

Council Business Meeting

March 21, 2017

Title: Resolution Modifying Solid Waste Franchise Rates and Fees
From: Adam Hanks Interim Assistant to the City Administrator
Adam.Hanks@ashland.or.us

Summary:

Consistent with the 2013 solid waste franchise agreement, Recology Ashland is requesting a consumer price index (CPI) based rate increase for solid waste collection service fees. The CPI increase of 2.1% would become effective April 1, 2017 and amounts to an increase of \$.40 (40 cents) on a standard residential customer account.

Actions, Options, or Potential Motions:

I move to approve the resolution titled, "A resolution modifying solid waste franchise rates and fees"

Staff Recommendation:

Staff recommends approval of the CPI rate adjustment as proposed as it is consistent with the process and calculation prescribed in the October 2013 franchise agreement ([Ord 3090](#))

Resource Requirements:

Recology Ashland estimates that the CPI adjustment will result in a monthly solid waste and recycling bill increase of \$.40 (40 cents) for a typical residential customer, with total bill increases for commercial rate varying by size and frequency of service. The CPI adjustment does not impact the existing surcharge fee for the Recycle Center, which has been and continues to be \$1.60 per month per account.

Policies, Plans and Goals Supported:

N/A

Background and Additional Information:

A component of the 2013 Solid Waste franchise agreement with Recology Ashland was a rate adjustment methodology intended to provide the Franchisee an annual operating margin range of between eight and twelve percent.

Recology Ashland has provided documentation (attached) that the projected 2017-18 rate year operating margin will fall below the eight percent operating margin range which triggers the Consumer Price Index (CPI) based rate increase to restore the franchise approved operating margin range.

To meet the franchise agreement service rates and fees requirements set forth in Section 5.8 of Ordinance 3090 and Administrative Operations and Rules Resolution 2014-23, the attached

resolution implements a 2.1% rate increase based upon the CPI-U Portland-Salem index which returns the operating margin to 8.1%.

Attachments:

Recology Ashland Rate Adjustment Request Packet
Draft Solid Waste Rate Adjustment Resolution

RESOLUTION NO. 2016-

**A RESOLUTION MODIFYING SOLID WASTE FRANCHISE
RATES AND FEES**

RECITALS:

- A. The Solid Waste and Collections franchise agreement adopted by City Council as ordinance 3090 and associated Administrative Operations Standards and Rules most recently adopted by resolution 2014-23 provide a methodology for annual service rates adjustments.
- B. The City concurs with the documentation provided by Recology Ashland (Franchisee) that the rate increase provision of the ordinance and resolution dictates the approval of a service rate increase of 2.1% based on the franchise established Consumer Price Index – All Urban Consumers (Portland-Salem)

THE CITY OF ASHLAND RESOLVES AS FOLLOWS:

SECTION 1. Effective April 1, 2017, Resolution 2016-01 is repealed in its entirety.

SECTION 2. Effective April 1, 2017, solid waste and collection service rates increase by 1.2% as detailed in the attached service rate table.

This resolution was duly PASSED and ADOPTED this _____ day of _____, 2016, and takes effect upon signing by the Mayor.

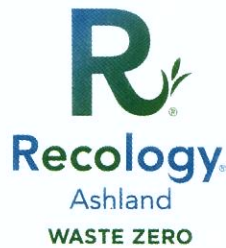
Barbara Christensen, City Recorder

SIGNED and APPROVED this ____ day of _____, 2016.

John Stromberg, Mayor

Reviewed as to form:

David H. Lohman, City Attorney



John Karns, Interim City Administrator
City of Ashland
20 East Main Street
Ashland, OR 97520

February 22, 2017

Dear Mr. Karns:

Pursuant to Paragraph C (1) of Attachment A, City of Ashland Resolution No. 2013-32, we are formally submitting our request for a CPI rate increase of 2.1%, to be applied equally across all rate structures. This request is based on the most recent Consumer Price Index—All Urban Consumers—All Items—Portland—Salem (CPI-U). A copy of the most recent report, along with our accompanying financial statement and projections for 2017, is enclosed with this letter.

