

RESOLUTION NO. 409

City of Wilsonville

Under Ordinance No. 204, passed February 3, 1982, the City of Wilsonville renewed the franchise for solid waste management and service with United Disposal Service, Inc., and continued the maximum rates approved June 15, 1981.


Section 13 of said Ordinance No. 204 provides that rates may be changed from time to time by the City Council approving a resolution. The franchisee has requested a 13% rate increase effective August 1, 1984 to make up for the increased cost of doing business that has occurred in the over three years current rates have been in force and to provide a reasonable rate of return for the franchisee. The franchisee has submitted supporting information satisfactory to the City Council.

NOW, THEREFORE, BE IT RESOLVED, that the City Council does hereby adopt this Resolution and incorporates by reference the attached Exhibit "A" of two pages setting forth the maximum rates to be charged by the franchisee for the services set forth, effective August 1, 1984.

Adopted by the City Council the 16th day of July, 1984.

  
\_\_\_\_\_  
William G. Lowrie, Mayor

ATTEST:

  
\_\_\_\_\_  
Deanna J. Thom, City Recorder

CITY OF WILSONVILLE

# MEMO

July 16, 1984

DATE

TO: Mayor and City Council

FROM: Daniel O. Potter, City Administrator

SUBJECT: United Disposal Service, Inc., Rate Increase Request


I attach a rate increase request made on behalf of United Disposal Service by Harlan Business Consultants, Inc. This rate change proposes a 13% rate increase. This would be the first increase since July 1981. The 13% requested increase is 1.88% less than the Consumer Price Index for the same period.

The attached information explains the need for the rate increase and contains a proposed Resolution to approve the increase if this is the wish of the City Council. Other comparative information is also provided.

I have spot-checked the information on other area rates and find it correct.

Based on the information provided, and the fact that there has been no increase for three years, it would appear that some increase is not only justified, but required to assure continued service. The increase of 13% seems justified based on comparative rate schedules, the Consumer Price Index, and reasonable expected returns on investment.

Recommendation: Approve the requested rate increase of 13% and adopt the Resolution and Schedule A rates.

Respectfully submitted,  
  
Daniel O. Potter

DOP/fr

Attachments

June 26, 1984

To: City Council  
City of Wilsonville

RECEIVED

JUN 28 1984

Subject: Request of United Disposal Service, Inc.  
for Rate Increase Effective 8/1/84

CITY OF WILSONVILLE

Honorable Members of the City Council:

Your solid waste collector, United Disposal, has provided good service to your city for a considerable number of years. In addition, that service has been provided at a comparatively low cost.

Your collector is now in need of a rate increase. We are requesting a 13% rate increase effective August 1, 1984. Current rates became effective on August 1, 1981.

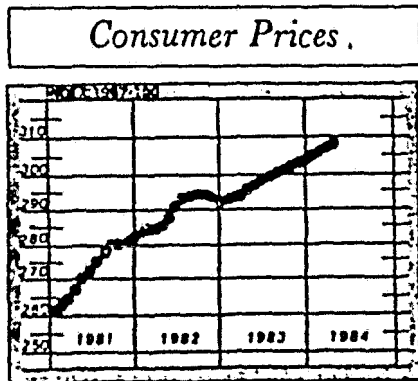
As you may know, United Disposal provides solid waste collection service to a number of smaller North Willamette Valley cities as well as to surrounding rural areas. In order to be fair to all and not have customers in any one area carry a higher cost, the firm is currently seeking the same percentage of rate increase in each of the seven cities it serves in this area. These cities are Aurora, Gervais, Hubbard, Mt. Angel, Silverton, Wilsonville and Woodburn, all to be effective on or before August 1st.

