

RESOLUTION NO. 2018-46

**RESOLUTION ADDING SURCHARGE TO SOLID WASTE RATES
FOR INCREASED RECYCLING COSTS TO BE CHARGED BY FRANCHISEE
IN THE CITY OF FOREST GROVE AND REPEALING RESOLUTION NO. 2016-36**

WHEREAS, the City Council has adopted Ordinance No. 87-2, known as the Forest Grove Solid Waste Management Ordinance; and

WHEREAS, Section 8, Paragraph 4, of Ordinance No. 87-2 allows the Franchisee or the City to apply for a rate adjustment when there has been a significant increase or decrease in the Franchisee's costs of operations; and

WHEREAS, Waste Management has requested a 6.2% increase to all rates effective June 1, 2018, to cover the rapidly escalating costs of recycling due to the deterioration of recycling markets; and

WHEREAS, City staff recommends approving the 6.2% rate increase in the form of a \$1.55 per month increase in all residential collection rates and a 6.2% increase in all commercial collection rates; and

WHEREAS, the City Council held a duly-noticed Public Hearing on May 14, 2018, and concurred with City staff's recommendation.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF FOREST GROVE AS FOLLOWS:

Section 1. Effective June 1, 2018, solid waste service rates within the City of Forest Grove shall be increased to the rates set forth in Exhibit A.

Section 2. Staff will review the need for the surcharge as part of the financial review of Waste Management's 2018 financial performance when the required 2018 financial information is submitted by Waste Management in March 2019.

Section 3. Resolution No. 2016-36 is hereby repealed upon the effective date of the foregoing rates set forth in Exhibit A.

Section 4. This resolution is effective immediately upon its enactment by the City Council.

PRESENTED AND PASSED this 14th day of May, 2018.



Anna D. Ruggles, City Recorder

APPROVED by the Mayor this 14th day of May, 2018.



Peter B. Truax, Mayor

City of Forest Grove Residential Rates

Effective June 1, 2018 Resolution 2018-46 Exhibit A

	Monthly Rate
WEEKLY ROLL CART SERVICE	
One - 20gal cart - 1 pickup per week	\$ 22.05
One - 35gal cart - 1 pickup per week	\$ 24.75
Each additional 35gal cart	\$ 14.50
One - 60gal cart - 1 pickup per week	\$ 38.05
Each additional 60gal cart	\$ 27.60
One - 90gal cart - 1 pickup per week	\$ 53.20
Each additional 90gal cart	\$ 41.25
WILL CALL SERVICE	
Will call billed - 35gal cart	\$ 5.20
Will call container rental - 35gal cart (Includes Weekly Recycling)	\$ 10.90
EXTRAS	
Additional Recycling Roll Cart (added 2007)	\$ 5.15
Garbage - can or bag	\$ 8.40
Yard Debris - bag or 2x2 bundle	\$ 3.30
RECYCLING ONLY	
One Pickup per Week	\$ 9.40
YARD DEBRIS ONLY	
Bi-weekly pickup - 60 gal cart	\$ 4.75
Additional Yard Debris Cart	\$ 4.75
Bi-weekly pickup - 90 gal cart	\$ 5.25
Additional Yard Debris Cart	\$ 5.75
MISCELLANEOUS	
Call Back Charge	\$ 15.50
Distance Charge	\$ 2.60
Cart Delivery/Pickup Charge	\$ 14.50