The proposed CPI increase would become effective April 1, 2017. This rate increase amounts to an increase of \$.40 (40 cents) per month for the typical residential customer.

Please let us know if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Gary Blake', is written over a faint, larger version of the same signature.

Gary Blake, General Manager
Recology Ashland Inc.

Encl.

Cc: Tom Norris, Derek Ruckman, Adam Hanks

PORTLAND-SALEM

01/19/17

Consumer Price Index, All Items, 1982-84=100 for All Urban Consumers (CPI-U)

SEMI-ANNUAL AVERAGE				OVER-THE-YEAR PERCENT CHANGE			
YEAR	1st Half	2nd Half	ANNUAL AVERAGE	YEAR	1st Half	2nd Half	ANNUAL AVERAGE
1989	119.3	121.6	120.4	1989	5.0	4.9	5.0
1990	124.9	129.8	127.4	1990	4.7	6.7	5.8
1991	132.8	135.1	133.9	1991	6.3	4.1	5.1
1992	138.8	140.9	139.8	1992	4.5	4.3	4.4
1993	143.6	145.8	144.7	1993	3.5	3.5	3.5
1994	147.7	150.1	148.9	1994	2.9	2.9	2.9
1995	152.5	153.9	153.2	1995	3.2	2.5	2.9
1996	157.2	160.0	158.6	1996	3.1	4.0	3.5
1997	162.6	165.5	164.0	1997	3.4	3.4	3.4
1998	166.1	168.1	167.1	1998	2.2	1.6	1.9
1999	170.8	174.4	172.6	1999	2.8	3.7	3.3
2000	176.4	179.5	178.0	2000	3.3	2.9	3.1
2001	181.2	183.6	182.4	2001	2.7	2.3	2.5
2002	183.5	184.0	183.8	2002	1.3	0.2	0.8
2003	186.0	186.5	186.3	2003	1.4	1.4	1.4
2004	189.8	192.5	191.1	2004	2.0	3.2	2.6
2005	194.5	197.5	196.0	2005	2.5	2.6	2.6
2006	199.8	202.5	201.1	2006	2.7	2.5	2.6
2007	206.653	210.460	208.556	2007	3.4	3.9	3.7
2008	214.619	216.159	215.389	2008	3.9	2.7	3.3
2009	214.102	217.191	215.647	2009	-0.2	0.5	0.1
2010	217.508	219.179	218.344	2010	1.6	0.9	1.3
2011	223.105	226.077	224.590	2011	2.6	3.1	2.9
2012	228.746	230.811	229.779	2012	2.5	2.1	2.3
2013	233.735	237.322	235.528	2013	2.2	2.8	2.5
2014	239.751	242.679	241.215	2014	2.6	2.3	2.4
2015	242.976	245.405	244.190	2015	1.3	1.1	1.2
2016	247.143	251.710	249.426	2016	1.7	2.6	2.1

Table of over-the-year percent increases. An entry for 2ndHalf 2005 indicates the percentage increase from 2ndHalf 2004 to 2ndHalf 2005 (in this example 2.6 percent).

City of Ashland
Rate Application
Rate Year 4-1-17 to 3-1-18



Revenues

All Jurisdictions			Allocation Type	Ashland		
Actual Fiscal 2015-16	Adjustments & Unallowable Expenses	Adjusted Fiscal 2015-16		Adjusted Fiscal 2015-16	Projected Changes for Rate Year	Projected Rate Year 2017-18
Refuse collection		5,217,040	Actual	3,664,541	79,670	3,744,211
Rate Increase					37,957	37,957
Recycling	78,238	78,238	Yards	56,108		56,108
Other Operating Revenues	0	0	Yards	0		0
Revenue	5,295,279	5,295,279		3,720,649		3,838,276

