

CITY COUNCIL STUDY SESSION MINUTES



MEDFORD
CITY COUNCIL

January 23, 2020

6:00 P.M.

Medford Room, City Hall

411 West 8th, Medford, Oregon

The City Council Study Session was called to order at 6:00 p.m. in the Medford Room of the Medford City Hall on the above date with the following members and staff present:

Mayor Gary Wheeler; Councilmembers Kay Brooks, Tim D'Alessandro, Alex Poythress, Eric Stark, Kevin Stine, Michael Zarosinski (arrived at 6:55 p.m.); City Manager Brian Sjothun, Deputy City Attorney Eric Mitton, Public Works Director Cory Crebbin, Transportation Manager Karl MacNair, Planning Director Matt Brinkley, Deputy City Recorder Winnie Shepard; Transportation Commissioner Al Densmore; Mike Montero

Councilmembers Clay Bearnson and Dick Gordon were absent.

Transportation Commission Funding Recommendation

City Manager Brian Sjothun spoke about the funding required to construct the mega corridor and provided examples of how other cities promoted their projects to gain community support. (See attached PowerPoint #1.)

Transportation Manager Karl MacNair explained that the mega corridor will cost approximately \$106 million, with \$72 million unfunded. (See PowerPoint #2.) The corridor includes the sections of Foothill and North Phoenix Roads within the city limits and also the extension of South Stage Road across Bear Creek and I-5 into North Phoenix Road. The Council assigned \$18.5 million toward the project as part of the Transportation System Plan and the City has been awarded a \$15.5 million BUILD Grant from the federal government.

Transportation Commissioner Al Densmore provided three recommendations from the Transportation Commission: grants and regional partnerships, increasing SDC and/or utility fees and implementing a gas tax. Mr. MacNair provided funding analyses based on percentage increases.

Mr. Densmore explained that a gas tax would require a partnership with the community, but would provide funding from non-Medford residents. He also recommended requesting state and federal funding.

Mr. Sjothun and Councilmember D'Alessandro suggested the creation of a workgroup with multiple agencies.

Council voiced concerns with the potential impact to housing with increased SDC fees.

Mike Montero noted he represented the property owners in the employment campus and advised that leveraging the BUILD Grant funds for future funds is critical. He stated that the state and federal governments invested more than \$140 million between freeway Exits 24 and 27. Development of the mega corridor extends the life of that freeway expense.

Council discussed implementing a gas tax and/or meals tax, increasing the car rental tax and including U-Hauls as payors.

Mr. Sjothun clarified that Council would like to create a subcommittee and for staff to find funding options using gas tax, SDC and utility fees for polling. There were no objections.

BUILD Grant Matching Funds

Public Works Director Cory Crebbin explained how the City would provide the required matching funds to receive the federal BUILD Grant. Funding previously set aside for other projects and received \$3 million from the County. Another \$900,000 was still needed, but Mr. Crebbin was confident that money would be available over the next five years.

The BUILD Grant funding would be used to build 1000 feet of South Stage and Foothill Road from McAndrews to Delta Waters.

Zone Change Project

Planning Director Matt Brinkley spoke about the City-Initiated Zone Change Program. When property was annexed into the City, the property GLUP was changed, but not the zoning. This causes a conflict because development cannot occur on property with mismatched GLUP and zoning. (See attached PowerPoint #3.)

Because of the large number of properties, staff would like to begin with properties that were less than one acre.

Stine clarified that these changes were City initiated. Staff had determined that the cost of rezoning was minimal and the benefits

Annual Parks Zoning

Mr. Brinkley listed the properties that need to have zoning revised to parks zoning.

Rogue Disposal Rate Methodology

Rogue Disposal Manager Gary Penning explained that Rogue Disposal's five-year review recommended a 12% cost increase; 6% due to the increased cost of recycling. Rogue Disposal used Northwest Economic Research Center to further analyze. (See attached PowerPoint #4).

Medford City Council Study Session Minutes
January 23, 2020

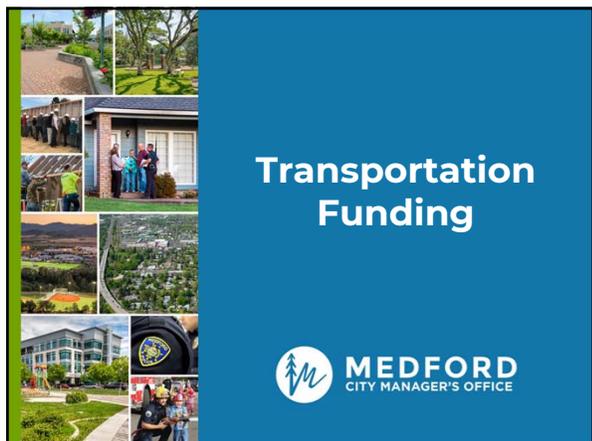
Mr. Penning outlined the fees in surrounding areas. The fee increase will be brought to Council for approval.

Council Officers Update

Councilmember Stine provided a brief update from the Council Officers meeting. Sewage treatment nutrient removal will be discussed during a February meeting, potential direction for the Multicultural Commission to obtain diverse applicants for Boards and Commissions; a dinner will be held in Salem on February 12 to discuss Legislative matters.

The meeting adjourned at 6:55 p.m.

Winnie Shepard, CMC
Deputy City Recorder



Transportation Funding

MEDFORD
CITY MANAGER'S OFFICE

Long Conversation

- Funding Options
- Community Engagement
- Business Engagement
- Regional Stakeholders
- State and Federal Partners




Around the State

City of Bend hopes transportation bond strikes a balance
Some worry bond doesn't go far enough



After several months of discussion, on Feb. 5, the Bend City Council will vote on whether to send a bond in the ballpark of **\$180 million** to the May ballot.

In December, the city conducted a phone survey of 300 residents to test their support for a package of transportation projects that would cost around \$190 million, and another, larger set of projects that would cost closer to **\$275 million**.



Around the State

Madras voters will decide on restaurant tax in May

Teresa Jackson - Wednesday, December 11, 2019
City Council passes resolution to put a 9% sales tax on prepared food and drinks to the vote; would be used for roads.



The city is facing **\$14 million** in deferred maintenance to improve its roadways

The city estimates the tax would raise about **\$990,000** each year, which is nearly three times as much as a gas tax generates.

According to tourism and employment data, **70% of the tax would be collected from visitors.**



Around the State

Will Legislature take reins on Rose Quarter project?

In 2017, the Legislature declared the project to be a statewide priority and committed **\$500 million** in state funds to it.

Costs have increased to **\$795 million** and Portland-area lawmakers are pushing for changes that could delay its start and push total costs to **\$1 billion or more.**



Then There is METRO



Metro floats early project list for 'transformative' \$3 billion transportation package
04-23-2019
Tualatin Valley Highway, 82nd Avenue and McLoughlin Boulevard are three major thoroughfares in the Portland metro area that should be the top priorities for spending. ...



Metro looking at 'combination of taxes' to help pay for \$6.25 billion in transportation projects
06-11-2019
Metro released detailed information Wednesday about the potential taxes and fees it may ask Multnomah, Washington and Clackamas county voters to approve to pay for ...



3 things to know as Metro's \$7 billion transportation package takes shape
06-26-2020
As Metro's proposed multi-billion-dollar transportation bond takes shape months before it's expected to be sent to voters in November, the past few days amounted to ...



