



Josephine County
Solid Waste Agency

**JOSEPHINE COUNTY / CITY OF GRANTS PASS
 SOLID WASTE AGENCY
 MEETING MINUTES
 February 23, 2021**

Meeting convened at 3:01 p.m.

Agency Board Members Present:

Rob Brandes - Chair
 Rick Riker – Vice Chair
 Kyrrha Sevco – by phone
 Justin Fimbres
 Connie Roach
 Steve Bethke

Agency Board Members Absent:

Brad Clark

Others: Trent Carpenter, Southern Oregon Sanitation
 Nick Fahey, Southern Oregon Sanitation
 Chris Wilson, Republic Services
 Garry Penning – Rogue Waste Systems
 Julie Jackson, Republic Services
 Dan Strandy, Republic Services
 Shawn Edmonds, Republic Services

Staff: Jason Canady, Operations Officer
 Dianne Phelan, Minute Recorder

1. Introductions (00:00 – 00:42)

a. Chair Brandes opened the meeting and took roll.

2. Public Comment (00:43 – 00:48)

a. None.

3. Approval of Solid Waste Agency Meeting minutes from January 20, 2021 meeting. (00:49 – 02:01)

Kyrrha Sevco made a motion to approve the Solid Waste Agency meeting minutes from January 20, 2021. Rick Riker seconded the motion. There were no objections. Motion approved 6 -0.

4. Action Items (02:02 – 02:10)

a. None

5. Matters from Agency Board and Staff

a. Agency Board Items (14:32 – 2:01:58)

- Republic Services rate request (1:25:53 – 2:00:10) – Julie Jackson and Chris Wilson presented for Republic Services. They are requesting a 15.3% increase for residential, commercial, and industrial collection services in the City of Grants Pass, Josephine County, and at the Merlin Transfer Station. Republic Services Financial Manager, Dan Strandy, was on the phone to answer financial questions from last month. Julie explained that with a 15.3% increase they are projecting a 7.2% margin. Dan explained the Profit/Loss Statement has 12 months of revenue and 12 months of expense, but the rate increase request has 9 months of expense for disposal. The actual increase in disposal costs they are getting at Dry Creek is more than 20%. It is represented at only 15.8% because it's only 9/12ths of the year. The revenue request of 15.3% is only represented at 11.5%, again because it is only 9/12th of the year. The same is true for the disposal only going up 15.8% instead of going up north of 21%. Dan stated that if inflation stays at 2.5% for 2022, they will see a dilution of margin before tax down to approximately 8% without any adjustment. Rob asked what the number would be if they showed the full year of 15.3% increase for 2022 and a full year of the Dry Creek costs. Dan stated that the margin before tax be 11.4%. Julie explained the graph on rates for a 32-gallon cart, a 65-gallon cart, and a 90-gallon cart. She stated that they didn't have much of a rate increase until 2016. She explained that between 2018 and 2019 it takes a big jump due to the China Sword initiative. Between 2020 and 2021 the increase is due to Covid. They would like to propose that instead of doing the 2-year lookback, they use the Garbage/Trash index published by the US Bureau of Labor and Industry. Jason asked if they have proposed language for inclusion in the agreement. Julie said they wanted to discuss that with the agency. Dan said most of the municipalities have language saying it will adjust each January 1st at this index. He said one of the problems is that margins can get too high or too low. What they have done to solve this is the amount above the ceiling would be deducted from what the index would have been. Conversely, if margins start to get too low there is language about discussing a potential adjustment that is in addition to the index. Trent suggested changing the CPI language on all the franchises because they are being administrated the same. There was discussion on bringing this up at the franchise agreement rewrite presentations.
- **Connie Roach** made a motion to approve the proposed rate increase for the City of Grants Pass, Josephine County, and Merlin Transfer Station with Republic Services. **Rick Riker** seconded the motion. There were no objections. Motion approved 6 -0.
- Chair Rob Brandes left the meeting at 5:05 and Rick Riker, Vice Chair took over the meeting.
- Southern Oregon Sanitation rate request – (15:32 – 1:25:52) Nick Fahey gave the rate increase presentation. They are asking for increases to