Expenses

Labor and Related	1,974,519	1,974,519	Route Hours	1,474,337	(93,204)	1,381,133
Temp Labors & Subs	18,440	18,440	Route Hours	13,313		13,313
Insurance	144,788	144,788	Other	101,641	2,134	103,776
Disposal	1,257,430	1,257,430	Yards	879,811	32,943	912,753
Rent and Lease	42,986	42,986	Other	30,176	634	30,810
Supplies	64,308	64,308	Route Hours	46,430	975	47,405
Franchise Fees & Surcharge	265,054	265,054	Actual	186,244	3,984	190,227
Repairs and Maint	109,045	109,045	Route Hours	78,731	(15,733)	62,998
Fuel and Oil	147,419	147,419	Route Hours	108,267	19,344	127,611
Building and Facility	4,421	4,421	Other	3,104	65	3,169
Licenses and permits	16,348	16,348	Route Hours	11,803		11,803
Utilities	4,913	4,913	Other	3,630	76	3,706
Freight	1,522	1,522	Route Hours	1,099	23	1,122
Cost of Goods Sold	10,445	10,445	Other	7,332	(7,332)	0
Professional Services	12,132	12,132	Other	8,517	(3,900)	4,617
Bad Debts	14,642	14,642	Other	10,278		10,278
Travel and Entertainment	34,821	34,821	Other	24,445		24,445
Office Expenses	101,241	(6,345) 94,896	Other	66,617	1,399	68,016
Taxes	18,096	18,096	Route Hours/Other	12,966	272	13,238
Regional/Local Allocations	72,691	72,691	Other	51,029	1,072	52,101
Other Operating	51,498	51,498	Other	36,151	759	36,911
Corporate Services	244,504	244,504	Other	171,642	3,604	175,246
Depreciation/Amortization	120,743	(119,055) 1,688	Other	1,185	744	1,929
(Gain)/Loss on Sale	(2,989)	2,989 0	Other	0		0
I/C Equipment & Property	356,031	(55,047) 300,984	Route Hours	218,451	33,024	251,475
Interest	0	0	Other	0		0
Total Expenses	5,085,046	4,907,587		3,547,198		3,528,083
Net Income before Tax	210,233	387,691		173,450		310,194
Operating Margin						8.1%

Recology Ashland Sanitary Service
City of Ashland Rates
Proposed Increase April 1, 2017

Residential Rates	Current	Proposed
32 Gallon	\$18.92	\$19.32
32 Gallon Bear Cart	\$23.82	\$24.32
Add'l 32 Gallon Trash Cart	\$21.57	\$22.02
64 Gallon	\$39.49	\$40.32
96 Gallon	\$60.06	\$61.32
32 Gallon Trash On-Call per Setout	\$8.60	\$8.78
96 Gallon Green Waste Cart	\$7.26	\$7.41
Additional Green Waste Cart	\$2.07	\$2.11
32 Gallon Recycle Only Cart	\$5.18	\$5.29
64 Gallon Recycle Only Cart	\$5.18	\$5.29
96 Gallon Recycle Only Cart	\$6.21	\$6.34
Recycling On-Call per Setout	\$4.09	\$4.18
Additional Recycling Cart	\$2.07	\$2.11
Cart re-delivery fee	\$20.00	\$20.00

Medical Waste Rates	Current	Proposed
1 Gallon Medical Waste	\$23.83	\$24.33
2 Gallon Medical Waste	\$29.01	\$29.62
15 Gallon Medical Waste	\$31.09	\$31.74
34 Gallon Medical Waste	\$57.00	\$58.20

Go-in Rates	Current	Proposed
Off curb up to 40 Yards	\$6.21	\$6.34
40 yards to 1/2 mile	\$16.69	\$17.04
1/2 Mile to 1 Mile	\$33.37	\$34.07
Beyond 1 Mile	\$55.55	\$56.72

Compactor per Pickup Rates	Current	Proposed
1 Yard per Load	\$33.54	\$34.24
2 Yard per Load	\$67.07	\$68.48
3 Yard per Load	\$100.60	\$102.71
4 Yard per Load	\$134.14	\$136.96
8 Yard per Load	\$268.27	\$273.90
15 Yard per Load	\$401.97	\$410.41
20 Yard per Load	\$496.75	\$507.18
25 Yard per Load	\$591.56	\$603.98
30 Yard per Load	\$686.39	\$700.80