Then There is METRO

- \$350 to \$450 million annually for debt service
- No: Sales, Vehicle Privilege, gas, or property
- \$50 Vehicle Registration Fee
- 1% personal income tax above \$100K
- .06% payroll tax



Beginning of the Big Picture



- Economic hub of southern Oregon and northern California
- 4th largest metro area in Oregon – Move from Town to City
- What is "Do Able"
- Will take 18 – 24 months of outreach and engagement







FUNDING THE MEGA-CORRIDOR

Council Study Session
January 23, 2020



FUNDING THE MEGA-CORRIDOR

Staff is seeking direction from the City Council on funding recommendation for this critical group of regional transportation projects

- Do you agree with the funding recommendation?
- When do you want to start collecting the funds?



INTRODUCTION

Corridor Overview



THE MEGA-CORRIDOR

- S. Stage Overcrossing
- North Phoenix and Foothill Roads
- Identified as a group of projects in the Transportation System Plan
- \$15 Million assigned plus intersection projects (\$3.5 Million)



THE MEGA- CORRIDOR

• Projected Total Cost:	\$106 Million
• TSP allocation:	-\$18.5 Million
• BUILD Grant:	-\$15.5 Million
• Funding Gap:	\$72 Million



FUNDING THE MEGA-CORRIDOR

- The City of Medford adopted the TSP with a large funding gap for the Mega-Corridor along with a commitment to look for funding alternatives
- The TSP results demonstrate that the UGB expansion is dependent on funding the Mega-Corridor
- The Transportation Commission was tasked with giving Council a funding recommendation



**Transportation Commission
Funding Recommendation**



FUNDING OPTIONS

- Options Considered by the Transportation Commission:
 - Street SDC Surcharge
 - Street Utility Fee Surcharge
 - Local Gas Tax
 - Per trip fee
 - Meals tax
 - Local Improvement District
 - Location specific SDC surcharge
 - Urban renewal district



FUNDING OPTIONS

- Council Controlled Options
 - Street SDC Surcharge
 - Street Utility Fee Surcharge
- Voter Approval Option
 - Local Gas Tax



THE SPREADSHEET

[Copy of Transportation Commission Funding Analysis.xlsx](#)



FUNDING RECOMMENDATION

Transportation Commission, July 24, 2019

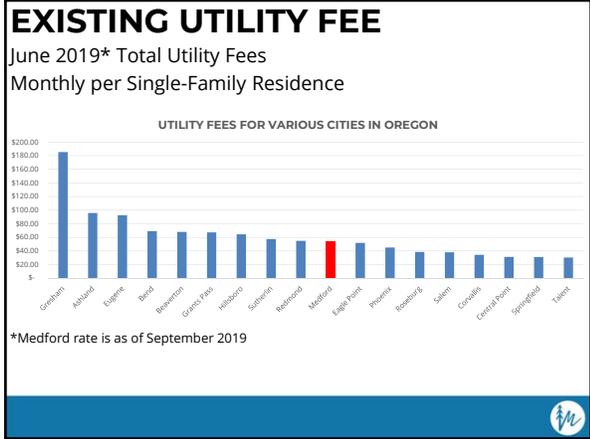
- Raise \$50 Million
 - Remainder from grants and regional partnerships
- \$0.03 Gas tax
- 50/50 split between SDC's and Utility Fees for the rest

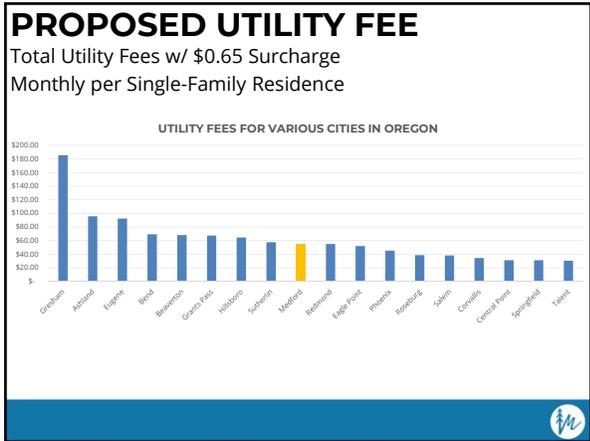


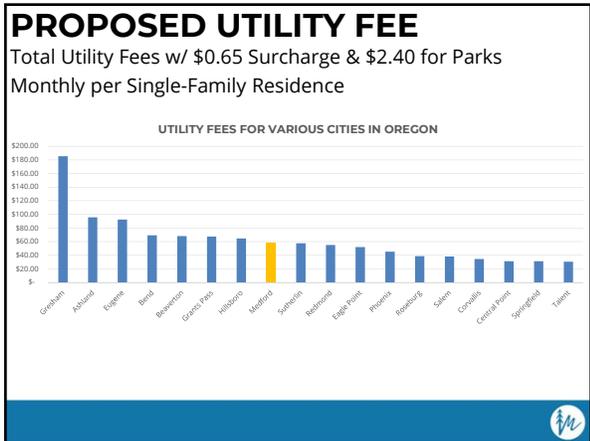
TRANSPORTATION COMMISSION PROPOSAL

• \$63.4 Million Goal	
– 50M for project plus interest	
– Remainder from grants and regional partnerships	20-year projections:
• \$0.04 Gas Tax	– \$34.4M
• \$1,000 Street SDC Surcharge	– \$16M
– 33.0% increase in street SDC	
– 10.5% increase in total SDC	
• \$0.65 Street Utility Fee Surcharge	– \$13M
– 8.8% increase in street maintenance fee	
– 1.1% increase in total utility fee	









GAS TAX IMPLEMENTATION

Requires public & private partnership for advocacy and passage.

City funds and personnel could educate public on what the funds would do but can't advocate passage



REMAINING FUNDING GAP

Will require significant effort and assistance from local governments, state government, and the federal government.

Particular attention should be paid to the 2020 Federal Highway reauthorization and the 2021 Oregon Legislature.



FUNDING THE MEGA-CORRIDOR



\$63.4 Million Goal

- \$0.04 Gas Tax
- \$1,000 Street SDC Surcharge
- \$0.65 Street Utility Fee Surcharge

Staff is seeking direction from the City Council:

- Do you agree with the funding recommendation?
- When do you want to start collecting the funds?





BUILD GRANT PROJECT FUNDING

Project Total	\$39.4M
Foothill - Hillcrest - McAndrews (funded)	(\$13M)
BUILD Grant	(\$15.5M)
Jackson County project	(\$3M)
City of Medford additional match	<u>\$7.9M</u>
Columbus extension (postponed)	\$4M
Jackson County jurisdiction transfer	\$3M



FUNDING PROPOSAL

If gas tax fails

- \$63.4 Million Goal
 - 50M plus loan interest
 - Remainder from grants and regional partnerships
- \$2,000 Street SDC Surcharge
 - 66.0% increase in street SDC
 - 21.0% increase in total SDC
- \$1.57 Street Utility Fee Surcharge
 - 21.4% increase in street maintenance fee
 - 2.9% increase in total utility fee

20-year projections:

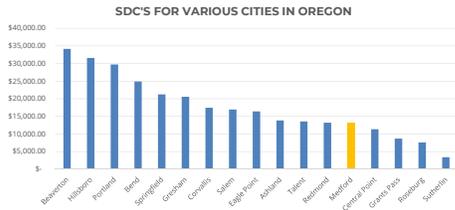
- \$32M

- \$31.4M



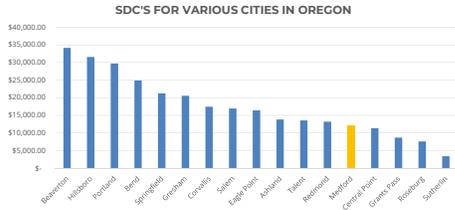
PROPOSED SDC

Total System Development Charge w/ \$2,000 surcharge
Per Single-Family Residence
If gas tax fails



