

**AGENDA BILL**  
08- 07-\_\_

**For Council:** July 28, 2008

**Public Hearing:** Yes \_\_\_ No \_\_\_

**Subject:** Tipping fees at the Dan Davis  
Recycling Center

**Contract Review Board:** Yes \_\_\_ No \_\_\_

**Department Head Initials:** \_\_\_\_\_

**City Manager's Initials:** \_\_\_\_\_

**Attachments:**

**Staff Report**

**PLC letters 4-7-08 & 6-5-08**

**Memo to Chris Jordan from Gene Green  
7-09-08**

**Budget Impact:** None

Expenditures  
Required: \$-0-

Amount  
Budgeted: \$-0-

Appropriation  
Needed: \$-0-

**Summary:** The current operator, Pacific Land Clearing (PLC), has requested an increase in tipping fees.

**Background:** The current contract for the operation of the Dan Davis Recycling Center was awarded to Pacific Land Clearing on August 1, 2004 and a "Request for Proposal" process. The contract specifies that any change in rates requires approval of the City Council. A rate increase was requested in May of 2007 and approved by the City Council at their May 14, 2007 public meeting. A table of rates below reflects the history of rates at the site under the current operator.

	<b>5-13-2006</b>	<b>5-14-2007</b>	<b>PROPOSED</b>
Commercial hauler	\$7.00	\$7.50	\$8.25/yd + \$1.00 (TF SF)*
Self-haul customer	\$7.50	\$8.00	\$8.75/yd + \$1.00 (TF SF)
Municipal School Customer	\$6.50	\$7.00	\$7.75/yd + \$1.00 (TF SF)
City of West Linn	Free	Free	Free
Minimum customer Charge	\$10.00	\$10.00	\$10.00 + \$1.00 (TF SF)

**\* Transaction Fuel Surcharge Fee**

As shown in the above table, PLC has requested a rate increase of \$.75 per yard for the commercial and self-haul customers, and municipal school customer. This will have minimal effect upon residential customers, who most often deposit small loads, since the minimum customer charge will remain unchanged at \$10.00 + \$1.00.

**Recommended Action:** Pass a motion approving the requested tipping fee increases.

**Council Action Taken:**

Approved \_\_\_\_\_  
Denied \_\_\_\_\_  
Continued \_\_\_\_\_

TO: CHRIS JORDAN, CITY MANAGER  
FROM: GENE GREEN, PUBLIC WORKS DIRECTOR  
DATE: MAY 10, 2008  
SUBJECT: TIPPING FEES AT DAN DAVIS RECYCLING CENTER

### **Purpose**

For the City Council to review and approve an increase tipping fee by \$.75 per cubic yard, requested by Pacific Land Clearing (PLC), current operator of the Dan Davis Recycling Center.

### **Background**

- The current contract with PLC was awarded August 1, 2004 after a Request for Proposal process with a 2-year extension given on May 14, 2007.
- The contract specifies rate changes and term extensions only upon approval of the City Council.
- A rate increase of \$.50 for commercial, self-haul, and municipal school customers was requested by PLC in May, 2006, and approved by the City Council during their May 14, 2007 public meeting.
- Fuel costs have increased substantially since June 2007, as well as truck and equipment costs. The operation is intensive in its fuel usage as the grinder uses about 55 gallons per hour and excavator uses about 20 gallons per hour.
- PLC is also raising rates at their other sites but at higher percentages.

### **Discussion**

The requested rates are not out of line with other similar operations surveyed in the metropolitan areas: in fact, PLC rates remain lower than most. Fuel rates have increased substantially since the last increase to tipping fees and fuel does

represent a substantial portion of the cost of operation. Compensation to the City from the operation will not be affected as the contract specifies \$500 per month for "City's administration of the facility and other costs incurred by the City."

Advantages of approving the requested increase:

- No impact to City operations/costs for tip fees
- Minimal impact to residential customers as most are at \$10 minimum tip fee
- The increase provides for reasonable compensation to contractor due to increased fuel cost.