To illustrate the need for the increase, I call your attention to the following:

1. - C.P.I. - At the time of the letter to the City Council for the last rate adjustment the Consumer Price Index was at 266.8. The latest reading for April, 1984 is 308.8. Thus there has been exactly a 40 point increase. That amounts to a 14.88% increase in general

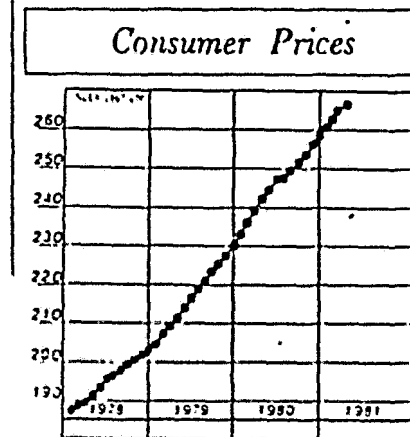
costs. Of course, the increase has been gradual. Each month of increase reflecting higher costs reduced the rate of return for your franchisee. The future course of the C.P.I. is unknown but those who watch such indicators in their profession predict about a 5.5% increase this year and 7% next year. Even

MAY 23, 1984



CONSUMER PRICES rose in April to 308.8 of the 1967 average from 307.3 in March before seasonal adjustments, the Labor Department reports. (See story on page 3.)

MAY 26, 1981



CONSUMER PRICES rose in April to 266.8% of the 1967 average from 265.1% in March, the Labor Department reports. (See story on page 4.)

if it takes 2 years for that to occur, that would about wipe out the benefits of the rate increase now being sought. And if your collector had costs that increased faster than the rise of the overall C.P.I., the benefits of the increase would be eliminated in a shorter time span.

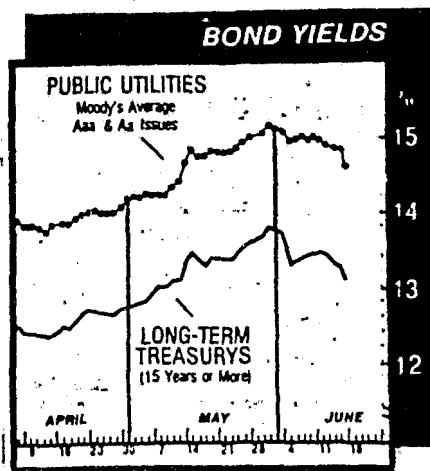
## 2. - Interest Rates and Rates of Return -

A business needs a reasonable rate of return. Ultimately assets are put to work where the best opportunity for a competitive rate of return is available.

At left, from the Wall Street Journal of June 18th, are some rates of return. Many are hovering between 13 and 15%. Investments in corporate and treasury bonds do not require the daily management of the investor.

The current prediction by a majority in the financial markets is that interest rates and rates of return will increase in the next twelve months. A further increase in interest rates may well ultimately have a serious impact on small businesses such as your franchisee. The rates are already very high.

THE WALL STREET JOURNAL  
Monday, June 18, 1984 27



### Buying & Borrowing

Here are some recent figures on financial trends affecting consumers and individual investors.

—DOW JONES INDUSTRIALS—  
Closing: 1086.90. Year earlier: 1242.19.

—MOODY'S CORPORATE YIELDS—  
Average for Aa-rated bonds:  
14.26. Year earlier: 12.08.

—FEDERAL HOME LOAN BANK—  
Average effective rate for conventional fixed-rate mortgage on new homes:  
14.34%. Year earlier: not available.  
Average price on new homes:  
\$94,600. Year earlier: \$92,100.

—BANK MONEY MARKET DEPOSITS—  
Rates for accounts with minimum balance of \$2,500:  
At one major commercial bank: 9.80%.  
At one major savings & loan association:  
8.50%.