the City of Grants Pass, Southern Oregon Sanitation Redwood Transfer Station, City of Cave Junction, Josephine County, an Kerby Transfer Station. He stated that in 27 years, they have never raised the Transfer Station Rates to the public. They are proposing a 14% rate increase for the City of Grants Pass, a 10% rate increase, rounded up to the nearest .25 at the Redwood Transfer Station with a minimum of \$15.00, a 10% rate increase for City of Cave Junction, a 10% rate increase for Josephine County, and a 14% rate increase, rounded up to the nearest .25 with a \$15.00 minimum for the Kerby Transfer Station. Nick stated that the customer count for the City of Grants Pass has decreased by 5%, in addition to a shift in the larger containers. Trent said they believe this is due to Covid, and people trying to find a less expensive way to haul their garbage. Another reason is the minimums at the transfer stations are way too low and that is driving higher car counts, stating that they have had 400 customers coming through the transfer station on any given Saturday. Typically, you want to have a minimum charge at the transfer station that is equivalent of your 35-gallon carton once a week service. Nick said they have had a 12.3% increase in transfer station customers with 47.6% of those being minimum loads, so these are people who are stopping service and thinking that it's more economical to go to the transfer stations. Nick showed a comparison of minimum charge rates with other waste haulers in Oregon. These rates are for the 35-gallon carts. There is a once a week pick up for recycling. They discussed the Capital Expenditures and the 3 Year Profitability Forecast. If the rate increase is approved, customers will be notified of the increase in their monthly bill.

- Connie Roach made a motion to approve the proposed rate increase for the City of Grants Pass with Southern Oregon Sanitation. Rick Ricker seconded the motion. Discussion followed. There were no objections. Motion approved 6 -0.
- Jason stated that he appreciates keeping the rates lower, but he has concerns about being so far below the franchise minimums that CPI is not going to catch you up.
- Nick presented on the Redwood Transfer Station. In 2020, they had over 64,000 customers, an increase in customer count by 12.3%. He compared the minimum charge rate stating that they would like to get the charge closer to the 35-gallon rate.
- Rick Riker made a motion to approve the proposed rate increase for the Redwood Transfer Station with Southern Oregon Sanitation. Steve Bethke seconded the motion. There were no objections. Motion approved 6 -0.
- Nick presented on the City of Cave Junction. He stated that for half of the customers, this increase will be less than \$2.00 a month. The last general rate increase in Cave Junction was in 2008. Cave Junction also has a once a week recycling pick up. Nick talked about the Capital

Expenditures and the 3 Year Profitability Forecast. Trent stated that the rates in the City of Cave Junction are 2% - 4% higher than in the City of Grants Pass, but the City of Grants Pass also has yard debris program that just had a 300% rate increase in the disposal. While density helps you, the fewer times the truck stops at a location makes a huge difference. They don't do any allocations based off mileage.

