



Bell & Associates, Inc.

1628 NW 33rd Way, Camas, WA 98607

Phone 360-210-4344

September 30, 2019

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 2018 to prior years' costs reported results for comparability and reasonableness.
5. Reviewed the inflation assumptions proposed by the MGRA for the calendar years 2019 to 2020 for reasonableness.
6. Projected collection expenses for calendar years 2019 to 2020 that were utilized to calculate the proposed collection rate increases submitted to the City Council for consideration.
7. Traced the line item revenues and expense from the 2018 COSA submitted by Republic Services to the company's detailed income statement for Capital Disposal.
8. Completed a site visit to D&O Garbage and Recycling to review the supporting documentation and information used to generate the report submitted to the City. A separate confidential report was submitted to the City on the finding.

Increases for the processing of recyclable materials were reviewed and the rate impact was calculated into the collection rates.

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.