THE WALL STREET JOURNAL 45  
Tuesday, June 19, 1984

### Key Interest Rates

Annualized interest rates on certain investments as reported by the Federal Reserve Board on a weekly-average basis:

	Week Ended:	
	June 15, 1984	June 8, 1984
Treasury bills (90 day)-a	9.95	9.81
Commerl paper (Dealer, 90 day)-a	10.87	10.78
Certs of Deposit (Resale, 90 day)	11.13	11.09
Federal funds (Overnight)-b	10.85	10.72
Eurodollars (90 day)	z	11.39
Treasury notes (five year)-c	13.36	13.34
Treasury notes (ten year)-c	13.43	13.47
Treasury bonds (20 year)-c	13.45	13.47
Treasury bonds (30 year)-c	13.32	13.42

a-Discounted rates b-Week ended Wednesday, June 13, 1984 and Wednesday June 6, 1984.  
c-Yields, adjusted for constant maturity z-Not Available

### Prices of Recent Issues

Current quotations are indicated below for recent issues of corporate senior securities that aren't listed on a principal exchange.

Issue	Moody's Rating		Bid	Asked	Chg.	Yield %
<b>UTILITIES</b>						
ClevelandEl	15's '84	A3	101	101½	+ ½	14.83
MinStsT&T	13's '83	A1	80½	81½	+ ½	14.28
NwsBeltT	12's '84	A3	92½	94½	+ ½	14.28
NYTele	11's '83	A1	76½	77½	+ ½	14.25
PacG&E	13's '83	A1	96	96½	+ ½	13.69
TexUtilities	13's '84	A2	92½	94	+ ½	14.38
<b>INDUSTRIALS</b>						
DigitalEap	12's '84	A2	95	95½	+ ½	13.46
JCPenney	12's '83	A1	92½	93½	+ ½	13.49
<b>FOREIGN</b>						
HydroQueb	12's '83	A1	93½	93½	+ 1½	13.57
HydroQueb	13's '83	A1	92	93	+ 1½	14.27
Ontario	12's '84	A2	95½	95½	+ 1½	13.78

Source: Paine Webber, Jackson & Curtis Inc.  
Quotes are for round lots.

3. - Rate of Return of Your Franchisee -

For the overall operations of the firm, we set forth these figures. The overall figures show the following for your franchisee last four fiscal years:

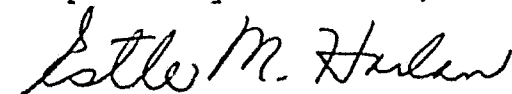
	<u>6/30/83</u>	<u>6/30/82</u>	<u>6/30/81</u>	<u>6/30/80</u>
Gross Sales	2,063,972	2,032,003	1,807,424	1,507,398
Percentage Increase	+1.02%	+12.43%	+19.90%	N/A
Direct Expenses	1,474,618	1,445,265	1,309,560	1,118,293
Percentage of Sales	71.4%	71.1%	72.45%	74.19%
General/Administrative Expenses	538,699	497,194	436,430	374,232
Percentage of Sales	26.1%	24.5%	24.1%	24.8%
Net Income	69,905	139,470	97,688	24,602
Percentage of Sales	3.39%	6.86%	5.40%	1.63%

Thus, it can be seen that the net profit for the last four years has averaged only 4.32% for the overall operations of the firm in all the jurisdictions it serves. It is truly remarkable that the firm could delay asking for a rate increase until now.

The firm has to be very well managed to get by with such a low rate of return. Customers have benefitted from the low rates charged. In order to continue providing good service the increase requested is necessary. The rate of return for a business should be higher than for a passive investment. For a business whose charges are regulated, there is no other way to meet past and future increases in the cost of doing business than to periodically seek adjustment of the allowable rates.

4. - Comparison Rates - Attached is a Comparative Rate Schedule for your jurisdiction and nine other jurisdictions. The present rates for your city for the services listed are substantially below the other jurisdictions. Even with the granting of proposed rates for your city, the customers in your city will still enjoy very favorable rates. Rates for the five most common categories are set out in the comparison.

