



**CITY COUNCIL MEETING
STAFF REPORT**

<p>Meeting Date: November 7, 2022</p>	<p>Subject: Resolution No. 3004 A Resolution of the City of Wilsonville Adopting the Findings and Recommendations of the ‘Solid Waste Collection Rate Report, October 2022’ and Maintaining the Current Republic Services Rate Schedule for Collection and Disposal of Solid Waste, Recyclables, Yard Debris, Organic Materials and Other Materials, Effective January 1, 2022</p> <p>Staff Member: Mark Ottenad, Public/Government Affairs Director</p> <p>Department: Administration</p>
<p>Action Required</p> <p><input checked="" type="checkbox"/> Motion</p> <p><input type="checkbox"/> Public Hearing Date:</p> <p><input type="checkbox"/> Ordinance 1st Reading Date:</p> <p><input type="checkbox"/> Ordinance 2nd Reading Date:</p> <p><input checked="" type="checkbox"/> Resolution</p> <p><input type="checkbox"/> Information or Direction</p> <p><input type="checkbox"/> Information Only</p> <p><input type="checkbox"/> Council Direction</p> <p><input type="checkbox"/> Consent Agenda</p>	<p>Advisory Board/Commission Recommendation</p> <p><input type="checkbox"/> Approval</p> <p><input type="checkbox"/> Denial</p> <p><input type="checkbox"/> None Forwarded</p> <p><input checked="" type="checkbox"/> Not Applicable</p> <p>Comments: Prospective adoption on November 7, 2022, of Resolution No. 3004 has the effective of maintaining current solid waste collection and disposal rates dated January 1, 2022, for all classes of customers during 2023.</p>
<p>Staff Recommendation: Staff recommends Council adopt Resolution No. 3004.</p>	
<p>Recommended Language for Motion: I move to adopt Resolution No. 3004.</p>	
<p>Project / Issue Relates To:</p>	
<p><input type="checkbox"/> Council Goals/Priorities:</p>	<p><input checked="" type="checkbox"/> Adopted Master Plan(s): Solid-Waste Franchise Ordinance No. 814</p> <p><input type="checkbox"/> Not Applicable</p>

ISSUE BEFORE COUNCIL:

Adoption of Resolution No. 3004, which approves the *Solid Waste Collection Rate Report, October 2022*, (“Report”) and maintains the current Republic Services Rate Schedule for Collection and Disposal of Solid Waste, Recyclables, Yard Debris, Organic Materials and Other Materials, Effective January 1, 2022.

EXECUTIVE SUMMARY:

The Report finds that solid waste Franchisee Republic Services Rate of Return (“ROR”) adjusted for 2021 had a composite revenue of 15.8%, well in excess of the allowable range of 8% to 12%, with a target of 10% ROR; see Report page 1.

Composite revenue ROR is the combined ROR of Republic Services’ three lines or classes of business:

1. Roll Cart: Residential
2. Container: Commercial
3. Industrial: Drop Box

The Report finds projected 2022 financial performance with a composite net margin of 9.8%, which is essentially on the mark for the target ROR of 10%; see Report page 2. While residential and commercial lines of business fall below the target ROR, the industrial category exceeds the allowable range, resulting in a composite ROR just under the 10% target and within the 8%-12% acceptable range for ROR.

Therefore, the Report recommends maintaining current rates for all three classes of solid-waste customers, including residential, commercial and industrial customers; see Report page 2. Exhibit 2 to the Resolution contains the current solid waste collection and disposal rates of 2022 that are to be maintained during 2023.

Last year in November 2021, City Council adoption of Resolution No. 2931 for the 2021 solid waste rate review process resulted in across-the-board rate reductions for all classes of customers, with Residential Roll Cart service rates decreased an average of 4.7%, Commercial Container service rates reduced an average of 7.6%, and Industrial Roll Off / Drop Box service rates lowered an average of 10.1%.

EXPECTED RESULTS:

Prospective adoption on Nov. 7, 2022, of Resolution No. 3004 has the effect of maintaining current solid waste collection and disposal rates for all classes of customers for 2023.

TIMELINE:

- Oct. 3, 2022: Council review of draft *Solid Waste Collection Rate Report, September 2022*
- Nov. 7, 2022: Prospective Council adoption of Resolution No. 3004, which adopts the final *Solid Waste Collection Rate Report, October 2022*, and maintains the current “Republic Services Rate Schedule for Collection and Disposal of Solid Waste, Recyclables, Yard Debris, Organic Materials and Other Materials,” effective January 1, 2022.

CURRENT YEAR BUDGET IMPACTS:

The Report, Attachment B – Projected 2022, p. 6, projects City solid waste franchise-fee revenue of calendar year 2022 of \$391,902, a decrease of 15% or \$68,522 from solid waste franchise-fee revenue of \$460,424 for calendar year 2021. Declining franchisee ROR to within the acceptable 8%-12% range also reduces franchise-fee revenue to City.

COMMUNITY INVOLVEMENT PROCESS:

Adoption of the Solid-Waste Franchise Ordinance No. 814 in 2018 followed standard City public outreach practices. The 2022 solid waste rate review is a by-product of the solid-waste franchise Ordinance No. 814.

Franchisee Republic Services was engaged in the rate-review process, although the CFO/controller position had become vacant prior to the review process. The General Manager submitted a number of questions that were responded to by the rate-review consultant and resulted in an adjustment to the initial Draft September 2022 rate report, producing a Revised September 2022 version that was distributed at the Oct. 3 City Council work session. The final October 2022 version (Exhibit A to Resolution No. 3004) contains the same content as the Revised September 2022 version. City staff are working with franchisee and rate-review consultant on a review schedule for next year that also includes an itemized list of rate-review components and the data sources for each component, in this manner apprising all parties of their responsibility and from where the rate-review data originates, *i.e.*, from franchisee, from the solid waste market place, Metro regional government, etc.

POTENTIAL IMPACTS OR BENEFIT TO THE COMMUNITY:

The community benefits by continuing to receive Republic Services solid waste collection and disposal services at current rates during a time of high inflation.

ALTERNATIVES:

N/A

CITY MANAGER COMMENT:

N/A

ATTACHMENTS:

1. Resolution No. 3004
 - A. Solid Waste Collection Rate Report, October 2022
 - B. Republic Services Rate Schedule for Collection and Disposal of Solid Waste, Recyclables, Yard Debris, Organic Materials and Other Materials, Effective January 1, 2022