
# 2023 Residential Garbage and Recycling Collection System Franchise Review Report

THE BUREAU OF
PLANNING &
SUSTAINABILITY

# Executive Summary

In March 2023, Council passed a resolution to begin the process of reviewing the residential solid waste collection franchise. The resolution and franchise review proposal included four guiding principles, public and hauler engagement, and a report to Council. This report serves as the commitment to Council to present findings and recommendations for future improvements.

The public engagement process resulted in feedback from over 5,000 Portland residents. In general feedback related to solid waste services was very positive, indicating that the franchise system remains the preferred approach to overseeing and delivering garbage, recycling and compost collection.

The engagement process with the current companies that hold franchises in Portland was robust and productive. BPS staff and current franchisees aligned on themes of improving customer service, environmental performance, emergency preparedness and continued improvements to equitable service delivery and improvements in creating opportunities for COBID-certified companies.

This franchise review process resulted in numerous suggested amendments to the franchise agreement to further improve our residential solid waste collection system. It also resulted in many more ideas that staff recommends incorporating into the residential solid waste and recycling administrative rule amendment process, slated to begin in September 2023 and conclude in February 2024.

# LANGUAGE ACCESS

The City of Portland is committed to providing meaningful access.
To request translation, interpretation, modifications, accommodations, or other auxiliary aids or services, contact 311, Relay: 711.

**Traducción e Interpretación | Biên Dịch và Thông Dịch |** अनुवादन तथा व्याख्या | 口笔译服务 | **Устный и письменный перевод | Turjumaad iyo Fasiraad | Письмовий і усний переклад | Traducere și interpretariat | Chiaku me Awewen Kapas |** 翻訳または通訳 | ການແປພາສາ ຫຼື ການອະທິບາຍ | **الترجمة التحريرية أو الشفهية**

www.portland.gov/bps/accommodation

# Table of Contents

# Introduction

Since 1992 the City of Portland has used a franchise system to provide and oversee residential solid waste collection service, which includes landfill-bound garbage, mixed recycling, glass recycling and organics composting. At the conception of the residential solid waste franchise system, there were sixty-nine residential garbage and recycling companies. Thirty years later that number has consolidated to eight.

The city's system is governed by a franchise agreement, Portland City Code 17.102 and Residential Solid Waste, Recycling and Composting Administrative Rules, which allow for a periodic review of the system to evaluate whether it continues to be in the public interest and how it can continue to improve to provide the most value in the community.

This report for the 2023 review of the franchise system describes the basis for reviews, the guiding principles and scope for the review, engagement undertaken for the review process with haulers, COBID companies and community members, and recommendations emerging from the review. The proposed ordinance accompanying the report includes the proposed revised franchise agreement and is the basis for City Council consideration.

# How does a franchise system provide for solid waste collection?

A franchise system is a public-private service hybrid used by many local governments to ensure that service is provided efficiently and affordably while meeting the city's standards for performance and reducing environmental impacts.

The State of Oregon delegates authority for solid waste regulation to cities and counties, and state statute authorizes local governments to organize the provision of collection service, for example by designating collectors as exclusive service providers. A city using a franchise system assigns exclusive responsibility for solid waste collection services to one or more collection companies in zones or service territories. In exchange for granting a collection company exclusive service in an area (similar to other utilities), the city sets the collection rates and performance standards for the system. In communities throughout Oregon a franchise is the most common approach to governing solid waste collection.

In the City of Portland, the franchise system includes eight collection companies assigned to zones and is administered by the Bureau of Planning & Sustainability's solid waste and recycling program. The system is guided by a franchise agreement between the service providers and the city, and Portland City Code and administrative rules pertaining to solid waste and recycling.

# Why communities use franchise systems

The benefits of a franchise system to deliver garbage and recycling service include:

- Efficient use of roads and collection vehicles. Identifying one provider to serve an area can reduce truck traffic, road wear and tear, and use fuel more efficiently than systems where multiple collectors are collecting materials in the same area.
- Public-sector leadership over the rate-setting process helps ensure costs can be thoroughly evaluated and fair rates can be set for the community.
- The system can harness the benefits of private sector competition. If there are multiple haulers in the franchise system, and the rates are set based on system-wide average costs, then no hauler is guaranteed a certain amount of profit. Each hauler has an incentive to operate as efficiently as possible to maximize profit while meeting the standards for service.
- The system creates accountability and transparency with haulers who are governed by administrative rules and code, and so is adaptable and responsive to city leadership and policy decisions.
- Because the system is responsive to city leadership, Portland has been able to make significant improvements in environmental performance over time, expanding food waste collection, recycling opportunities, and shifting to cleaner trucks and renewable fuels; and improvements to safety such as the installation of side guards on trucks. The system also supports good jobs.

# Portland's residential collection franchise agreement

The franchise agreement between the city and haulers is also a city ordinance. The franchise agreement is a high-level document that, among other things:

- Identifies companies who, in interest of the public good, are granted exclusive right to collect residential garbage, recycling and compost, who in turn agree to abide by the city's requirements for the franchise.
- Defines expenses that may be included in the rates set by the city.
- Defines the general scope of service, materials collected and operating margin.
- Ensures adherence to all applicable laws, providing of opportunity to recycle in accordance with state law now and as amended.
- Recognizes the authority of the city's Administrative Rules.
- Lays out criteria, process, and requirements upon City for rate setting.
- Establishes franchise fees and payment of fees.
- Authorizes the city to audit payments by the franchisees and access franchisee records.
- Summarizes reporting expectations (quarterly, annual, or other reports).
- Clarifies how records are treated with respect to public record and confidentiality.

- Requires that franchisees hold insurance and take steps to prepare for and minimize interruption of service.
- Identifies the process for assignment, transfer, or forfeiture of franchises.
- Identifies the process for franchise renewal and review.

Garbage and recycling collection service is also governed by Portland City Code (Chapter 17.02) and administrative rule, which provide more detailed operational guidance and expectations. Much of the City's policy that shapes our community's experience of garbage and recycling service is found in administrative rules. As the franchise agreement is not intended to address details of service delivery, many public comments, hauler feedback and staff recommendations gathered through the franchise review are best addressed in administrative rule—these recommendations are captured in this report and will be used as inputs to the upcoming residential solid waste, recycling and composting administrative rule-making process, scheduled to begin in September 2023 and completed February 2024.

# What is the City's review of its collection system franchise?

The City of Portland's franchise agreement provides for a periodic review of the system. The system review is an opportunity for the city to determine whether the system meets our community's needs and how the system can continue to evolve and improve to best serve our community. Reviews have historically allowed the city and franchisees to work together towards cleaner trucks, more inclusive and equitable practices, and improve the way we set rates.

The review process may identify issues or opportunities that are appropriate to explore and pertain to the service and value delivered in our community, but which may be more appropriately addressed in administrative rule or code. The review process does not amend code or rule, but it can result in recommendations for topics to address via future amendments.

In Portland, the franchise agreement has a 12-year term. The review process may be conducted during the 5$^{th}$ year of the term. The review process concludes with a decision by City Council, who may choose to continue with the existing agreement and term or adopt a new franchise agreement with a new 12-year term. Since the inception of the franchise system in 1992, the city has consistently conducted this review.

# City Guidance for Franchise Review

The review process is described in the franchise agreement, which also outlines factors that the review process may consider along with other factors identified in the council resolution. Section 19, subsections C and D of the existing franchise agreement lays out the following parameters for a review:

***C. Review Process.*** *If initiated by the City, the City Council shall adopt a resolution outlining the scope of the review. If initiated by Grantees, the City Council shall adopt a resolution outlining the scope of review within thirty (30) calendar days of the Grantee's written request. After adoption of the resolution, the Bureau of Planning and Sustainability shall conduct a review and report back to the City Council within one-hundred and eighty (180) calendar days. The review process may consider the following factors, among any others identified in the resolution:*

*(i) performance of the franchise system for the collection of Solid Waste, Recycling and Composting;*
*(ii) system performance indicators, including quantities of Solid Waste disposed and Recyclables and Compostables collected and overall rates of participation in recycling and composting;*
*(iii) measurements of customer satisfaction, including but not limited to customer concerns, results of public surveys and system compliance issues;*
*(iv) comparative analysis of programs for collection services used in other cities, including but not limited to system features, program costs, funding mechanisms and overall rates of waste diversion and participation in recycling and composting;*
*(v) evaluation of equity in the franchise system, including participation of women and minority workers and barriers to economic opportunities for minority-owned and woman-owned companies; and*
*(vii) whether renewal of the franchise system is in the overall public interest.*

***D. City Council Acceptance.*** *Upon City Council's acceptance of the Bureau of Planning and Sustainability' s review, the City Council may decide whether or not to renew the franchise upon such terms and conditions as it deems appropriate. The renewal franchise shall be for a term of twelve (12) years.*

In addition to this guidance in our franchise agreement, the City Council adopted Guiding Principles for the review process when it approved the 2023 review process, described next.

# Guiding Principles, Values, and Components

For the 2023 review, the City Council adopted four guiding principles, as outlined in the box below. These principles provide some structure and scope for the review in addition to the guidance for franchise review contained in the franchise agreement.

## Guiding Principles for 2023 Residential Garbage & Recycling Collection Franchise System Review

### 1. Advance sustainability and climate goals.

- Reduce food scraps sent to landfills and per capita solid waste.
- Continue to improve recovery of wastes.

- Support collection and recovery of large, bulky items.

## 2. Ensure cost-effective, safe, and environmentally sound operations.

- Establish rates through a process that ensures high-value, cost-effective service while meeting policy goals and providing a reasonable return without guaranteeing a specific return to any franchisee.
- Develop programs and conduct operations to ensure public and worker safety.
- Support a continued shift to cleaner vehicles in the collection system, reducing lifecycle greenhouse gas emissions and air pollution.

## 3. Provide exemplary customer service.

- Customer service should be prompt, responsive, reliable, convenient, fair, culturally sensitive, oriented to problem solving, and include appropriate communication.
- Use technologies, accurate local knowledge, data collection, record-keeping, and reporting to improve customer service.
- Improve awareness of and reporting on customer satisfaction and customer feedback.

## 4. Develop an equitable and resilient system.

- Foster a diverse and safe workforce for all, inclusive of women and minority workers.
- Promote the quality of jobs within the collection system, including through adequate health care coverage.
- Reduce barriers to economic opportunities for minority-owned and women-owned companies.
- Collect clean and marketable recyclable and compostable material streams.
- Maintain the ability to adapt to Oregon's evolving recycling framework as well as other emerging policies.
- Improve preparedness for, and response to, system disruptions and disasters.

The City's Core Values are another important reference for this review process. They align well with the guiding principles above and BPS staff strove to embody these values in engagement with haulers during the process.

