



POLK COUNTY

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COMMUNITY DEVELOPMENT

AUSTIN M^CGUIGAN
Director

TO: Leslie Gomez-Howell, Hearings Officer
FROM: Christina Tisdell Environmental Health Supervisor, Austin McGuigan, Solid Waste Administrator
DATE: October 23, 2025

RECOMMENDATION: Approve the rate adjustment proposed by Polk County Solid Waste Collection Franchisee Valley Recycling and Disposal.

ISSUE: Should Polk County approve Valley Recycling and Disposal's request for a combined collection rate increase of 10%, with the exception of janitorial services, drop box rentals, temporary drop box deliveries and drop box mileage fees, which are based on the cost of service rather than the overall percentage?

BACKGROUND AND FINDINGS: Valley Recycling and Disposal, a Polk County Solid Waste Collection Franchisee, applied for an annual rate adjustment on September 22, 2025. Valley Recycling is requesting a combined collection rate increase of 10% to all solid waste collection services, with the exception of janitorial services, drop box rentals, temporary drop box deliveries and drop box mileage fees, which are based on the cost of service rather than the overall percentage. The proposed rate adjustment will be effective January 1, 2025.

Valley Recycling and Disposal serves approximately 1,585 customers within the urban, rural, and distant areas in Polk County. Residential customers account for approximately 95% of operations and commercial customers account for approximately 5%. Valley Recycling's last rate increase was on October 1, 2024, and included a 6.5% increase for solid waste collection services, a redistribution of fees for urban and rural commercial container rates which resulted in an increase of 2.91% and 5.75% respectfully, and a mileage rate increase for drop box services for customers located more than five miles from the base station.

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 franchisee 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.

In determining rates, the Administrator and the Hearing's 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's 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.**

Polk County has previously evaluated the rate determination factors listed above in establishing the collection rates for this franchise area. Valley Recycling is proposing a 10% rate increase for all solid waste collection services, with the exception of rates for janitorial services, drop box rentals, temporary drop box deliveries and drop box mileage fees, which are based on the cost of service rather than the overall percentage. Valley Recycling is not proposing to change any other types of services offered (collection or disposal). The applicant has not identified future service demands that would justify a rate increase. The applicant has not identified any changes to laws, ordinances or regulations that have increased the cost of compliance. Valley Recycling has identified inflationary increases in fuel, labor, and disposal costs as well as the general cost of doing business as justification for the proposed rate increase. The applicant is also requesting a reasonable return of 6.42% to the franchisee.

Annual inflation based on the Urban Consumer Price Index (CPI - U) for West Size Class B/C increased 3.2% between 2024 and 2025. Valley Recycling's net income as percent of sales before tax for the Polk County portion of their earnings increased from 1.81% in 2024 to 2.18% in 2025. 2024 and 2025 actual results indicate that the largest expenses were combined operational costs. From 2024 and 2025, the total direct cost of operations increased by 3.78%. The 2025 Valley Recycling and Disposal ProForma projects that the total direct cost of operations will continue to increase by 5.79% from 2025 to 2026. Disposal costs are projected to go up 18.83%. Valley Recycling also projects that, with the proposed rate increase, the net

income as a percent of sales would increase to 6.42% from 2.18%. Without the rate increase, the net income as percent of sales would decrease to -1.75%.

In summary, the total direct cost of operations are projected to increase by 5.79% from 2025 to 2026. Staff finds that before tax, a projected 6.42% operating margin is a reasonable rate of return to the franchisee and compared to the projected 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. Staff finds that the applicant has demonstrated that the cost of doing business has increased.

The Administrator and 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 staff to review other solid waste collection rates both inside and surrounding Polk County. The surrounding counties included in this comparison are Benton, Linn, Marion, Tillamook, Yamhill and Washington.

A review of Valley Recycling's proposed urban residential rates are mostly lower than the average rates of the franchises in Polk County and lower than the surrounding counties' urban solid waste collection rates. In particular, the average urban rates within Polk County but outside Valley Recycling franchise area are \$20.66 for a 32/35-gallon cart and \$38.34 for a 90/95-gallon cart. Valley Recycling is proposing \$20.25 for a 32/35-gallon cart and \$32.75 for a 90/95-gallon cart. Valleys proposed 32/35-gallon cart and 90/95-gallon carts are 2.02% and 17.07% lower than the average Polk County franchise rates. The average rates in surrounding counties are \$28.57 for a 32/35-gallon cart and \$49.60 for a 90/95-gallon cart. Valley Recycling proposed rates for the 32/35-gallon and 90/95-gallon carts are 41.10% and 51.44% lower than the surrounding counties. Valleys Recycling's proposed urban rate for a 2-yard container is on average 7.10% lower than other Polk County franchises and 25.39% lower than surrounding counties respectfully. Staff finds the proposed urban rates are just, fair, and reasonable compared to other Polk County franchises in the local area.

A review of the Valley Recycling's proposed rural residential rates are lower than the average rates charged by franchisees in Polk County and surrounding counties. In particular, the average rural rates within Polk County but outside the Valley Recycling's franchise area are \$20.78 for a 32/35-gallon cart and \$37.49 for a 90/95-gallon cart. Valley Recycling is proposing \$19.80 for a 35-gallon cart and \$33.90 for a 95-gallon cart. Valley Recycling's proposed 35-gallon cart rate and 95-gallon cart rate are 4.95% and 10.58% lower than the average Polk County Franchise rates respectfully. The average rates in surrounding counties are \$30.33 for a 32/35-gallon cart and \$48.69 for a 90/95-gallon cart. Valley Recycling's proposed rural rates are 53.16% and 30.38 % lower than surrounding counties for 32/35-gallon and 90/95-gallon carts. Valleys Recycling's proposed rural rate for a 2-yard container is on average 2.38% lower than other Polk County franchises and 19.21% lower than surrounding counties respectfully. Staff finds the proposed rural residential rates are just, fair and reasonable compared to other Polk County franchises in the local area.

