



RESIDENTIAL WASTE COLLECTION RATES AND COMMERCIAL WASTE TONNAGE FEE

City Council Utility Rate Hearing
May 24, 2023

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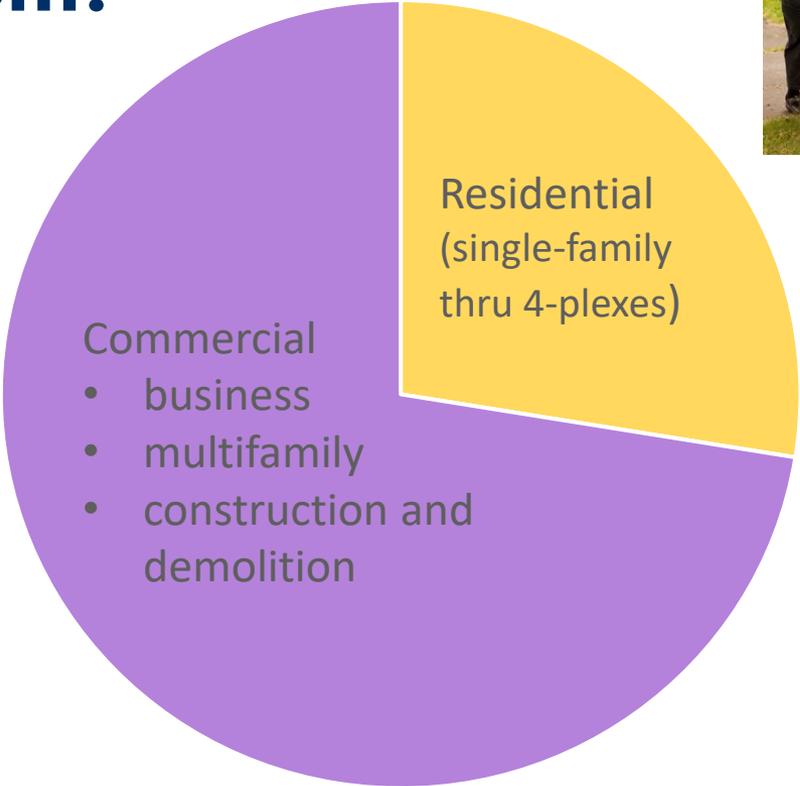
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Topics

- Waste collection systems and rate-setting overview
- Residential rates recommendation
- Commercial tonnage fee recommendation



Where does Portland's waste come from?



Background



We manage the residential collection system to:

- Support recycling and waste reduction
- Reduce environmental / climate footprint
- Deliver financially sustainable collection service with good jobs
- Maintain a reliable system