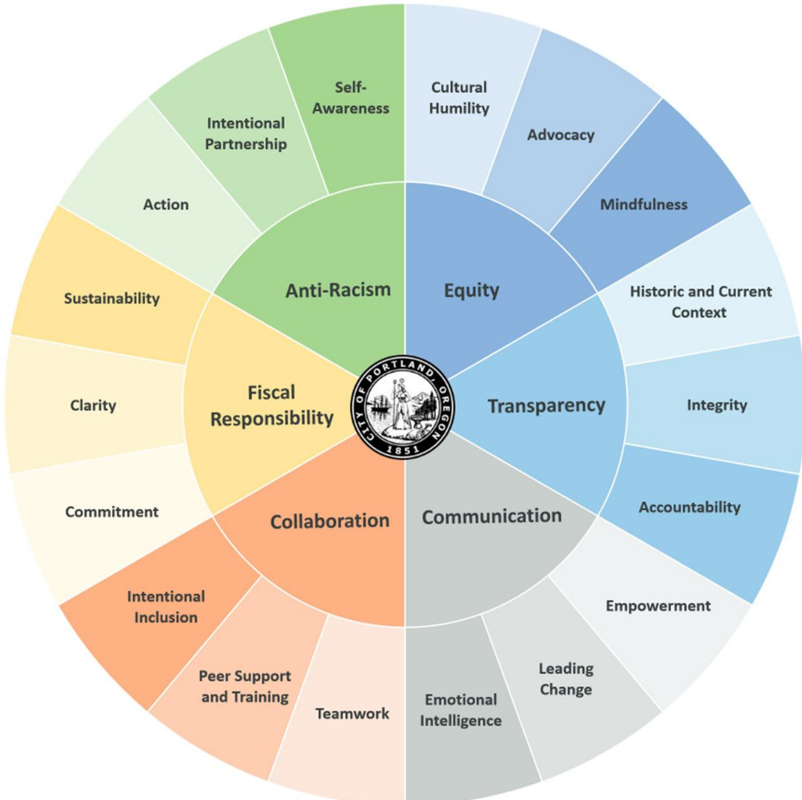



*Figure 1. City of Portland Core Values*

# Equity and Inclusion

The most recent review was completed in late 2018 and a new franchise agreement went into effect in early 2019. This review resulted in the development of an equity advisory committee, an equity analysis, and recommendations for improvement of the residential system, including expanded opportunities for increased workforce diversity and COBID certified companies to purchase a franchise.

The 2023 franchise review included conversations with haulers about how the equity-related work from the 2018-19 franchise review has helped with opening the residential franchise system to opportunities for women and minority staff and COBID companies that have received notification of franchise sales.

Improvements to workforce diversity were improved through the hauler initiated “Driving Diversity” program, which was developed to recruit and provide free training, including access to a commercial driver’s license primarily for women and minority garbage and recycling truck drivers.

Haulers have complied with the City’s requirement that they notify COBID companies and allow time for consideration via a 90-day waiting period, when seeking to sell their franchise. This change has not resulted in the sale of a franchise to a COBID-certified company. The high cost of a franchise and the associated business (which includes purchase of trucks and containers and access to the franchise service), plus the lack of capacity and franchise experience needed for the financial analysis to provide a competitive bid have been identified as remaining barriers.

BPS staff have been also working on additional opportunities and have successfully awarded public trash can contracts to a local COBID company. In addition, BPS staff have developed an opportunity for COBID companies to respond to Requests for Proposals for the upcoming contract(s) to provide solid waste collection service to City facilities.

# Other objectives

Finally, the review may incorporate other known objectives or policies reflected in other waste guidance within the Bureau of Planning and Sustainability, City Council actions, or state or regional context. These include:

- State policy such as the Opportunity to Recycle Act, and the 2021 Plastic Pollution and Recycling Modernization Act which is in a rule-making phase led by the Oregon Department of Environmental Quality.
- the 2030 Regional Waste Plan.
- The City Council’s direction that the process include discussion about enhanced recycling services with franchisees.
- Aligning franchise fee sections of the franchise agreement with the city’s adopted collection rates and budget.
- Accommodating city-wide expectations for rate and fee-setting processes.
- Accommodating the in-development low-income rate.
- Identifying expectations for public notification around rates.
- Legal review of the franchise agreement.

# What are the results of this system review?

The primary result of the review is a proposed updated franchise agreement in ordinance form, for the City Council’s consideration. If the City Council approves of a new agreement, it may adopt the agreement and a renewed franchise term.

The review may also result in recommendations that are best implemented outside the franchise agreement, such as amendments to code or administrative rule. The scope of the review is not limited to language that is already in the franchise agreement, because the franchise agreement itself identifies the review as an inclusive process.

Finally, the review can capture any issues identified during the review that the city proposes for further study after the review process has concluded.

# Engagement Process & Results

BPS expanded outreach efforts around this Franchise Review Process, including conducting a customer survey, consistent with Section 19C of the franchise agreement, and outreach to COBID companies.

Groups engaged during the franchise review process included:

- Residential customers
- Residential garbage and recycling companies
- COBID garbage and recycling companies
- Contracted rate economist
- Office of City Attorney, legal review

| Time frame | Franchise review action |
| --- | --- |
| February | Drafting Guiding Principles |
| March | Council Resolution |
| May | Finalize project website and notice for Curbsider publication |
| June | Curbsider reaches mailboxes and community customer survey begins<br>Engage with haulers |
| July | Survey closes<br>Engage with haulers and COBID companies<br>Develop draft franchise agreement language and other recommendations. |
| July 31 | Publish Draft Franchise Agreement |
| July 31 - August 29 | Public Comment Period |
| Early September | Finalize Proposed Franchise Agreement and Additional Recommendations |
| October 11 | City Council Considers Proposed Franchise Agreement |

## Engagement Results: Summary of discussion topics with haulers

Staff held five meetings with a designated subcommittee of franchised garbage and recycling collection companies who make up the Portland Haulers Association. During these meetings, the group completed a linear review and discussion of the existing franchise agreement, and then conducted several discussions using the Guiding Principles adopted by the City Council to review the effectiveness of our city's franchised collection system and opportunities for further improvement and opportunities to maintain alignment with the City's leadership and values.

For each of the Guiding Principles, the group reviewed existing policies and the baseline context, including areas that work well and areas where performance can be improved; then considered what information or research would support further exploration of the topic; and finally, discussed policies or practices that should be either adopted within the franchise agreement, or further explored for potential inclusion in administrative rules or city code. Below is a summary of the topics discussed under each Guiding Principle as well as a few additional items discussed by the group.

### Guiding Principle: Advance sustainability and climate goals.

- Reduce food scraps sent to landfills and per capita solid waste.
- Continue to improve recovery of wastes.
- Support collection and recovery of large, bulky items.

Issues discussed:

- Existing and potential improvements to bulky waste collection including harmonized rates.
- Potential collection of batteries at curbside.
- Trends for waste and recovery from our franchised collection system.
- Opportunities for future review of residential food scraps collection participation levels, contamination, and diversion rates.
- Readiness for implementation of the Plastic Pollution and Recycling Modernization Act.
- Importance of both haulers and the city in educating customers regarding appropriate recycling, and opportunities for more consistent recovery rates across our community.
- City policy regarding third-party subscription-based recycling services.

### Guiding Principle: Ensure cost-effective, safe, and environmentally sound operations.

- Establish rates through a process that ensures high-value, cost-effective service while meeting policy goals and providing a reasonable return without guaranteeing a specific return to any franchisee.
- Develop programs and conduct operations to ensure public and worker safety.
- Support a continued shift to cleaner vehicles in the collection system, reducing lifecycle greenhouse gas emissions and air pollution.

Issues discussed:

- Opportunities to continue our city's shift towards cleaner trucks using more renewable energy.
- Current approaches to truck and driver safety and opportunities for consistency and improved safety across haulers.
- Alignment with Oregon statute addressing confidentiality in private sector records reviewed by the public sector to set fees and ensure accountability.

### Guiding Principle: Provide exemplary customer service.

- Customer service should be prompt, responsive, reliable, convenient, fair, culturally sensitive, oriented to problem solving, and include appropriate communication.
- Use technologies, accurate local knowledge, data collection, record-keeping, and reporting to improve customer service.
- Improve awareness of and reporting on customer satisfaction and customer feedback.

Issues discussed:

- Review of existing requirements regarding customer service in code and administrative rule.
- How garbage and recycling collectors track customer calls and complaints.
- Opportunities to develop consistent reporting around customer service issues and satisfaction.
- Opportunities for greater consistency in billing or invoicing practices that could improve experience for customers.
- Opportunities to share important information with customers more frequently, including the potential to use bills or bill inserts, or city communication.
- The potential to require that at least some customer service staff must be co-located with the local operational center for each hauler.

### Guiding Principle: Develop an equitable and resilient system.

- Foster a diverse and safe workforce for all, inclusive of women and minority workers.
- Promote the quality of jobs within the collection system, including through adequate health care coverage.
- Reduce barriers to economic opportunities for minority-owned and women-owned companies.
- Collect clean and marketable recyclable and compostable material streams.
- Maintain the ability to adapt to Oregon's evolving recycling framework as well as other emerging policies.
- Improve preparedness for, and response to, system disruptions and disasters.

Issues discussed:

- Continuing to improve the tracking and reporting of workforce demographics and diversity and collective improvements towards workplaces that are welcoming to all and where opportunities for growth and retention are meaningful.
- Requiring health care coverage for employees.
- The effectiveness of the city's 90-day notification period to inform COBID companies of a potential sale or transfer of franchise.
- Additional policies and efforts to encourage opportunities for business for COBID companies, such as increased use of COBID firms in subcontracting or in haulers' contracted services that support collection, the idea of an opportunity for a COBID company to match an offer during a franchise sale.
- How administrative rules and our collection programs can anticipate implementation of the Recycling Modernization Act.

- The use of continuity of operations plans across franchisees to improve preparedness for disruption and disaster.
- Levels of participation in the no-fee driveway garbage service for customers with disabilities.

## Other discussion topics

- Third party subscription based enhanced recycling services.
- The accomplishments of the Portland Haulers' Association's Driving Diversity program and ways to build upon it.

# Engagement Results: Communitywide Customer Survey

Over 5,500 Portland residential garbage and recycling customers took an online survey from June 8 through July 9. The city promoted the survey to all residents living in homes served by the franchised residential collection system, and respondents self-selected to take the survey (the survey was not randomly selected.)

Community members were notified of the survey in the following ways:

- All 163,829 customers covered by the franchise system received the June issue of Curbsider which announced the franchise review process and included a link to the webpage for the review process.
- Staff tabling at events in June (Good in the Hood, Juneteenth, NE Sunday Parkways)
- All 40,000 customers who are signed up for garbage day reminders were sent a notification and link for the survey.
- Two garbage haulers sent an email to customers with an invitation to take the survey (28,000 customers)

The survey was available in English, Spanish, Vietnamese and Simplified Chinese. To encourage participation, respondents had the option to be included in a drawing for a gift card.

**Overall satisfaction with quality of service is high, at 90% (very satisfied 59% + somewhat satisfied 30%).**

Satisfaction was also high for:

- Ease of understanding communications from hauler (89%) and bill (91%)
- Hauler customer service quick response time (91%) & effectiveness (86%).

Satisfaction was good but not as high for:

- Cost of service: 69% (22% very + 46% somewhat satisfied)

- Communication of service delays due to snow 80% (54% very + 25% somewhat satisfied)

Areas for improvement:

- Communications around weather related delays. For haulers with at least 50 responding customers, about 14% disagreed that communication from the company about delayed collection due to snow and ice was clear and timely.
- Customer issues could be resolved more quickly. Of 2,481 respondents that reported contacting their company's customer service in the past year, across all haulers, 14% disagreed that the hauler resolved the problem quickly. One hauler was an outlier, with 36% of responding customers who felt the hauler did not resolve problems quickly. In addition, fewer customers of that hauler felt their call or email was answered quickly.
- There was relatively little awareness that haulers can pick up bulky waste items (58% didn't know).