**City of Forest Grove
Commercial and Multi-Family Rates
Effective June 1, 2018**

Exhibit A

Rate Category	Serviced per Week	Monthly Adopted Rates	
<u>Commercial Rollcart Service (Loose)</u>			
		<u>Stops/wk</u>	
20 Gallon		1 \$	20.18
35 Gallon		1 \$	23.05
60 Gallon		1 \$	37.17
90 Gallon		1 \$	53.26
<u>Commercial Container Service (Loose)</u>			
<u>Container Size</u>		<u>Stops/wk</u>	
<u>Commercial Front Load Containers</u>			
One yard		1 \$	103.86
Each Additional		\$	91.33
One yard		2 \$	189.57
Each Additional		\$	171.19
One yard		3 \$	279.09
Each Additional		\$	252.76
One yard		4 \$	368.73
Each Additional		\$	333.15
One yard		5 \$	458.36
Each Additional		\$	413.54
One and 1/2		1 \$	138.91
Each Additional		\$	127.44
One and 1/2		2 \$	267.62
Each Additional		\$	242.35
One and 1/2		3 \$	395.17
Each Additional		\$	357.15
One and 1/2		4 \$	522.61
Each Additional		\$	473.23
One and 1/2		5 \$	650.05
Each Additional		\$	589.20
Two yards		1 \$	174.59
Each Additional		\$	159.72
Two yards		2 \$	335.38
Each Additional		\$	305.54
Two yards		3 \$	499.67
Each Additional		\$	451.35
Two yards		4 \$	617.98
Each Additional		\$	598.44
Two yards		5 \$	744.36
Each Additional		\$	706.44

Three yards	1	\$	250.42
Each Additional		\$	232.05
Three yards	2	\$	483.53
Each Additional		\$	447.95
Three yards	3	\$	717.91
Each Additional		\$	663.86
Three yards	4	\$	951.02
Each Additional		\$	879.87
Three yards	5	\$	1,185.40
Each Additional		\$	1,095.88
<u>Commercial Container Service (Loose)</u>			
	<u>Container Size</u>		<u>Stops/wk</u>
Commercial Front Load Containers			
Four yards	1	\$	318.18
Each Additional		\$	299.80
Four yards	2	\$	617.98
Each Additional		\$	581.13
Four yards	3	\$	917.78
Each Additional		\$	863.83
Four yards	4	\$	1,217.58
Each Additional		\$	1,145.26
Four yards	5	\$	1,517.39
Each Additional		\$	1,427.75
Six yards	1	\$	419.28
Each Additional		\$	396.34
Six yards	2	\$	816.68
Each Additional		\$	771.97
Six yards	3	\$	1,215.25
Each Additional		\$	1,147.60
Six yards	4	\$	1,612.75
Each Additional		\$	1,521.95
Six yards	5	\$	2,011.22
Each Additional		\$	1,896.41
Eight yards	1	\$	543.32
Each Additional		\$	503.07
Eight yards	2	\$	1,040.65
Each Additional		\$	960.26
Eight yards	3	\$	1,536.93
Each Additional		\$	1,416.28
Eight yards	4	\$	2,034.26
Each Additional		\$	1,873.37
Eight yards	5	\$	2,530.43
Each Additional		\$	2,329.50

<u>Commercial Container Services - Recycling</u>	
35 Gallon Rollcart	\$ 6.48
60 Gallon Rollcart	\$ 8.92
90 Gallon Rollcart	\$ 10.30
1 Yard Container	\$ 16.25
1.5 Yard Container	\$ 20.82
2 Yard Container	\$ 24.11
3 Yard Container	\$ 33.56
4 Yard Container	\$ 43.33
6 Yard Container	\$ 53.95
8 Yard Container	\$ 68.61
<u>Commercial Container Services - Will Call</u>	
1 Yard Container - Rental	\$ 17.52
1 Yard Container - Dump Fee Per Pull	\$ 24.74
2 Yard Container - Rental	\$ 25.28
2 Yard Container - Dump Fee Per Pull	\$ 49.28
3 Yard Container - Rental	\$ 34.73
3 Yard Container - Dump Fee Per Pull	\$ 74.02
<u>Commercial Container Services - Temporary</u>	
2 Yard Container - Delivery Fee	\$ 43.54
2 Yard Container - Dump Fee Per Pull	\$ 49.28
3 Yard Container - Delivery Fee	\$ 43.54
3 Yard Container - Dump Fee Per Pull	\$ 73.67
4 Yard Container - Delivery Fee	\$ 43.54
4 Yard Container - Dump Fee Per Pull	\$ 98.66

