

# Resolution No. 2865 – Adoption of 2020 Solid Waste Collection Report

## Wilsonville City Council Meeting

December 7, 2020

- Chris Bell, CPA, Bell & Associates, Inc.
- Mark Ottenad, Public Affairs Director

# Resolution No. 2865 – Adoption of 2020 Solid Waste Collection Report

## Tonight's City Council Presentation

1. 2020 Rate Review Process and Results
2. Potential Cost Increases for 2021
3. Status of 2020 New Recycling Services

# 2020 Rate Review Process Background

Cost Component	Roll Cart	Container	Drop Box	Composite
Revenues	2,101,570	2,748,872	2,444,033	7,294,475
Allowable Costs for Rates	1,758,847	2,259,497	2,099,901	6,118,245
Franchise Income	342,723	489,375	344,132	1,176,230
Margin (Income / Revenue)	16.3%	17.8%	14.1%	16.1%

- Complete tests of reported revenues and expense to determine if the reported amounts are reasonable compared to the reported operations.
- 2019 adjusted results summarized in table.

# Projected Results for 2020

## Factors:

- **2020 Rate Decrease:** January 1, 2020, City Council approved rate decrease for the recycling surcharge for cart service (\$1.25 per customer per month) and commercial (\$0.75 per yard).
- **COVID:** Commercial Revenue estimated to decrease by 4% due to statewide lockdown
- **Personnel Operational Expense Increase:** Driver wage increase of 2% and health insurance for union and non-union employees increased by 4.35%.
- **Metro Tipping Fee Increase:** Disposal increased by \$0.90 per ton effective July 1, 2020, of the Metro excise tax.



# Projected Results for 2020

## Factors:

- **Inflation increased** by 2.11% June 2019–June 2020; doubled to 4.08% for 2021. Management/labor costs to increase by 2.0%.
- **City Franchise Fees Increase** by two percentage points from 3% to standard 5%, a 40% increase when compared to 2019.
- **New Oregon Corporate Activity Tax (CAT)** effective January 1, 2020. Composite tax rate for waste and recycling services within the Portland region is calculated at 0.50% of total revenue, for an estimated expense of \$35,700.

# Year-to-Year Comparison of Expenses

Report Table	2019 Adjusted	2020 Projected	\$ ▲	% ▲
Collection Revenue	\$ 7,294,475	\$ 7,143,212	\$ (151,263)	-2.1%
SW and Yard Debris Disposal	2,605,488	2,639,425	33,937	1.3
Recycling Processing	378,504	378,504	0	0.0
Labor, Health Ins, & Taxes	1,368,448	1,400,421	31,973	2.3
Truck, Fuel, and Repairs	536,623	541,987	5,364	1.0
Equipment and Containers	119,410	119,847	437	0.4
Franchise Fees	254,494	357,059	102,565	40.3
Other Expense / Food Waste	186,927	225,079	38,152	20.4
Management & Administration	670,581	678,813	8,232	1.2
Less: Unallowable Costs	(2,230)	(2,230)	0	0.0
<b>Total Expense</b>	<b>6,118,245</b>	<b>6,338,905</b>	<b>220,660</b>	<b>3.6</b>
Income (Revenue – Expense)	\$ 1,176,230	\$ 804,307	\$ 319,501	-31.6
<b>Margin (Income / Total Revenue)</b>	<b>16.1%</b>	<b>11.3%</b>		<b>-4.8%</b>

# 2020 Rate Review Results Summary

Financial Metric	Actual 2019	2020 Projected
Total Revenue	\$ 7,294,475	\$ 7,143,212
Total Expenses	6,118,245	6,338,905
Income (Revenue – Expense)	\$ 1,176,230	\$ 804,307
<b>Margin</b>	<b>16.1%</b>	<b>11.3%</b>

## Solid Waste Franchise – Operating Margin

- Margin range of 8% to 12%, with target of 10%.
- Projected 11.3% is within range and over target.
- No rate change recommended at this time.

# Solid Waste Disposal Potential New 2021 Costs

## Metro Regional System Fee (RSF):

- Metro proposing a 14% increase (+\$2.65/ton) of the RSF from \$18.58 to \$21.23 per ton effective January 1, 2021.
- Another potential increase effective July 1, 2021.



# Solid Waste Disposal Potential New 2021 Costs

## Metro Allocations to Private Transfer Stations:

- Current allocation of tonnages to Metro public transfer stations is 40%.
- Metro waste volumes fell below 40%, therefore, Metro decreased the tonnage allocations to four private transfer stations, including WRI.
- WRI's volume was reduced by 5.1%, which could increase the tipping fee charged to Wilsonville.

# Status of 2020 New Recycling Services

1. Residential Food Waste Collection
2. Bulky Waste Pick-up for ADA/Senior Citizens
3. Residential/Commercial Polystyrene Collection Station
4. Commercial Fluorescent Tube/Battery Recycling
5. Commercial Food Waste Program  
(Metro mandatory)

# Status of 2020 New Recycling Services

## Residential Food Waste Collection

- Allows food scraps to be collected with yard debris.
- Commenced February 2020.
- City Council approved Wilsonville-Metro Community Enhancement Program grant request for free distribution of 500 compost pails during 2021 to further encourage residential participation.

# Status of 2020 New Recycling Services

## Bulky Waste Pick-up for ADA/Senior Citizens

- Limited duration program of free bulky waste pick-up at residence of ADA/Senior Citizens.
- Started in February, suspended in March due to Covid pandemic, resumed in July.
- 46 pick-ups completed to-date.



# Status of 2020 New Recycling Services

## Residential/Commercial Polystyrene Collection Station

- Free drop-off of bagged polystyrene block foam (not “peanuts”).
- Opened in February.
- Good utilization; however, 26% contamination rate.
- City to help promote better disposal practices.

# Status of 2020 New Recycling Services

## Commercial Fluorescent Tube/Battery Recycling

- Limited duration program for distribution of free mail-back boxes for businesses.
- City Ec-Dev and County Sustainability marketing lead; program suspended in March due to Covid-19.
- City-County regrouping on new outreach protocols.
- Republic Services acquired boxes on-site.

# Status of 2020 New Recycling Services

## Commercial Food Waste Program (Metro mandatory)

- Three-year phased-in Metro program with County Sustainability in lead locally.
- Implementation of Phase 1 with largest food-waste generators delayed by Metro one year to March 2021 due to Covid-19 pandemic.

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