This survey was the first city-initiated survey to directly reach customers in Portland with questions about their garbage and recycling service with enough detail to identify issues of concern and to separate results by the franchised hauler. As such it was also a learning opportunity for potential future surveys to track customer satisfaction. It is important to note some caveats: The survey results were not balanced across haulers. The two haulers who sent emails generated a disproportionate number of responses from their customers.

Demographic information was deliberately not collected because the city is still developing guidance for demographic questions to ask community members and what privacy measures should be in place for demographic information from surveys.

The results of the garbage and recycling customer survey also aligned with the results of the 2022 City Insights Survey published on July 31. Sixty percent (60%) of respondents to that survey were satisfied or very satisfied with garbage and recycling service. It is important to note that the Insights survey included responses from households in multifamily dwellings, which are not part of the city's garbage and recycling franchise system and do not have city-set collection rates or similar levels of city oversight.

# Engagement Results: COBID Stakeholders

During this project staff reached out to COBID firms on the state's list of companies in the solid waste arena. Portland requires existing franchisees who want to sell their franchise to notify these companies and wait 90 days before proceeding with a sale. This is intended to provide an opportunity for COBID companies who may be interested, to engage with the prospective seller.

In the prior franchise review, neither franchised haulers nor COBID companies were interested in subcontracting to provide collection service. The review resulted, however, in the collection of demographics from our hauler workforce and the identification of other avenues the city has used to open business opportunities in waste, to COBID companies, such as public trash collection contracts and, potentially, city facilities waste contracts.

As a result of this review the proposed franchise agreement would be amended to acknowledge and encourage expanded opportunities for COBID companies in contracting with haulers for ancillary and/or supporting services. This review also explored opportunities for the city to build on its requirement of a 90-day notification to COBID companies by a franchisee who wishes to sell its franchise to another provider. One idea introduced was to allow COBID companies interested in acquiring a franchise to match a winning offer—this was deemed to be very complicated and deferred for further evaluation and consideration. Another idea that staff recommends for further exploration is building capacity by supporting analytical tools or resources, to enable new, emerging or COBID businesses to make competitive offers when franchises come up for sale.

## Engagement Results: Legal Review

The city attorney serving solid waste issues reviewed the franchise agreement and administrative rules and recommended changes, including to the confidentiality provisions of the franchise agreement.

## Engagement Results: Public Comment

The city conducted a 30-day public comment period for the draft franchise agreement from July 31 through August 29. Notice was published in the Oregonian and given to the city's neighborhood associations and business associations, following the notification requirements BPS uses for administrative rule updates for the waste system. The notification period was also posted via BPS's social media.

The public comment period resulted in eight comments, of which three mentioned a desire for weekly garbage, and otherwise covered a range of topics as summarized here:

| Date of comment | Summary of Comment |
|---|---|
| 7/31/2023 | Focus on reducing rates and de-prioritize environmental and DEI objectives. |
| 8/2/2023 | Periodic collection opportunities for toxic items and Styrofoam. |

| | |
|---|---|
| 8/2/2023 | Pleased with service from Portland Disposal and Recycling; return to every week garbage. |
| 8/2/2023 | Consider weekly garbage pickup option; would like yard debris service to be optional to save money; prefers taking pet waste to City parks. |
| 8/2/2023 | Unhappy with service, concerned with price increases and that Waste Management lacks local knowledge and should be more accountable, supportive of having a City manager. |
| 8/3/2023 | Wants garbage and compost service weekly, and every other week recycling. |
| 8/17/2023 | Fees for extra bags of waste or bulky waste pickups are high; service from WM is in general satisfactory; garbage companies should be required to provide waste pickup at campsites where houseless neighbors live to reduce the need for volunteers and special county/city funds for litter and waste from homeless camps. |
| 8/29/2023 | Comment from Portland Haulers' Association expressing support for the revised proposed franchise agreement and its commitment to customer service, equity, workforce diversity, support for low-income customers, renewable fuel standard, and implementation of the Plastic Pollution and Recycling Modernization Act. |

Staff recommendations in response to these themes:

- Develop an FAQ or other outreach resources that explain the reasons why the City of Portland has every-other-week garbage collection.
- The City and haulers should take steps to ensure that customers are aware of the options for their garbage cart size. Increasing the cart size is much more efficient than returning to every week collection.

# Recommended Revisions to the Franchise Agreement

The City of Portland has a strong residential franchised garbage and recycling collection system. It continues to be perceived with high levels of satisfaction among residential customers in single-family through 4-plex homes who are served by the system. Our garbage and recycling system is also historically a leader in diverting more material away from the landfill and recovering materials for another useful life. The system is also a leader in promoting safer and cleaner collection trucks. Because of the franchise, the city can have confidence that garbage service will be generally reliable and will support living-wage local jobs. The city has also used the franchise system to build awareness of and investments in greater equity and inclusion within our haulers' workforce.

Results from the community survey suggest that the city should continue using the franchised collection system to deliver reliable, cost-effective, and environmentally innovative collection in our community, while also identifying opportunities for continued performance improvement.

The new proposed franchise agreement includes the following recommended changes:

- Renew the franchise term for another twelve years, with the possibility for another system review in 5 years (2028). (Guiding Principle 2)
- Acknowledging the importance of excellent customer service for all franchised haulers, including performance tracking and reporting. (Guiding Principle 3)
- Incorporates provisions to facilitate management of a potential low-income qualifying reduced fee (discount) for garbage and recycling service, in the event that revenues collected by haulers may need to be redistributed among haulers to pay for the program. (Guiding Principle 4)
- Recognition of the Plastic Pollution and Recycling Modernization Act and the need for haulers to work with the City to implement its provisions in coming years. (Guiding Principle 1)
- Extending the City's Renewable Fuel Standard to cover trucks providing garbage and recycling collection service provided in Portland (Guiding Principle 2)
- Updating the city's policy with respect to the confidentiality of hauler records the city requires to set rates and govern the system, to align with Oregon Public Records Law (Guiding Principle 2)
- Extending the Administrative Rules requiring franchisees (Grantees) to identify opportunities to use minority-owned and woman-owned subcontractors, suppliers and vendors and removing language that limits these rules to the largest haulers only (Guiding Principle 4)
- Adding guidance encouraging franchisees (Grantees) who subcontract for ancillary services to seek women and minority-owned companies for services that support collection services (Guiding Principle 4)
- Updating the definition for 'force majeure' disruption events (Guiding Principle 4)
- Requiring all franchisees to participate in planning and preparing for interruptions and disasters. (Guiding Principle 4)

In addition, the proposed franchise agreement updates the list of franchised haulers to reflect transfers completed since the prior review, aligns franchise fees with the rates approved by City Council in May 2023, updates definitions for greater clarity, and incorporates housekeeping revisions recommended by the city attorney.

# Additional Recommendations

Stakeholder and community engagement following the guiding principles identified several opportunities to improve governance of franchised solid waste collection that are best reflected in City Code and Administrative Rule rather than the high-level franchise agreement. This section summarizes recommendations that will explore or implement these opportunities.

## Guiding Principle 1. Advance sustainability and climate goals.

**Recommendations:**

- Develop a set of harmonized rates and service expectations for bulky waste collection by franchisees.
- Evaluate the potential for some bulky waste collection to be included in the monthly cost of residential service.
- Identify roles for the city's collection system, if any, in mattress recovery.
- Collect updated data on participation levels in residential food scraps collection to inform future efforts to promote participation and avoid contamination.
- Improve tracking and reporting of bulky waste collection by franchisees.
- Continue to explore the addition of household batteries to curbside recycling.
- Develop a plan for contamination reduction funding and contamination reduction strategies and expectations, anticipated from the Recycling Modernization Act.

## Guiding Principle 2. Ensure cost-effective, safe, and environmentally sound operations.

**Recommendations:**

- Update administrative rule to incorporate the Renewable Fuel Standard for collection service, aligning with the proposed franchise agreement.
- Consider how the city should accommodate or phase in expectations relating to new technology on trucks such as hopper cams.
- Consider requiring safety vests or similar approaches to maintain driver safety.
- Consider customer expectations or accountability for contamination.
- Evaluate opportunities for haulers to be aware of construction projects and street infrastructure changes that may impact collection permanently or temporarily.
- Evaluate code to ensure housing developments have a plan to accommodate safe garbage and recycling service.

## Guiding Principle 3. Provide exemplary customer service.

**Recommendations:**

- Develop consistent tracking and reporting of customer service calls, complaints or failures across haulers and the city.
- Require periodic customer service reporting in administrative rule.
- Update expectations for customer service staff, phone lines, and payment methods.
- Require some or all customer service staff to be co-located with each haulers' operational site.
- Learn from and build upon the customer survey piloted in this review process.

- Consider how the city should accommodate or allow new technology in meeting customer service requirements, such as websites or artificial intelligence.
- Explore alignment of billing and invoicing across haulers and use of bills for customer awareness or education, for more consistent customer experience across the city.

### Guiding Principle 4. Develop an equitable and resilient system.

**Recommendations:**

- Evaluate opportunities to support entry of COBID companies into the residential franchise system through capacity building that enables COBID firms to conduct the analysis needed for competitive bids or gain access to capital.
- Continue workforce demographic surveys (either point of hire or for current employees)
- Support the growth and improvement of the Driving Diversity program as well as PHA efforts to improve retention among program graduates hired by haulers and share best practices across haulers.
- Share best practices for hauler employee satisfaction and retention.
- Conditioned upon City Council approval, amend administrative rules to offer a low-income discount for residential customers.
- Evaluate the effectiveness and potentially raise awareness of the city's existing provisions for certain customers: (1) the increased cart size at no additional cost for qualifying medically-related conditions and (2) driveway service at no additional cost for qualifying disabled customers.
- Establish standardized Continuity of Operations Plan guidance or templates for use by haulers.
- Consider requiring hauler employee feedback regarding perceptions of inclusion and support.
- Involve smaller haulers in the equity plans required of companies with 10,000 or more customers.
- Require health care for all workers at franchisees.

## Third-Party Subscriptions for Additional Recycling

While the city's franchise agreement does not address third-party recycling subscription services, the city committed to engage on this topic with franchised haulers during the franchise review. Haulers had previously expressed concerns with the city's decision to exempt certain types of recycling collection from the requirement that residential waste may only be collected by franchised haulers. This exemption allowed some third-party collection of additional recycling on a subscription basis—at the time the primary entities seeking to offer this service were Ridwell and James' Recycling.