City of Forest Grove Roll-off Drop Box Service - Rates

Effective June 1, 2018

		Adopted Rate
Non-Compacted		
10 Yard		\$ 176.72
20 Yard		\$ 176.72
30 Yard		\$ 206.56
40 Yard		\$ 235.23
	Wet Waste Rate	
10 Yard		\$ 199.87
20 Yard		\$ 212.08
30 Yard		\$ 261.78
40 Yard		\$ 298.21
Compacted		
10 Yard		\$ 235.23
20 Yard		\$ 235.23
30 Yard		\$ 251.80
40 Yard		\$ 289.40
	Wet Waste Rate	
10 Yard		\$ 289.40
20 Yard		\$ 289.40
30 Yard		\$ 361.19
40 Yard		\$ 431.81
Exchange Service		
20 Yard		\$ 156.86
30 Yard		\$ 187.76
40 Yard		\$ 247.45
	Wet Waste Rate	
20 Yard		\$ 192.22
30 Yard		\$ 242.99
40 Yard		\$ 310.32
Demmorage		
10-20 Yard		\$ 8.92
30 Yard		\$ 11.36
40 Yard		\$ 15.82
	Wet Waste Rate	
10-20 Yard		\$ 8.92
30 Yard		\$ 11.36
40 Yard		\$ 15.82



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CITY RECORDER USE ONLY:	
AGENDA ITEM #:	8
MEETING DATE:	5/14/18
FINAL ACTION:	Reso 2018-44

CITY COUNCIL STAFF REPORT

TO: City Council

FROM: Jesse VanderZanden, City Manager

MEETING DATE: May 14, 2018

PROJECT TEAM: Paul Downey, Director of Administrative Services

SUBJECT TITLE: Report on Waste Management's Request for a Rate Increase Due to Increased Recycling Costs

ACTION REQUESTED:

<input type="checkbox"/>	Ordinance	<input type="checkbox"/>	Order	<input checked="" type="checkbox"/>	X	Resolution	<input type="checkbox"/>	Motion	<input type="checkbox"/>	Informational
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X all that apply

ISSUE STATEMENT: As discussed at the April 23, 2018, City Council meeting, Waste Management has requested a 6.2% rate increase to all collection rates effective on June 1, 2018, to cover large, unanticipated increases in recycling costs and to allow Waste Management (WM) to have a reasonable rate of return as allowed by the franchise agreement with the City. Staff presented findings of fact evaluating the request for the increase and the City Council scheduled a public hearing at tonight's meeting to consider the request.

BACKGROUND: The findings of fact staff report discussed the evaluation of the request and why staff recommended the rate increase should be granted as a surcharge until WM's 2018 financial results are submitted to the City in March 2019. Since collection rates are billed as bundled service, the surcharge will be included in the total monthly rate on the invoice. This report will discuss any additional information provided by staff.

During 2017, recycling cost WM an average of \$18.39 per ton to process. For the first three months of 2018, that number increased to an average of \$100.43 per ton. The recycling market is not improving and recycling costs have continued to increase with April 2018 costs being higher than in March 2018. Most news articles talk about how the recycling market is not expected to improve in the short-term. The 6.2% rate increase request was based on the average recycling costs per ton from January 1, 2018, through March 31, 2018. Staff reviewed WM's financial projection for 2018 and determined that the projection was reasonable. The 2018 projection used 2017 actual results as base before adding the projected increased recycling costs.

As discussed in the April 23, 2018, staff report, staff has reviewed the rate increase request in accordance with Section 8(4) of the franchise agreement which states that the City Manager, in making the recommendation to the Council, shall give due consideration to the following:

- Changes in cost of operations
- Comparative collection rates in other cities
- Cost of acquiring and replacing equipment
- Cost of providing added or different service
- A reasonable return to the Franchisee for doing business based on a percentage of the gross receipts from the franchised business
- Cost of meeting growth in service or capital requirement.