Residential Rate Review Process

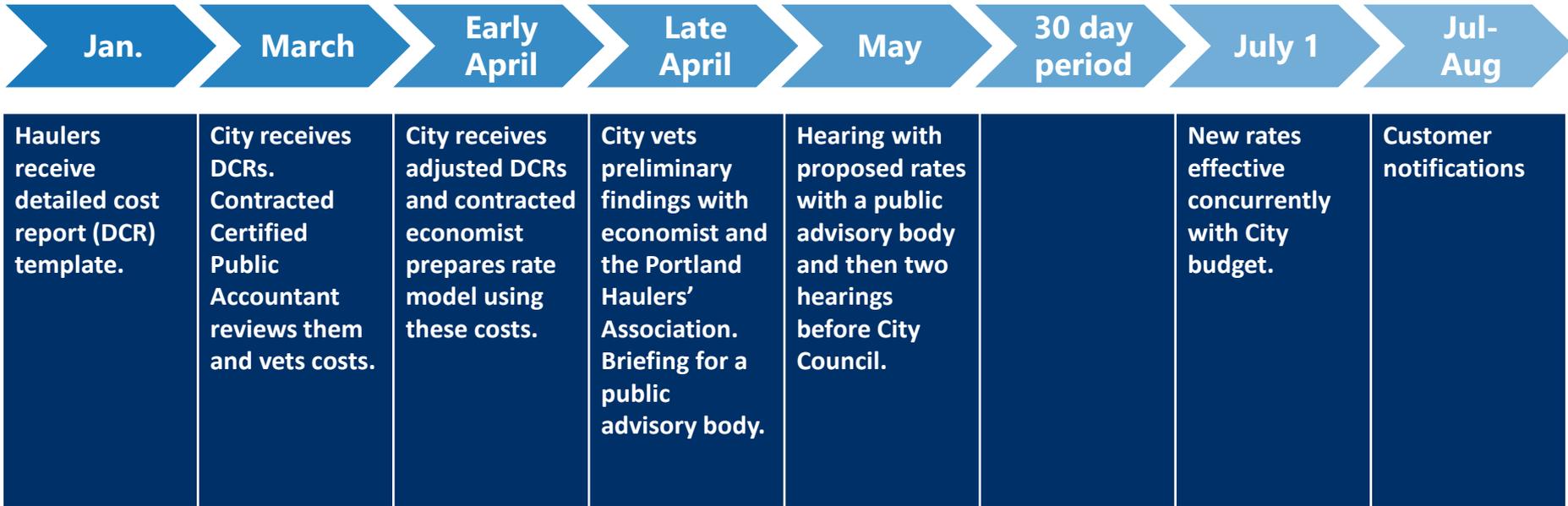


Portland Ordinance 189242 (Franchise Agreement) Governs the Rate-Setting Process

This ordinance requires annual review and requires City Council to adjust rates to cover overall cost of service, target operating margin, plus the franchise fee.

The franchise system incentivizes haulers to deliver service in a cost-effective and efficient way because each hauler is not guaranteed a specific profit.

Rate Review Process



Residential Rate Components



Rates cover:

- cost of collection and disposal services for garbage, recycling, food scraps and yard debris
- target operating margin
- franchise fee

Collection service costs are based on actual prior year costs reviewed in detailed cost reports, plus known coming increases such as disposal costs or wages

