

RESOLUTION NO. 3162

A RESOLUTION OF THE CITY OF WILSONVILLE ADOPTING THE FINDINGS AND RECOMMENDATIONS OF THE “SOLID WASTE COLLECTION RATE REPORT, NOVEMBER 2024” AND MODIFYING THE CURRENT REPUBLIC SERVICES RATE SCHEDULE FOR COLLECTION AND DISPOSAL OF SOLID WASTE, RECYCLABLES, ORGANICS AND OTHER MATERIALS, EFFECTIVE FEBRUARY 1, 2025.

WHEREAS, "Solid Waste Management Ordinance," Ordinance No. 814 adopted on May 21, 2018, and succeeded by Ordinance No. 883, adopted on November 6, 2023, effective January 1, 2024, created a new solid-waste franchise agreement with franchisee Republic Services; and

WHEREAS, Ordinance No. 883, Article VIII, Establishment and Modification of Service Rates, Section 1, provides that “Amendments to Service Rates must be approved by Council, and may be a by approved by resolution”; and

WHEREAS Article VIII, Section 2, provides for an “Annual Service Rate Adjustment” to provide “Franchisee with a target Operating Margin of ten percent (10%) of Gross Revenues, but no less than eight percent (8%) and no greater than twelve percent (12%). Except as provided in Section 3 of this Article, the Service Rate will be adjusted annually under the following circumstances:”

“c. If the expected Operating Margin in the next calendar year is equal to or greater than eight percent (8%) but less than ten percent (10%) of Gross Revenues, Service Rates will be adjusted to reflect one hundred percent (100%) of the percentage increase, if any, in the CPI”; and

WHEREAS, Article VIII, Subsection i, provides that the “City has the authority to commission reviews or analysis of Franchisee's Annual Franchise Reports and other documents supporting a Service Rate adjustment to validate submissions. The City has further authority to review Franchisee's books, records, and accounts to verify the accuracy of Franchise Fees paid to the City, Franchisee's Operating Margin, and/or any Extraordinary Rate Increases as provided in Article XI herein;” and

WHEREAS, the City contracted with Chris Bell, CPA, of Bell and Associates of Camas, WA, to undertake a solid waste franchise rate review of Republic Services’ 2023 financial operations in order to make a determination the franchisee’s operating margin and recommend any rate

modifications in order to achieve the target operating margin of ten percent 10% for the next following calendar year of 2024; and

WHEREAS, the “Solid Waste Collection Rate Report, November 2024,” attached herein as Exhibit B, found for the following:

- CPI Inflation Rate of 2.6%
- Adjusted 2023 Wilsonville Results:
 - 1.1% margin for residential Roll-Cart service;
 - 16.8% margin for commercial Container service;
 - 3.5% margin for industrial Drop Box service;
 - Cumulatively resulting in a Composite margin of 7.5%
- Estimated 2024 Financial Results for Collection Services in Wilsonville:
 - 5.5% margin for residential Roll-Cart service;
 - 19.1% margin for commercial Container service;
 - 4.0% margin for industrial Drop Box service;
 - Cumulatively resulting in a Composite margin of 9.7%
- Proposed a Drop Box Distance Fee and Landfill Fee for industrial collection disposal when certain kinds of materials require disposal at locations other than franchisee’s local transfer station in Wilsonville operated by franchisee’s subsidiary Willamette Resources, Inc. (WRI); and

WHEREAS, during the October 21, 2024, City Council meeting the City Council reviewed the “Draft Solid Waste Collection Rate Report, October 2024” and directed staff to implement the CPI Inflation increase of 2.6% called for by Ordinance No. 883 with the addition of a Drop Box Distance Fee and Landfill Fee; and

WHEREAS, subsequent to the October 21, 2024, work session, City Council members indicated an equity concern based on the cost or rate per gallon of residential carts and sought to see rate options that would more greatly differentiate rates that provide a lower increase in the cost for smaller carts; and

WHEREAS, in order to respond to City Council members rate modifications, a set of three different 2025 Solid Waste Rate Modification Options were presented to City Council for consideration on December 2, 2024, and Council members indicated a preference for Option number 3.

WHEREAS, the “Solid Waste Collection Rate Report, November 2024,” finds that the Franchisee’s composite operating margin for all customer classes of service is lower than the franchise target margin of ten percent (10%) and higher than the minimum eight percent (8%) acceptable rate-of-return, and therefore recommends modifying the current rate schedule by CPI Inflation Rate of 2.6% effective February 1, 2025;

NOW THEREFORE:

- 1) The Wilsonville City Council selects Option number 3 as listed in the 2025 Solid Waste Rate Modification Options, attached hereto as Exhibit A; and
- 2) The Wilsonville City Council hereby accepts and adopts the findings and recommendations of the “Solid Waste Collection Rate Report, November 2024,” as modified by Option number 3, including the addition of Drop Box Distance Fee and Landfill Fee, attached hereto as Exhibit B; and
- 3) The Wilsonville City Council hereby modifies the “Republic Services Rate Schedule for Collection and Disposal of Solid Waste, Recyclables, Organics and Other Materials,” as modified by Option number 3, effective February 1, 2025, attached hereto as Exhibit C.

ADOPTED by the Wilsonville City Council at a regular meeting on December 2, 2024, and filed with the Wilsonville City Recorder on this date.

JULIE FITZGERALD, MAYOR

ATTEST:

Kimberly Veliz, City Recorder

SUMMARY OF VOTES:

Mayor Fitzgerald

Councilor Akervall

Councilor Linville

Councilor Berry

Councilor Dunwell

EXHIBITS:

Exhibit A: "2025 Solid Waste Rate Modification Options"

Exhibit B: "Solid Waste Collection Rate Report, November 2024"

Exhibit C: "Republic Services Rate Schedule for Collection and Disposal of Solid Waste,
Recyclables, Organics and Other Materials, Effective: January 1, 2025"