



Residential waste rates & Commercial tonnage fee

City Council First Hearing
May 22, 2024

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THE BUREAU OF
**PLANNING &
SUSTAINABILITY**

AGENDA

- Background
- Rate review process overview
- 2024-25 Proposed Residential Sector Rates
- Commercial Tonnage Fee
- Procedural Code Amendment
- Q & A

Residential vs. Commercial

City sets rates

For 1-4 unit houses



Garbage service & weekly recycling & compost

*NEW: Household battery collection starts in June.

City charges a commercial tonnage fee but does NOT set rates

For businesses and multifamily with 5+ units



Garbage, recycling & compost

Businesses negotiate price, service, container types, and pickup schedule.

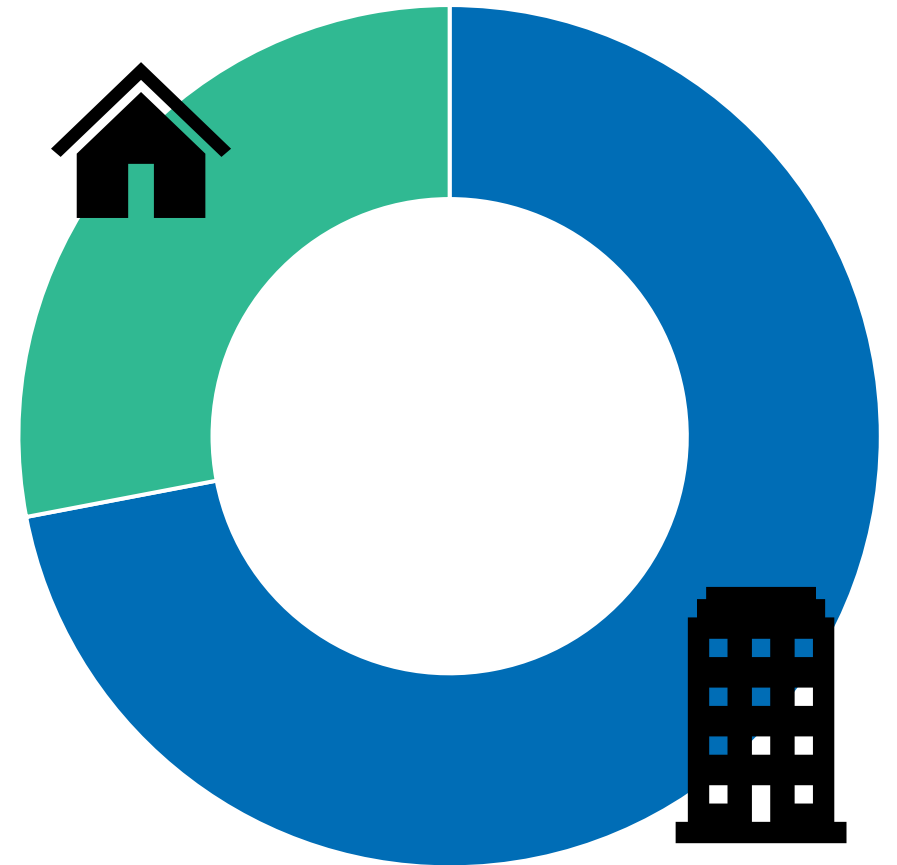
Where does Portland's waste come from?

Residential = 1/3 of waste

- Houses & du/tri/fourplexes

Commercial = 2/3 of waste

- Businesses
- Apartments & multifamily
- Construction & demolition



Background

We manage the residential collection system to:

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

The City's Residential Solid Waste Franchise Agreement requires:

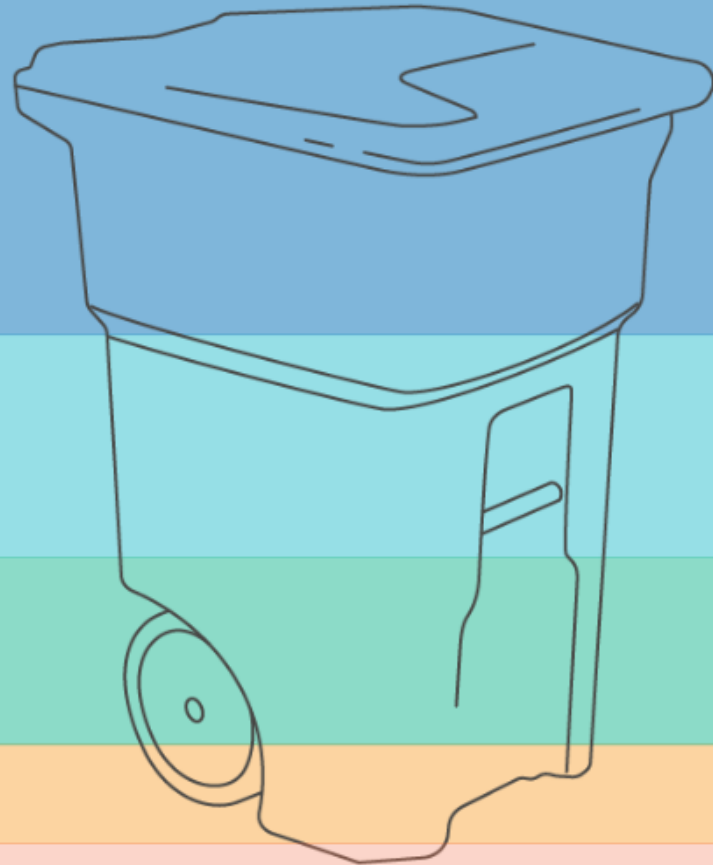
- Annual rate review
- Rates must cover the overall cost of service, a target operating margin of 9.5% and a franchise fee of 8%



Residential rates



What your bill pays for



39% - Collect
garbage, recycling & compost

25% - Dispose / process
garbage, recycling & compost

19% - Administration
Garbage & recycling company

9% - Garbage & recycling company profit

8% - City of Portland administration

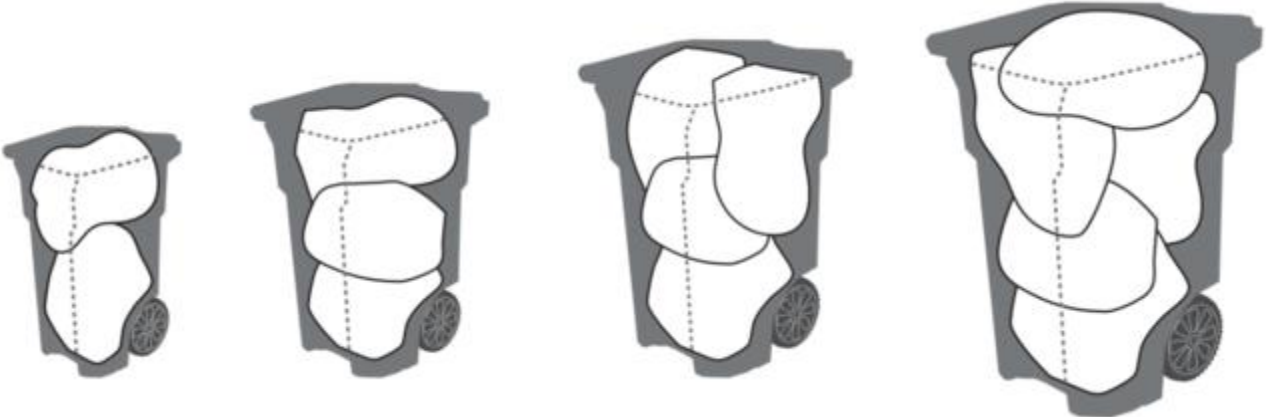


Residential rate review process



<p>Haulers receive detailed cost report (DCR) template.</p>	<p>City receives DCRs. Contracted Certified Public Accountant reviews them and vets costs.</p>	<p>City receives adjusted DCRs and contracted economist prepares rate model using these costs.</p>	<p>City vets preliminary findings with Economist and the Portland Haulers' Association.</p>	<p>Public Information Session on Proposed Rate sand then two hearings before City Council.</p>	<p>Waiting period.</p>	<p>New rates effective concurrently with City budget.</p>	<p>Customer Notifications.</p>
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Current monthly rates



