than the average of the franchisees in Polk County but lower than the surrounding counties' rural solid waste collection rates. In particular, the average rural rates within Polk County but outside the Brandt's franchise area are \$21.88 for a 32/35-gallon cart and \$34.33 for a 90/95-gallon cart. Brandt's is proposing \$22.05 for a 32/35-gallon cart and \$42.45 for the 90/95-gallon cart. Brandt's proposed 32/35-gallon cart rate is 0.78% higher than the average Polk County franchise rate and Brandt's 90/95-gallon carts rate are 19.14% higher than the average Polk County franchise rates. The average rates in surrounding counties are \$30.80 for a 32/35-gallon cart and \$48.69 for a 90/95-gallon cart. Brandt's proposed rates for the 32/35-gallon and 90/95-gallon carts are 39.69% and 12.82% lower than the surrounding counties. Brandt's proposed rural rate for a 2-yard container is on average, 4.74% lower than other Polk County franchises and 20.65% lower than surrounding counties. The Hearings Officer finds the proposed rural rates are just, fair, and reasonable compared to other Polk County franchises in the local area.

A review of Brandt's proposed urban rate structure finds that their container rates are higher than the average of the franchisees in Polk County but lower than the surrounding counties' urban solid waste collection rates. In particular, the average urban rates within Polk County but outside Brandt's franchise area are \$21.65 for a 32/35-gallon cart and \$32.66 for a 90/95-gallon cart. Brandt's is proposing \$22.50 for a 32/35-gallon cart and \$42.40 for the 90/95-gallon cart. Brandt's proposed rates for the 32/35-gallon and 90/95-gallon carts are 3.79% and 22.96% higher than the average Polk County franchise rates. The average rates in surrounding counties are \$28.26 for a 32/35-gallon cart and \$49.06 for a 90/95-gallon cart. Brandt's proposed rates for the 32/35-gallon and 90/95-gallon carts are 25.61% and 15.71% lower than surrounding counties. Brandt's proposed urban rate for a 2-yard container is on average 4.80% higher than other Polk County franchises and 10.97% lower than surrounding counties. The Hearings Officer finds the proposed urban rates are just, fair, and reasonable compared to other Polk County franchises in the local area.

Brandt's is proposing to expand their miscellaneous service fees by adding a stop service fee. Brandt's proposed rate is \$35.00. The proposed rate is higher than both the average rates of franchises in Polk County and those in surrounding counties. In particular, the average rates within Polk County, outside of Brandt's franchise area are \$25.70 while the average rates in surrounding counties are \$28.32. Brandt's proposed rate is 26.6% higher than the average Polk County franchise rates and 19.1% higher than those in surrounding counties. The pricing of the

fee is justified due to the operational costs associated with managing services effectively. Each stop made by a waste hauler incurs costs in fuel and vehicle wear and tear. Waste haulers optimize routes to reduce expenses and improve efficiency. The fee will encourage customers to minimize special requests that disrupt established routes, allowing the hauler to maintain a more efficient operation. The Hearings Officer finds the proposed rate is just, fair, and reasonable compared to other Polk County franchises in the local area.

V. CONCLUSIONS

Based on the analysis above, the Hearings Officer finds justification in approving a rate adjustment at this time as the cost of doing business has increased. Brandt's is requesting a 3.5% increase across all services, which is higher than the 2.4% Bureau of Labor CPI-U statistic for inflation between 2024 and 2025.

Brandt's proposed container rates are slightly higher in rural and urban areas compared to what other Polk County franchises charge; however, both are significantly lower than the average rates in surrounding counties. Brandt's 2-yard container rates are lower in rural areas but higher in urban areas than those of other Polk County franchises; but both are lower than the average in surrounding counties, respectfully. Brandt's projects that, without the proposed rate increase, the net income as a percentage of sales before tax for the unincorporated Polk County portion of their business would be 0.2% for the 2025/2026 fiscal year, down from the projected 4.5% return for the 2024/2025 fiscal year. With the proposed rate adjustment increase, Brandt's projects a 5.4% return for the 2025/2026 fiscal year.

