



THE BUREAU OF
**PLANNING &
SUSTAINABILITY**

**2022-23 Residential Curbside Collection Rate Review
Planning and Sustainability Commission Hearing**

May 10, 2022

RATE REVIEW PROCESS

Ongoing Monitoring and CPA Review

Throughout the year, haulers file a variety of reports with BPS detailing customer counts, quarterly revenues, and tons of recycling, yard debris/food scraps and garbage collected.

Residential franchisees file a Detail Cost Report (DCR) documenting their revenues and expenses for the previous calendar year. BPS contracts with a CPA firm to review the DCRs from a random sample of haulers (representing at least 75% of the customer base) to ensure all expenses are allowable.

Calculation of Rates

The allowable expenses incurred during the previous calendar year form the basis for the rates in the upcoming fiscal year. Projected costs are added looking forward through June 2023. It is important to note that inflation and other cost projections are applied to the actual costs of providing service and not across the board to the existing rates. In this way, reduced operating costs can mitigate the effect of upward pressures on the rates.

Rates are designed to allow haulers the opportunity to recover the per customer composite cost of providing service plus a return equal to 9.5% of revenues. Rates also include a 5% franchise fee paid to the City.



City of Portland, Oregon | Bureau of Planning and Sustainability | www.portland.gov/bps
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KEY COST FACTORS

Metro Tipping Fee Increases

Fees charged to unload material at Metro’s transfer stations will increase seven percent.

- Garbage tipping fee will increase from \$115.15 to \$123.29/ton.
- Yard Debris / Food Scrap tipping fee will increase from \$77.99 to \$82.38/ton.

Projected Inflationary Increases

- Labor hours are adjusted using a weighted average of union contract wage increases and the general cost-of-living increase. Adjustments for wages, health & welfare, and pension are projected at about five percent.
- Fuel costs for biodiesel and Compressed Natural Gas (CNG) are anticipated to increase in the upcoming rate year. The average projected increase is about 18 percent.
- Inflation is forecast to be around 7 percent on an annualized basis.

Previous Investments in Cleaner Trucks

Haulers invested in new trucks to comply with BPS’ Clean Fleet requirement. Reduced depreciation for those purchases continues to offset other anticipated cost increases.

Improved Recyclable Materials Markets

When global recycling markets shifted in 2017, lower prices and higher sorting costs resulted in significant charges to haulers for processing recycling. This year, demand for recyclable materials has improved, resulting in lower processing charges. For 2022-23, recycling processing charges are projected to be 70 percent lower than what was anticipated for the 2021-22 rates.

PROPOSED RATES

Service Level	Current Rate	Proposed Rate	Increase
Every 4 Weeks Service	\$ 27.15	\$ 27.35	\$ 0.20
20 Gallon Service	\$ 29.85	\$ 30.15	\$ 0.30
35 Gallon Service	\$ 34.55	\$ 34.90	\$ 0.35
60 Gallon Service	\$ 39.05	\$ 39.45	\$ 0.40
90 Gallon Service	\$ 45.30	\$ 45.70	\$ 0.40



