

**RESOLUTION NO. 3091**

**A RESOLUTION OF THE CITY OF WILSONVILLE ADOPTING THE FINDINGS AND RECOMMENDATIONS OF THE SOLID WASTE COLLECTION RATE REPORT DATED OCTOBER 2023 AND MODIFYING THE CURRENT REPUBLIC SERVICES RATE SCHEDULE FOR COLLECTION AND DISPOSAL OF SOLID WASTE, RECYCLABLES, ORGANIC MATERIALS AND OTHER MATERIALS, EFFECTIVE FEBRUARY 1, 2024.**

WHEREAS, Ordinance No. 814, adopted by City Council in May 2018, created a new solid-waste franchise agreement with Republic Services (the “Franchise Agreement”); and

WHEREAS, Republic Services is the “Franchisee” under the Franchise Agreement; and

WHEREAS, as stated in Article VIII (titled “Establishment and Modification of Service Rates”), Section 4 (titled “Annual Service Rate Adjustment”) of the Franchise Agreement, the City’s goal is to allow Republic Services a permitted Operating Margin of ten percent (10%) of Gross Revenues, but no less than eight percent (8%) and no greater than twelve percent (12%) (“Operating Margin” and “Gross Revenues” are terms defined in the Franchise Agreement, and the term Operating Margin is roughly equivalent to the term profit); and

WHEREAS, the City worked with Chris Bell, CPA, of Bell and Associates, to review Republic Services’ financial data to determine its Operating Margin in accordance with the Franchise Agreement and to recommend whether Service Rates (a term defined in the Franchise Agreement) should be adjusted pursuant to the terms of the Franchise Agreement; and

WHEREAS, as stated in the Solid Waste Collection Rate Report dated October 2023 prepared by Chris Bell, attached hereto and incorporated by reference herein as **Exhibit A** (referred to herein as the “Rate Report”), Chris Bell determined that Republic Services’ cumulative Operating Margin for calendar year 2023 is projected to be 5.73%, which number can be broken down by Republic Services’ three service lines of business as follows:

- 0.74% for residential Roll-Cart service;
- 6.84% for commercial Container service; and
- 7.95% for industrial Drop Box / Compactor service; and

WHEREAS, Service Rates have not increased since 2019, and were decreased in 2022; and

WHEREAS, City Council desires to increase Service Rates pursuant to Article VIII, Section 5 (titled “Extraordinary Rate Increase”) of the Franchise Agreement, based on the following extraordinary or unanticipated events:

- Disposal fees have increased 40.89% since 2019, which is due in part to increases in Metro’s disposal fees, and which is driven in part by volatility in markets for recycled materials; and
- Labor costs have increased 17.03% since 2019; and

WHEREAS, in accordance with Article VIII, Section 5 of the Franchise Agreement, Republic Services submitted a written request for an extraordinary rate increase dated November 21, 2023 (the “Written Request”), which includes a list of factors that Republic Services cites as justification for its request for increased Service Rates; and

WHEREAS, in order to allow Republic Services to achieve the target Operating Margin of ten percent (10%), staff recommend increasing Service Rates as stated in **Exhibit B** attached hereto and incorporated by reference herein;

NOW THEREFORE:

- 1) The Wilsonville City Council hereby accepts and adopts the findings and recommendations of the Rate Report attached hereto as **Exhibit A**;
- 2) The Wilsonville City Council hereby approves an extraordinary rate increase pursuant to Article VIII, Section 5 of the Franchise Agreement, based on the extraordinary or unanticipated events outlined in this Resolution No. 3091, and the Written Request; and
- 3) The Wilsonville City Council hereby approves and adopts the Rate Sheet attached hereto as **Exhibit B**.

ADOPTED by the Wilsonville City Council at a regular meeting on December 4, 2023, and filed with the Wilsonville City Recorder on this date.

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JULIE FITZGERALD, MAYOR

ATTEST:

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Kimberly Veliz, City Recorder

SUMMARY OF VOTES:

Mayor Fitzgerald

Councilor Akervall

Councilor Linville

Councilor Berry

Councilor Dunwell

EXHIBITS:

- A. Solid Waste Collection Rate Report dated October 2023 (the "Rate Report")
- B. Republic Services Rate Schedule for Collection and Disposal of Solid Waste, Recyclables, Organics and Other Materials, Effective: February 1, 2024 (the "Rate Sheet")