Key Cost Factors for FY 2023-24

Increasing costs:

- Overall inflation
- Recycling processing costs (+100%)
- Hauler staff wages
- Metro disposal fees (+11.2%)
- BPS franchise fee (5% to 8%)
 - Expanded public trash collection
 - Operational costs
 - Expanded regional goals and expectations for waste programs

Declining costs:

- Fuel
- Depreciation



Recommended Residential Garbage and Recycling Collection Rates

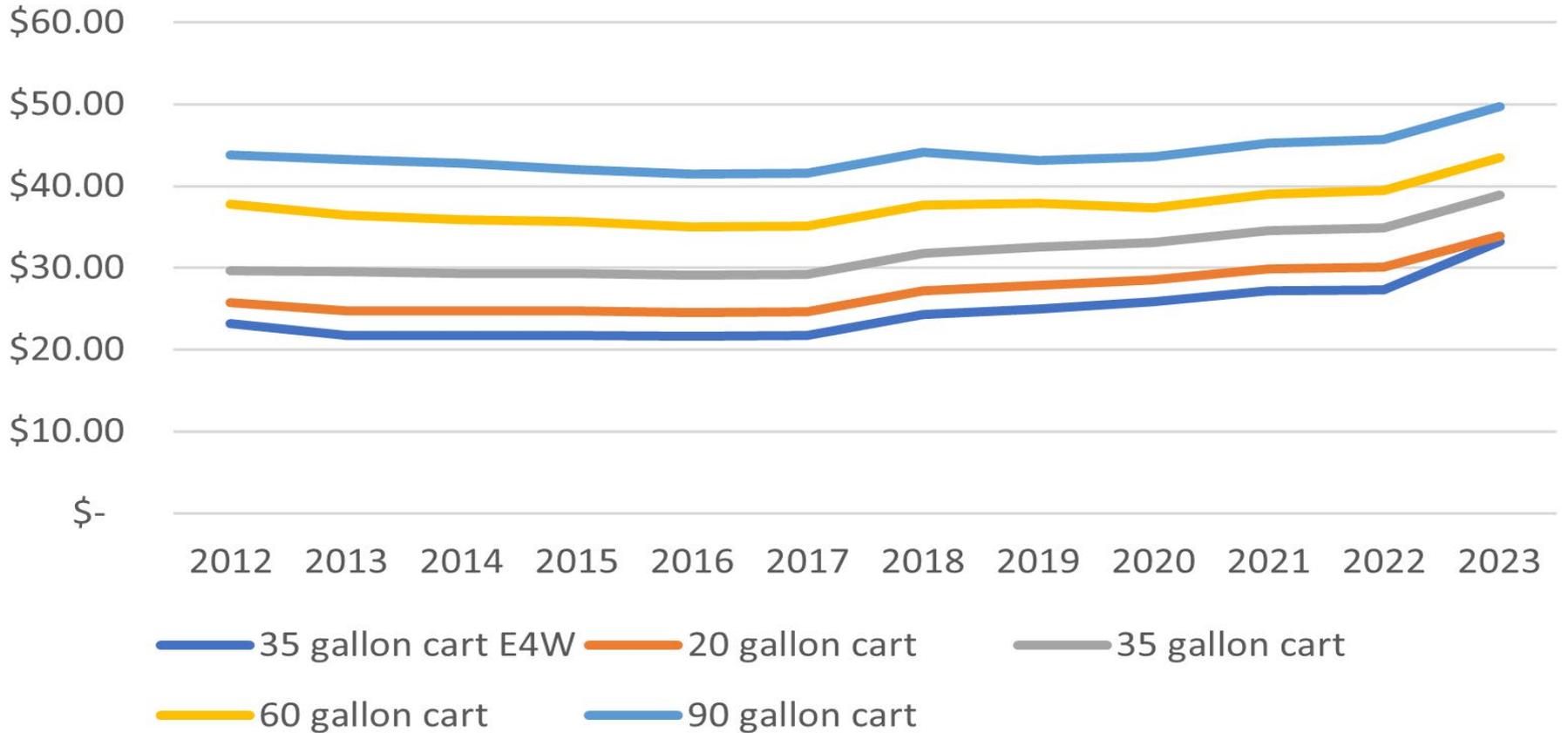
Primary Garbage Service Levels	Current Monthly Rate	Proposed Monthly Rate FY22-23	Increase	Share of Customers
Every 4 Weeks	\$27.35	\$33.25	\$5.95	4%
20-Gallon	\$30.15	\$33.95	\$3.85	5%
35-Gallon	\$34.90	\$39.00	\$4.10	41%
60-Gallon	\$39.45	\$43.55	\$4.10	34%
90-Gallon	\$45.70	\$49.90	\$4.20	7%

