

STAFF REPORT
For Meeting of May 9, 2016
MAYOR AND MEMBERS OF THE CITY COUNCIL

Agenda Item #
NO. 2016-
SUBJECT:
Ord. 2241 – Garbage Franchise Fee

Subject

This ordinance will increase the City’s Solid Waste Franchise Fee by 0.5% to provide a dedicated funding stream for the annual recycling event, and other Code Enforcement/Property Abatement activities.

Summary and Background

Sanitary Disposal, Inc. (SDI) is a private garbage hauler, and currently has an exclusive Franchise to operate within the City. Currently, 13% of what users pay each month for garbage service comes to the City of Hermiston; with 11% being used to off-set the cost to the City for providing billing services, and 2% as a Franchise Fee.

The City, in partnership with SDI, started the annual Hermiston Recycling Event in 2015. The purpose of the event is to enhance the aesthetic appeal of the community by promoting and assisting in the cleanup of properties by allowing for a free recycling event. This event is viewed as a “carrot” to encourage residents to maintain their properties, which can allow the City to be more forceful in abating properties when residents choose not to use the opportunities provided to them.

This ordinance proposes to create a dedicated funding stream to cover the costs of the annual recycling event, and allow for additional property abatement costs by increasing the city’s Franchise Fee from 2% to 2.5%. Since the actual cost impact to customers is built in to the rates proposed by Resolution 2024, this Ordinance simply will reconcile that rate change with the language contained in SDI’s Franchise.

Financial Information

There is no direct financial impact as a result of this ordinance, since the change is built in to the rates proposed by Resolution 2024. However, the specific impact on Resolution 2024 as a result of the items discussed here is estimated to be an annual increase of approximately \$10,000 in revenue directly to the City, and a cost of approximately 8.6 cents per month for the average residential customer.

Alternatives and Recommendation

Alternatives

- 1. Motion to approve Ordinance No. 2241
- 2. Motion to deny Ordinance No. 2241

Recommendation

Approve Ordinance No. 2241

Requested Action/Motion

Motion to approve Ordinance No. 2241

Department Head- Mark Morgan, Assistant City Manager



City Attorney Review- Gary Luisi, City Attorney



City Manager Approval- Byron Smith, City Manager



ORDINANCE NO. 2241

AN ORDINANCE AMENDING SECTION 50.51 OF THE HERMISTON CODE OF ORDINANCES, ENTITLED "50.51 BILLING, COLLECTION AND FRANCHISE FEE" TO INCREASE THE FRANCHISE FEE FROM 2 PERCENT TO 2.5 PERCENT AND DELETING THE OPTION OF INCREASING THE COLLECTION AND FRANCHISE FEES BY RESOLUTION.

Whereas, the franchisee Sanitary Disposal, Inc., has submitted a request for rate review;

Whereas, Section 50.51 of the Hermiston City Code provides that the percentage for billing, collection and franchise fee shall be reviewed and may be changed at any time when the franchisee submits a request for rate review;

Whereas, the Council finds it is in the best interest of the City to increase the franchise fee by 0.5 percent to offset costs associated with Code Enforcement, the abatement of derelict properties, and the city's annual recycling event, rather than have these costs borne by the General Fund; and

Whereas, the Council prefers that the fees for billing, collection and a franchise for refuse collection in the City should be set by ordinance instead of by resolution, now, therefore,

THE CITY OF HERMISTON ORDAINS AS FOLLOWS:

Section 1. Section 50.51 of the Hermiston Code of Ordinances is amended to read:
(Language to be deleted has a ~~line through it~~ and new language is underlined.)

50.51 BILLING, COLLECTION AND FRANCHISE FEE.

The city shall do the billing and collecting of solid waste service fees and shall retain ~~13%~~ 13.5 percent of the gross collections in payment of ~~2%~~ 2.5 percent franchise fee and ~~11%~~ 11 percent for billing and collection service, and pay the balance to Sanitary Disposal, Inc. The percentage shall be reviewed and may be changed ~~by resolution of Council~~ at any time when the franchisee submits a request for rate review.

Section 2. Effective date. This ordinance is effective July 1, 2016.

PASSED by the Common Council on May 9, 2016.

SIGNED by the Mayor on May 9, 2016.

ATTEST:

Dr. David Drotzmann, Mayor

Lilly Alarcon-Strong, Assistant City Recorder