PROPOSED SDC

Total System Development Charge w/ \$1,000 surcharge
Per Single-Family Residence
With gas tax



PROPOSED UTILITY FEE

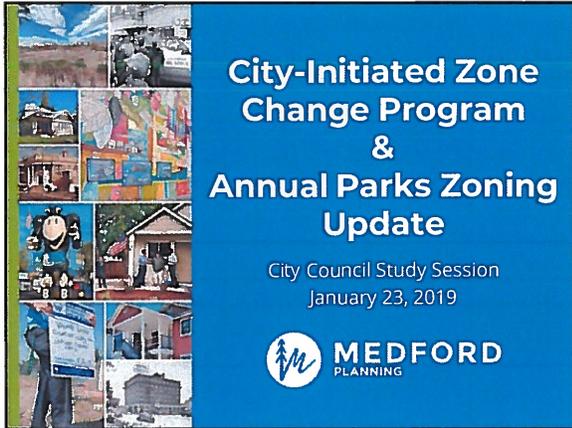
Total Utility Fees w/ \$1.57 Surcharge
Monthly per Single-Family Residence
If gas tax fails

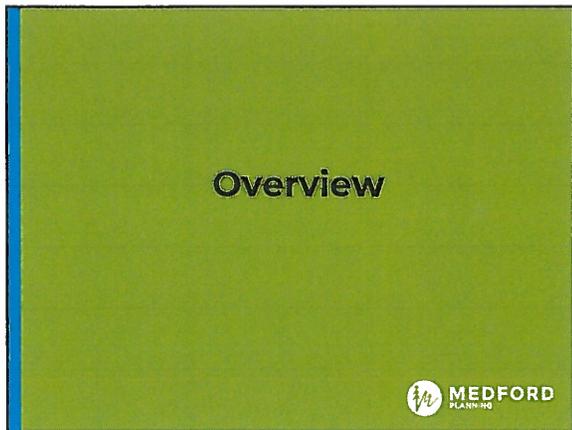


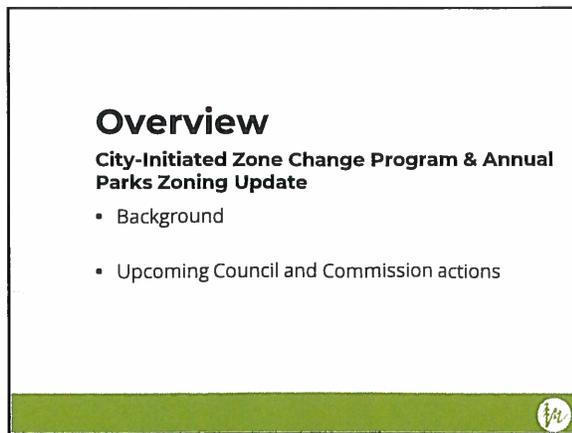
PROPOSED UTILITY FEE

Total Utility Fees w/ \$0.65 Surcharge
Monthly per Single-Family Residence
With gas tax









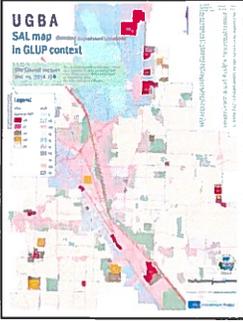
Background

City-Initiated Zone Change Program & Annual Parks Zoning Update



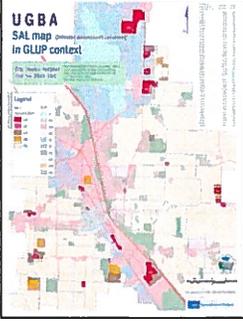
Background

- 2014, 500 acres reGLUPped
- Zoning was NOT changed
- Program goals:
 - Reduce barriers to development of housing
 - Complete the City-initiated ISA project




Background

- Property eligibility criteria:
 - upGLUPped residential properties
 - ↓
 - < 1 acre
 - ↓
 - 22 selected properties




Outreach & Support

- 2 mailings
- 3 Interested-party meetings
- Conceptual site design support
- Infrastructure-provider engagement and problem-solving



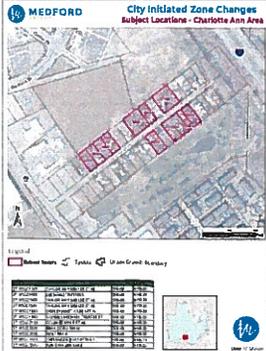

Coker Butte/ Springbrook Area

- 5 properties
- Existing Zoning: SFR-00
- Proposed Zoning: MFR-15




Charlotte Ann Road

- 11 properties
- Existing Zoning: SFR-00
- Proposed Zoning: MFR-20




Annual Parks Zoning Update

Background

MAPLOT	Description
371W16BC100	Cedar Landing Open Space
371W16BC200	Cedar Landing Open Space
371W16BD211	Cedar Landing Open Space
371W16BD214	Cedar Landing Open Space
371W21BA701	Lone Pine Park Addition
371W21203	Village Center Park in SE
371W33BA1700	Larson Creek Trail
371W33BA2800	Larson Creek Trail
372W24DD15100	Liberty Park
372W24DD15200	Liberty Park

Background

MAPLOT	Description
371W16BC100	Cedar Landing Open Space
371W16BC200	Cedar Landing Open Space
371W16BD211	Cedar Landing Open Space
371W16BD214	Cedar Landing Open Space
371W21BA701	Lone Pine Park Addition
371W21203	Village Center Park in SE
371W33BA1700	Larson Creek Trail
371W33BA2800	Larson Creek Trail
372W24DD15100	Liberty Park
372W24DD15200	Liberty Park