After reviewing the rate increase proposal and the requirements of Section 8(4) of the franchise agreement, staff is recommending that the \$1.55 per month in residential rates and a 6.2% increase in commercial rates be granted effective June 1, 2018. Staff will review the actual results for 2018 in April 2019 to determine if the surcharge should be continued and will make a recommendation to Council as to whether the surcharge should be continued, modified, or removed.

STAFF RECOMMENDATION: Staff is recommending that the City Council approve the resolution increasing rates as of June 1, 2018.

Attachments: Resolution No. 2018-46
Exhibit A to Resolution No. 2018-46
April 23, 2018, Staff Report

Waste Management
City of Forest Grove - Current Rates and Rates Effective as of June 1, 2018
Exhibit A - Resolution No. 2018-46

Residential Rates	Current Rates		6.20% Recycling Surcharge	Rates with Surcharge Effective June 1, 2018	
	Price	Additional Carts		Price	Additional Carts
WM Provided Roll Carts					
1-20 gallon, weekly	\$19.00	N/A	\$ 1.55	\$20.55	N/A
1-35 gallon, weekly	\$21.70	\$14.70	\$ 1.55	\$23.25	\$14.70
1-64 gallon, weekly	\$35.40	\$27.90	\$ 1.55	\$36.95	\$27.90
1-96 gallon, weekly	\$50.70	\$41.70	\$ 1.55	\$52.25	\$41.70
1-35 gallon, On Call	\$5.30	N/A	\$ 1.55	\$6.85	N/A
On Call Rent	\$9.50	N/A		\$9.50	N/A
Extra Bag or Can	\$8.50			\$8.50	
Return Trip (Service day or non-service day)	\$15.70			\$15.70	

Commercial Garbage Rates							
Current Rates							
Cans/Carts							
Size	Rent	ONC	1x week	2x week	3x week	4x week	5x week
20g cart			\$18.20				
35g cart			\$20.90				
64g cart			\$34.00				
96g cart			\$48.70				
Containers							
Size	Rent (for ONC)*	ONC*	1x week	2x week	3x week	4x week	5x week
1yard	\$16.70	\$23.50	\$95.50	\$180.40	\$265.60	\$350.80	\$436.20
1.5 yard			\$132.20	\$254.70	\$376.00	\$497.30	\$618.60
2yard	\$24.10	\$46.90	\$166.20	\$319.20	\$475.80	\$588.00	\$708.30
3yard	\$33.10	\$70.40	\$238.30	\$460.10	\$683.20	\$905.00	\$1,128.00
4yard			\$302.80	\$588.00	\$873.40	\$1,158.60	\$1,443.90
6yard			\$399.00	\$777.10	\$1,156.40	\$1,534.70	\$1,913.90
8yard			\$517.00	\$990.30	\$1,462.50	\$1,935.70	\$2,407.90

Commercial Garbage Rates							
Rates Effective June 1, 2018							
Cans/Carts							
Size	Rent	ONC	1x week	2x week	3x week	4x week	5x week
20g cart			\$19.30				
35g cart			\$22.20				
64g cart			\$36.10				
96g cart			\$51.70				
Containers							
Size	Rent (for ONC)*	ONC*	1x week	2x week	3x week	4x week	5x week
1yard	\$17.70	\$25.00	\$101.40	\$191.60	\$282.10	\$372.50	\$463.20
1.5 yard			\$140.40	\$270.50	\$399.30	\$528.10	\$657.00
2yard	\$25.60	\$49.80	\$176.50	\$339.00	\$505.30	\$624.50	\$752.20
3yard	\$35.20	\$74.80	\$253.10	\$488.60	\$725.60	\$961.10	\$1,197.90
4yard			\$321.60	\$624.50	\$927.60	\$1,230.40	\$1,533.40
6yard			\$423.70	\$825.30	\$1,228.10	\$1,629.90	\$2,032.60
8yard			\$549.10	\$1,051.70	\$1,553.20	\$2,055.70	\$2,557.20

Waste Management
City of Forest Grove - Current Rates and Rates Effective as of June 1, 2018
Exhibit A - Resolution No. 2018-46