Brandt's applied for the current annual rate adjustment on March 1, 2025. The application requested an effective date of June 1, 2025. PCCO 70.0801(3) provides that an annual rate increase must be submitted 90 days prior to the effective date of the proposed rate change. Thus, the Hearings Officer finds an effective date of June 1, 2025, satisfies this requirement.

VI. RECOMMENDATION

Based on the findings in this report, the Hearings Officer concludes that the proposed rate increase is just, fair, reasonable, and sufficient to provide proper service to the public and a reasonable rate of return for the franchisee.

The Hearings Officer recommends that the Board of Commissioners APPROVE the proposed rate adjustment effective 06/01/25.

This 8 day of May, 2025.

Leslie Howell

Leslie Howell
Dallas, Oregon
Polk County Hearings Officer

2025 SURROUNDING COUNTIES RURAL COMPARISON

Container Size	Brandt's Proposed Polk County	Benton County	Linn County	Marion County	Tillamook County	Yamhill County	Washington County	Average
32/35 GAL	\$22.05	\$35.11	\$26.04	\$32.70	\$32.28	\$27.98	\$30.70	\$30.80
65 GAL	\$33.15	\$43.68	\$29.24	\$40.85			\$45.05	\$39.71
90/95 GAL	\$42.45	\$53.74	\$39.64	\$49.75	\$53.88	\$46.63	\$53.17	\$48.69
2 YARD	\$177.85	\$191.34	\$211.77	\$161.80	\$266.92	\$326.23	\$186.72	\$224.13

2025 POLK COUNTY RURAL FRANCHISE RATE COMPARISON

FRANCHISE	<u>32 GAL/35 GAL</u>	<u>90/95 GAL</u>	<u>2 YARD</u>
Recology	\$22.97	\$38.26	\$224.56
Republic Service-Dallas	\$27.49	\$33.62	\$193.47
Republic-Polk Co.	\$19.05	\$34.62	\$169.80
Valley Recycling/Disposal	\$18.00	\$30.80	\$157.30
Polk Franchise Avg.	\$21.88	\$34.33	\$186.28
Brandt's Proposed Rates	\$22.05	\$42.45	\$177.85

Note: Polk County Avg is calculated outside of Brandt's service area

Note: Brandt's is using a 95-gal cart versus a 90-gal cart

2025 SURROUNDING COUNTIES URBAN RATE COMPARISON

Container Size	Brandt's Proposed Polk County	Benton County	Linn County	Marion County	Tillamook County	Yamhill County	Washington County	Average
32/35 GAL	\$22.50	\$35.11	\$21.29	\$31.15	\$24.75	\$26.53	\$30.74	\$28.26
65 GAL	\$33.30	\$43.68	\$38.07	\$41.40	\$43.30		\$43.71	\$42.03
90/95 GAL	\$42.40	\$53.74	\$34.60	\$48.65	\$61.85	\$44.22	\$51.31	\$49.06
2 YARD	\$177.85	\$191.34	\$169.48	\$148.05	\$188.35	\$309.57	\$177.35	\$197.36

2025 POLK COUNTY URBAN FRANCHISE RATE COMPARISON

FRANCHISE	<u>32 GAL/35 GAL</u>	<u>90/95 GAL</u>	<u>2 YARD</u>
Recology	N/A	N/A	N/A
Republic Service-Dallas	\$27.49	\$33.62	\$193.47
Republic-Polk Co.	\$19.05	\$34.62	\$169.80
Valley Recycling/Disposal	\$18.40	\$29.75	\$144.65
Polk Franchise Avg.	\$21.65	\$32.66	\$169.31
Brandt's Proposed Rates	\$22.50	\$42.40	\$177.85

Note: Polk County Avg is calculated outside of Brandt's service area

Note: Brandt's is using a 95 gal. cart versus a 90-gal cart