Disadvantages of approving the requested increase:

- The contractor will be forced to absorb additional fuel costs, making the West Linn operation less desirable.
- The contractor may choose not to renew the contract when it expires 7-31-2009 forcing the City to re-advertise for the service with likely higher costs, based upon the survey of other metro area providers.
- Additionally, such action may drive up costs of future proposals for service from this and other potential providers to hedge against potential rate increase denials in the future.

### **Options**

Approve the increase – This allows PLC to recoup for increased fuel costs and providing reasonable compensation for providing the service.

Disapprove the increase – This will cause PLC to absorb additional fuel cost increases and possibly make future solicitations for service result in higher initial tipping fees.

Postpone consideration of the increase – this will also cause PLC to temporarily absorb increased costs and jeopardize having a qualified vendor after July 31, 2009.

### **Recommendation**

City staff recommends approval of the increase in tipping charges as requested by PLC.



April 7, 2008

Mr. Gene Greene  
Public Works Director  
City Engineer  
City of West Linn

Re: Dan Davis Recycling Center

Dear Mr. Greene,

This year, the price of fuel has soared unexpectedly beyond last year's projections. The price of diesel is estimated to reach an all time high of well above \$4 per gallon. The analysis I've provided you with in the worksheet, shows what our increase in diesel costs would be, if we were to do the same volume for 2008 as 2007. We therefore request a tipping fee increase of \$.75 per yard. This would allow us to operate at break-even, and provide the community with quality service.

New requested fees as follows:

SELF HAULER - YARD DEBRIS	\$8.75 PER YARD
COMMERCIAL - YARD DEBRIS	\$8.25 PER YARD/LOOSE
MUNICIPAL - YARD DEBRIS	\$7.75 PER YARD

Your helpful consideration in this matter is greatly appreciated. .

Respectfully,

Wayne Caroto - Controller



June 5, 2008

Mr. Gene Greene  
Public Works Director  
City Engineer  
City of West Linn

Re: Dan Davis Recycling Center

Dear Mr. Greene,

In addition to our request for a \$.75 / yard increase in tipping fee, we also request a \$1 per transaction fuel surcharge.

Your helpful consideration in this matter is greatly appreciated. .

Respectfully,

Wayne Caroto - Controller

TO: CHRIS JORDAN, CITY MANAGER

FROM: GENE GREEN, PUBLIC WORKS DIRECTOR *AG*

DATE: JULY 9, 2008

SUBJECT: DAN DAVIS RECYCLING CENTER

As requested, the following attached memo explains further the proposed fee increase justification for the Recycling Center. In summary, the company finds the rapid rise of fuel costs are making it very difficult to provide a viable recycling service without a fee adjustment at this time.

Presently, the Recycling Center offers a free day in the Spring and have agreed to add another day in the Fall.

Please let me know if you have any questions. Thank you.



July 8, 2008

Mr. Gene Greene  
Public Works Director  
City Engineer  
City of West Linn

Re: Dan Davis Recycling Center

Dear Mr. Greene,

This year, the price of fuel has soared unexpectedly beyond last year's projections. The price of diesel is estimated to reach an all time high of possibly \$5 / gallon. The initial request a tipping fee increase of \$.75 per yard would have still fallen short. However, without a \$1 transaction fee inclusive with this request, we will be not be able to at least break-even. The analysis I've provided you with in the worksheet, shows what our increase in diesel costs would be, if we were to do the same volume for 2008 as 2007.

New requested fees as follows:

SELF HAULER - YARD DEBRIS	\$8.75 PER YARD
COMMERCIAL - YARD DEBRIS	\$8.25 PER YARD/LOOSE
MUNICIPAL - YARD DEBRIS	\$7.75 PER YARD

PLUS a \$1.00 TRANSACTION FEE on all loads.

Your helpful consideration in this matter is greatly appreciated. .

Respectfully,

Wayne Caroto - Controller

REVISED