	Current Rates
Return Trip	\$15.70
Extra Bag Box or Can	\$8.50
Loose Load Extras	
Extra Pickup <1 yard	\$8.50
Extra Pickup 1 yard	\$23.50
Extra Pickup 1.5 yard	\$35.30
Extra Pickup 2 yard	\$46.90
Extra Pickup 3 yard	\$70.40
Extra Pickup 4 yard	\$93.90
Extra Pickup 6 yard	\$141.30
Extra Pickup 8 yard	\$188.30

Rates Effective June 1, 2018	
	\$16.70
	\$9.00
	\$9.00
	\$25.00
	\$37.50
	\$49.80
	\$74.80
	\$99.70
	\$150.10
	\$200.00

	Current Rates
Commercial Recycling Rates	
Description	Price
WM Provided Roll Carts	
35 gallon weekly	\$6.10
64 gallon weekly	\$8.50
96 gallon weekly	\$9.80
WM Provided Dumpsters	
1 yard weekly	\$15.40
1.5 yard weekly	\$19.80
2 yard weekly	\$23.00
3 yard weekly	\$32.00
4 yard weekly	\$41.30
6 yard weekly	\$51.30
8 yard weekly	\$65.30

Rates Effective June 1, 2018	
	Price
	\$6.50
	\$9.00
	\$10.40
	\$16.40
	\$21.00
	\$24.40
	\$34.00
	\$43.90
	\$54.50
	\$69.30

Current Rates			
Roll Off Rates			
	20 yard	30 yard	40 yard*
Rent/Month	\$168.30	\$216.40	\$301.70
Hauling Wet	\$201.80	\$249.10	\$283.80
Hauling Dry	\$168.20	\$196.50	\$223.90

Rates Effective June 1, 2018			
Roll Off Rates			
	20 yard	30 yard	40 yard*
Rent/Month	\$178.70	\$229.80	\$320.40
Hauling Wet	\$214.30	\$264.50	\$301.40
Hauling Dry	\$178.60	\$208.70	\$237.80



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NOTICE OF PUBLIC HEARING

CITY OF FOREST GROVE CITY COUNCIL PROPOSED INCREASE OF WASTE MANAGEMENT RATES

NOTICE IS HEREBY GIVEN that the Forest Grove City Council will hold a Public Hearing on **Monday, May 14, 2018**, at 7:00 p.m. or thereafter, in the Community Auditorium, 1915 Main Street, Forest Grove, to consider adopting a resolution that would increase Waste Management (WM) Residential Rates by \$1.55 per month for all sizes of residential recycling containers and Commercial Rates by 6.2 percent. The proposed WM rate increases would be effective upon approval by the City Council and shall become effective on June 1, 2018.

This hearing is open to the public and interested parties are encouraged to attend. A copy of the proposed resolution is available for inspection before the hearing at the City Recorder's Office or by visiting the City's website at www.forestgrove-or.gov. Written comments or testimony may be submitted at the hearing or sent to the attention of the City Recorder's Office, P.O. Box 326, 1924 Council Street, Forest Grove, OR 97116, prior to the hearing. For further information, please contact Anna Ruggles, City Recorder, at 503.992.3235, or e-mail aruggles@forestgrove-or.gov.

Anna D. Ruggles, CMC, City Recorder
City of Forest Grove

Published NewsTimes ~ Wednesday, May 9, 2018

Date: MAY 14, 2018

Agenda Item: 8.