Discussions concluded with a consensus that:

- Haulers are willing to provide enhanced recycling services as an optional subscription service, if the City Council so directs, sets a rate, and revises City Code to place such services within the franchise system similar to curbside garbage and recycling. This would have the effect of making this service the exclusive offering of franchised haulers. In this scenario haulers would offer a collection program similar to the services recently expanded in Washington and Clackamas Counties.
- Staff and the Portland Haulers Association are not recommending such an action at this time, but do recommend:
    - Exploring policies to add accountability, transparency with exempted subscription recycling collectors, which could include policies to safeguard or demonstrate the environmental and social benefits of the collected materials and their end use, or requirements for reporting, transparency, or administrative rules governing service provision that are more consistent with the city's residential collection system.
    - Policies that would ensure equitable implementation of the Recycling Modernization Act, requiring that any waste packaging covered under the RMA for which Producer Responsibility Organizations invest in recovery through collection service, must be collected by companies who have a residential franchise, or other form of City regulation, in the case of collection for residents, or a commercial hauling permit, or other form of regulation, in the case of collection for businesses.

If further review of options for the collection of additional recyclable materials curbside is directed by City Council, staff would initiate a stand-alone policy review to identify and evaluate options and make recommendations to Council.

## Other Recommendations

Update administrative rules to capture a greater percentage of the customer base in the rate setting process.

# Appendices

# Appendix A: Methodology of Engagement with Franchised Companies

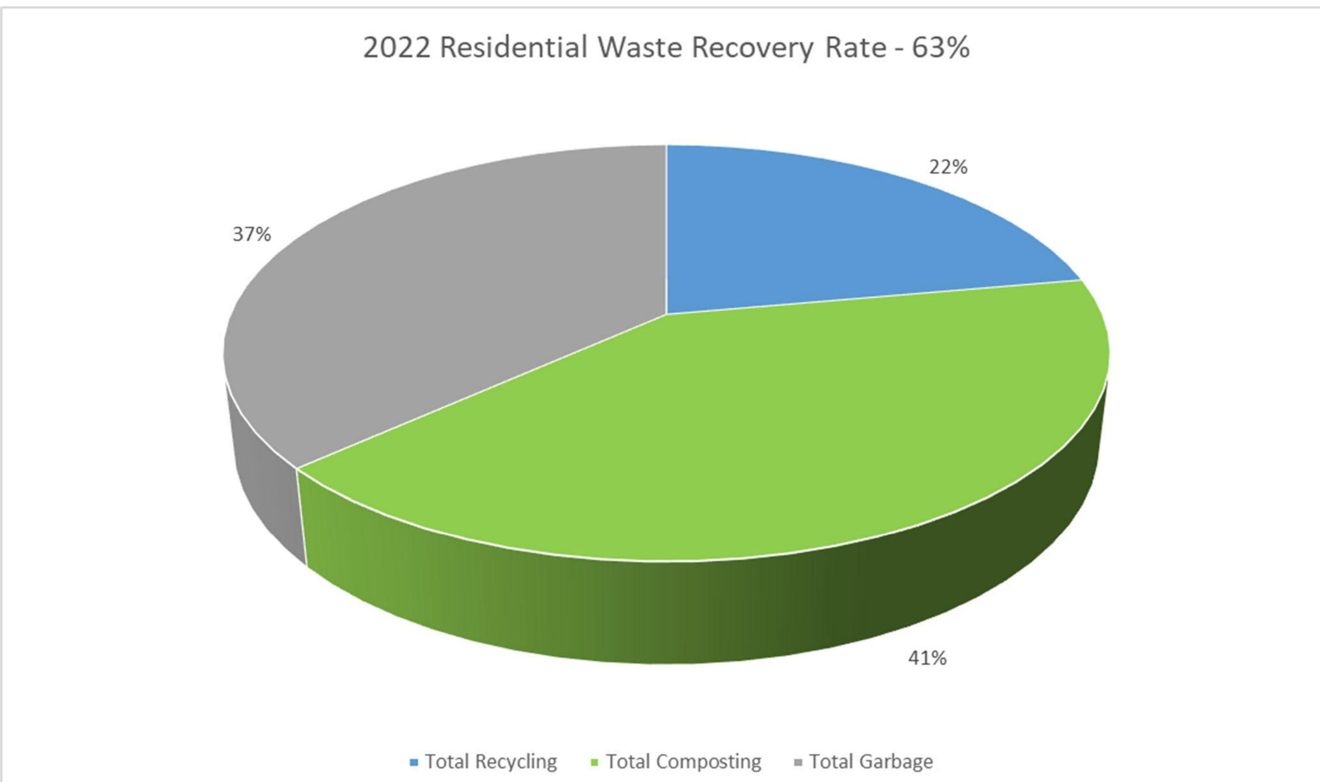
Framework for Review with Franchised Garbage and Recycling Collection Companies

1. Review the existing agreement together to identify questions and items for discussion.
2. Review the Guiding Principles approved by Council or Key Topics.
3. Summarize baseline information.
   a. What is the status quo? How does collection system address this issue or aspect of the guiding principles? What are the relevant policies or practices in place at the City or at the hauler level? Are there any relevant measurements or qualitative sources of information to be considered? Are there any important unknowns that should be explored?
4. Research and Evaluation
   a. What questions or information would help us further explore this issue?
   b. What context needs to be considered? *This could include City's core values and equity lens, Opportunity to Recycle Act, 2030 Regional Waste Plan, Plastic Pollution and Recycling Modernization Act, legal review, etc.)*
   c. What data may be considered, either from within the bureau, from haulers, or potentially from other sources (other cities, customers, etc.).
5. Policy Exploration and Discussion
   a. Propose and discuss policy ideas for the city to continue making improvements in the relevant topic area.
   b. In this space we might ask questions like:
      i. What's working or not about the status quo?
      ii. How might this impact operations and/or quality and cost of service?
      iii. How do ideas considered here align with the city's core values or other context such as state and regional policy?
      iv. What is the haulers' perspective on the value of a given concept?
6. Recommendation Development
   a. Process input from discussions and stakeholders to arrive at a draft set of recommended revisions to the franchise agreement, and recommendations for policies or practices to adopt through code or administrative rule.

Dates of engagement meetings with Franchised companies: June 8, 22, 29 and July 6, 20.

# Appendix B: Residential 2022 Waste Recovery Performance

| Residential system weights in tons | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Recycling | | | | | |
| Curbside | 48,673 | 46,688 | 50,610 | 49,268 | 46,985 |
| Composting | | | | | |
| Curbside | 80,254 | 81,545 | 92,907 | 88,245 | 87,158 |
| Garbage | | | | | |
| Curbside | 69,499 | 70,946 | 75,324 | 77,908 | 77,765 |
| **Residential Waste Generation** | **198,425** | **199,179** | **218,841** | **215,421** | **211,907** |
| **Residential Recovery Rate** | **65%** | **64%** | **66%** | **64%** | **63%** |
| | | | | | |
| Number of residential customers | 161,452 | 162,238 | 165,166 | 163,131 | 163,829 |
| Per customer annual pounds of recycling | 600 | 580 | 610 | 600 | 570 |
| Per customer annual pounds of composting | 990 | 1,010 | 1,130 | 1,080 | 1,060 |
| Per customer annual pounds of garbage | 860 | 870 | 910 | 960 | 950 |
| Per customer annual pounds of total solid waste | 2,460 | 2,460 | 2,650 | 2,640 | 2,590 |
| Per capita - recycling pounds per day | 1.6 | 1.6 | 1.7 | 1.6 | 1.6 |
| Per capita - composting pounds per day | 2.7 | 2.8 | 3.1 | 3.0 | 2.9 |
| Per capita - garbage pounds per day | 2.4 | 2.4 | 2.5 | 2.6 | 2.6 |
| Per capita - total solid waste pounds per day | 6.7 | 6.7 | 7.3 | 7.2 | 7.1 |



# Contact

Eben Polk
Solid Waste & Recycling Manager | Bureau of Planning & Sustainability
eben.polk@portlandoregon.gov

**About City of Portland Bureau of Planning and Sustainability**
The Bureau of Planning and Sustainability (BPS) develops creative and practical solutions to enhance Portland's livability, preserve distinctive places, and plan for a resilient future.

THE BUREAU OF **PLANNING**
**& SUSTAINABILITY**

**ORDINANCE No.**

**Ordinance Title**

Grant residential solid waste collection franchises in the city of Portland

**The City of Portland ordains:**

**Section 1. The Council finds:**

1. In 1991, the City Council granted residential solid waste, recycling, and yard debris collection franchises in the City of Portland to introduce services and implement standards and rates to encourage increased recovery of recyclable material from the waste stream (Ordinance No. 164701).
2. The Council has periodically directed Bureau of Planning and Sustainability (BPS) staff to review the residential franchise system.
3. Effective in January 2019, the Council granted a 12-year renewal of residential solid waste, recycling, and composting collection franchises (Ordinance No. 189242).
4. The franchise renewal ordinance allows the Council to initiate a review of the franchise system during a six-month period beginning 48 months after the ordinance became effective (Ordinance No. 189242 Section 19.A.).
5. On March 22, 2023, the Council directed BPS to review the residential franchises in Resolution No. 37614 and report back to Council within 180 days, which was September 22, 2023.
6. BPS conducted the franchise review and has presented its report to Council and revised the franchise as set forth in Exhibit A – Residential Solid Waste Collection Franchise Agreement.
7. Due to a scheduling conflict with the Commissioner-in-Charge and BPS Director, the report presentation to Council could not be heard until October 11, 2023.
8. The Council authorized a transfer of the residential solid waste collection franchise from S&C Licensing, LLC to Recology Clackamas Inc. via Ordinance No. 191438 on September 6, 2023, which transfer is reflected in Exhibit A to this ordinance.

**NOW, THEREFORE, the Council directs:**

A. Grants Residential Solid Waste Collection Franchises to each of the separately named Grantees listed and on the terms set forth in Exhibit A.
B. Directs the Bureau of Planning and Sustainability to administer the Residential Solid Waste Collection Franchise as set forth in Exhibit A.

**Exhibit A**

**RESIDENTIAL SOLID WASTE COLLECTION FRANCHISE AGREEMENT**

**Section 1.** The City Council granted Residential Solid Waste Collection Franchises to each of the separately named Grantees listed in Section 2 below and directed the Bureau of Planning and Sustainability to administer the Residential Solid Waste Collection Franchise as set forth herein.

**Section 2. NATURE OF GRANT.** The City of Portland (City) hereby grants a Residential Solid Waste Collection franchise to each of the following Grantees:

| | |
|---|---|
| Elmer's Sanitary Service LLC | Wacker Sanitary Service |
| Heiberg Garbage & Recycling LLC | Walker Garbage & Recycling, Inc. |
| Portland Disposal & Recycling, Inc. | Waste Connections of Oregon, Inc. dba Arrow Sanitary Service |
| Rossman Sanitary Service, Inc. dba Republic Services of Lake Oswego | Waste Connections of Oregon, Inc. dba City Sanitary Service |
| ~~S&C Licensing LLC dba Sunset Garbage~~ Recology Clackamas, Inc. | WM of Oregon, Inc. |

The franchise is exercised for the public good and is subject to the City Council's control, including but not limited to Council's decision whether to renew Grantee's franchise and, if so, the terms and conditions of a renewal.

Each Grantee's Franchise Area within the City is shown on Attachment 1, attached, and incorporated herein. In consideration for the grant of this franchise, each Grantee agrees to collect residential Solid Waste, which includes Recyclable Materials and Compostables, (hereinafter "Solid Waste") as required under this franchise.