Upcoming Council and Commission actions

- PC Hearing: December 12th
- CC Hearing: February 6th



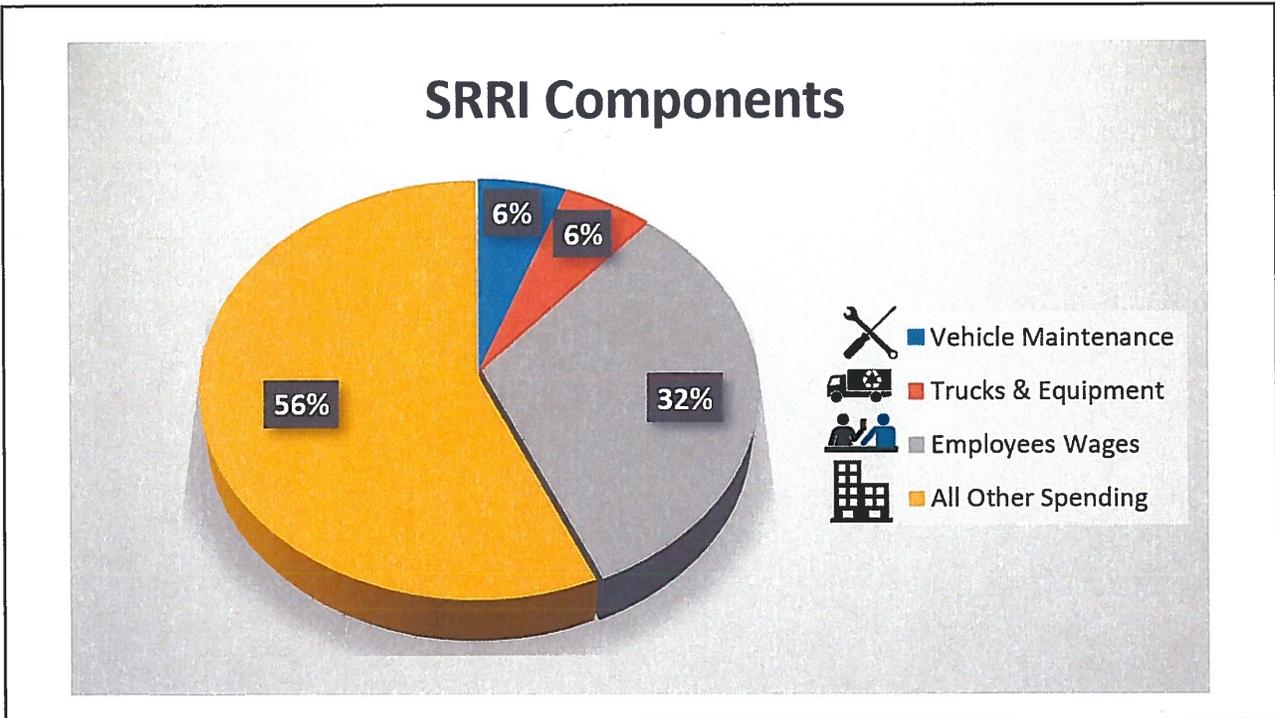


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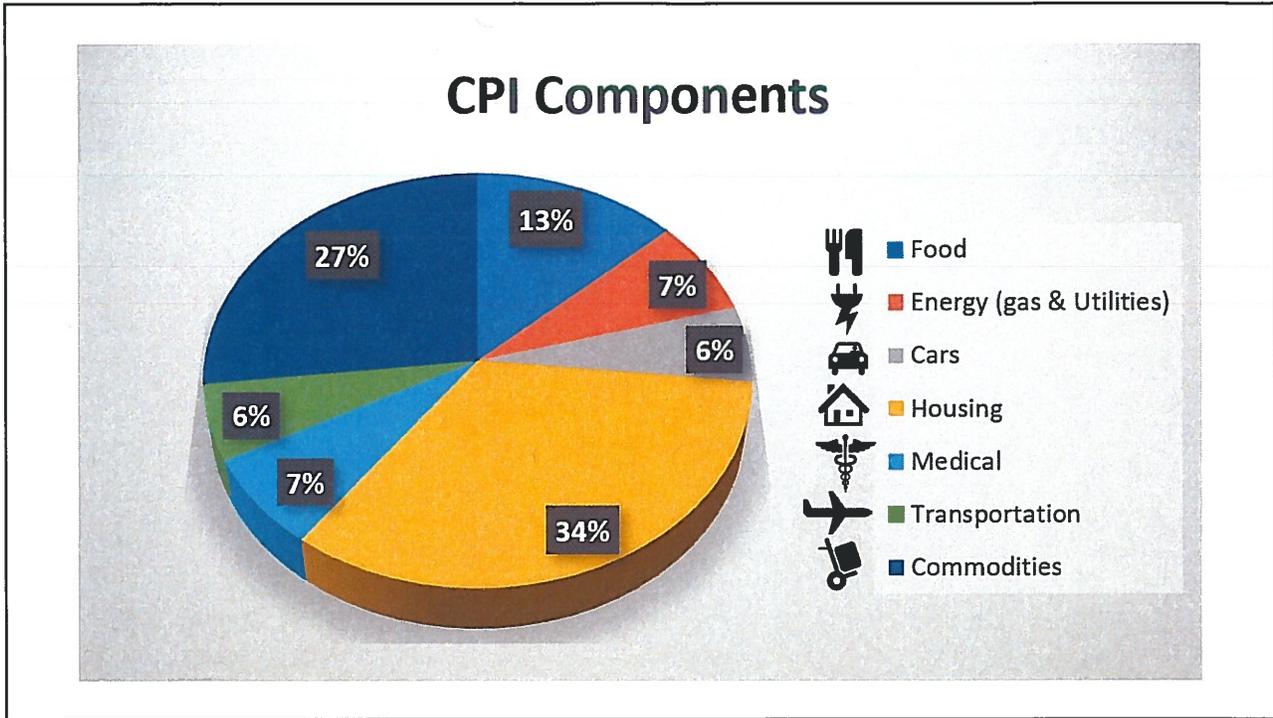
Thank you!



1



2

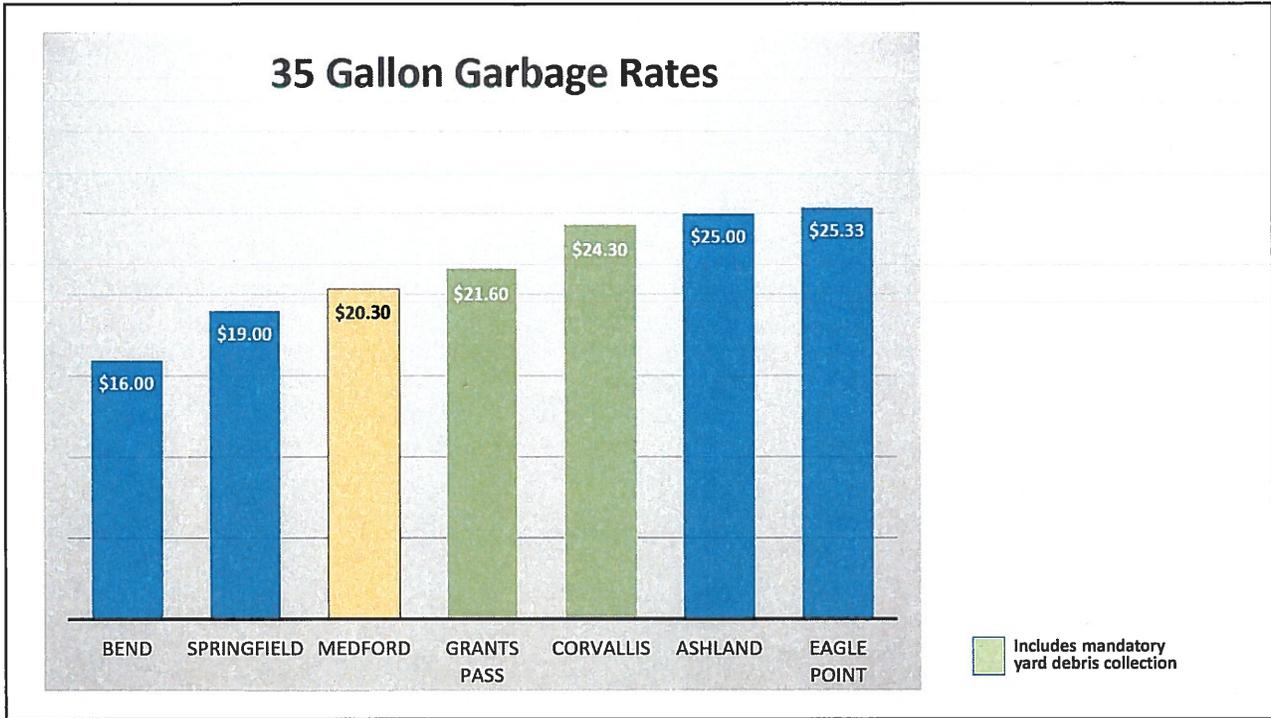


3

Residential 35 gallon Garbage Rate CPI VS SRR

Year	CPI		SRR		Difference	
	Rate	% Change	Rate	% Change	\$	%
2010	\$ 15.44		\$ 15.44			
2011	\$ 15.63	1.24% (a)	\$ 15.74	1.97% (c)	\$ 0.11	0.73%
2012	\$ 16.22	3.79% (b)	\$ 16.33	3.76% (c)	\$ 0.11	-0.02%
2013	\$ 16.50	1.73% (b)	\$ 16.83	3.06% (c)	\$ 0.33	1.34%
2014	\$ 16.75	1.52% (b)	\$ 17.10	1.59% (c)	\$ 0.35	0.08%
2015	\$ 17.03	1.67% (b)	\$ 17.65	3.20% (c)	\$ 0.62	1.52%
2016	\$ 17.03	0.00% (b)	\$ 17.99	1.96% (c)	\$ 0.96	1.96%
2017	\$ 19.08	12.07% (d)	\$ 19.08	6.07% (d)	\$ -	-6.00%

4



5

Questions?