Terrain Fee: \$0.70 increase to \$5.55



Rate History 2012 - 2023

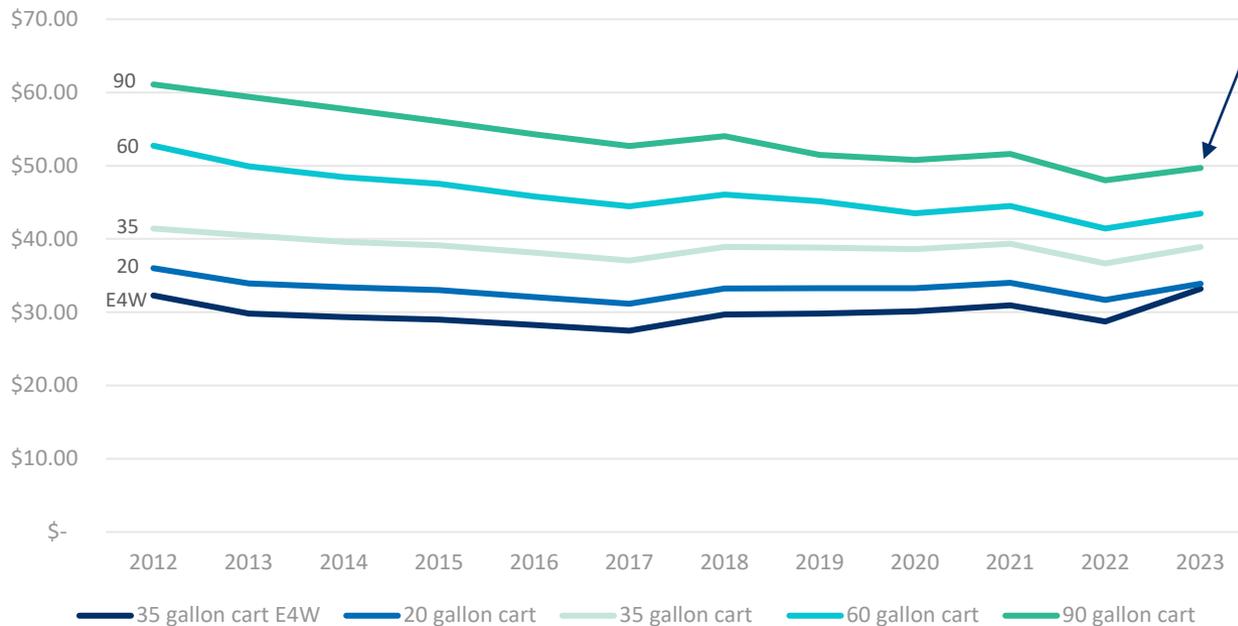
Residential Waste Collection Rates



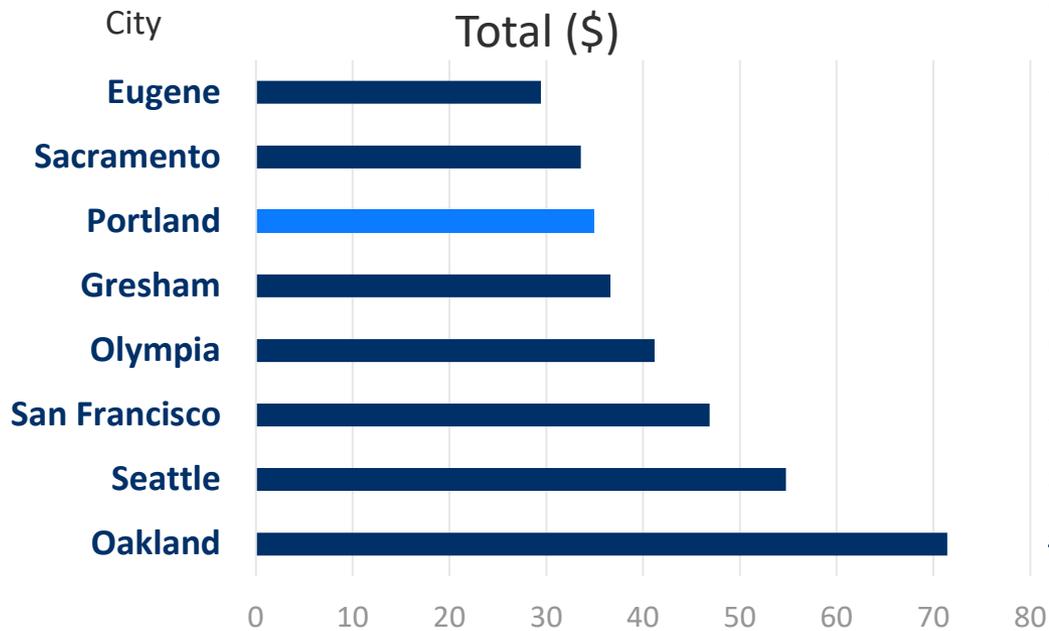
Proposed rates remain lower than in 2012, adjusting for inflation

Residential Waste Collection Rates in 2023 Dollars

Recommended fees effective July 1



Comparable Cities: Monthly Cost for 32-35 Gallon Service



Services Included

Similar, bi-weekly Yard Debris

Similar

Garbage, Yard Debris, Food Waste, Comingled Recycling, Glass

Similar

Garbage, Recycling

Similar

Similar

Similar + Bulky Waste



Planning Commission Hearing

- Planning Commission (PC) held a hearing on May 9 for the city's rate review, an interim public advisory step in lieu of the former Planning & Sustainability Commission
- PC members suggested that other funding sources should be considered for public trash collection and thus the PC recommended adopting proposed rate increases with the exception of the franchise fee
- The PC's subsequent recommendation letter (submitted to Council) supports public trash collection and recognizes alternative funding sources may not exist
- Staff recommendation for solid waste fee increases remains unchanged:
 - public trash collection expansion is well underway
 - Council expectation set in 2021 was to fund public collection through the solid waste system
 - solid waste funds are also supporting the Impact Reduction Program
 - consistent with approved city budget
 - BPS does not have purview over funding alternatives



