



Ms. Ashley Watkins
Solid Waste Coordinator
Yamhill County Solid Waste Dept.
525 NW 4th Street
McMinnville, OR 97128

April 1, 2022

Dear Ashley:

In compliance with the terms of our franchise agreement, please find enclosed the following documents that make up the Rate Review Report and Annual Financial Report:

1. Rate Review Report, which includes the following:
 - a. All the actual expenses incurred in the preceding calendar year, and all allowable expenses that we reasonably anticipate will be incurred in the upcoming rate year,
 - b. The allocation factors and percentages used to allocate shared expenses, and
 - c. The Operating Ratios for the preceding calendar year and the upcoming rate year.
2. Reviewed Financial Statement for RWO – Valley for calendar year 2021.
3. Rate Sheets showing the current and proposed rates for each service level.

2021 was a challenging year for our company and the customers we serve. Supply chain issues affected our ability to get carts, containers, and truck parts in a timely manner. In June, the surprise change in status of Riverbend Landfill derailed most of our plans and projects. We focused on making changes at our transfer station to handle the waste that had previously been delivered to Riverbend (about 20,000 tons per year). We also saw a steep increase in public tons delivered to the Transfer Station. While we could have sought a special rate adjustment immediately, we felt it would be better to have more information on all the possible impacts before requesting an adjustment. As a result, we absorbed these increased expenses for the entire 2021-22 rate year (July 1, 2021 to June 30, 2022).

Based on our projections for the upcoming rate year (July 1, 2022 – June 30, 2023), we expect to be outside the Operating Ratio range specified in our franchise agreement. As a result, we are proposing to increase rates by 14.75% to get us back into the range. This increase is necessary to cover increases in our disposal, labor, fuel and other operational costs. We have also proposed changes to the debris box rates to reflect the difference in haul times as well as the new disposal ton rate charged by the transfer station.

We appreciate the opportunity to provide these essential services to our neighbors in Yamhill County. We take this obligation seriously, and we are committed to keeping our operations running as expected. We look forward to attending an upcoming council meeting, either in person or via computer.

Please let us know if you have any questions or need any additional information. You can reach our Rate Analyst Dave Larmouth at 503-437-0103 or dlarmouth@recology.com.

Respectfully,

A handwritten signature in black ink, appearing to read 'Chris Carey', is written over a light blue horizontal line.

Chris Carey
General Manager