Respectfully Submitted,



ESTLE M. HARLAN  
2202 S.E. Lake Rd.  
Milwaukie, OR 97222  
Phone No. 654-9533

COMPARATIVE RATE SCHEDULE  
Rates Per Month for Service

<u>JURISDICTION</u>	<u>EFFECTIVE DATE</u>	<u>RESIDENTIAL CANS</u>		<u>CONTAINERS BY YARD</u>		
		<u>ONE</u>	<u>TWO</u>	<u>1-1/3</u>	<u>1-1/2</u>	<u>2</u>
1. Gladstone	7/1/83	\$6.90	\$11.90	N/A	\$52.38	\$66.70
2. King City	1/1/84	6.15	11.65	\$48.25	54.90	72.45
3. Lake Oswego	9/1/83	6.05	11.25	37.60	N/A	63.85
4. Marion County (Rural Area)	9/1/82	6.25	9.85	N/A	46.90	60.20
5. Milwaukie	9/1/83	6.00	11.15	N/A	44.43	58.65
6. Molalla	5/1/84	7.10	12.40	53.10	57.25	75.90
7. Oregon City	4/1/84	6.40	11.70	46.20	49.82	68.05
8. Stayton	5/1/84	6.00	10.00	N/A	42.00	54.35
9. Tigard	1/1/83	6.95	13.15	N/A	46.90	60.20
10. Your City						
(1) Present Rate) (8/1/81)		5.05	8.55	N/A	42.25	54.35
(2) Proposed Rate) (8/1/84)		5.70	9.65	N/A	47.75	61.40

UNITED DISPOSAL SERVICE INC.  
180 S. Pacific Hwy.  
Woodburn, Oregon, 97071  
PH. 981-1278

RECEIVED

CITY OF WILSONVILLE

JUN 28 1984

Effective Date: August 1, 1984

CITY OF WILSONVILLE

I. RESIDENTIAL RATE ON MONTHLY BASIS:

<u>1 STOP PER WEEK - 32 GALLON CAN</u>	1 CAN	2 CANS	3 CANS
	\$5.70	\$9.65	\$13.55

NOTES ON RESIDENTIAL SERVICE: (1) IN TRAILER COURTS WHERE OWNER OF PARK IS RESPONSIBLE FOR PAYMENT, THE CHARGE WILL BE \$4.95 PER CAN. (2) OCCASIONAL EXTRA CAN FOR A REGULAR CUSTOMER SHALL BE \$1.45. (3) THE MINIMUM CHARGE FOR ANY STOP FOR AN OCCASIONAL CUSTOMER SHALL BE \$2.70. (4) STATE ACCIDENT INSURANCE FUND SAFETY RECOMMENDATIONS SHALL BE FOLLOWED. THESE ARE THE CAN SHALL NOT EXCEED 32 GALLONS AND 60 POUNDS. CANS TO BE OF RECOMMENDED TYPE AND LOCATED IN ACCORDANCE WITH S.A.I.F. RECOMMENDATIONS.

II. COMMERCIAL CAN RATE ON MONTHLY BASIS - 32 GALLON CAN:

<u>1 STOP PER WEEK</u>			<u>2 STOPS PER WEEK</u>			<u>3 STOPS PER WEEK</u>		
1 Can	2 Cans	3 Cans	1 Can	2 Cans	3 Cans	1 Can	2 Cans	3 Cans
\$6.15	\$10.80	\$15.40	\$12.25	\$21.60	\$30.75	\$18.50	\$32.35	\$46.10

NOTES ON COMMERCIAL SERVICE: (1) ADDITIONAL CANS SHALL BE \$4.65 PER MONTH MULTIPLIED BY THE NUMBER OF STOPS PER WEEK. (2) AN EXTRA CHARGE OF 25% WILL BE MADE FOR EACH ADDITIONAL FLIGHT OF STAIRS. (3) EXTRA CHARGE MAY BE MADE FOR GARBAGE WHICH IS NOT READILY AVAILABLE ON COLLECTION DAY OR WHICH NEEDS ADDITIONAL JANITORIAL SERVICE. (4) BRUSH OR LIMBS ARE TO BE BUNDLED AND AT THE CURB. (5) THE CHARGE FOR MULTIPLE UNITS OF ANY TYPE SHALL BE TO THE OWNER OF THE UNITS (6) AN EXTRA CHARGE MAY BE MADE FOR SERVICE THAT INCURS ADDITIONAL DISPOSAL COSTS SUCH AS TIRES, MAJOR APPLIANCES, ETC., OR FOR HANDLING OVERSIZED, ODOROUS, DANGEROUS OR LIQUID ARTICLES. (7) WHEN A STOP USES 7 OR MORE 32 GALLON CANS, THE COLLECTOR MAY REQUIRE THAT THE SERVICE BE SHIFTED TO A CONTAINER TYPE SERVICE.