Thank you!

6

**CITY COUNCIL
STUDY SESSION AGENDA**



MEDFORD
CITY COUNCIL

January 23, 2020

6:00 P.M.

Medford City Hall, Medford Room

411 W. 8th Street, Medford, Oregon

- 1. Transportation Commission Funding Recommendation**
- 2. BUILD Grant Matching Funds**
- 3. Zone Change Project**
- 4. Rogue Disposal Rate Methodology**



MEMORANDUM

To: Mayor and Council
From: Cory Crebbin, Public Works Director
Study Session Date: January 23, 2020
Subject: Transportation Commission Recommendation and
BUILD Grant Match

COUNCIL DIRECTION

Staff is seeking Mayor and Council direction on the Foothill Rd, N Phoenix Rd, and South Stage Rd Mega Corridor funding recommendation from the Transportation Commission and the BUILD grant match.

PRESENTATION OUTLINE

- Introduction and Corridor Overview – Karl MacNair, Transportation Manager
- Funding Recommendation – Al Densmore, Transportation Commission Chair
- Build Grant Match – Cory Crebbin, Public Works Director

PREVIOUS STUDY SESSIONS AND G-3 MEETINGS ON THE TOPIC

- On November 1, 2018 Council adopted the Transportation System Plan (TSP). 14 study sessions were held prior to that adoption.
- In July and August 2019, G3 meetings were held to discuss these recommendations where staff was asked to further vet the recommendations through TRADCO

BACKGROUND

The City Council is being asked to provide direction on the Mega Corridor funding recommendation from the Transportation Commission. The Council requested the Transportation Commission provide a recommendation on how to fill the funding gap identified in the TSP for this critical set of transportation projects.

RE: Transportation Commission Recommendation / Build Grant Match
Study Session Date: January 23, 2020

The Mega Corridor includes all the unimproved sections of Foothill Rd and N Phoenix Rd within the city limits, as well as an extension of South Stage Rd over Bear Creek and Interstate 5 to N Phoenix Rd (**See Exhibit A** for a map of the corridor).

The Transportation Commission was tasked with developing a funding recommendation for the City Council's consideration. Through a series of meetings over the summer of 2019, the Transportation Commission developed a recommendation to raise the funding gap, which will be explained in detail at this Study Session.

BUILD Grant Match Topic

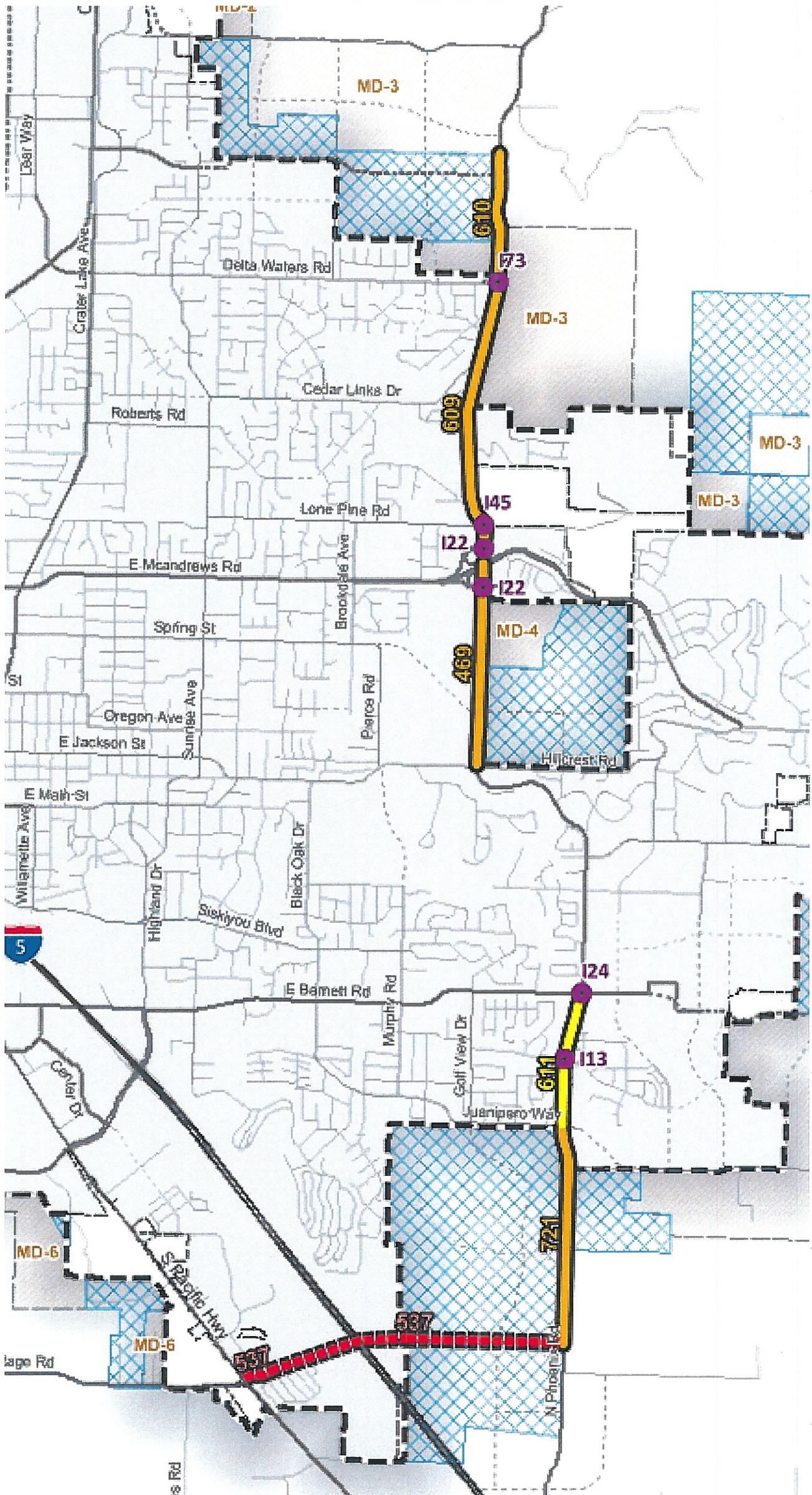
The BUILD project totals \$39.4M and includes Foothill Road from Hillcrest to Delta Waters along with a County section from Delta Waters to Dry Creek and South Stage Road from North Phoenix Road to 1,000 feet west. The match for the project includes our current \$13M Foothill Project and \$3M for the County section. The remaining match, after the \$15.5M grant, totals to \$7.9M. To fill this gap we are proposing to use the \$4M originally budgeted for the Columbus extension and staff is working with Jackson County on a jurisdictional exchange of Foothill and North Phoenix that will provide an additional \$3M. This leaves a funding gap of \$0.9M which is proposed to be funded by future gas tax revenues that the City receives annually.