- **Connie Roach** made a motion to approve the proposed rate increase for the City of Cave Junction with Southern Oregon Sanitation. **Rob Brandes** seconded the motion. There were no objections. Motion approved 6 -0.
- Nick presented on Josephine County. He said the increase is less than \$2.00 per month for 39% of the customers. The last general rate increase was in 2012. The monthly rate is the same as the City of Cave Junction, with the same level of service. He discussed the Capital Expenditures Over Time, and the 3 Year Profitability Forecast.
- **Steve Bethke** made a motion to approve the proposed rate increase for the Josephine County with Southern Oregon Sanitation. **Connie Roach** seconded the motion. There were no objections. Motion approved 6 -0.
- Nick presented on the Kerby Transfer Station. Since opening the transfer station in 1994, there has never been a rate increase. In that time, the CPI-U has increased by 77.4%. He said their goal is to differentiate the rates between Kerby and Redwood transfer stations. Nick talked about the operational difficulties at the Kerby transfer station over the last couple of years. They had 3 separate trailer fires, so they now pull their trailers every night and have doubled staffing for safety. There was a 20% increase in tonnage in 2020 but they also saw a 28.8% increase in customer count. This equates to more customers bringing in less trash. Nick stated that Kerby has always been subsidized. Trent stated that the County may want to roll Kerby into the existing Josephine County Franchise and have it subsidized by the county residents.
- **Connie Roach** made a motion to approve the proposed rate increase for the Kerby Transfer Station with Southern Oregon Sanitation. **Steven Bethke** seconded the motion. There were no objections. Motion approved 6 -0.
- Jason asked that since there will be 3 or 4 new councilors when the agreements are brought to the City Council that they start with the history, what the franchise agreement is, what some of the terms are, and make sure that the basic building blocks are put into place. He also mentioned that because of the split, looking at those as separate business units, the council may ask what it looks like if it's all rolled up and we take it as a system, does it keep rates lower in Grants Pass.

- COLA discussion – Jason asked for some proposed language from both businesses at the next meeting. Discussion postponed until March meeting.
- Finalize Franchise Agreements – Postponed until March meeting.

b. Managing Agency Items (04:36 – 14:31)

- Opportunity to Recycle- Jason stated that the Opportunity to Recycle paperwork has been filed and he expects it to be excepted. He wanted to thank both waste haulers for getting the information to him.
- SWA Balance Sheet update – Jason noted that revenues are slightly behind where he thought they would be, but he is not concerned. There aren't any major funding issues coming up, and the reserves look great. He said they set the ELA fund target of \$1 million and we should be approaching that in the next few years. The unreserved allocation is sitting at \$1.4 million. The actual cash coming in is behind where he thought we would be, but it isn't enough to be worried about or to do a budget amendment. Jason stated that the expenditures are almost nothing. Beyond the Recycle Facility we are not getting funding requests. Garry Penning stated that if a landfill has over 520 metric tons in place, you may have to test for gas emissions. If they are over a certain level, then you must put in a gas collection system and treat the gas. Jason mentioned that there is a gas collection system at the Merlin landfill, and it has been monitored, but the gas emissions have been decreasing so dramatically over the last few years that DEQ canceled the air quality permit. A gas monitoring system costs approximately a quarter of a million dollars. Rob mentioned the presentation from Commissioner DeYoung and the dumping in the forests. He felt this would be a possible project for the committee to fund. Jason said it would be nice if there was a nonprofit leading the charge. Trent said they have suggested to a few people who are wanting to do a clean-up to contact the agency. Rob asked about the Rogue River Clean-up. Jason said they were planning on holding it again this year. Steve Bethke asked about a clean-up on the Illinois River. Jason suggested contacting Sarah Garceau, Parks Director with Josephine County for information. Steve also said there was interest in holding another tire clean-up. Jason said the agency used to fund that and he will send a copy of an old application for him.

c. Other Business (02:11 – 04:35)

- Budget Committee Applications – review & discuss
- There are 3 positions open, and we received 3 applications.
 - a. Bruce Philbrick – new applicant with background in recycling
 - b. Steve Haydon – returning SWA Budget Committee member
 - c. James Lowe – returning SWA Budget Committee member

Rick Riker made a motion to appoint Bruce Philbrick, James Lowe, and Steve Haydon to the Budget Committee. **Connie Roach** seconded the motion. There were no objections. Motion approved 6 -0.

- The scales at the Redwood Transfer Station will be worked on in late May. They will advertise a two-day closure.

6. Agenda building for March 16, 2021 (2:01:59 – 2:04:03)

- a. COLA Discussion
- b. Franchise Agreements

7. Adjournment (2:04:04 – 2:04:14)

Meeting adjourned 5:08 p.m.

Full meeting recording available at:

<https://www.grantspassoregon.gov/DocumentCenter/View/18858/Audio-File-SWA-Meeting---10152019>

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