**Primary Garbage
Service Levels**

Rate FY23-24

**% Households
Served***

35-Gallon - Every 4 Weeks	\$33.25	4%
20-Gallon	\$33.95	5%
35-Gallon	\$39.00	41%
60-Gallon	\$43.55	34%
90-Gallon	\$49.90	7%



Key factors for the 2024 review



Increasing costs

- Metro disposal fees (+11.9%)
- Recycling processing costs (+30%)
- Wages (+4%)
- Insurance (+18%)

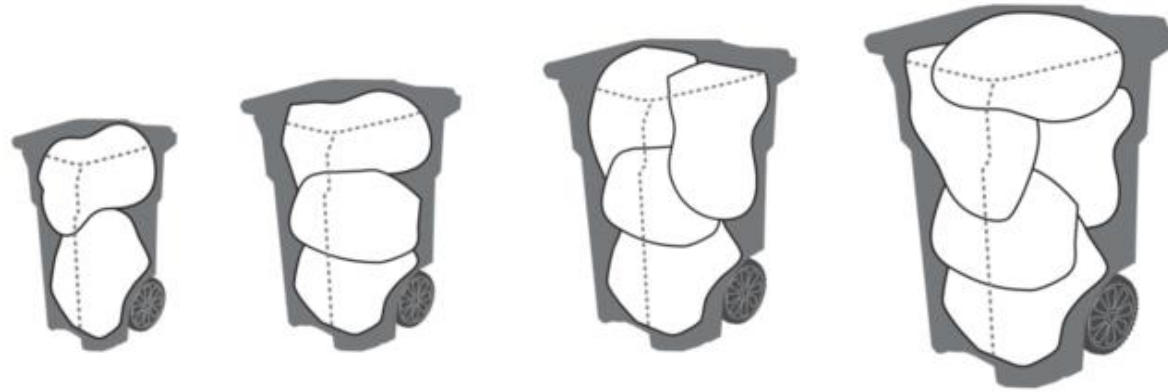


Decreasing costs