**Section 3. TERM OF FRANCHISE.**

A. Duration. The term of this franchise will be twelve (12) years from its effective date, unless forfeited or revoked sooner as provided herein.

B. Effective Date. The effective date of this franchise will be sixty (60) days after its passage by the City Council, unless Grantee fails to file an unconditional written acceptance of this franchise in accordance with Section 28, in which event this franchise will be null and void. The passage date is set forth on the last page of the ordinance, as stamped by the Council Clerk.

**Section 4. DEFINITIONS.** The following terms have the meanings given below unless the context indicates otherwise. When not inconsistent with the context, words used in the present tense include the future tense, words in the plural include the singular and words in the singular include the plural.

A. Administrative Rules means all rules promulgated under Portland City Code, Chapter 17.102 Solid Waste & Recycling Collection adopted by the City.

B. Allowable Expenses includes all reasonable costs incurred by Grantee associated with the residential Solid Waste, Recycling and Composting collection services required herein and the cost of complying with all applicable laws, regulations or orders as now or hereafter amended. Allowable Expenses are presumed to be reasonable if, in the context of the Grantee's overall costs, such expenses are comparable with: (i) the expenses incurred by a majority of similarly situated residential Solid Waste, Recycling and Composting collection companies franchised by the City; or (ii) other such companies in urban areas located on the West Coast of the United States, after adjustment for cost of living, if necessary. Allowable Expenses include but are not limited to:

1. Disposal tipping fees and related charges established by Metro. The amount recognized as an allowable expense includes the disposal tipping fee, solid waste transaction fee and other solid waste disposal charges as actually set from time to time by Metro;

2. Labor costs, including supervisory labor, directly associated with residential Solid Waste, Recycling and Composting collection services, including workers' compensation and benefits;

3. Equipment costs including depreciation, vehicle registration fees, motor fuel, oil, tires, repairs, maintenance and sustainable fleet requirements;

4. Container, cart and bin costs including depreciation, repairs, maintenance and replacement;

5. Insurance in the amounts and coverages required by the City;

6. Administrative costs including, but not limited to, officer salaries, administrative staff, data processing, billing and supplies;

7. Utilities;

8. Training and worker safety;

9. Marketing and public education costs approved by the City;

10. Interest costs such as interest charges on the purchase of equipment or facilities, or on loans for working capital, but not interest costs which are otherwise Unallowed Expenses;

11. Equipment or facility rental or lease costs;

12. Professional fees and costs for financial reporting, accounting and regulatory processes associated with this franchise;

13. Any expense incurred in the collection, processing, marketing, sale or disposition of Recyclable or Compostable Materials;

14. Costs associated with implementing environmental management plans;

15. Costs associated with responding to force majeure events; and

16. Costs incurred through any low-income discount program adopted by the City.

C. Calendar Quarter will be the segment of a calendar year from January 1 through March 31, from April 1 through June 30, from July 1 through September 30, or from October 1 through December 31.

D. Collect/Collection means to accept, accumulate, store, process, transport, market or dispose of as required by City code and regulations and Metro, state, and federal law.

E. Compostable Material and Compostables means Yard Debris and Food Scraps and Food Soiled Paper when source separated for controlled biological decomposition. Compostable material will not include Food Soiled Paper containing plastic or other materials that inhibit controlled biological decomposition.

F. Food Scraps means waste from fruits meats, poultry, seafood, dairy, bread, fruits and vegetables, cheese, eggshells, rice, beans, pasta, coffee grounds and filters, tea bags, bones, and other plate scrapings. Food Scraps does not include liquids or large amounts of grease or oil.

G. Franchise Area means the geographic area(s) described in Attachment 1 for each individual Grantee.

H. Gross Residential Revenue means all gross receipts associated with residential Solid Waste, Recycling and Composting collection services performed within the Franchise Area. Gross Residential Revenue does not include revenue from the marketing and sale of Recyclable Materials or the provision of additional services, such as commercial drop-boxes or medical waste collection.

I. Metro means the Metropolitan Service District under ORS Chapter 268 (2021).

J. Operating Margin will be Gross Residential Revenue plus any additional revenue from sales of Recyclable Materials, less the sum of Allowable Expenses and Pass Through Expenses. For any rate reviews under this franchise, the Operating Margin percentage will be calculated using a weighted average of a representative sample of Grantees' Operating Margins. The weighting factor will be calculated on the basis of the Grantees' Gross Residential Revenue plus Recyclable Materials revenue, less Pass-Through Expenses. Expressed as a percentage, the Operating Margin will be nine and one-half percent (9.5%) of these revenues net of Pass-Through Expenses.

K. Pass-Through Expenses includes: (i) the franchise fee required under this franchise; (ii) surcharges or taxes levied by state or local governments upon the collection of Solid Waste; and (iii) business license fees paid to the City. The calculation of the Operating Margin will not include any Pass-Through Expenses.

L. Recyclable Material/Recyclables means waste designated by the City as retaining useful physical, chemical, or biological properties after serving its original purpose or function, and that can be collected by franchisees or permittees as mixed recyclables in a mixed recycling (blue) cart, cage, or dumpster, designated bin, or for used motor oil in an empty milk jug.

M. Residential Customer means: (i) any individual who subscribes for the collection of Solid Waste, Recycling or Composting from either a single-family dwelling or multiple-family dwelling with up to and including four dwelling units.

N. Service Level means any type of regulated service provided to Residential Customers as reflected in the rate schedule adopted by City Council.

O. Solid Waste has the meaning given in ORS 459.005(25) (2021), but does not include the following materials:
   1) Sewage sludge, septic tank and cesspool pumpings or other sludge, and grit, screenings and other residues delivered by sewer systems to municipal treatment plants.
   2) Discarded or abandoned vehicles.

P. Subcontractor means a person or business contracted by the Grantee to carry out any part of the solid waste, recycling or composting collection services granted under the franchise, including but not limited to roll cart delivery and customer service. Subcontractor does not mean a person or business contracted by the Grantee to sell, repair, or maintain vehicles or equipment; process or recover material collected by Grantee under the franchise; or provide standard business services, including but not limited to accounting, janitorial or landscaping services.

Q. Unallowed Expenses will include the following:

   1) Contributions;

2) Fines and penalties;

3) Affiliated party transaction costs to the extent they exceed the fair market rate for such goods or services;

4) Accruals for future unknown regulatory changes;

5) Costs associated with the purchase of other companies including, but not limited to, employee stock ownership plan payments, goodwill, amortization of goodwill and premiums on key-person life insurance policies;

6) Principal or interest payments on the acquisition of residential Solid Waste, Recycling and Composting collection routes; the purchase of equipment and facilities at a price that would be construed to include goodwill, or a premium in excess of fair market value at the time of acquisition; and

7) Federal, state, and local income taxes, other than City business license fees.

R. Yard Debris includes grass clippings, hedge trimmings and similar vegetative waste generated from residential property or landscaping activities but does not include stumps or similar bulky wood materials.

**Section 5. SCOPE OF SERVICES.**

Grantee will provide collection service for Solid Waste, Recyclable Material and Compostables in the Franchise Area in accordance with the Administrative Rules. Grantee will furnish all necessary skill, labor, equipment, materials, billing facilities, transportation facilities and related services.

**Section 6. FRANCHISE FEE AND AUDITING.**

A. Franchise Fee. Grantee will pay to BPS, for the rights and benefits granted under this franchise, a fee of no less than eight percent (8%) of Gross Residential Revenue during the term of the franchise. Any increase of the franchise fee in excess of eight percent (8%) will only occur during a rate review proceeding, adopted by ordinance by City Council, as set forth in Section 9. The City will issue an invoice for franchise fees after each Calendar Quarter. Grantee's payment will be made within thirty (30) days of the invoice's date. Interest will be charged on invoices not paid by the due date provided by the City. Interest will accrue at one and one-half percent (1.5%) per month on unpaid balances, compounded daily from the due date.

B. Low-Income Discount Program Funds. Subject to the creation and implementation of a low-income discount program, Grantee may pay to BPS the component of the rates approved by the City Council used to fund the low-income discount, to be redistributed to the Grantees proportional to each Grantee's share of the total discounts given city-wide.

C. Auditing. An acceptance of any payment will not be construed as an accord that the amount paid is the correct amount, nor will an acceptance of payment be construed as a release of any claim the City may have for further sums payable. All amounts paid will be subject to confirmation and recomputation by the City. Grantee agrees to reimburse the City for:

1) The reasonable costs for such confirmation if the City's recomputation discloses that the Grantee has paid less than ninety five percent (95%) of the franchise fee owing for the period at issue; or

2) One-half (1/2) of the reasonable costs of such confirmation if the City's recomputation discloses that the Grantee had paid ninety five percent (95%), but less than ninety-eight percent (98%), of the franchise fee owing for the period at issue;

3) There will be no cost to the Grantee if the City's recomputation discloses that the Grantee has paid ninety-eight percent (98%) or greater; and

4) The City will reimburse the Grantee for any overpayment if the City's recomputation discloses that the Grantee has paid more than 100%.

D. Publication Cost. Grantee will pay the cost to publish the proposed franchise ordinance and any amendments thereto, together with the cost of publishing notice of City Council consideration of the proposed franchise, as such publications are required by City Charter.

E. Non-Franchise Fees. Payment of this franchise fee will not exempt Grantee from the payment of any other license fee, tax or charge on the business, occupation, property, or income of the Grantee that may be imposed by the City, except as otherwise may be provided in the ordinance or ordinances imposing such other license fee, tax, or charge.

## Section 7. REGULATION.

A. Applicable Laws. This franchise is subject to the Charter and general ordinances of the City, now in effect or hereafter amended. This franchise is also subject to all present and future laws, regulations, orders of regulatory bodies and Administrative Rules. Grantee will obtain all licenses and permits required by federal, state, Metro, and local governments.

During the term of this franchise agreement, the Oregon Department of Environmental Quality plans to implement the Plastic Pollution and Recycling Modernization Act (PPRMA), including but not limited to changes in the list of materials accepted in co-mingled or curbside recycling along with corresponding code or Administrative Rule amendments, and programs addressing contamination reduction. Grantees will work with the City during the local implementation of the PPRMA to ensure a successful transition.

B. Recycling. Grantee will provide all Residential Customers with the "opportunity to recycle" in accordance with all relevant requirements of state law, now in effect or hereafter amended. Grantee will, pursuant to a Recyclable Material collection strategy established by the City, implement the necessary collection services to comply with such strategy, including but not limited to any waste reduction or diversion requirements or goals that may be specified by the state, Metro, or the City.

C. Effect of Non-Compliance. Grantee will not be relieved of its obligation to promptly comply with any provision of this franchise by any failure of the City to enforce compliance.

D. Sustainable Operations and Practices. The City will establish, in its Administrative Rules, reporting standards for environmental management practices. As used in this section, sustainable operations and practices may include recycling of office paper and other materials; purchase of recycled content and environmentally preferable products; waste reduction, energy, and water conservation; and the use of reduced emission vehicle fuels and vehicles. The City will provide technical advice and assistance to the Grantee to develop a plan for implementing these practices in its business operations. Upon City request, Grantee will submit a brief report regarding sustainable operations and practices within its business operations.

