



Sustainability in Action

12/7/23

City of Wilsonville
Bryan Cosgrove, City Manager
29799 Town Center Loop E.
Wilsonville, OR 97070

RE: Revised, Republic Services Request for Extraordinary Rate Increase as requested and reviewed by staff.

Per Ordinance No. 814, Article VIII, Section 5, Republic Services requests Council approval of an extraordinary rate increase, above 125% of CPI. The request is based on but not limited to the below key factors, which are supported by the report produced by city contracted consultant, Chris Bell, Bell & Associates, dated October 2023. The City of Wilsonville has not experienced a rate increase since 2019.

Key factors for the extraordinary rate increase request:

1. Disposal/Tip Fee –The disposal/tip fee is a combination of disposal cost, metro fee, and the DEQ/host fee. July 1, 2022 – December 31, 2022, the combined disposal /tip fee was \$123.45 per ton. In July of 2023 the combined disposal/tip fee increased to \$137.30 per ton. Metro increased the combined disposal/tip fee by \$13.85 per ton on July 1, 2023. This was an exceptionally high increase of 11.2%.
 - a. Since Wilsonville's last rate increase in 2019, the combined disposal/tip fee has increased by 44.6%, as noted in Attachment 2 of the city prepared staff report, "Additional Information on the Cost of Solid Waste and Recycling Collection, Solid Waste Disposal Expense chart, December 4, 2023."
 - b. Disposal makes up 39% of the cost to collect garbage, commingle recycle and organics, as noted in Attachment 2 of the city prepared staff report, "Additional Information on the Cost of Solid Waste and Recycling Collection, Residential Collection Rate Composition, December 4, 2023."
2. Wages – Driver wages are expected to increase by 6.9% (\$92,532) from 2022, as cited in the consultant report as Exhibit A "Solid Waste Collection Rate Report, Projected 2023 Expenses, Table 3: Projected 2023 Financial Performance for Wilsonville, October 2023." Wages have increased by 17.5% since 2018, as referenced in Attachment 2 of the city prepared staff report, "Additional Information on the Cost of Solid Waste and Recycling Collection, Collection Labor Cost- Union Agreements, December 4, 2023."



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3. Cost of Recycling – Commodities markets have been and still are volatile and unpredictable as demonstrated in Attachment 2 of the city prepared staff report, "Additional Information on the Cost of Solid Waste and Recycling Collection, Commingled Recycling Processing Cost Graph, Dec. 4, 2023." The cost of sorting and processing commingle recycling exceeds the value of the materials. In 2022 cardboard decreased in value. The cost of recycling increased from \$34.95 per ton in 2022 to \$53.12 per ton in 2023 and is projected to increase to \$74 per ton, as noted Exhibit A of the city prepared staff report "Solid Waste Collection Rate Report, Projected Results for 2023 and 2024, October 2023. "
4. Equipment Cost – Equipment costs are outpacing inflation and are expected to increase by 6.4%, as noted Exhibit A of the city prepared staff report "Solid Waste Collection Rate Report, Projected 2023 Expenses, Table 3: Projected 2023 Financial Performance for Wilsonville, October 2023. "
5. Inflation – Since 2018, CPI (West – Class A) has cumulatively increased by 23%. (See Attachment 2 of the city prepared staff report, "Additional Information on the Cost of Solid Waste and Recycling Collection, Inflation and Indexed Rate Analysis chart, December 4, 2023."

To summarize, per Exhibit A "Solid Waste Collection Rate Report, Projected 2023 Expenses, Table 3: Projected 2023 Financial Performance for Wilsonville, October 2023," Republic Services is projecting an increase of 6.8% in allowable expenses in 2023. This will decrease the returns to 5.73%, as noted on Table 4: Estimated 2023 Financial Result for Collection Service in Wilsonville. This change will generate a return by Republic Services considerably lower than the franchise stated target operating margin of 10% and above the 2% increase needed for an extraordinary rate increase as stated in the Franchise Agreement with the City. We request the council's approval for the extraordinary rate increase as presented by city appointed consultant Chris Bell, Bell & Associates.

Sincerely,
Cindy Rogers
Municipal Relationship Manager