



Sustainability in Action

11/21/23

City of Wilsonville
City Council
29799 Town Center Loop E.
Wilsonville, OR 97070

RE: Republic Services Request for Extraordinary Rate Increase

As mentioned in Ordinance No. 883, Article VIII, Page 17, Republic Services requests Council approval of an extraordinary rate increase, above 125% of CPI. Based on these 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 request per the Annual Review report by Chris Bell:

1. Disposal – Metro increased disposal fees by \$13.85 per ton in July 2023. This was an exceptionally high increase of 11.2%. Since 2019, the time of the last increase, Metro has increased by nearly 45%. Disposal makes up 39% of the cost to collect garbage, commingle recycle and organics.
2. Wages – Driver wages are expected to increase by 6.9% over wages in 2022. Since 2019, the time of the last rate increase, wages have increased by nearly 18%.
3. Cost of Recycle – Commodities market has been and is still very volatile and unpredictable. The cost of sorting and processing commingle recycling exceeds the value of the materials. In 2022 cardboard decreased in value. The cost of recycling went from \$34.95 per ton in 2022 to \$53.12 per ton in 2023 and is projected to increase to \$74 per ton.
4. Equipment Cost – Equipment costs are outpacing inflation and are expected to increase by 6.4%.
5. Inflation (CPI West) – Since the last rate increase in 2019, inflation has cumulatively increased by 23%. Between January and August 2023, the inflation was 3.37%.

To summarize and in agreement with Chris Bell's rate analysis, Republic Services is projecting an increase of 6.8% in allowable expenses in 2023. This will drop the returns to 5.73%, well below the 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 council approval for the extraordinary rate increase as presented by city appointed consultant Chris Bell, Bell & Associates.

Sincerely,

Cindy Rogers
Municipal Relationship Manager