Subject: PUBLIC HEARING AND RESOLUTION NO. 2018-46 ADDING SURCHARGE TO SOLID WASTE RATES FOR INCREASED RECYCLING COSTS TO BE CHARGED BY FRANCHISEE (WASTE MANAGEMENT) IN THE CITY OF FOREST GROVE AND REPEALING RESOLUTION NO. 2016-36, EFFECTIVE JUNE 1, 2018

CITY COUNCIL MEETING

Request to Testify at Public Hearing

Public Hearings – Public hearings are held on each matter required by state law or City policy. Anyone wishing to testify should sign-in for the Public Hearing prior to the meeting. The Mayor or presiding officer will review the complete hearing instructions prior to testimony. The Mayor or presiding officer will call the individual or group by the name given on the sign-in form. When addressing the Mayor and Council, please move to the witness table (center front of the room). Each person should speak clearly into the microphone and must state their first and last name and provided a mailing address for the record. All testimony is electronically recorded. In the interest of time, Public Hearing testimony is limited to three minutes unless the Mayor or presiding officer grants an extension. Written or oral testimony is heard prior to any Council action.

Please sign-in below to testify.

PROPONENTS: (Please print legibly)

First & Last Name:

DEAN KAMPFER

Address:

City, State & Zip Code:

OPPONENTS: (Please print legibly)

First & Last Name:

Address:

City, State & Zip Code:

OTHERS: (Please print legibly)

First & Last Name:

SCOTT KISTLER

Address:

City, State & Zip Code:

2325 A STREET 97116



6605 SE Lake Road, Portland, OR 97222
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Phone: 503-684-0360 Fax: 503-620-3433
E-mail: legals@commnewspapers.com

AFFIDAVIT OF PUBLICATION

State of Oregon, County of Washington, SS I, Charlotte Allsop, being the first duly sworn, depose and say that I am the Accounting Manager of the **Forest Grove News Times, Hillsboro Tribune**, a newspaper of general circulation, serving Forest Grove, Hillsboro in the aforesaid county and state, as defined by ORS 193.010 and 193.020, that

**CITY OF FOREST GROVE
NOTICE OF PUBLIC HEARING - increase
waste management rates
Ad#: 46711**

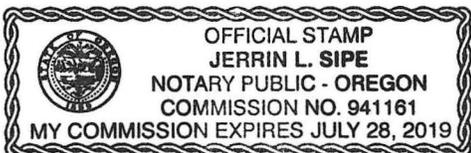
A copy of which is hereto annexed, was published in the entire issue of said newspaper(s) for 1 week(s) in the following issue(s):
05/09/2018

Charlotte Allsop (Accounting Manager)

Subscribed and sworn to before me this 05/09/2018.

NOTARY PUBLIC FOR OREGON

Acct #: 104052
Attn: ANNA RUGGLES
FOREST GROVE, CITY OF
PO BOX 326
FOREST GROVE, OR 97116



**NOTICE OF PUBLIC HEARING
CITY OF FOREST GROVE CITY COUNCIL
PROPOSED INCREASE OF
WASTE MANAGEMENT RATES**

NOTICE IS HEREBY GIVEN that the Forest Grove City Council will hold a Public Hearing on Monday, May 14, 2018, at 7:00 p.m. or thereafter, in the Community Auditorium, 1915 Main Street, Forest Grove, to consider adopting a resolution that would increase Waste Management (WM) Residential Rates by \$1.55 per month for all sizes of residential recycling containers and Commercial Rates by 6.2 percent. The proposed WM rate increases would be effective upon approval by the City Council and shall become effective on June 1, 2018.

This hearing is open to the public and interested parties are encouraged to attend. A copy of the proposed resolution is available for inspection before the hearing at the City Recorder's Office or by visiting the City's website at www.forestgrove-or.gov. Written comments or testimony may be submitted at the hearing or sent to the attention of the City Recorder's Office, P.O. Box 326, 1924 Council Street, Forest Grove, OR 97116, prior to the hearing. For further information, please contact Anna Ruggles, City Recorder, at 503.992.3235, or e-mail aruggles@forestgrove-or.gov.

