



183827

City of Portland Bureau of
Planning and Sustainability

Sam Adams, Mayor | Susan Anderson, Director

2010-11 SOLID WASTE & RECYCLING RATES AND FEES
May 19, 2010

The Bureau of Planning and Sustainability Solid Waste & Recycling Program conducts an annual rate review process to determine rates that franchised haulers charge for residential solid waste, recycling and yard debris collection services. The rate ordinance submitted to City Council is set to take effect on July 1, 2010 and proposes a rate increase of 45 cents to \$1.80 per month for customers depending on their garbage can size.

Analysis has been conducted on a range of factors that impact the cost of providing service, including labor, equipment and fuel costs, the average weight of garbage in each can size, disposal charges for solid waste and yard debris, other inflationary adjustments and the market value of recyclables (recycling revenues partially offset costs). This process is assisted by an economist who analyzes various factors that affect rates and a certified public accountant to review hauler financial records. The proposed rates have been reviewed by and are supported by the Portland Utilities Review Board.

Key Factors Affecting Rates

1. Due to the City's clean fleet truck replacement policies that are reducing diesel emissions, haulers' collection costs are increasing a total of approximately 40 cents per month for the typical customer.
2. Tip fees charged by Metro at its two transfer stations will increase \$5.10 per ton which will increase rates approximately 24 cents per month.
3. Yard debris disposal costs are increasing and a primary factor is that the new roll carts have led to a larger-than-expected increase in yard debris tonnage. From the prior calendar year, the tonnage is up 16.5%. Yard debris facility disposal costs per ton that are charged to haulers are also up 15%. These factors contribute approximately 20 cents per month.
4. Earlier this year Council adopted a code change specifying that haulers pay business license fees directly to the Bureau of Licenses, like other Portland businesses. (Until now, BPS has made an annual payment to

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the Bureau of Licenses that offsets residential franchised haulers' business license fees.) Having haulers include this amount in their costs adds approximately 10 cents per month.

5. Recyclable materials revenues are projected to improve and the proposed offset for customers will reduce net costs approximately 50 cents per month.

2010-11 Monthly Rates for Primary Service Levels

Service Level	Proposed 2010-11	Current 2009-10	Dollar Difference	Percent Change
20 Gallon Minican – Weekly Collection	23.15	22.20	0.95	4.28%
32 Gallon Can – Weekly Collection	26.40	25.30	1.10	4.35%
32 Gallon Can – Monthly Collection	16.90	16.45	0.45	2.74%
Small Rollcart – Monthly Collection	18.20	17.65	0.55	3.12%
Small Rollcart – Weekly Collection	27.95	26.75	1.20	4.49%
60 Gallon Rollcart – Weekly Collection	33.35	31.85	1.50	4.71%
90 Gallon Rollcart – Weekly Collection	38.95	37.15	1.80	4.85%

Commercial Tonnage Fee

The commercial tonnage fee, which is assessed on each ton of garbage collected from commercial accounts in the City, supports the commercial waste and recycling programs operated by the City. An increase of \$1 per ton in this fee is proposed in order to provide public recycling containers throughout downtown Portland, including the transit mall.

Availability of public recycling containers will result in more materials being recycled instead of being disposed of as garbage and will increase overall public awareness of recycling.

The proposed increase would raise the fee from \$5.80 to \$6.80 per ton effective July 1, 2010. The increase represents a 1.1 percent increase in total disposal costs that include the Metro tip fee of \$85.85 per ton.

FINANCIAL IMPACT STATEMENT For Council Action Items

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Arianne Sperry	2. Telephone No. 3-5664	3. Bureau/Office/Dept. BPS
4a. To be filed (date) 5/13/2010	4b. Calendar (Check One) Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/>	5. Date Submitted to FPD Budget Analyst: 5/13/2010

1) Legislation Title:

Revise residential solid waste and recycling collection rates and charges, effective July 1, 2010. (Ordinance; amend Code Chapter 17.102)

2) Purpose of the Proposed Legislation:

This ordinance is the outcome of the annual rate review for the residential solid waste and recycling collection system. The costs of franchised residential haulers have been reviewed and adjustments made to reflect anticipated inflationary increases, such as wage increases and higher fuel costs, the increased cost of solid waste disposal, the costs of City programs such as the clean fleet truck retirement requirement; and changes in the recycling market revenue.

3) Revenue:

Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If new revenue is generated please identify the source.

This ordinance continues the five percent franchise fee that funds solid waste and recycling program administration costs. Because hauler revenues will increase an estimated 4.4%, City revenues should also increase by that amount.

4) Expense:

What are the costs to the City as a result of this legislation? What is the source of funding for the expense? (Please include costs in the current fiscal year as well as costs in future years) (If the action is related to a grant or contract please include the local contribution or match required)

No additional costs are caused by this ordinance.

Staffing Requirements:

5) Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? (If new positions are created please include whether they will be part-time, full-time, limited term or permanent positions. If the position is limited term please indicate the end of the term.) No.

6) Will positions be created or eliminated in future years as a result of this legislation?

No.

Complete the following section if you are accepting and appropriating a grant via ordinance. This section should only be completed if you are adjusting total appropriations, which currently only applies to grant ordinances.

7) Change in Appropriations None.

Celia Heron, BPS Operations Manager



APPROPRIATION UNIT HEAD (Typed name and signature)



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1. Ordinance Title:

Revise residential solid waste and recycling collection rates and charges, effective July 1, 2010. (Ordinance; amend Code Chapter 17.102)

2. Contact Name, Department, & Phone Number:

Arianne Sperry, BPS, 3-5664

3. Requested Council Date:

May 19, 2010 (along with other utility rates for Water and BES)

Consent Agenda Item: _____ **or** **Regular Agenda Item:** X

Explain why this DOES or does not require a presentation or Council discussion:

This ordinance revises the solid waste and recycling rates as of July 1, 2010.

Emergency Item (answer below): _____ **or** **Non- Emergency Item:**

If emergency, why does this need to take effect immediately:

4. History of Agenda Item/Background:

The Bureau of Planning and Sustainability (BPS) Solid Waste & Recycling Program conducts an annual rate review process to determine an appropriate charge for collection services. This process is assisted by an economist who analyzes various factors that affect rates and an independent certified public accountant to review hauler financial records. BPS also contracts with Portland State University to sample weights of garbage actually set out by residential customers and with a recycling market consultant to forecast recycling revenues.

Staff reviewed a range of factors that impact the cost of providing service, including labor, equipment and fuel costs, the average weight of garbage in each can size, disposal charges for solid waste and yard debris and the market value of recyclables. The result of this review proposes that the monthly rate for the most common service level, the 32-gallon can with weekly collection will increase from \$25.30 to \$26.40, a 4.35% increase. Approximately \$0.40 of the \$1.10 increase is driven by the City's Clean Fleet truck retirement policy, adopted by City Council in 2008.

5. Purpose of Agenda Item:

To revise the solid waste and recycling rates.

6. Legal Issues:

There are no legal issues.

7. What individuals or groups are or would be opposed to this ordinance? Supportive?

Despite the methodology used to develop rates, some citizens may be displeased by an increase in charges.

8 How Does This Relate to Current City Policies?

This action is consistent with Solid Waste Code of the City of Portland (Chapter 17.102) and the solid waste, recycling and compostables collection franchise agreement.

9. Community Participation:

These rates, and the methodology used to develop them, were reviewed and supported by the Portland Utilities Review Board.

10. Other Government Participation:

Not applicable.

11. Financial Impact:

None.