EXHIBITS

- Exhibit A – Mega Corridor Map

Thank you,
Cory Crebbin
Public Works Director

EXHIBIT A – MEGA CORRIDOR MAP





MEMORANDUM

To: City Council *for January 23, 2020 study session*
From: Sarah Sousa, Planner IV – Long Range Division
Date: January 16, 2020
Subject: City-Initiated Zone Change Program & Annual Parks Mapping Updates
File nos. GLUP-19-005 / ZC-19-018/ ZC-20-002

COUNCIL DIRECTION

For the January 23, 2020 Study Session, staff would like to inform the Council on two projects: 1) A City-Initiated Zone Change Program and 2) Annual Parks Mapping Updates.

BACKGROUND

City-Initiated Zone Change Program

As part of the Urban Growth Boundary Amendment process, the City changed the General Land Use Plan (GLUP) designations of approximately 500 acres of Internal Study Area/Selected Area Lands (ISA/SAL) in order to improve land use efficiency in 2014. This process did not include zone changes corresponding to the new GLUP designations. The City initiated a new program in which the Planning Department has been working with property owners to rezone properties that could provide more medium and higher density residential development opportunities.

Letters were mailed to property owners inviting them to participate in this process and several informational meetings have been held. As a result, 22 property owners have consented to participate in the first City-Initiated Zone Change Program for these ISA/SAL lands. City staff are helping interested parties, many of whom are individual homeowners lacking development experience, assess the development potential of their property and identify and address any development constraints.

Annual Parks Mapping Updates

In 2018, the City adopted the Parks Zone (P-1), which is applied to publicly owned park properties in Medford. The majority of these properties are city-owned parks or trails. This new zone corresponds with the Parks and Schools General Land Use Plan designation. When the new zoning was adopted, it was the intent of the Planning Department to annually update properties with this new zone.

PROPOSAL

City-Initiated Zone Change Program

The intent of the City-Initiated Zone Change Program is to change the zoning on the properties that received Medium or High Density Residential GLUP designations as part of the Urban Growth Boundary Amendment process. All of the properties invited to participate in the rezoning were approximately one acre or less in size. The corresponding zoning proposed for the properties are MFR-15 (Multi-Family Residential – 15 units per gross acre) or MFR-20 (Multi-Family Residential – 20 units per gross acre). The purpose of the program is to make zoning consistent with the GLUP designations, which is required by the Medford Land Development Code for development. In doing so, the City will remove a significant development barrier that can discourage property owners from developing their property or selling their property to an experienced developer.

The City-Initiated Zone Change Program is focused in four main areas: 1) Coker Butte Road and Springbrook Road, 2) Charlotte Ann Road, 3) Orchard Home Drive and Westwood Drive, and 4) Stewart Avenue. Altogether, these properties cover 20.82 acres and hold the potential to accommodate the construction of up to 388 homes.

A traffic engineer is providing a scope of work to evaluate the potential impacts of these zone changes and staff should receive the results of the traffic studies in the next month or two. Once that review is complete, the Planning Department will proceed with processing the zone changes on behalf of the property owners as a Type IV Legislative Land Use Decision.

Annual Parks Mapping Updates

In regards to the Annual Parks Mapping Updates, it includes converting existing park properties to the Parks and Schools General Land Use Plan Map designation and the Parks Zone. The 10 included properties relate to: 1) the Cedar Landing Open Space, 2) Lone Pine Park Addition, 3) Village Center Park, and 4) Liberty Park. All of the properties are recently owned by the City or County and are operating in some capacity as a park or trail. These GLUP Map amendments and Major Zone changes went before the Planning Commission for

a hearing on December 12, 2019. The Planning Commission unanimously voted to recommend approval to the City Council.

NEXT STEPS

The hearing schedule is as follows:

- The Annual Parks Mapping Updates will be considered by City Council on February 6, 2020
- The City-Initiated Zone Changes project will be presented to the Planning Commission and City Council in Spring 2020

EXHIBITS

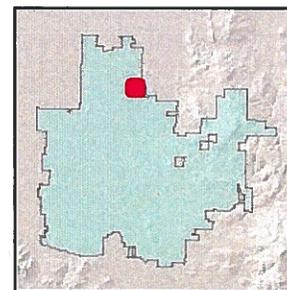
Vicinity Maps



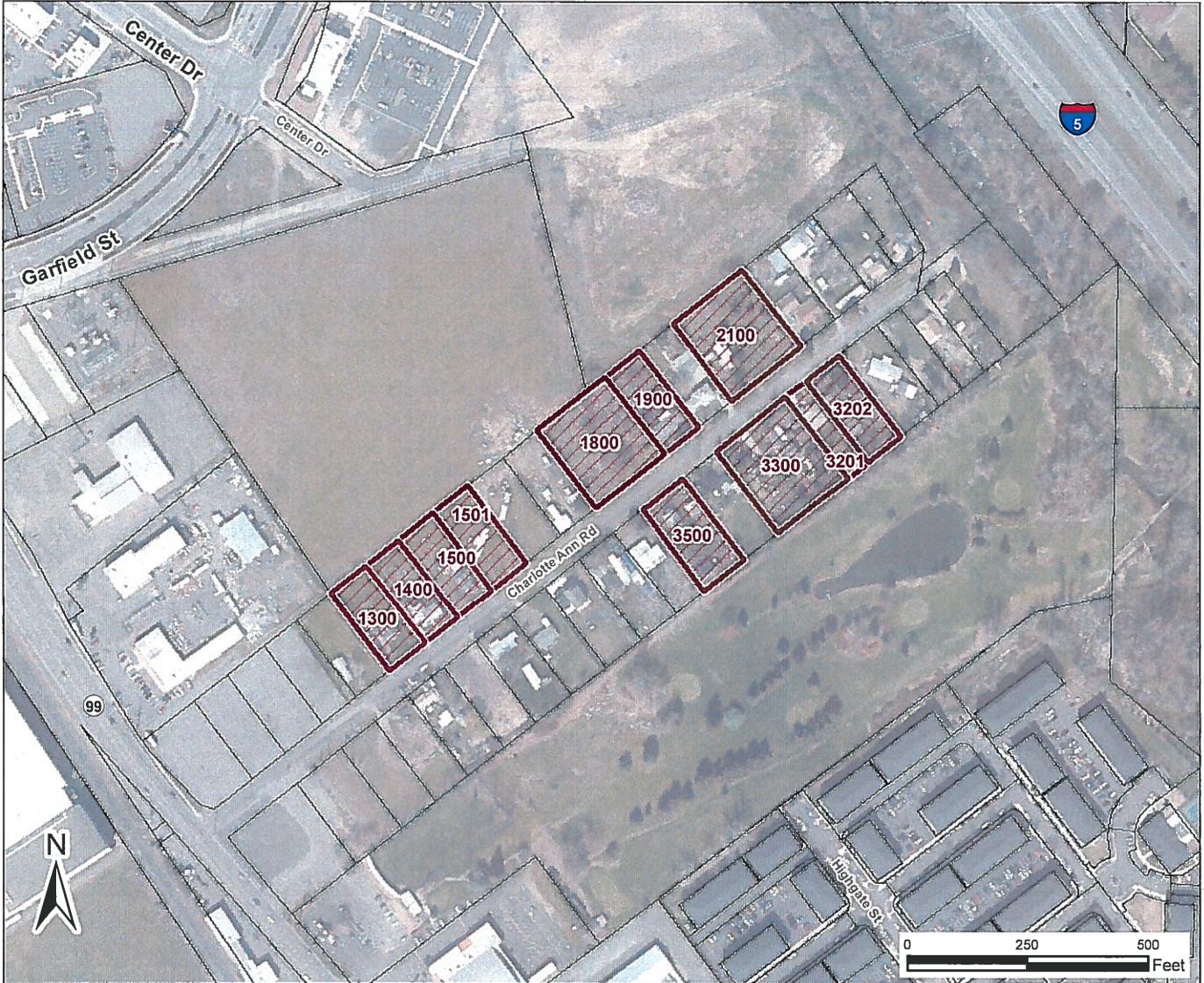
Legend

-  Subject Taxlots
-  Taxlots
-  Urban Growth Boundary

MAPLOT	FEEOWNER	ExZone	PropZone
371W08BA3500	ELLISON JOE JR/SANDRA K	SFR-00	MFR-15
371W08BA3600	JOHNSON RICHARD L TRUSTEE E	SFR-00	MFR-15
371W08BA4001	HUNTWORK ROBERT S TRUSTEE	SFR-00	MFR-15
371W08BA4100	HAHN KENNETH F	SFR-00	MFR-15
371W08BA4200	TONKIN JEFFREY A/DEBRA A	SFR-00	MFR-15