Grantees will adhere to the City of Portland Renewable Fuel Standard and clean fleet policy in the Administrative Rules for fuels used to deliver service within the City of Portland.

E. Open Books and Records. Upon at least twenty-four (24) hours' notice, the City will have the right to inspect, at any time during normal business hours at an office of the Grantee located in the local metropolitan area, all books, records, maps, plans, income tax returns, financial statements and other like materials which are directly related to the franchise.

F. Reports. All reports required in this Section and in Section 9 are limited to information directly attributable to the residential Solid Waste, Recycling and Composting collection services provided under this franchise. Grantee will submit an annual financial report, quarterly reports and other financial reports as specified in the Administrative Rules.

1) *Quarterly Reports.* After the end of each Calendar Quarter, the Grantee will submit written reports to BPS. Reports must be verified by an officer or

manager of the Grantee and be submitted by the due dates identified in the Administrative Rules. The report will contain: (i) an accurate statement of gross receipts from collection rates and miscellaneous customer charges; (ii) the number of accounts by Service Level; (iii) the quantities of Recyclables and Compostables collected; (iv) the number of setouts and extras collected each month in Recycling and Composting programs; (v) labor hours for each type of collection service: Solid Waste, Recyclable Materials, and Compostables; and (vi) the number of duplex, triplex, and four-plex accounts sharing each Service Level.

2) *Annual Reports.* Each year, the Grantee will submit an accrual based detailed cost report to BPS. Reports must be verified by an officer or manager of the Grantee and be submitted by the due dates identified in the Administrative Rules. The report will contain: (i) summary statement of franchise revenues, Recyclable Material sales, miscellaneous fees charged to customers and costs itemized on the detailed cost report as specified in the Administrative Rules; (ii) detailed analysis of certain "other" and "miscellaneous" franchise cost line items and cost allocation methods as specified in the Administrative Rules; and (iii) names and addresses of Grantee owners and percentage of ownership.

3) *General Reports.* Grantee will prepare and submit to BPS such other non-financial reports as the City deems reasonably necessary. In addition, the Grantee will submit to the City any information for reporting purposes required by the Department of Environmental Quality or Metro.

4) *Format of Submissions.* BPS, after consultation with the Grantee, may specify the form and details of all reports provided under this Section.

G. Public Records.

1) *General.* Grantee acknowledges that information submitted by Grantee to the City may be open to public inspection under the Oregon Public Records Law.

2) *Confidential Information.* Grantee may identify information submitted to the City as "Confidential," if Grantee reasonably believes such information is qualified for an exemption recognized under the Public Records Law. When submitting such information to the City, Grantee will also submit documentation that specifically identifies the applicable exemption under the Public Records Law and states the reason(s) Grantee believes the information is exempt. The City will take reasonable steps to keep the identified information confidential, acting consistently with the Public Records Law. The City may provide cost reports that do not contain Grantee-specific financial information in response to a public records request without providing notice to Grantee as set for in Paragraph (3) below.

3) *Notice to Grantee.* Within five (5) business days of receiving a public records request for information identified by Grantee as confidential, the City will provide Grantee with written notice of the request, including a copy of the request. Within the limits and discretion allowed by Oregon laws, the City will maintain the confidentiality of information.

4) *City Discretion.* The City retains discretion to determine whether to release the requested information, consistent with the Public Records Law. Nothing in this Section affects Grantee's right to seek legal relief to prevent the City's release of Grantee's confidential information.

**Section 8. RATE CRITERIA.** The City will establish a rate schedule for all Service Levels for franchised residential Solid Waste, Recycling and Compostables collection services. All rate schedules will be adopted via ordinance by the City Council. The City will set rates sufficient for Grantees in aggregate to recover Grantees' projected Allowable Expenses, Operating Margin and Pass-Through Expenses. The rate schedules established by the City will reasonably reflect the distribution of customer Service Levels of residential Solid Waste, Recycling and Compostables collection services. The rate schedule may also include incentives to Residential Customers to reduce their Solid Waste and to reuse and recycle and an income-qualifying discount for low-income households. In accordance with the Administrative Rules, recycling revenue will offset rates for the benefit of customers through a weighted average of revenue.

**Section 9. RATE ADJUSTMENT.**

A. Frequency. To ensure that the rate schedule in effect at any time (Current Rate Schedule) conforms with the rate setting criteria established in Section 8, the rates will be subject to review. If, as a result of the rate review, the City determines that the Current Rate Schedule does not conform to Section 8, the City Council will adjust the Current Rate Schedule accordingly.

1) *Annual Review*. The City will conduct an annual rate review in accordance with the process set forth in this franchise.

2) *City-Initiated Review.* The City may initiate rate review at any time if it has reasonable cause to believe that the Current Rate Schedule results in an Operating Margin that is either less than eight and one-half percent (8.5%) or greater than ten and one-half percent (10.5%).

3) *Grantee-Initiated Review.* Grantee may initiate rate review at any time upon the written request of Grantees serving at least fifty percent (50%) of the City's Residential Customers. The City will initiate rate review within thirty (30) days of such request. The City will complete rate review and adopt a modified rate schedule, if any, within one-hundred eighty (180) days of such a request.

B. Process. The City will select a representative number of Grantees, as described below, to determine the reasonableness of the Allowable Expenses in the preceding rate period and the projected Allowable Expenses, Operating Margin and Pass-Through Expenses for the next succeeding rate period.

1) *Representative Grantees.* Grantees will be selected based upon a weighted random sampling technique that assigns each Grantee a probability of selection proportional to the Grantee's share of Residential Customers. The number of Grantees selected and the details of the process will be specified in the Administrative Rules.

2) *Reasonableness of Expenses.* The City may, at its discretion, have Grantees' detailed cost reports reviewed by an independent Certified Public Accountant who is selected and paid for by the City. Any report adjustments recommended by the accountant may be taken into consideration in the rate review process. In addition to the accountant review, the City may consider information submitted by Grantee or others relevant to the rate schedules, including but not limited to available expense information, adjusted for cost of living, if necessary, for similarly situated residential collection companies in urban areas on the West Coast of the United States. All such information will be part of the rate making record. Based on its determination of the projected Allowable Expenses, Operating Margin and projected Pass-Through Expenses, the City will establish a rate schedule for all Service Levels that conforms to Section 8.

C. Change in Law or Material Change in Cost.

1) *Definitions.* For purposes of this Subsection 9(C), "Change in Law" means any new or revised law, statute, rule, regulation, ordinance, order, or requirement of any federal, state, regional or local government effective after the effective date of this franchise. "Material Change" means any material change in the Grantees' Allowable Expenses to perform its obligations under this franchise which is beyond Grantee's control, including change in location of disposal site, change in method of collection, any amendment to the list of Recyclable Materials and any change in the City's Solid Waste, Recycling or Composting collection program requirements.

2) *Rate Adjustment.* If a Change in Law or Material Change significantly increases Grantees' projected Allowable Expenses, the City will adjust the rate schedule either prior to the effective date of the Change in Law or the Material Change, or as soon thereafter as practicable. For all other Changes in Law or Material Changes that increase Grantees' projected Allowable Expenses, the

City will adjust the rate schedule at a date specified during the annual rate review.

D. Dispute Resolution. If the Grantee is dissatisfied with a rate adjustment approved by the City, then Grantee may seek review by any proceedings available, including a claim for breach of contract. The parties agree that writ of review will not be the exclusive means of resolving disputes under this franchise, and the City agrees not to raise as a bar to any breach of contract proceeding brought by Grantee that writ of review is the exclusive remedy.

**Section 10. COVENANT TO INDEMNIFY AND HOLD THE CITY HARMLESS.**

Grantee will indemnify, defend and hold harmless the City, its officers, agents and employees from any claims, damage, loss, liability, cost or expense (including, but not limited to court and appeal costs and attorney fees and expenses), arising from any casualty or accident to person or property by reason of any act done under this franchise, by or for Grantee, its officers, agents or employees, or by reason of any neglect or omission of Grantee to keep its equipment or operating system in safe condition. Grantee also agrees to indemnify the City for any damages, claims, additional costs, or expenses assessed against or payable by the City arising out of or resulting, directly or indirectly, from Grantee's failure to conduct its business operations in accordance with federal, state, or local laws governing such operation, unless Grantee's failure arises directly from the City's negligence or willful misconduct. Grantee and its agents, contractors, officers, and employees will consult and cooperate with the City while conducting its defense of the City.

**Section 11. INSURANCE.**

A. Insurance Requirements.

1) *Commercial General Liability.* The Grantee will provide and maintain during the term of this franchise commercial general liability and property damage insurance in the minimum amount of $2,000,000 (two million U.S. dollars) per occurrence, and aggregate limit of not less than $2,000,000 (two million U.S. dollars) that protects Grantee and the City and its officers, agents and employees from any and all claims, demands, actions and suits for damage to property or personal injury arising from Grantee's work under this franchise. The City reserves the right to increase insurance limits to meet any increase to the maximum statutory liability imposed on municipalities of the State of Oregon during the term of the franchise.

2) *Automobile Liability.* The Grantee will carry automobile liability insurance with a combined single limit of not less than $2,000,000 (two million U.S. dollars) for bodily injury and property damage. The insurance will include coverage for any damages or injuries arising out of the use of automobiles or

other motor vehicles by Grantee.

3) *Pollution Liability.* The Grantee will carry an endorsement for Automobile Pollution Liability in the minimum amount of $1,000,000 (one million U.S. dollars) for bodily injury, property damage and environmental restoration resulting from hazardous materials collected by Grantee or from the vehicle itself. If Grantee is subject to the 1980 Federal Motor Carrier Act, Grantee will maintain all insurance coverage required under the Act.

4) *Workers' Compensation.* The Grantee will comply with the workers' compensation law, ORS Chapter 656, as it may be amended. If required, the Grantee will maintain coverage for all subject workers as defined by ORS Chapter 656 and will maintain a current, valid certificate of workers' compensation insurance on file with the City Auditor for the entire period during which work is performed under the term of the franchise. Grantees who are non-subject workers meeting one of the exceptions in ORS 656.027 may not be required to carry workers' compensation insurance. If Grantee requests an exemption from the workers' compensation coverage listed above, it must make that request in writing to the City Attorney, stating its qualification for exemption under ORS 656.027.

5) *Additional Insureds.* The coverage will apply as to claims between insureds on the policy. The insurance will be without prejudice to other coverage. For liability coverage, the insurance certificate will list the City as Certificate Holder and name as additional insureds "the City of Portland, Oregon, and its officers, agents and employees," and an endorsement to the liability policy will confirm the naming of the City as an additional insured. Notwithstanding the naming of additional insureds, the insurance will protect each additional insured in the same manner as though a separate policy had been issued to each, but nothing herein will operate to increase the insurer's liability as set forth elsewhere in the policy beyond the amount or amounts for which the insurer would have been liable if only one person or interest had been named as insured.

6) *Cancellation.* The insurance will provide that the insurance will not be canceled or materially altered without thirty (30) calendar days' prior written notice first being given to the City Auditor. If the insurance is canceled or materially altered within the term of this franchise, Grantee will provide a replacement policy with the same terms. Grantee agrees to maintain continuous uninterrupted coverage, in the terms and amounts required, for the duration of the franchise.