III. CONTAINER RATES ON A MONTHLY BASIS: (a) FOR LOOSE MATERIAL

<u>STOPS PER WEEK:</u>	<u>ONE</u>	<u>TWO</u>	<u>THREE</u>
ONE YARD	\$35.95	\$66.20	\$96.60
ONE/ONE-HALF YARD	47.75	88.30	128.90
TWO YARD	61.40	113.55	165.85

(b) FOR COMPACTED MATERIAL

WHERE THE COMPACTED CONTAINER CAN BE DUMPED INTO THE COLLECTION TRUCK, THE CHARGE WILL BE DOUBLE THE ABOVE LOOSE RATE, AND THE COMPACTOR SHALL BE COMPATIBLE WITH THE EQUIPMENT OF THE COLLECTOR.

(c) CHARGES FOR LARGER CONTAINERS AND ADDITIONAL STOPS

FOR LARGER CONTAINERS, THE CHARGE SHALL BE A MULTIPLE OF THE PRICE FOR THE TWO YARD CONTAINER FOR THE RELEVANT NUMBER OF STOPS PER WEEK. FOR MORE THAN THREE STOPS PER WEEK, THE RATE SHALL BE THE DIFFERENCE BETWEEN THE SECOND AND THIRD STOP PER WEEK FOR EACH ADDITIONAL STOP, MODIFIED AS NECESSARY FOR CONTAINERS LARGER THAN TWO YARDS.

III. CONTAINER RATES ON A MONTHLY BASIS: (CONTINUED)

(d) MISCELLANEOUS PROVISIONS  
FOR CONTAINERS

THE CHARGE FOR THE USE OF THE CONTAINER IS INCLUDED IN THE PRICE FOR SERVICE. THE MINIMUM CHARGE FOR A CONTAINER SHALL BE THE ONE STOP PER WEEK RATE. WHILE NO RENTAL CHARGE WILL BE MADE ON CONTAINERS, WHERE CONTAINERS ARE USED IN HANDLING MATERIAL THAT CAUSES EXCESSIVE WEAR OR DAMAGE, AN ADDITIONAL CHARGE MAY BE MADE FOR SUCH WEAR OR DAMAGE. THE CHARGE FOR DELIVERY OF A CONTAINER TO AN OCCASIONAL CUSTOMER SHALL BE \$11.30. THE CHARGE FOR EMPTYING SAID OCCASIONAL CONTAINER SHALL BE BASED ON THE FIRST STOP PER WEEK RATE.

IV. DROP BOX SERVICE RATES:

(a) FOR LOOSE MATERIAL

THE CHARGE SHALL BE \$2.65 PER YARD FOR 20 AND 30 YARD DROP BOXES, AND \$2.50 PER YARD FOR 40 YARD DROP BOXES. IN ADDITION, THERE SHALL BE A \$45.20 PER MONTH RENTAL CHARGE ON A BOX. FOR BOXES LEFT ON AN OCCASIONAL BASIS, THERE SHALL BE A RENTAL CHARGE OF \$3.40 PER DAY AFTER 48 HOURS ON A LOCATION. THE COST OF DISPOSAL SHALL BE CHARGED IN ADDITION TO THE YARDAGE AND RENTAL CHARGES.