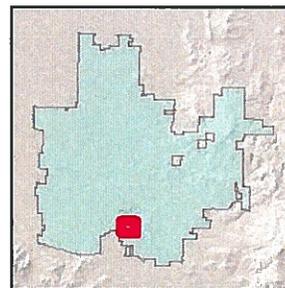
Date: 1/15/2020



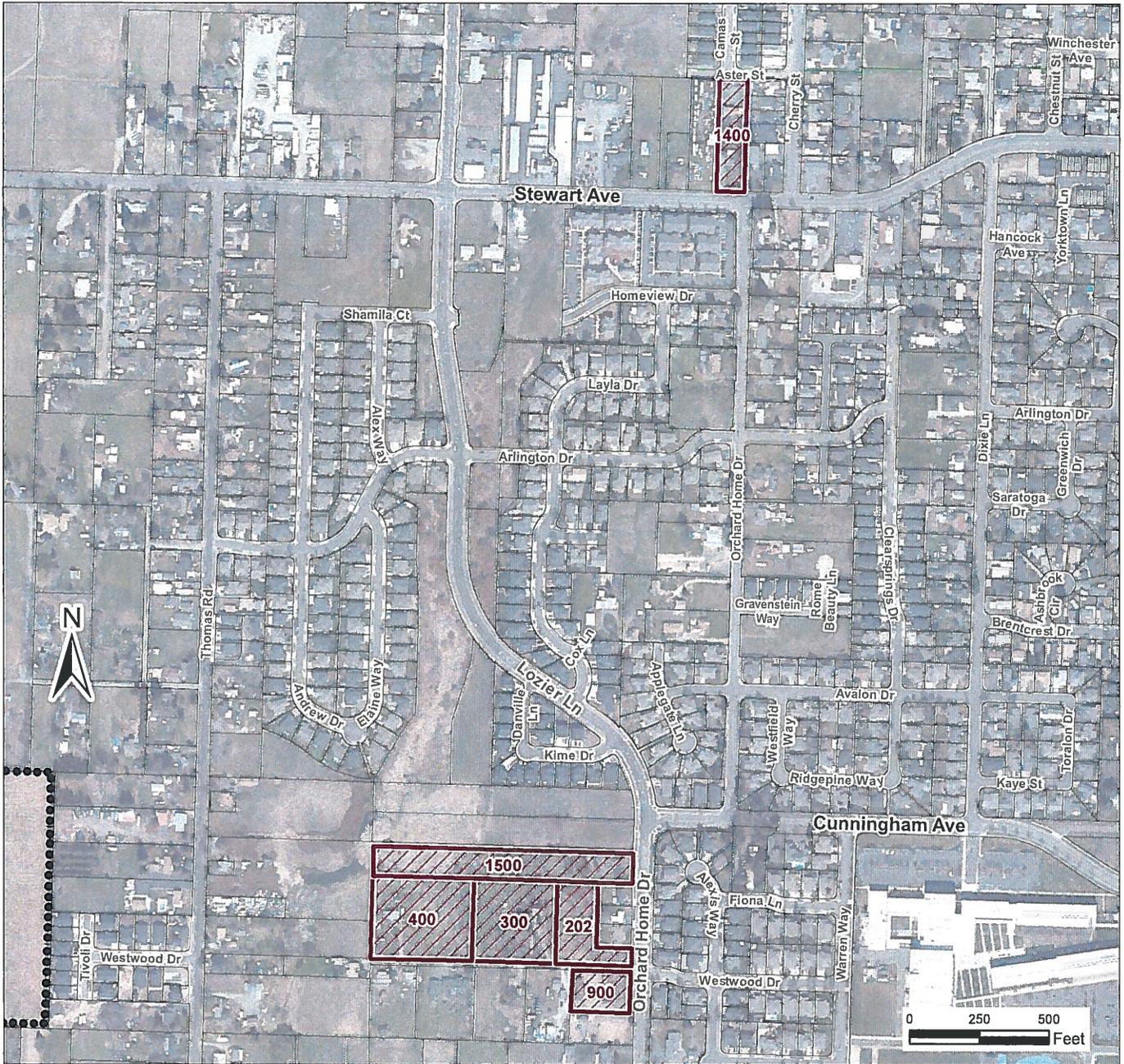
Legend

-  Subject Taxlots
-  Taxlots
-  Urban Growth Boundary

MAPLOT	FEEOWNER	ExZone	PropZone
371W32C1300	TAYLOR AMY MEI LEE ET AL	SFR-00	MFR-20
371W32C1400	LEE HANG TRUSTEES	SFR-00	MFR-20
371W32C1500	TAYLOR AMY MEI LEE ET AL	SFR-00	MFR-20
371W32C1501	TAYLOR AMY MEI LEE ET AL	SFR-00	MFR-20
371W32C1800	SHIPLEY JANET K/LEE ART W	SFR-00	MFR-20
371W32C1900	SASSER S MICHAEL TRUSTEE ET	SFR-00	MFR-20
371W32C2100	COLIN EDWIN R ET AL	SFR-00	MFR-20
371W32C3201	BRAY DOROTHY N	SFR-00	MFR-20
371W32C3202	HOLT REX A	SFR-00	MFR-20
371W32C3300	THELANDER JERRY/ESTELLE	SFR-00	MFR-20
371W32C3500	FONG MAGEN LANE	SFR-00	MFR-20



