



Bureau of Planning and Sustainability  
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**Portland Planning and Sustainability Commission  
April 10, 2018**

**2018-19 RESIDENTIAL CURBSIDE COLLECTION RECOMMENDED RATES**

Every year, the Bureau of Planning and Sustainability sets rates for curbside residential garbage, recycling, and composting collection service. The rate review process analyzes the financial records of 12 private franchised haulers and determines the cost of providing service for the different garbage container sizes used by customers.

The recommended rate increase is \$2.55 per month for most households to take effect on May 1, 2018.

The primary reason for the rate increase is due to unprecedented recycling market conditions that have impacted recyclers worldwide. Recyclable materials are a commodity used by manufacturers throughout the world. When recyclables are used to make new products, it reduces the use of natural resources and saves energy and water in the manufacturing process. In prior years revenue from the sale of recyclables have offset increases in other rate components. However, due to recycling market conditions substantial costs have been added to our system.

While many Oregon or Pacific Northwest manufacturers use recyclable materials, unsorted paper and plastic are primarily exported to China for manufacturing there. China has recently adopted broad environmental and economic policies aimed at reducing environmental impacts.

As part of these measures, China notified recycling companies around the world that they will only be importing recyclable materials that meet very high quality standards. These new higher standards require recycling facilities to slow their sorting lines and hire more people to further sort materials and successfully market them to manufacturers in China and elsewhere. These steps have significantly increased facility operating costs.

Beginning last fall, the fees that garbage and recycling companies pay to drop off recyclables at sorting facilities reached record high levels. The other factors placing upward pressure on the rates are inflationary increases for labor and fuel.



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## Rate components for the 35 gallon roll cart, the most common service level

35 Gallon Roll Cart	Current FY 2017-18	Proposed FY 2018-19	Dollar Difference
Solid Waste	\$5.92	\$5.95	\$0.03
Recycling	\$5.24	\$5.43	\$0.19
Composting	\$7.02	\$7.02	\$0.00
General and Administrative	\$6.70	\$7.01	\$0.31
Operating Margin	\$2.64	\$2.90	\$0.26
Incentive Discount	\$0.00	(\$0.28)	(\$0.28)
Less: Sale of Recyclables	\$0.27	\$2.18	\$1.91
Franchise Fee	\$1.46	\$1.59	\$0.13
<b>Proposed Rate</b>	<b>\$29.25</b>	<b>\$31.80</b>	<b>\$2.55</b>

### Incentive Discounts and Premiums

Once the cost-of-service rates are determined, incentive discounts are applied to smaller garbage carts and incentive premiums to larger garbage carts to encourage customers to reduce their garbage generation and to compost and recycle as much as possible. Incentive discounts and premiums have been included in Portland's rate setting methodology since 1993.

An incentive discount was added to the 35 gallon roll cart service. This helps to keep the rate low for 44% of the customer base. An incentive premium was added to the 32 gallon can service to bring that rate in line with the 35 gallon roll cart. The 32 gallon can service is being phased out and has not been available to new customers.

Primary Service Level	Proposed Rate FY 18-19	% Households Served*
35 Gallon Roll Cart/ Can Every 4 Weeks	\$24.25	5%
20 Gallon Roll Cart/ Can EOW	\$27.15	8%
32 Gallon Can EOW	\$31.80	9%
35 Gallon Roll Cart EOW	\$31.80	44%
60 Gallon Roll Cart EOW	\$37.65	24%
90 Gallon Roll Cart EOW	\$44.15	4%

\*Does not add to 100% because some customers opt for multiple containers and pay different rates.

### PSC Recommendation

BPS seeks a recommendation from the PSC that City Council adopt the residential rates described in this memo.

