

# Solid Waste Franchise Agreement with Republic Services

Wilsonville City Council Work Session

April 16, 2018



# History of Solid Waste Franchise Agreement

- Originally adopted in 1982 through Ordinance No. 204
- Agreement has not substantially changed since
- Minor amendments to add recycling, adjust rate, and update franchisee information
- Administrative Directive (I) from Council to update the Solid Waste Franchise Agreement

# Comparison between Current and Draft Franchise Agreements

- Process for Increasing Rates
- Updates and Changes to Service
- Increased Insurance
- Franchise Fee Increase
- Earlier Termination
- Customer Service
- Compliance
- Administrative Rules

# Comparison – Process for Increasing Rates

- Current Franchise Agreement reviews service rate increases through six (6) nebulous factors
- Several jurisdictions are using an index to adjust service rates
  - Tigard
  - Sherwood
  - McMinnville
  - Corvallis
  - West Linn
  - Ashland
  - Portland adjusts annually to 9.5% operating margin

# Proposed Process for Increasing Rates

- Below is a table of the current proposals between City staff and Republic Services (updated since publication of Staff Report)

Operating Margin	Staff Proposal	Republic Services Proposal
Below 8% (and no extraordinary rate increase)	125% of CPI	125% of CPI
8%-9%	100% of CPI	100% of CPI
9%-10%	75% of CPI	100% of CPI
10%-11%	50% of CPI	75% of CPI
11%-12%	No Adjustment	75% of CPI
More than 12%	No Adjustment	No Adjustment

# Comparison – Updates and Changes to Service

- **Current Franchise Agreement requires amendment if updates to Services**
- **Resolutions for service rate increases contain requirements of customers in preparing materials for pick up**
- **Administrative Rules provide specifics of service and allow more flexibility and more immediate response to changes in service**

# Comparison – Increased Insurance

- **Current insurance requirements are very low**
  - \$100,000/\$300,000 personal injury
  - \$50,000 property damage
- **Increase insurance requirements to better insure against possible liabilities**
  - CGL: \$5 million/\$10 million; \$50,000 fire damage; \$10,000 medical expense
  - Pollution: \$2 million/\$6 million
  - Auto: \$5 million
  - Workers Compensation: \$1 million

# Comparison – Franchise Fees

- **Current Franchise Fee is 3%**
- **Other current franchise fees/privilege taxes in Wilsonville**
  - Electric – 5%
  - Natural Gas – 5%
  - Telecommunications – 7%
  - Cable TV – 5%
  - Water, Sewer, & Stormwater – 4%
- **Proposed increase to 5%**
  - 2012 League of Oregon Cities Survey – 40% charge 5% fee



# Comparison – Termination

- **Current Franchise Agreement is rolling 3-year term**
  - **Renews automatically every year for a three year term**
- **Proposed Franchise Agreement is a fixed 10-year term with two 5-year options to renew**

# Comparison – Customer Service

- **Current Franchise Agreement does not address issues regarding customer service**
- **Proposed Franchise Agreement requires a Bi-Annual Report of the following information:**
  - Services provided
  - Communication, marketing, and educational outreach
  - Customer complaints and Franchisee responses
- **Administrative Rules address customer service issues such as customer complaints, disputed billing, and missed collection; also addresses community education and outreach**

# Comparison – Compliance/ Administrative Rules

- Current Franchise Agreement does not provide rules for how to prepare and set out containers, list of appropriate and inappropriate materials for waste, recycling, yard debris
  - Rules about setting out containers are found in resolutions regarding rate increases
- Administrative Rules provide one place to find the information a customer should need for proper preparation and service

## **Next Steps**

- **Finalize Franchise Agreement, Administrative Rules, and Service Rates**
- **Public Hearing – May 7, 2018**
- **Second Reading – May 21, 2018**
- **If Approved, Effective July 1, 2018**

# Discussion/Questions

- Percentages of CPI Applied to Service Rate
- “Trueing-Up” of Rates
- Timing of Franchise Fee
- Recycling Surcharge
- Other Council Questions/Comments

# Solid Waste Franchise Agreement with Republic Services

Wilsonville City Council Work Session

April 16, 2018