Anna D. Ruggles, CMC, City Recorder
City of Forest Grove

Published NewsTimes ~ Wednesday, May 9, 2018. FGNT46711



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CITY RECORDER USE ONLY:	
AGENDA ITEM #:	9.
MEETING DATE:	4-23-18
FINAL ACTION:	Public Hrg 5/14/18

CITY COUNCIL STAFF REPORT

TO: City Council

FROM: Jesse VanderZanden, City Manager

MEETING DATE: April 23, 2018

PROJECT TEAM: Paul Downey, Director of Administrative Services

SUBJECT TITLE: Report on Waste Management's Request for a Rate Increase Due to Increased Recycling Costs

ACTION REQUESTED:	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Order	<input type="checkbox"/> Resolution	<input type="checkbox"/> Motion	<input checked="" type="checkbox"/> X	<input type="checkbox"/> Informational
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X all that apply

ISSUE STATEMENT: On April 3, 2018, Waste Management (WM) requested a rate increase of 7.14% to cover large, unanticipated increases in recycling costs and to allow Waste Management to have a reasonable rate of return as allowed by the franchise agreement with the City. As part of the rate increase process, staff must evaluate the request and present a report with findings of fact to the City Council that the request be approved, denied, or approved in different form. The City Council shall then hold a public hearing on the request.

BACKGROUND: WM is requesting a rate increase to cover the costs of curbside recycling that have escalated rapidly since late 2017 and is expected to continue increasing through 2018. There are several factors causing the increase in recycling costs including:

- Restrictions imposed by China on recyclable material it will accept. China stopped buying our recycling at the end of 2017.
- Closure of several paper mills in Oregon and Washington that accepted recyclable paper.
- Mixed recyclable materials are requiring more advanced recycling processing to better separate recyclable materials.

For calendar year 2017, WM reported an 11.6% rate of return from its Forest Grove operations which was within the standard acceptable rate of return from 8 to 12%. Forest Grove has a cap on WM's rate of return in which WM has to pay to the City the amount of the return that exceeds 11%. During 2017, recycling cost WM an average of \$18.39 per ton to process. For the first three months of 2018, that number increased to an average of \$100.43 per ton.

With recycling costs continuing to increase, WM is requesting a smaller rate increase at this time to try to avoid a much larger rate increase in the future. Staff asked WM to determine what rate increase based on actual results for the first three months of 2018 would be necessary to provide WM with an estimate 10% rate of return for 2018. WM did the analysis and concluded that a 6.2% increase would be needed.

WM has prepared a rate increase schedule reflecting:

- An across the board flat amount increase of \$1.55 per month for all residential roll cart services as each resident uses a 60-gallon recycling cart regardless of the size of their residential waste container which can be either a 20, 35, 60, or 90-gallon container.
- Commercial increases of 6.2% for all rates.

The cost of recycling is affecting jurisdictions across the region. Similar increases have been granted by other jurisdictions for the increased costs of recycling. Some jurisdictions are approving the increase as a surcharge in rates that will be reviewed at a later date. Approved monthly residential service costs increases include: 1) Washington County at \$2.00; Banks at \$1.87; 3) Portland at \$2.55; and Sherwood at \$1.00 per month. Other jurisdictions are considering increases including Gresham at 9%, Hillsboro at \$1.65 per month, and Beaverton (increase unknown at report time).

Staff has reviewed the rate increase request in accordance with Section 8(4) of the franchise agreement which states that the City Manager, in making the recommendation to the Council, shall give due consideration to the following:

- Changes in cost of operations
- Comparative collection rates in other cities
- Cost of acquiring and replacing equipment
- Cost of providing added or different service
- A reasonable return to the Franchisee for doing business based on a percentage of the gross receipts from the franchised business
- Cost of meeting growth in service or capital requirement.

After reviewing the rate increase proposal and the requirements of Section 8(4) of the franchise agreement, staff is recommending that the \$1.55 per month in residential rates and a 6.2% increase in commercial rates be granted effective June 1, 2018, as a surcharge until the 2018 financial results are reported to the City in March 2019. At that time, staff will review the actual results for 2018 to determine if the surcharge should be continued and will make a recommendation to Council on if the surcharge should be continued, modified, or removed.

STAFF RECOMMENDATION: Staff is recommending that the City Council schedule a Public Hearing for May 14, 2018, to consider approving a resolution adopting the proposed rate increase and the new rate schedule.