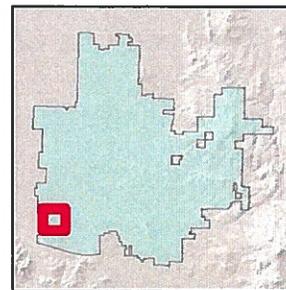
Date: 1/15/2020



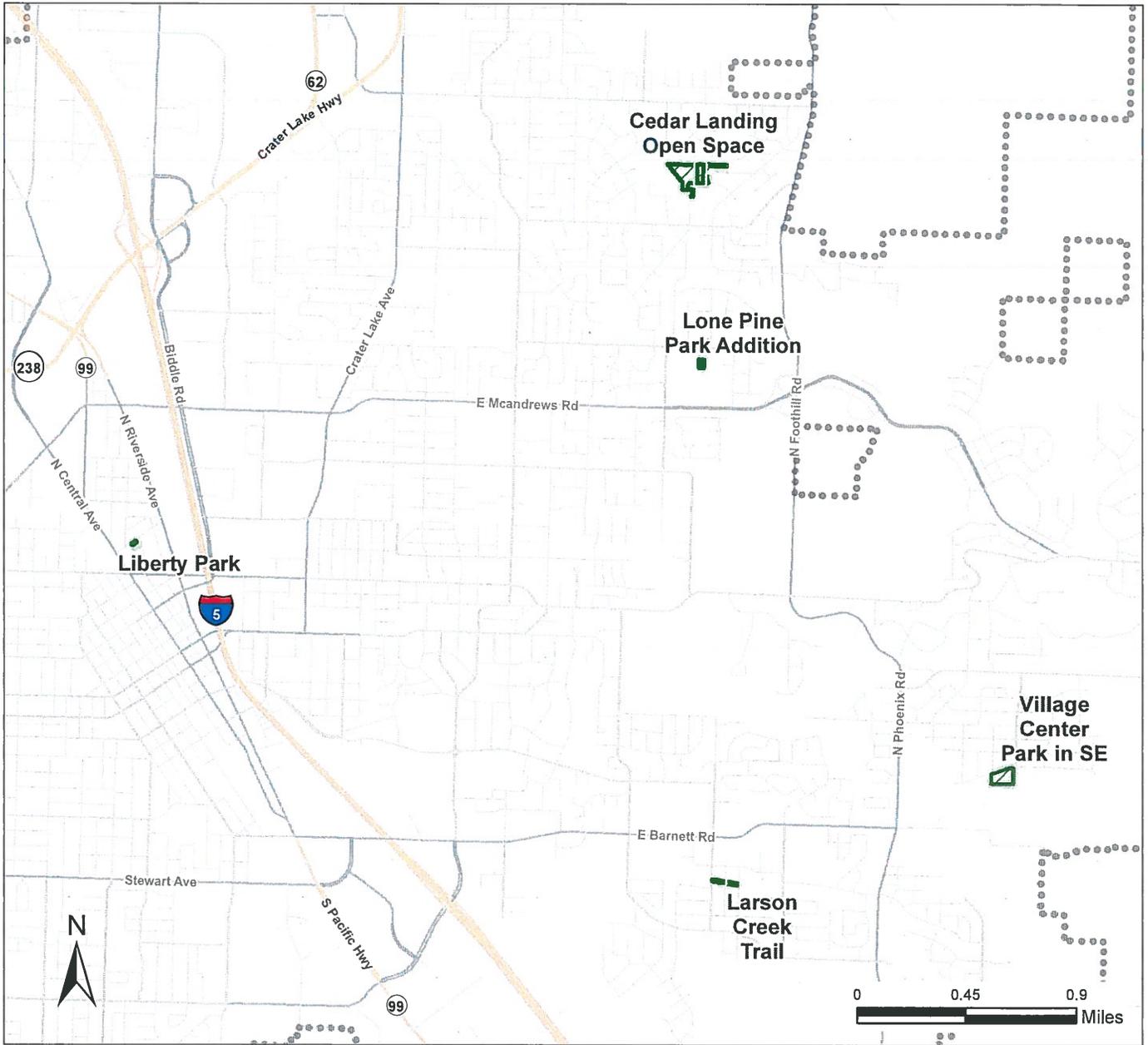
Legend

-  Subject Taxlots
-  Taxlots
-  Urban Growth Boundary

MAPLOT	FEEOWNER	ExZone	PropZone
372W35AA1400	TAYLOR MARK L	SFR-00	MFR-20
372W35DA1500	HOUSING AUTHORITY JACKSON C	SFR-6	MFR-20
372W35DD202	NATIONS LENDING LLC	SFR-6	MFR-15
372W35DD300	NATIONS LENDING LLC	SFR-6	MFR-15
372W35DD400	KAIMIE CHARLES T TRUSTEE ET	SFR-6	MFR-15
372W35DD900	CEDAR FAMILY LLC	SFR-6	MFR-15



Date: 1/14/2020



Legend

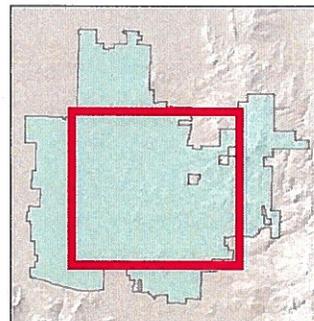


Parks Taxlots - PS GLUP/P-1 Zone Proposed



Urban Growth Boundary

MAPLOT	Description
371W16BC100	Cedar Landing Open Space
371W16BC200	Cedar Landing Open Space
371W16BD211	Cedar Landing Open Space
371W16BD214	Cedar Landing Open Space
371W21BA701	Lone Pine Park Addition
371W271203	Village Center Park in SE
371W33BA1700	Larson Creek Trail
371W33BA2800	Larson Creek Trail
372W24DD15100	Liberty Park
372W24DD15200	Liberty Park



Date: 1/14/2020



MEMORANDUM

To: Mayor and Council
From: Ryan Martin, CFO/Deputy City Manager
Study Session Date: January 23, 2020
Subject: Rogue Disposal Rate Methodology

COUNCIL DIRECTION

Staff is seeking Mayor and Council direction on the methodology for rate increases used by Rogue Disposal and Recycling (RDR).

PRESENTATION OUTLINE

- Garry Penning, General Manager of RDR

PREVIOUS STUDY SESSIONS AND G-3 MEETINGS ON THE TOPIC

- On December 17, 2019 and December 19, 2019, staff met with the Mayor and councilmembers at G-3 meetings to discuss the current and proposed rate increase methodologies from RDR.

BACKGROUND

The City of Medford (City) and RDR have a franchise agreement through December 31, 2027. RDR rates are currently increased each year by the Consumer Price Index (CPI) for Urban Consumers and are also adjusted every five years to match up with actual expense increases. The last five-year increase was approved in 2017.

CPI Adjustments

The goal of utilizing the CPI for annual adjustments is to lessen the rate increase at each five-year rate adjustment. If there were no annual adjustments, consumers could see 10-15% rate increases every five years, as opposed to smaller rate increases on an annual basis.

While CPI has been a benefit to lessen the impact of rate adjustments, it also does not increase at the same rate as actual expenses. From 2008-2016, CPI increases accounted for

only half of actual expense increases for RDR. Therefore, rate payers see a large increase at the five year rate adjustment (12% at the last 5-year rate adjustment).

Simplified Refuse Rate Index (SRRI)

RDR contracted with Northwest Economic Research Center (NERC) to determine if there is a better way to calculate annual rate increases to avoid large impacts every five years. NERC first analyzed RDR's expenses and separated them into four different categories:

% Weight (Total 100%)	Expense Category	Governmental Index
5.5%	Vehicle Maintenance	Consumer Price Index for all Urban Consumers: Motor Vehicle Maintenance & Repair
5.7%	Trucks & Equipment	Producer Price Index for Motor Vehicle Body Manufacturing
32.3%	Employee Wages	Compensation of Employees, Received: Wage and Salary Disbursements: Private Industries
56.5%	All Other Expenses	CPI of all Urban Consumers

NERC then applied weights to each category based on actual historical expenses. Lastly, NERC assigned a governmental index to each expense category. From 2008-2016, actual expenses for RDR increased by 25.5%, CPI increased by 12.75%, and SRRI (if retroactively applied) would have increased by 22.5%. While using either of these indices were not perfect, SRRI more accurately shadowed the actual expense increases of RDR.

Phoenix, Central Point, and Jacksonville have approved the new methodology for calculating annual rate increases for RDR. However, RDR will not change the methodology for these other municipalities unless Medford Council adopts the new methodology as well. Jackson County is supportive of the change for rural county customers of RDR and will likely be approving the new methodology in the near future.

EXHIBITS

- None

Thank you,
Ryan Martin
CFO/Deputy City Manager