



*Where Life is Sweet*

Mayor and Members of the City Council  
**STAFF REPORT**  
For the Meeting of May 26, 2026

**Title/Subject**

Resolution No. 2426: Master Fee Schedule Including Garbage Rate and Franchise Fee Adjustments

**Summary**

This resolution will make several changes to the Master Fee Schedule, including a 3.5% increase to garbage rates.

**Background**

City Council established a rate for the additional service of curbside recycling in November, 2025, however the last time that the Council adjusted rates for garbage specifically was March, 2024. Since that time, the generalized national Consumer Price Index of inflation has risen 6.62%, which takes into account employee wages, fuel costs, vehicle costs, etc.; all things which apply to Sanitary Disposal like all other companies. Therefore, Sanitary Disposal has requested a 5% rate increase. City Staff is recommending approval of a 3.5% rate increase in exchange for reducing the city's portion of garbage revenue collections by 1.5%.

The City's utility billing staff provides all billing services for Sanitary Disposal's garbage customers within City Limits. Additionally, as is common practice among cities nationwide, the City charges a "Franchise Fee" to the company. In February, 2023, in response to General Fund revenue pressure, City Council voted to increase the Billing Fee from 11% to 12%, and the Franchise Fee from 2.5% to 3%, for a net increase of 1.5%.

City General Fund pressures have eased significantly as a result of Data Center industry growth driving up several revenue streams. As a good governance practice, staff is recommending to dial-back the billing and franchise fees to pre-2023 levels to A) offset the impact of this latest rate request on residents, B) prevent general fund spending from simply following revenue growth, and C) preserve a general fund revenue generation tool if it becomes necessary again in the future.

The City Council's solid waste committee reviewed this proposal at its May 11, 2026 meeting. If approved by City Council, this 3.5% rate increase, and simultaneous reduction in billing and franchise fee, would take effect July 1.

## **Tie-In to Council Goals**

Fiscal: Maintain service levels, strengthen internal operations to support sustainability, accountability, and transparency

## **Fiscal Information**

The 3.5% rate increase, when taking effect July 1, will be the first increase in 26 months; and therefore is equivalent to a 1.62% annualized rate, which is about half of the 3.18% annualized inflation rate over that time. The request is an across-the board increase, so it applies to all of the different customer classifications, but for simple comparison, the two largest customer classifications are shown below.

- 35 Gallon Cart: \$0.61/month increase
- 90 Gallon Cart: \$1.02/month increase

By having the City of Hermiston eat 1.5% of the requested increase, it will reduce General Fund revenues by approximately \$65,000. However, as a result of new revenue generated from the new recycling service set to begin in July, the General Fund is expected to receive approximately \$65,000 in billing and franchise fees associated with that service. Therefore, the direct financial impact to the General Fund is anticipated to be negligible; however there is likely to be some amount of additional billing-staff time required as a result of the new service startup.

## **Alternatives and Recommendation**

### Alternatives

1. Approve Resolution 2426
2. Reject Resolution 2426
3. Table Resolution 2426

### Recommended Action/Motion

Approve Resolution 2426

### **Submitted By:**

Mark Morgan