7) *Certificate of Insurance.* Grantee will maintain on file with the City Auditor a

certificate of insurance certifying the insurance coverage required above. The adequacy of the insurance will be subject to the approval of the City Attorney. Failure to maintain liability insurance as required by this franchise will be cause for conditional forfeiture of this franchise by the City.

B. Insurance Requirements for Subcontractors. Should Grantee subcontract any part of this franchise, Grantee will require those Subcontractors, if not covered by Grantee's insurance, to obtain and keep in force for the duration of this franchise insurance equal to the minimum values indicated above.

**Section 12. NONDISCRIMINATION.** In performing collection services, Grantee will not discriminate against any person on the grounds of race, sex, sexual orientation, age, creed, color, religion, national origin, marital or economic status, or physical or mental disability.

**Section 13. EQUITY AND DIVERSITY.** Grantee will abide by Administrative Rules adopted to foster increased equity and diversity in the residential collection system, including, without limitation, rules meant to reduce barriers to economic opportunity for minority-owned and women-owned companies. If applicable, Grantee will comply with Administrative Rules requiring Grantees to identify opportunities to utilize minority-owned and woman-owned Subcontractors, suppliers, and vendors.

**Section 14. CUSTOMER SERVICE.** Grantee agrees to provide excellent customer service. In collaboration with the City, Grantee commits to continuous evaluation, tracking and reporting of customer service performance.

**Section 15. EXCLUSIVITY.**

A. Franchise Not Exclusive. This franchise is not exclusive. The City expressly reserves the right to grant franchises to other persons or corporations as well as the right in its own name to use its streets for purposes similar to or different from those allowed to Grantee.

B. Need for Additional Franchises in Franchised Area. The City may grant additional franchises in Grantee's existing Franchise Area if the City determines that a need exists. The City Council will consider the following criteria to determine need: (i) the effect that multiple franchises in a Franchise Area would have on the efficient delivery of service, including but not limited to, the unnecessary deterioration of City streets or inefficient fuel consumption; (ii) the effect that multiple franchises in a Franchise Area would have on the opportunity for the existing Grantee to make a reasonable Operating Margin on Allowed Expenses; (iii) the effect that multiple franchises in a Franchise Area would have on the Grantee's ability to generate the revenues needed to invest in efficient, modem equipment; (iv) the effect that multiple franchises in a Franchise Area would have on Grantee's ability to provide the best service, in the City Council's determination, in a manner consistent with the public interest; and (v) any other factors the City Council determines to be relevant. The City will not grant any additional franchises for a Grantee's existing Franchise Area without a prior public hearing at which time Grantee will have the opportunity to be heard.

**Section 16. ASSIGNMENT, TRANSFER.**

A. Written Consent. This franchise will not be assigned, sold, leased, mortgaged, merged, divided, or otherwise transferred (Transferred) without the prior written consent of the City as expressed by ordinance. The City's consent in one instance will not render unnecessary any subsequent consent. In determining whether the City will consent, the City may inquire into the technical, legal, and financial qualifications of the prospective party and Grantee will assist the City in any such inquiry. The City will not unreasonably delay or withhold its consent, but the City may condition the Transfer upon such conditions as it deems appropriate. No Transfer may occur until: (i) the prospective party provides certificates of insurance to the City; and (ii) the prospective party agrees in writing to make any payments required by Grantee, including but not limited to franchise fees or civil penalties assessed by the City before the Transfer date. Within ten (10) business days after execution and delivery of any Transfer, Grantee will file with the City Auditor a copy of the instrument executing the Transfer. The City's consent is not required if Grantee's Transfer is to an entity that controls, is controlled by, or is under common control with, the Grantee. Within ten (10) business days of a Transfer to any such entity, Grantee will provide written notification to the City.

B. Administrative Rules. Prior to requesting the City's written consent, Grantee will comply with all relevant Administrative Rules, including the requirement to conduct outreach to minority-owned and woman-owned companies interested in purchasing a Franchise Area.

C. Grantee's Proposed Division of Franchise Area. Grantee may propose division of its Franchise Area to facilitate the sale of one or more portions of its Franchise Area. The City will consider whether the geography of the proposed division will support affordable, efficient, and effective collection service.

D. Financing Equipment. The City's written consent is not required to mortgage, pledge, or assign Grantee's tangible assets for financing the acquisition of equipment for collection services, but any such mortgage, pledge or assignment will be subject to the City's other rights in this franchise.

E. Subcontracting Franchised Services. Grantee will not subcontract any of its work under this franchise without the prior written approval of the City. Grantee will require any approved Subcontractor to agree, as to the portion subcontracted, to fulfill all of Grantee's obligations as set forth in this franchise. Notwithstanding the City's approval, Grantee will remain obligated for full performance and the City will incur no obligation other than its obligations to the Grantee. Grantee will comply with all relevant Administrative

Rules, including the requirement to conduct outreach to minority-owned and woman-owned companies interested in subcontracting.

F. Contracting for Ancillary Services. Grantees that subcontract for ancillary services are encouraged to seek women and minority-owned companies for services that support the franchise service of collecting solid waste, recyclables and compostable materials. Examples of ancillary services include, but are not limited to, cart cleaning, equipment installation and repair, bulky waste collection for reuse and disposal, and administrative contracting services.

**Section 17. REMEDIES.**

A. Immediate Forfeiture. The City Council may declare an immediate forfeiture of this franchise if: (i) Grantee accrues assessments within a 365-day period in excess of the allowable limit, as established in the Administrative Rules, for failure to comply with the collection standards; or (ii) Grantee is found by a court of competent jurisdiction to have practiced any fraud or deceit upon the City. Upon written notification to Grantee of City Council's declaration of immediate forfeiture, all of Grantee's franchise rights will be immediately suspended.

B. Conditional Forfeiture. The City Council may declare a conditional forfeiture of this franchise if: (i) Grantee fails to comply with any provision of the franchise; (ii) Grantee fails to obtain and maintain any permit required by the City or any federal, state or other regulatory body; (iii) Grantee's noncompliance with collection standards, as established in the Administrative Rules, creates a hazard to public health or safety; (iv) Grantee fails to maintain the required insurance; or (v) other cause exists for the forfeiture of this franchise. The City will give Grantee thirty (30) calendar days' written notice of its intent to exercise conditional forfeiture, stating the reasons for such action. If Grantee cures the stated reason within the thirty (30) calendar days, or if Grantee initiates efforts satisfactory to the City to remedy the stated reason and the efforts continue in good faith, the City will not exercise conditional forfeiture. Upon written notification to Grantee of City Council's declaration of conditional forfeiture, all of Grantee's franchise rights may be suspended, with reinstatement of rights conditioned upon Grantee's curing the stated reason for the conditional forfeiture within the time specified by the City.

C. Civil Penalties. In addition to any other rights, including rights under the City Code, the City may impose civil penalties for failure to comply with the collection standards set forth in the Administrative Rules.

**Section 18. PREVENTING INTERRUPTION OF SERVICE.** If Grantee's rights are suspended; or if Grantee fails for any reason to collect and remove Solid Waste, Recyclable Materials or Compostables as required, for three (3) consecutive working days or more, except in instances of force majeure, the City may immediately, upon written notice to the Grantee, cause such Solid Waste, Recyclable Materials or Compostables to be collected by whatever means are available to the City. Upon the City's demand, Grantee will immediately provide driver route listings, customer subscription and billing records, and any other necessary operational information confidentially to the City. Grantee agrees it will reimburse the City for any costs incurred in providing collection service, including but not limited to: (i) all fees paid to Grantee for provision of services otherwise provided by the City; and (ii) any costs incurred by the City in excess of the fees that would have been paid to Grantee if Grantee had performed the services performed by the City.

**Section 19. FORCE MAJEURE.**

A. Force majeure has the meaning defined in Administrative Rules.

B. Notice. If an event of force majeure renders either Grantee or the City wholly or partially unable to meet its obligations under this franchise, then that party will give the other party prompt notice describing the force majeure in reasonable detail.

C. Grantee Responsibilities. Grantee's primary responsibility will be to reestablish regular routes and schedules for collection services as soon as possible under safe working and driving conditions. Reestablishing collection of Solid Waste services will follow priorities outlined in the Administrative Rules. As soon as practicable, Grantee will advise the City when it is anticipated that normal routes and schedules can be resumed. Some events of force majeure may require that Grantee hire additional equipment, employ additional personnel, or work existing personnel on overtime hours to reestablish collection. Grantee will support the City in communicating service delays to customers and expected timelines for resuming services.

D. City Responsibilities. The City may allow Grantee to vary regular routes and schedules for the duration of the force majeure. The City will attempt, through local news media, to inform the public when regular services may be resumed.

E. Preparedness Plan. Within two-hundred and seventy (270) calendar days of the effective date of this franchise, all Grantees will submit to the City a written preparedness plan, on a form provided by the City, demonstrating Grantees' arrangements to provide vehicles and personnel and to maintain uninterrupted service in case of force majeure.

**Section 20. FRANCHISE RENEWAL.**

A. Initiating Residential Franchise Review. During the six-(6) month period beginning with the forty-eighth-(48) month from the effective date of this franchise, the City Council may, at its discretion, initiate a review of the operation of this franchise. During the same six-(6) month period, Grantees may initiate franchise review upon the written request of Grantees serving at least fifty percent (50%) of the City's Residential Customers.

B. Commercial or Multifamily Franchising. If the City Council directs the Bureau of Planning and Sustainability to develop a franchise for commercial or multifamily collection services, the Bureau will provide written notice to each Grantee. After such notice is provided, the City Council may initiate franchise review of the residential collection system, if City Council determines that such review is necessary to address coordination, consistency, and territorial values in franchising commercial or multifamily collection services.

C. Review Process. If initiated by the City, the City Council will adopt a resolution outlining the scope of the review. If initiated by Grantees, the City Council will adopt a resolution outlining the scope of review within thirty (30) calendar days of the Grantee's written request. After adoption of the resolution, the Bureau of Planning and Sustainability will conduct a review and report back to the City Council within one-hundred and eighty (180) calendar days. The review process may consider the following factors, among any others identified in the resolution: (i) performance of the franchise system for the collection of Solid Waste, Recycling and Composting; (ii) system performance indicators, including quantities of Solid Waste disposed and Recyclables and Compostables collected and overall rates of participation in recycling and composting; (iii) measurements of customer satisfaction, including but not limited to customer concerns, results of public surveys and system compliance issues; (iv) comparative analysis of programs for collection services used in other cities, including but not limited to system features, program costs, funding mechanisms and overall rates of waste diversion and participation in recycling and composting; (v) evaluation of equity in the franchise system, including participation of women and minority workers and barriers to economic opportunities for minority-owned and woman-owned companies; and (vi) whether renewal of the franchise system is in the overall public interest.

D. City Council Acceptance. Upon City Council's acceptance of the Bureau of Planning and Sustainability's review, the City Council may decide whether or not to renew the franchise upon such terms and conditions as it deems appropriate. The renewal franchise will be for a term of twelve (12) years.

**Section 21. SEVERABILITY.** If any provision of this franchise, or its application to any person or circumstance, is declared invalid or unenforceable, the remainder of this franchise will continue in full force and effect.

**Section 22. CHOICE OF LAW.** This franchise will be governed by and construed in accordance with the laws of the State of Oregon, even if Oregon's choice of law rules would otherwise require application of the law of a different state.