- Fuel (-2.4%)
- Postponed cart color transition



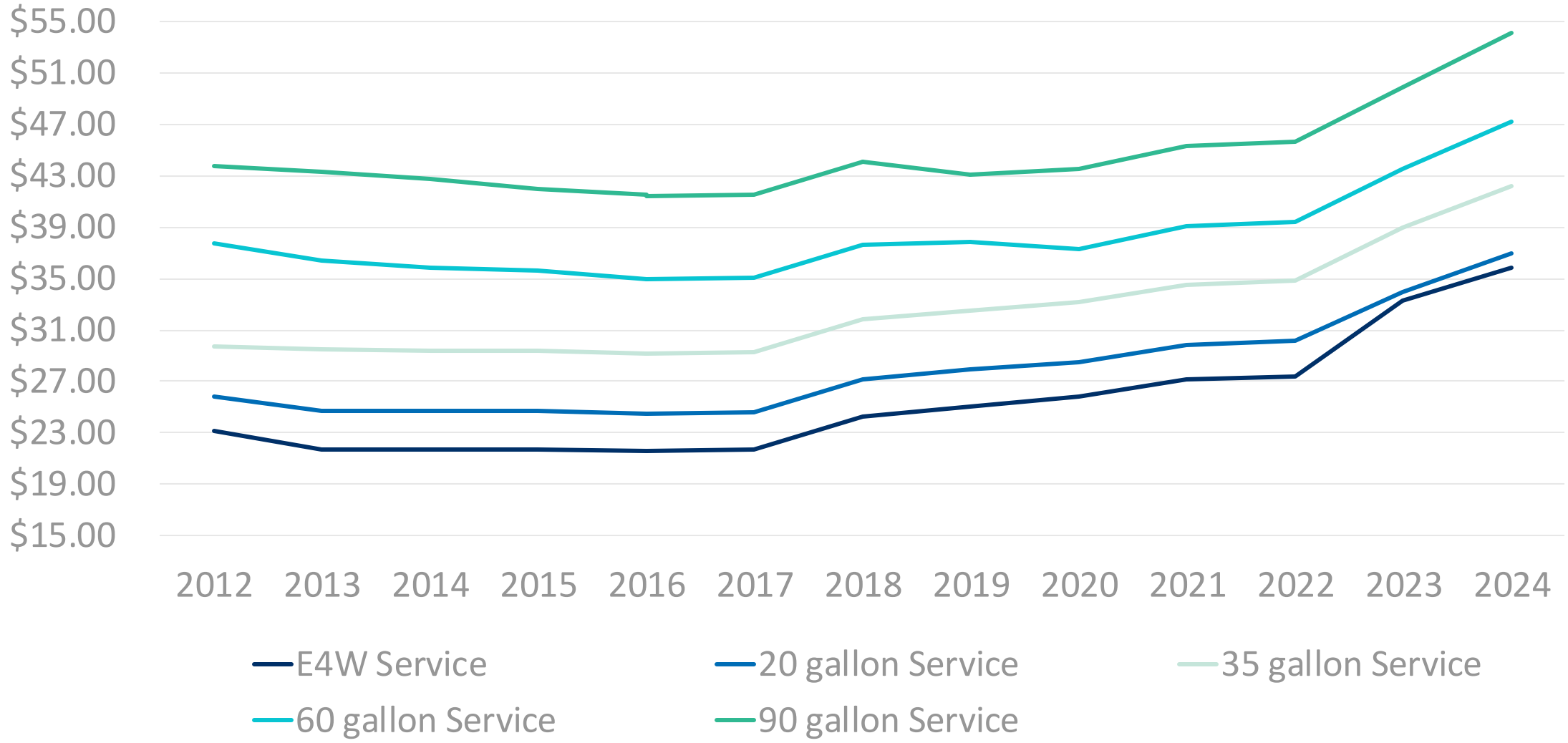
Proposed residential rates



Primary Garbage Service Levels	Current Monthly Rate	Proposed Monthly Rate FY24-25	Increase per Month
35-Gallon Every 4 Weeks	\$33.25	\$35.70	\$2.45
20-Gallon	\$33.95	\$36.70	\$2.75
35-Gallon	\$39.00	\$42.00	\$3.00
60-Gallon	\$43.55	\$47.00	\$3.45
90-Gallon	\$49.90	\$53.85	\$3.95

