



**CITY COUNCIL MEETING
STAFF REPORT**

Meeting Date: November 6, 2023		Subject: Resolution No. 3091 A Resolution of the City of Wilsonville Adopting the Findings and Recommendations of the <i>Solid Waste Collection Rate Report, October 2023</i> , and Modifying the Republic Services Rate Schedule for Collection and Disposal of Solid Waste, Recyclables, Organic Materials and Other Materials, Effective January 1, 2024.” Staff Member: Mark Ottenad, Public/Government Affairs Director Department: Administration	
Action Required		Advisory Board/Commission Recommendation	
<input checked="" type="checkbox"/> Motion <input type="checkbox"/> Public Hearing Date: <input type="checkbox"/> Ordinance 1 st Reading Date: <input type="checkbox"/> Ordinance 2 nd Reading Date: <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Information or Direction <input type="checkbox"/> Information Only <input type="checkbox"/> Council Direction <input type="checkbox"/> Consent Agenda		<input type="checkbox"/> Approval <input type="checkbox"/> Denial <input type="checkbox"/> None Forwarded <input checked="" type="checkbox"/> Not Applicable Comments:	
Staff Recommendation: Staff recommends Council adopt Resolution No. 3091.			
Recommended Language for Motion: I move to adopt Resolution No. 3091.			
Project / Issue Relates To:			
<input type="checkbox"/> Council Goals/Priorities:	<input checked="" type="checkbox"/> Adopted Master Plan(s): Solid-Waste Franchise Ordinance No. 814 (succeeded by Ordinance No 883, effective Jan. 1, 2024)	<input type="checkbox"/> Not Applicable	

ISSUE BEFORE COUNCIL:

Adoption of Resolution No. 3091, which adopts the *Solid Waste Collection Rate Report, October 2023*, (“Report”) and modifies the Republic Services Rate Schedule for Collection and Disposal of Solid Waste, Recyclables, Organic Materials and Other Materials, Effective January 1, 2024.

EXECUTIVE SUMMARY:

Solid-Waste Franchise Ordinance No. 814 provides that collection rates are established to generate for franchisee Republic Services an operating margin of 10% on allowable expenses; however, rates are recalibrated by the City if the margin falls below 8% or above 12%.

Composite revenue Rate of Return (ROR) is the combined ROR of Republic Services' three lines or classes of business:

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

The Report finds that solid waste Franchisee Republic Services margin, or Rate of Return, adjusted for 2022 had a composite revenue of 10.8%, which is in the allowable range of 8% to 12%, with a target of 10% ROR; see Report (Exhibit A to Resolution No. 3091) page 1, Table 1.

The Report finds projected 2023 financial performance with a composite net margin of 5.7%, which is below the target ROR of 10%; see Report page 2, Table 3.

Table 4 on page 4, "Estimated 2023 Financial Results for Collection Services in Wilsonville," illustrates the estimated ROR for Republic Services' three lines or classes of business, each of which falls below the 10% ROR target.

Table 8 on page 5, "Calculation of the Revenue Requirement" to bring Republic Services to the target ROR of 10%, shows that an average rate increase of 5% is required. The rates for some services, however, are increasing at a greater proportion in the 8% to 12% range, based on a number of factors noted in the Report, including an estimated 27.1% increase in the cost of recycling processing (page 2) and a total increase for disposal calculated at 8.92% for 2023 (pages 2 and 3).

Therefore, the Report recommends modifying the current rates for all three classes of solid-waste customers, including residential, commercial and industrial customers; see Report pages 4-5:

- Table 5, page 4 — Proposed Rate Increase for Residential Collection Service: Average rate increase of 9.2%.
- Table 6, page 4 — Proposed Rate Increases for Commercial Container Service: Average rate increase of 7.5%.
- Table 7, page 5 — Proposed Rate Increases for Drop Box / Roll Off Compactor: Average increase of 5%.