**Section 23. CHOICE OF FORUM.** Any litigation between the City and the Grantee arising under or regarding this franchise will occur, if in the state courts, in the Multnomah County Court, having jurisdiction thereof, and if in the federal courts, in the United States District Court for the District of Oregon, Portland Division.

**Section 24. DISPUTE RESOLUTION.** The Administrative Rules set forth a process for non-binding mediation of disputes between the parties.

**Section 25. WRITTEN NOTIFICATIONS.** All notices to, and other written communication related to this franchise agreement between, the parties to this franchise will be deemed received five (5) business days after being sent by pre-paid first-class certified mail, return receipt requested, or upon receipt when sent by reliable expedited courier services that provide written evidence of delivery or when sent if by email. All notices and written communications will be sent to the parties set forth below. Each party will provide written notice of any changes to the below contacts within thirty (30) calendar days.

| For City: | For Grantee: |
|---|---|
| Bureau of Planning and Sustainability<br>Solid Waste & Recycling Program<br>1810 SW Fifth Ave, Suite 710<br>Portland OR 97201<br>wasteinfo@portlandoregon.gov | |

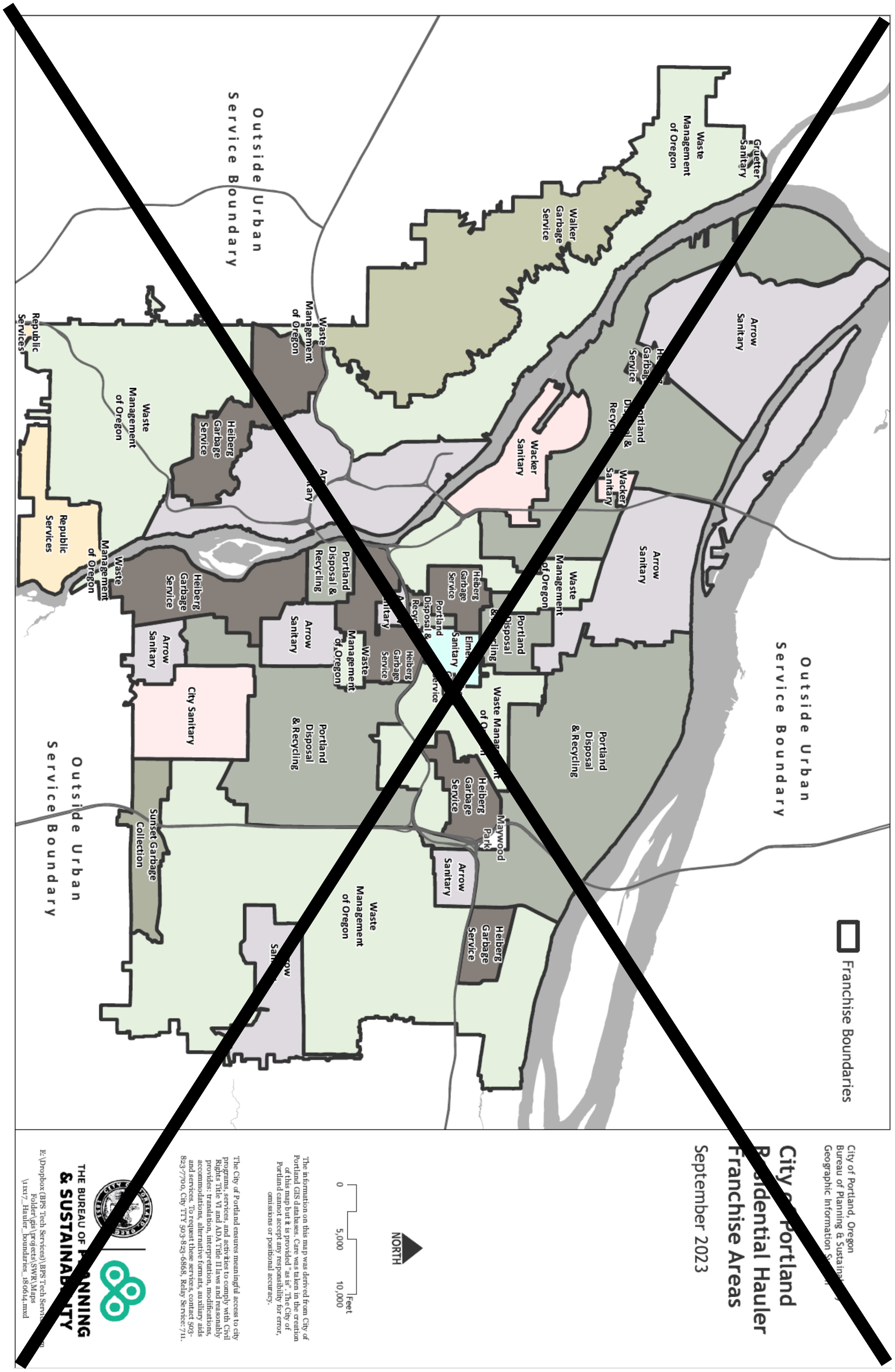
**Section 26. ENTIRE AGREEMENT; AMENDMENT.** This franchise constitutes the entire agreement between the parties concerning collection services and supersedes all other communications, representations, proposals, understandings, or agreements, either written or oral, by Grantee and the City. This franchise may only be amended by a writing signed by both parties.

**Section 27. OTHER AUTHORITY SUPERSEDED.** Upon effectiveness of this franchise, all authority to operate previously granted to Grantee by the City, as embodied in Ordinance No. 189242, is superseded by this franchise.

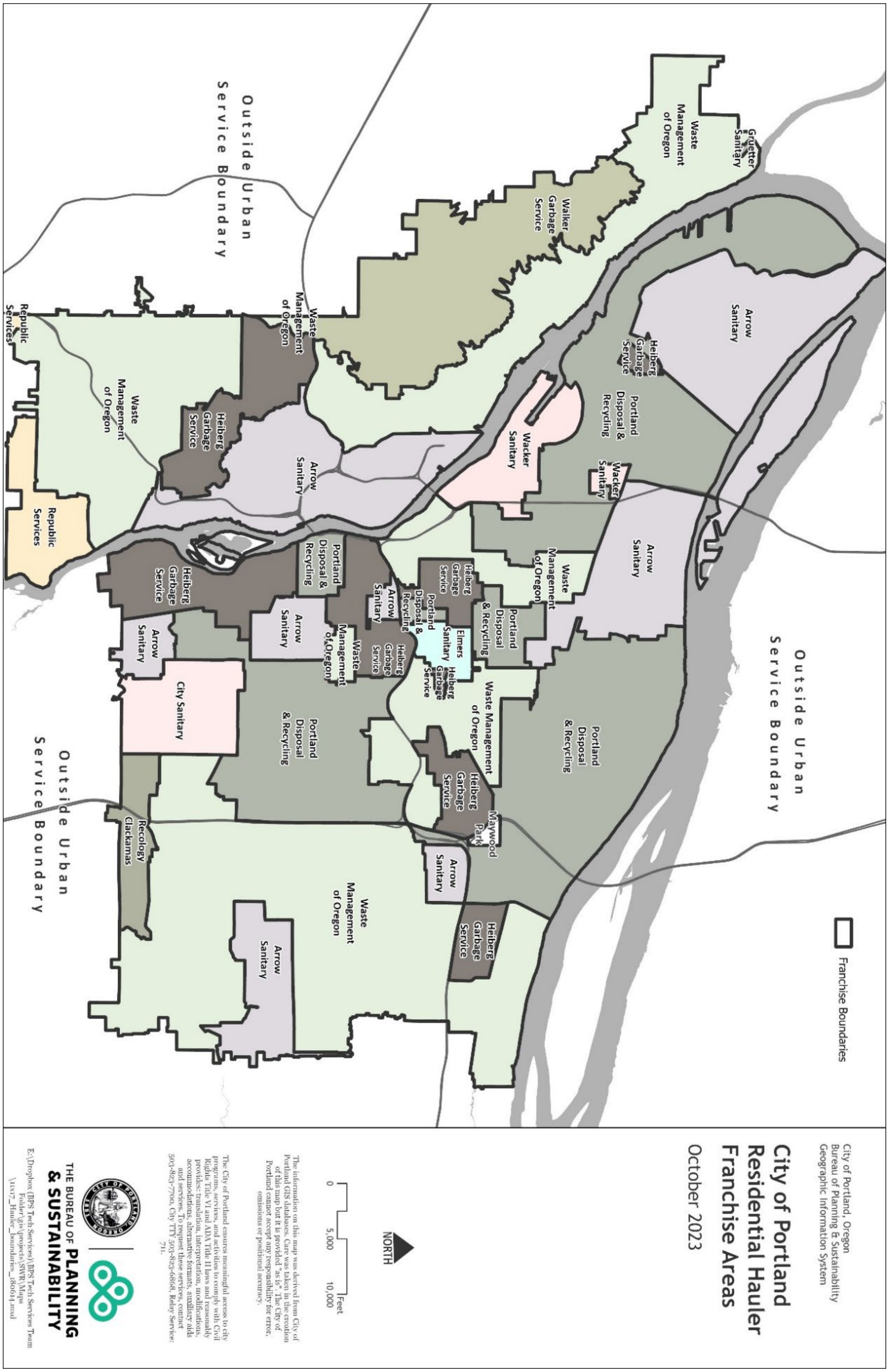
**Section 28. WRITTEN ACCEPTANCE.** Within thirty (30) calendar days after the ordinance granting this franchise becomes effective, Grantee will execute and file with the City Auditor a written acceptance of this franchise on the form attached and incorporated herein as Attachment 2. Grantee's failure to file such written acceptance within such time will be deemed an abandonment and a rejection of the franchise and the granting ordinance will thereupon be null and void. Such acceptance will be unqualified and will be construed to be an acceptance of all the terms, conditions and restrictions contained in this franchise.

**Section 29. CAPTIONS.** Captions will not affect the meaning and interpretation of this franchise.

~~Attachment 1~~



## Attachment 1



## Attachment 2

### City of Portland Residential Solid Waste Collection Franchise Acceptance Form

City Auditor
City of Portland, City Hall
1220 SW Fifth Avenue
Portland OR 97204

This is to advise the City of Portland, Oregon (the "City") that ____________ (franchisee company name) ("Grantee"), hereby accepts the terms and provisions of Ordinance No. _______ (ordinance #) passed by the City Council on _______ (date), (the "Franchise"), issuing to Grantee a franchise to provide solid waste collection services within specified areas of the City. In consideration for the benefits to be received thereunder, Grantee unqualifiedly agrees to abide by all terms, conditions, and restrictions of the Franchise.

GRANTEE: ________________________________________________________

BY: ________________________________________________________

TITLE: ________________________________________________________

DATE: ________________________________________________________

State of _______________________________________)

) ss.

County of _____________________________________)

This Agreement was acknowledged before me on the _______ day of __________________ 20__, by _________________________________as ____________________________________, as a duly authorized representative or officer of Grantee.

______________________________________________

Notary Public for

______________________________________________

My Commission Expires:

APPROVED AS TO FORM:

____________________________________

City Attorney's Office
City of Portland, Oregon