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**Bell & Associates, Inc.**  
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**Phone 360-210-4344**

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October 29, 2018

Ryan Zink  
Franchise and Budget Analyst  
City of Salem, Oregon  
555 Liberty St. SE/Room 220  
Salem, OR 97301

Dear Mr. Zink,

As part of the review of the rate request submitted by the Mid-Valley Garbage & Recycling Association (MGRA), Bell & Associates completed the following tasks to assist the City of Salem with its waste management regulatory obligation to set rates following the consideration of all factors enumerated in SRC 47.099(f):

1. Reviewed allocations of costs between the City of Salem and other jurisdictions.
2. Completed a predictive test of revenues compared to the reported customers in the City of Salem.
3. Completed a predictive test of solid waste disposal and yard debris processing expenses compared to the reported customer counts in the City of Salem.
4. Compared reported expenses for 2017 to prior years' costs reported results for comparability and reasonableness.
5. Reviewed the inflation assumptions proposed by the MGRA for the calendar years 2018 and 2019 for reasonableness.
6. Projected collection expenses for calendar years 2018 and 2019 that were utilized to calculate the proposed collection rate increases submitted to the City Council for consideration.
7. Reviewed medical waste collection expenses from 2017 and the inflation assumptions for the updated rates submitted to the City Council for consideration.

Increases for the processing of recyclable materials were reviewed and the rate impact was calculated into the collection rates. No addition waste and recycling services or additional equipment purchases were proposed by the MGRA.

I greatly appreciated the opportunity to work with you on this engagement. If you have further questions regarding this project, please contact me immediately.

Sincerely,

Christopher J. Bell, CPA  
President, Bell & Associates, Inc.