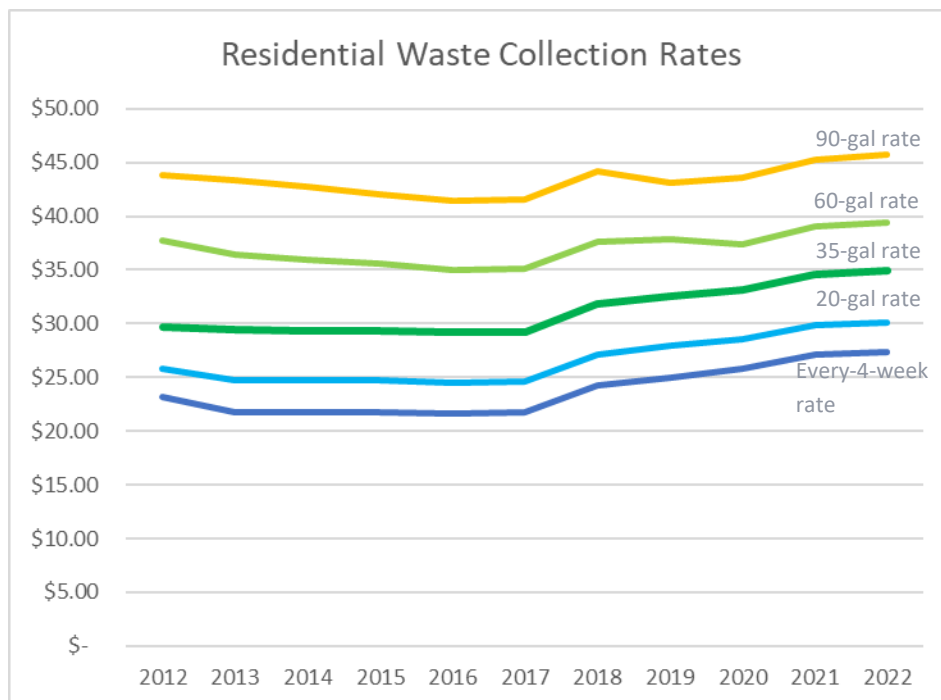
TERRAIN FEE

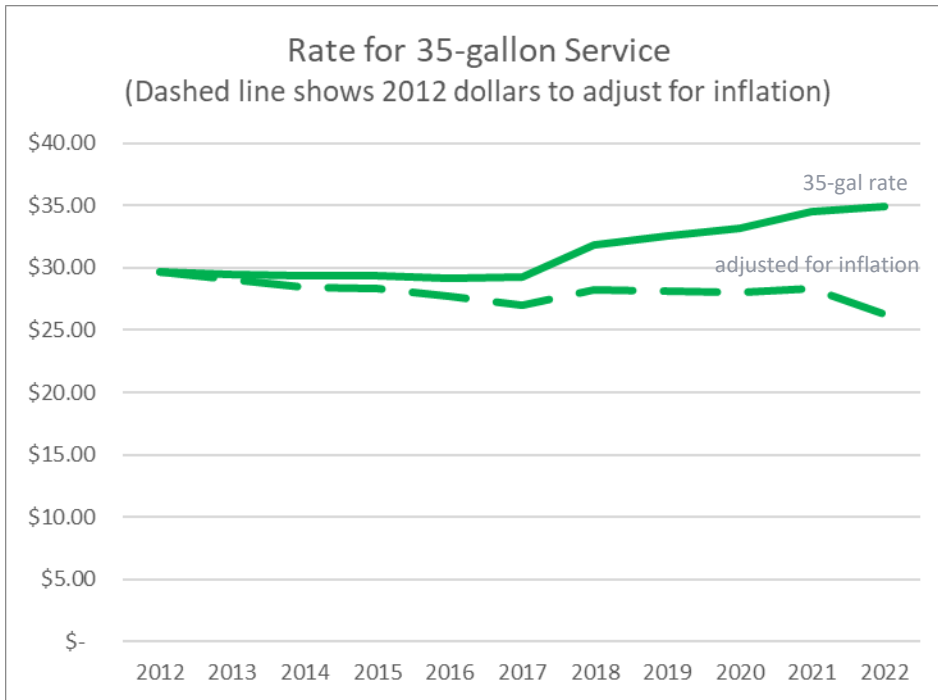
The terrain fee is applied in areas of Portland’s hillier west side where low street connectivity, larger lots, and narrow, windy roads increase the costs to collect garbage, recycling, and composting. Increases in fuel and wages necessitate a \$0.30, or seven percent, bump in the terrain fee to \$4.85 per month.

RESPONSE TO PSC INQUIRIES AT APRIL 12 BRIEFING

Residential Waste Collection Rates Over Time

Portland residents and Portland haulers are each doing their part to keep garbage and recycling rates low. Portland residents continue to recycle and compost most of their waste, saving expensive tipping fees at the transfer station. Portland haulers continue to find operational efficiencies and provide high-quality service at a price that beats inflation.





Customer Subscription Trends

At the end of 2011, Portland added weekly collection of food scraps in the composting bin and switched garbage collection to every-two-weeks. Many Portlanders loved having double the yard debris service and the ability to put their food scraps to productive use. The program change also reduced garbage capacity and over time, some households have found they need a bigger garbage bin. While BPS encourages waste reduction and recycling to meet Portland’s climate goals, we also support residents in choosing the garbage service level that best meets the needs of their household.

Service Level*	2011 Subscription	2021 Subscription	Change
Every-4-Weeks Service	9%	5%	-4%
20 Gallon Service	9%	6%	-3%
35 Gallon Service	62%	45%	-17%
60 Gallon Service	14%	33%	19%
90 Gallon Service	3%	6%	3%

**A small percentage of customers subscribe to other service levels*



Other Inquiries

BPS staff will schedule follow-up discussions with PSC on the following topics:

- Electric collection vehicles
- Advancing equity and diversity in the waste collection system
- Culturally-relevant waste reduction outreach and education

RESIDENTIAL RATE REVIEW NEXT STEPS

At the May 10 hearing, staff will seek a PSC vote to recommend the residential garbage, recycling, and composting rates to City Council. The rates will be considered by City Council at the Utility Rates hearing on May 18. Adopted 2022-23 rates will take effect July 1, 2022.