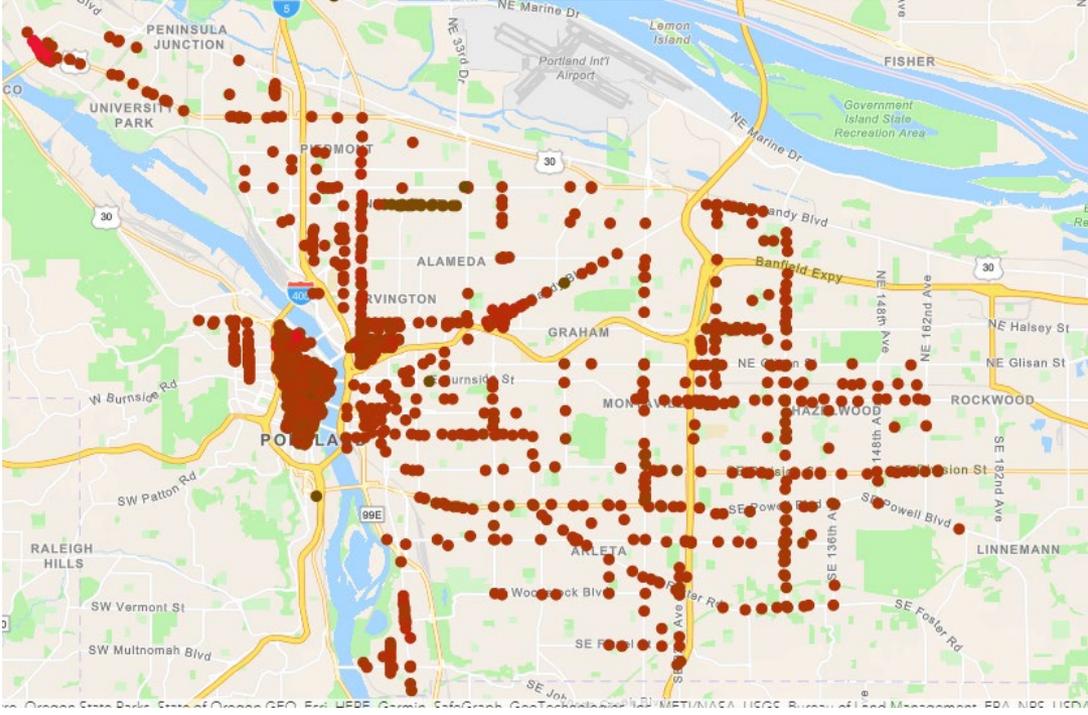
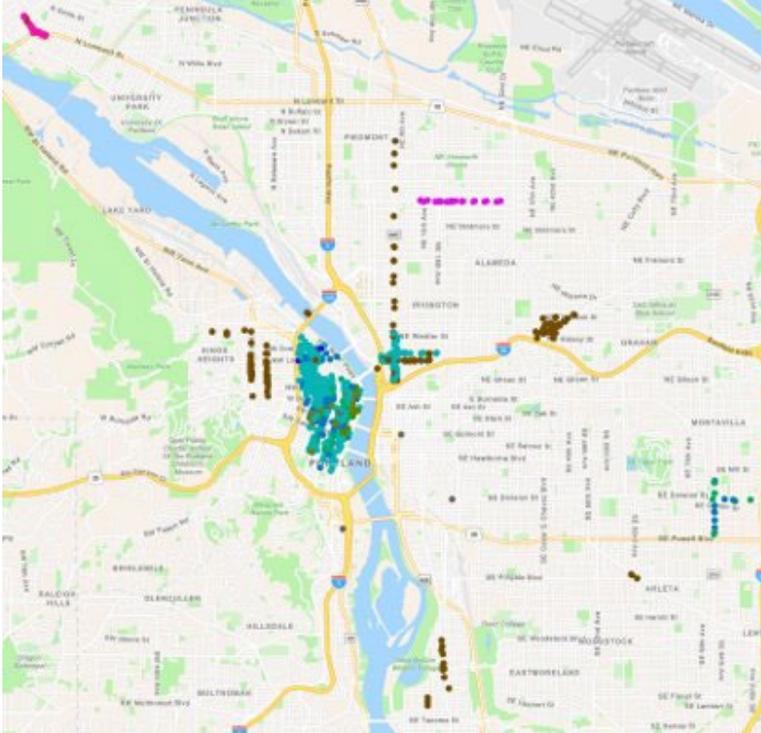
Commercial Tonnage Fee

- Recommend \$1.00 per ton increase to bring fee to \$15.60 per ton for commercial garbage
- Commercial tonnage fee supports services and programs related to or driven by commercial sector including contributions to the Impact Reduction Program (\$1.07M in FY 22-23)

Public Trash Can Program Expansion

2019 - \$1.2 million in expenses
700 trash cans in limited business districts.

2023 - \$2.6M in expenses
1400+ trash cans covering large parts of the City. Projected to reach \$3.6M



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Next Step

- July 1, 2023: Adopted residential rates and commercial tonnage fee take effect