The increase in rates varies by type of customer class, size of container and related costs of collection, processing, and disposal. For a complete listing of all rates, see Exhibit B to Resolution No. 3091, "Republic Services Rate Schedule for Collection and Disposal of Solid Waste, Recyclables, Organics and Other Materials, Effective January 1, 2024."

Metro regional government in collaboration with counties and cities are implementing new recycling services during 2023 and 2024 that includes battery collection and an optional recycling program for hard-to-recycle items such as clamshells and old linens.

Additionally, the Metro-mandated business food waste or commercial food-scrap composting program continues to be rolled out to a wider range of businesses that generate compostable food-scrap “in the back of the house,” meaning in the kitchen food-preparation area of the business (as opposed to the “front of the house” where the public consumes prepared food).

Recent Prior Results of Solid Waste Collection Rate Reviews

Since adoption of a modern Solid Waste Franchise in 2019 as Ordinance No. 814, and modified prospectively in November 2023 as Ordinance No. 883, the City has conducted four prior rate reviews (2019, 2020, 2021, and 2022). Prospective adoption of Resolution No. 3091 has the effect of implementing the first solid waste rate increase in five years.

In November 2022, City Council adoption of Resolution No. 3004 for the 2022 solid waste rate review process resulted in no modification of rates – all rates maintained the same as the prior year.

In November 2021, City Council adoption of Resolution No. 2931 for the 2021 solid waste rate review process resulted in elimination of the temporary recycling surcharge and 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%.

In December 2020, City Council adoption of Resolution No. 2865 for the 2020 solid waste rate review process resulted in no modification of rates – all rates maintained the same as the prior year.

In December 2019, City Council adoption of Resolution No. 2775 for the 2019 solid waste rate review process resulted in a 50% reduction of a temporary recycling surcharge, introduction of new recycling services, and no modification of rates – all rates maintained the same as the prior year.

EXPECTED RESULTS:

Prospective adoption on Nov. 6, 2023, of Resolution No. 3091 has the effect of modifying current solid waste collection and disposal rates for all classes of customers effective Jan. 1, 2024.

TIMELINE:

- Nov. 6, 2023: Prospective Council adoption of Resolution No. 3091, which adopts the *Solid Waste Collection Rate Report, October 2023*, and modifies the current “Republic Services Rate Schedule for Collection and Disposal of Solid Waste, Recyclables, Organic Materials and Other Materials,” effective January 1, 2024.
- Jan. 1, 2024: New rates and recycling services become effective.

CURRENT YEAR BUDGET IMPACTS:

The Report, Attachment B – Projected 2023, page 9, projects City solid waste franchise-fee revenue (at 5% of revenue) for calendar year 2023 of \$418,166.

COMMUNITY INVOLVEMENT PROCESS:

Adoption of the Solid-Waste Franchise Ordinance No. 883 in 2023 and prior Ordinance No. 814 in 2018 followed standard City public outreach practices. The 2023 Report is a by-product of the solid-waste franchise Ordinance No. 814, to be succeeded by Ordinance No. 883, effective Jan. 1, 2024.

Franchisee Republic Services was engaged in the rate-review process. However, due to delays beyond City’s control, a draft version of the Report was unable to be presented to the City Council in work session in October as scheduled, and the final version is presented for adoption.

City information on solid waste matters may be found online at www.ci.wilsonville.or.us/garbage or www.ci.wilsonville.or.us/recycling, including information about recycling services, the current rate sheet, and a customer service complaint/issue form.

POTENTIAL IMPACTS OR BENEFIT TO THE COMMUNITY:

The community benefits by continuing to receive Republic Services solid waste collection and disposal services. The City benefits with a standard 5% franchise fee to account for administration expenses of the franchise.

ALTERNATIVES:

N/A

CITY MANAGER COMMENT:

N/A

ATTACHMENTS:

1. Resolution No. 3091
 - A. Solid Waste Collection Rate Report, October 2023
 - B. Republic Services Rate Schedule for Collection and Disposal of Solid Waste, Recyclables, Organics and Other Materials, Effective January 1, 2024