(b) FOR COMPACTED MATERIALS

THE CHARGE SHALL BE \$4.00 PER YARD PLUS COST OF DISPOSAL WHERE THE CUSTOMER FURNISHES THE COMPACTOR DROP BOX. HOWEVER, FOR A 15 YARD OR SMALLER COMPACTED DROP BOX, A COMPACTOR OF ANY KIND THAT HAS TO BE HAULED TO THE LANDFILL AND RETURNED TO THE CUSTOMER, THE SERVICE FEE SHALL BE \$65 PLUS COST OF DISPOSAL. IF THE COLLECTOR AGREES TO FURNISH THE COMPACTOR, THE RENTAL SHALL BE THE CURRENT RATE THE COLLECTOR WOULD PAY ON A LEASE-PURCHASE. BEFORE ACQUIRING A COMPACTOR, THE CUSTOMER MUST MAKE CERTAIN THE COMPACTOR TO BE ACQUIRED IS COMPATIBLE WITH THE EQUIPMENT OF THE COLLECTOR OR THE EQUIPMENT THE COLLECTOR IS WILLING AND ABLE TO ACQUIRE.

V. MISCELLANEOUS SERVICES AND PROVISIONS:

(a) HOURLY HAULING RATES  
(Plus Cost of Disposal)

ONE TRUCK AND ONE MAN - \$37.45 PER HOUR  
ONE TRUCK AND TWO MEN - \$51.20 PER HOUR

(b) EACH LOCATION OF CANS WILL BE  
BILLED AS A SEPARATE ACCOUNT UNDER THIS SCHEDULE.

(c) WHEN MATERIALS OR CUSTOMER ABUSE  
CAUSES EXCESSIVE WEAR OR DAMAGE TO THE DROP BOX, THE COST OF REPAIR OR REPLACEMENT  
MAY BE CHARGED TO THE CUSTOMER.

(d) THE WEIGHT OF MATERIAL PUT INTO  
A CONTAINER OR DROP BOX, WHETHER COMPACTED OR UNCOMPACTED, SHALL NOT EXCEED THE  
LIFTING CAPACITY OF THE COLLECTOR'S EQUIPMENT NOR SHALL THE WEIGHT PUT THE  
COLLECTOR OVER THE WEIGHT LIMIT FOR THE LOADED VEHICLE. THE COLLECTOR SHALL  
FURNISH THE CUSTOMER WITH INFORMATION CONCERNING LIMITATIONS ON HIS EQUIPMENT,  
UPON REQUEST.



HARLAN BUSINESS CONSULTANTS, INC.

2202 S.E. LAKE RD.

MILWAUKIE, OREGON 97222

(503) 654-9533

June 26, 1984

RECEIVED

JUN 28 1984

CITY OF WILSONVILLE

Mr. Daniel O. Potter  
City Administrator  
City of Wilsonville  
P.O. Box 220  
Wilsonville, OR 97070

Applicant: United Disposal Service, Inc.  
Request: Increase in Rates Effective August 1, 1984  
For Council Agenda July 16 1984

Dear Mr. Potter:

United last requested a rate increase in 1981 and the City Council unanimously approved the current rates on June 15, 1981. The effective date was July 1, 1981.

On February 3, 1982 the City Council approved a renewal of the franchise and basically continued the relationship with United which had already provided good service to the city for several years. This new ordinance, which is No. 204, continued the current rates and Section 13 provides that rates are changed by Council Resolution.

The request is for a 13% rate increase, the same increase sought from the other six cities mentioned in the memorandum to the Council. This request is less than the increase in the C.P.I.

Enclosed please find the following material:

1. The letter to the City Council which explains the need for the increase;
2. A Comparative Rate Schedule which is attached to the letter to the Council;
3. A proposed resolution to approve the rate increase; and
4. An Exhibit "A" to the Resolution. This sets forth the rates.

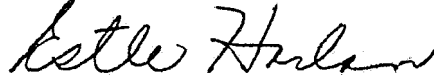
United will still have low rates even with the granting of this request.

Mr. Daniel O. Potter  
June 26, 1984  
Page Two

If you have any questions please give me a call.

I would appreciate receiving a copy of the Council Agenda for July 16th after it is prepared.

Sincerely yours,



Estle Harlan

EH:dh

Encl.

cc: Mr. R. F. Brentano  
United Disposal Service, Inc.