Valley Recycling's proposed rates for drop box rentals, janitorial services, drop box mileage fees, and temporary box deliveries are based on the cost of service rather than an overall percentage. The drop box rates are proposed to increase by 5%, with rates of \$249.10 for 10-yard, 20-yard, 30-yard, and 40-yard drop boxes. In comparison, the average rates within Polk County but outside the Valley Recycling franchise area are \$267.26 for 10-yard, 20-yard and 30-yard drop boxes. As a result, Valley Recycling's proposed drop box rates are approximately 7.29% lower than the county average. The proposed janitorial service rate of \$146.95, up from \$127.80, reflects a 15% increase. The rate increases for drop box rentals, janitorial services, drop box milage fees, and temporary box deliveries are aligned more closely with actual cost of service and an hourly rate. Valley Recycling aims to ensure that customers who benefit from

these services share in the associated costs, rather than some cost being subsidized by others. Staff finds that the proposed rates are just, fair, and reasonable compared to other Polk County franchises in the area.

RECOMMENDATION:

Based on the analysis above, staff finds justification in approving a rate adjustment at this time as the cost of doing business has increased. Valley Recycling and Disposal is requesting a 10% increase to all solid waste collection service rates with the exception drop box rentals, janitorial service, drop box mileage, and temporary box delivery. The CPI-U index has shown an increase of 3.2% between 2024 and 2025. Without the proposed rate increase, Valley Recycling projects that the net income as percent of sales would decrease to -1.75% for 2026, down from 2.18% in 2025. With the proposed rate increase, the net income as percent of sales before tax would increase to 6.42% for 2026, which is a reasonable rate of return. Based on the findings in this report, staff concludes that the proposed rate increases are just, fair, reasonable, and sufficient to provide proper service to the public and a reasonable rate of return for the franchisee. Staff recommends that the Hearings Officer approve the proposed rate increase.

DISCUSSION/ALTERNATIVES:

1. Recommend approval of the rates; or
2. Recommend modifications to all or some of the proposed rates; or
3. Other.

FISCAL IMPACT:

Approximately 1585 customers would experience an increase in collection service rates.

2025 SURROUNDING COUNTIES RURAL COMPARISON

Container Size	Valleys Proposed Polk County	Benton County	Linn County	Marion County	Tillamook County	Yamhill County	Washington County	Average
32/35 GAL	\$19.80	\$35.11	\$25.31	\$31.89	\$32.28	\$27.98	\$29.39	\$30.33
65 GAL	\$26.25	\$43.68	\$29.24	\$39.84			\$43.08	\$38.96
90/95 GAL	\$33.90	\$53.74	\$38.53	\$48.53	\$53.88	\$46.63	\$50.83	\$48.69
2 YARD	\$174.15	\$182.58	\$205.86	\$160.88	\$266.92	\$299.29	\$177.83	\$215.56

2025 POLK COUNTY RURAL FRANCHISE RATE COMPARISON

FRANCHISE	<u>32 GAL/35 GAL</u>	<u>90/95 GAL</u>	<u>2 YARD</u>
Brandt's	\$22.05	\$42.45	\$177.85
Recology	\$22.97	\$38.26	\$224.56
Republic Service-Dallas	\$19.05	\$34.62	\$162.95
Republic-Polk Corvallis	\$19.05	\$34.62	\$162.95
Polk Franchise Avg.	\$20.78	\$37.49	\$182.08
Valley Recycling	\$19.80	\$33.90	\$177.85

Note: PC Avg is calculated outside of Valley Recycling service area

Note: Valley Recycling is using a 95-gal cart versus a 90-gal cart

2025 SURROUNDING COUNTIES URBAN RATE COMPARISON

Container Size	Valleys Proposed Polk County	Benton County	Linn County	Marion County	Tillamook County	Yamhill County	Washington County	Average
32/35 GAL	\$20.25	\$35.11	\$21.29	\$31.15	\$24.75	\$26.53	\$32.61	\$28.57
65 GAL	\$26.90	\$43.68	\$28.07	\$41.40	\$43.30		\$46.52	\$40.59
90/95 GAL	\$32.75	\$53.74	\$34.60	\$48.65	\$61.85	\$44.22	\$54.52	\$49.60
2 YARD	\$159.10	\$191.34	\$169.48	\$148.05	\$188.35	\$309.57	\$190.14	\$199.49

2025 POLK COUNTY URBAN FRANCHISE RATE COMPARISON

FRANCHISE	<u>32 GAL/35 GAL</u>	<u>90/95 GAL</u>	<u>2 YARD</u>
Brandt's	\$22.50	\$42.40	\$177.85
Recology			
Republic Service-Dallas	\$18.82	\$34.28	\$162.95
Republic-Polk Corvallis			
Polk Franchise Avg.	\$20.66	\$38.34	\$170.40
Valley Recycling	\$20.25	\$32.75	\$159.10

Note: PC Avg is calculated outside of Valley Recycling service area

Note: Valley Recycling is using a 95-gal cart versus a 90-gal cart