



Where Life is Sweet

Mayor and Members of the City Council
STAFF REPORT
For the Meeting of February 27, 2023

Title/Subject

Resolution 2259- Updating the Master Fee Schedule to adjust solid waste rates.

Summary and Background

Sanitary Disposal is the solid waste (garbage) hauler for all customers within Hermiston and the surrounding areas, including Umatilla, Stanfield, Irrigon, Boardman, etc. The last time that the City of Hermiston approved a rate increase for Sanitary Disposal was February 1, 2020; a little over three years ago. Prior to that, the last rate increase was requested in July, 2016.

Historically, Sanitary Disposal comes in and requests a rate adjustment every few years, and the requests largely follow the general pace of inflation to accommodate for rises in wages, equipment, fuel, etc. That is what Sanitary Disposal is asking for again now.

There are very minor variations across some of the several dozen different types of service that they offer, but the vast majority of customers within Hermiston, probably 90%+, utilize weekly service of either a 90 gallon, or a 35 gallon cart. For those services, the requested rate increase comes out to 12.4%, and 13.4% respectively; or an extra \$2.33 and \$1.50 per month respectively.

For context, this request of an approximately 13% increase actually trails the U.S. Bureau of Labor Statistics' Consumer Price Index increase over that time, which sits at about 15% total over those three years.

These adjustments were reviewed by the Council's Solid Waste Advisory Committee earlier this month, and are recommended for approval.

These adjustments are only for the services that the City currently receives from Sanitary Disposal; namely garbage service. Nothing in these adjustments takes in to account the coming need for recycling services. The process for adding recycling is still much too early to identify legitimate costs and begin to set a rate.

Tie-In to Council Goals

Fiscal Prudence.

Fiscal Information

Our franchise with Sanitary Disposal outlines that the City will do all billing of customers within Hermiston City Limits for the company, and in exchange, the City gets to keep 11% of the company's gross revenues which are collected within the City. Additionally, the City keeps 2% as a Franchise Fee, and a final 0.5% which is earmarked to cover the costs of the annual city-wide cleanup event. All told, these fees total 13.5%, and generate \$387,000 in General Fund revenue for the City. Increasing these rates, as requested, therefore leads to a corresponding increase in General Fund revenue from those percentage based fees, which has historically been appropriate since staffing, mailing, etc. costs also rise with inflation.

This year, in keeping with Council's directive from the 2021 and 2022 Annual Goals to review General Fund revenue sources, staff asked Sanitary Disposal to increase the percentage that the City keeps for billing from 11% to 12%, and to increase the Franchise Fee from 2% to 2.5%. This action will result in the total fees collected by the City's General Fund from Sanitary Disposal rising to 15% of the company's gross revenues within City Limits. It is anticipated that this change will result in a net increase of annual General Fund revenue of approximately \$49,000 per year.

Alternatives and Recommendation

Alternatives

1. Approve Resolution 2259
2. Reject Resolution 2259
3. Table and request more information.

Recommended Action/Motion

Motion to approve Resolution 2259.

Submitted By:

Mark Morgan