Commercial Cart Rates	Current	Proposed
32 Gallon 1 x Week	\$18.92	\$19.32
32 Gallon 2 x Week	\$39.49	\$40.32
32 Gallon 3 x Week	\$60.06	\$61.32
32 Gallon 4 x Week	\$80.64	\$82.33
32 Gallon 5 x Week	\$101.20	\$103.33
32 Gallon 6 x Week	\$121.77	\$124.33
64 Gallon 1 x Week	\$39.49	\$40.32
64 Gallon 2 x Week	\$80.64	\$82.33
64 Gallon 3 x Week	\$121.77	\$124.33
64 Gallon 4 x Week	\$162.91	\$166.33
64 Gallon 5 x Week	\$204.06	\$208.35
64 Gallon 6 x Week	\$245.20	\$250.35
96 Gallon 1 x Week	\$60.06	\$61.32
96 Gallon 2 x Week	\$121.77	\$124.33
96 Gallon 3 x Week	\$183.49	\$187.34
96 Gallon 4 x Week	\$245.20	\$250.35
96 Gallon 5 x Week	\$306.91	\$313.36
96 Gallon 6 x Week	\$368.62	\$376.36
96 Gallon Green Waste Cart	\$7.26	\$7.41
32 Gallon Recycle Only Cart 1 x Week	\$5.18	\$5.29
32 Gallon Recycle Only Cart 2 x Week	\$10.36	\$10.58
32 Gallon Recycle Only Cart 3 x Week	\$15.54	\$15.87
64 Gallon Recycle Only Cart 1 x Week	\$5.18	\$5.29
64 Gallon Recycle Only Cart 2 x Week	\$10.36	\$10.58
64 Gallon Recycle Only Cart 3 x Week	\$15.54	\$15.87
96 Gallon Recycle Only Cart 1 x Week	\$6.21	\$6.34
96 Gallon Recycle Only Cart 2 x Week	\$12.44	\$12.70
96 Gallon Recycle Only Cart 3 x Week	\$18.65	\$19.04

Debris Box per Pickup Rates	Current	Proposed
7 Yard per Load	\$170.25	\$173.83
10 Yard per Load	\$211.55	\$215.99
25 Yard per Load	\$354.55	\$362.00
40 Yard per Load	\$567.19	\$579.10
25 Yard Recycle	\$0.00	\$0.00

Commercial Bin Rates	Current	Proposed
1 Yard 1 x Week	\$103.50	\$105.67
1 Yard 2 x Week	\$181.32	\$185.13
1 Yard 3 x Week	\$263.33	\$268.86
1 Yard 4 x Week	\$339.03	\$346.15
1 Yard 5 x Week	\$413.68	\$422.37
1 Yard 6 x Week	\$484.13	\$494.30
1.5 Yard 1 x Week	\$129.25	\$131.96
1.5 Yard 2 x Week	\$226.13	\$230.88
1.5 Yard 3 x Week	\$328.23	\$335.12
1.5 Yard 4 x Week	\$422.49	\$431.36
1.5 Yard 5 x Week	\$515.44	\$526.26
1.5 Yard 6 x Week	\$603.16	\$615.83
1.5 Yard 7 x Week	\$740.60	\$756.15
2 Yard 1 x Week	\$168.69	\$172.23
2 Yard 2 x Week	\$294.75	\$300.94
2 Yard 3 x Week	\$427.61	\$436.59
2 Yard 4 x Week	\$550.25	\$561.81
2 Yard 5 x Week	\$671.20	\$685.30
2 Yard 6 x Week	\$785.32	\$801.81
2 Yard 7 x Week	\$964.18	\$984.43
2 Yard Cardboard 1 x Wk	\$0.00	\$0.00
2 Yard Cardboard 2 x Wk	\$0.00	\$0.00
2 Yard Cardboard 3 x Wk	\$0.00	\$0.00

Recycle Center	Current	Proposed
Surcharge	\$1.60	\$1.60