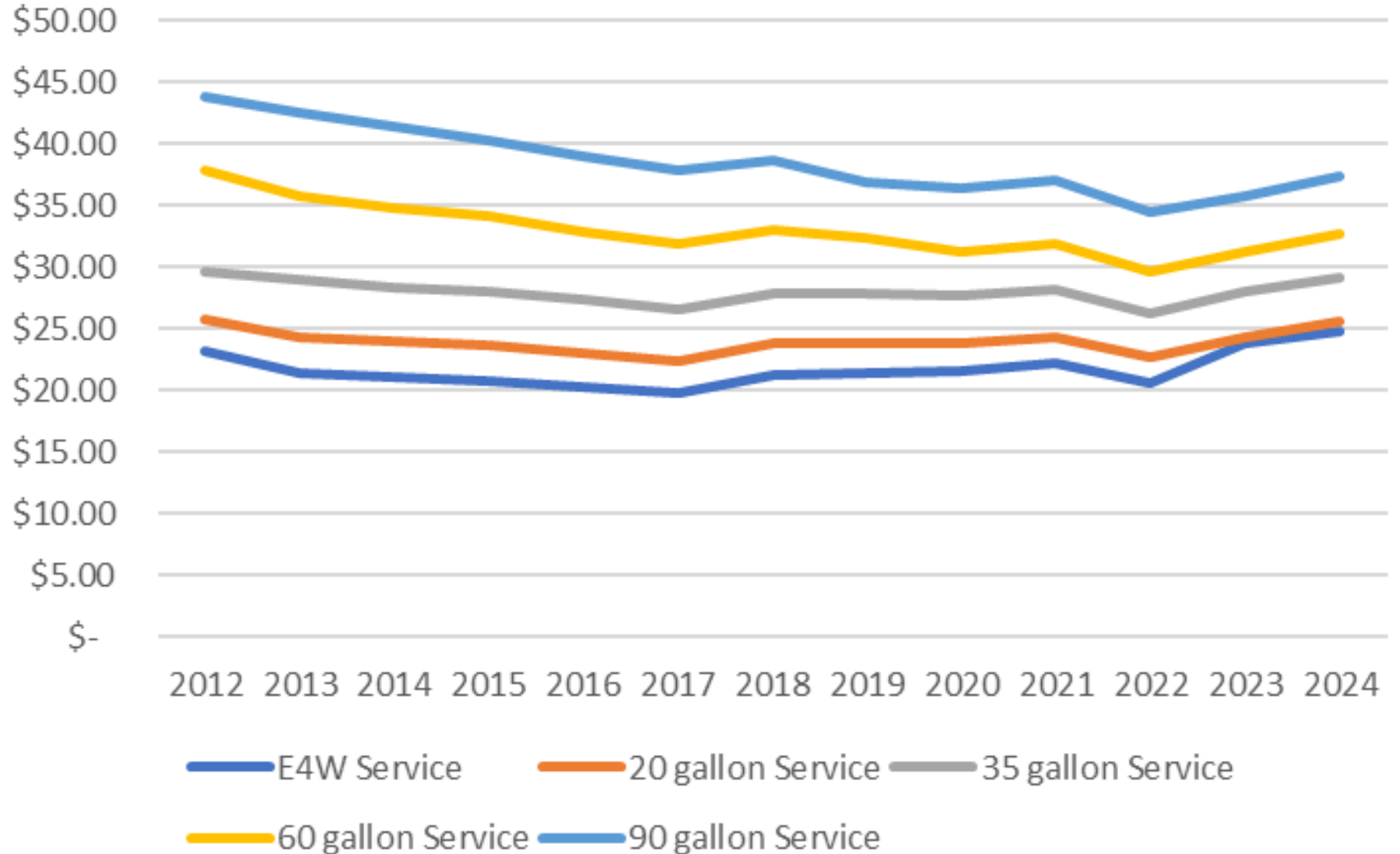


Residential rates over time



Residential rates adjusted for inflation

Rates shown
in 2012
dollars





Commercial tonnage fee



Commercial Tonnage Fee Increase

The commercial tonnage fee supports services and programs related to or driven by commercial sector including contributions to Portland's Impact Reduction Program (\$1.1M in FY 23-24) and expansion of the public trash program.

As reflected in our 5-year plan, BPS proposes a \$1.00 increase to the Commercial Tonnage Fee, from \$15.60 to \$16.60 per ton.

This will increase revenue by an estimated \$309,000.



Procedural code amendment

Proposed change:

Replace the specific rates and tonnage fee language with language that references policy documents that contain the rates and tonnage fee.

Benefit:

Simplifies the process of updating the code every time rates change.

Chapter 17.102 Solid Waste & Recycling Collection

17.102.190 Residential Solid Waste and Recycling Rates and Charges.

For all service levels of franchised residential collection, ~~rates and charges shall be as set forth in Figures 6 and 6-1 published at the end of Title 17 rate schedules will be established via a rate ordinance adopted by the City Council.~~

17.102.250 Commercial Tonnage Fee.

Commercial permittees ~~shall will~~, when invoiced quarterly by the Director, pay a tonnage fee to the City. Fees ~~shall will~~ be assessed ~~up to \$15.60 on a~~ per ton ~~basis~~ of commercial solid waste collected within the City and deposited in disposal facilities authorized by Metro. ~~The per ton fee will be established via a rate ordinance adopted by the City Council.~~ Payments ~~shall will~~ be made within 30 days of the date of the invoice. Interest ~~shall will~~ accrue at 1 percent per month on balances which remain unpaid as of 30 days after the date of invoice, compounded daily from the due date.



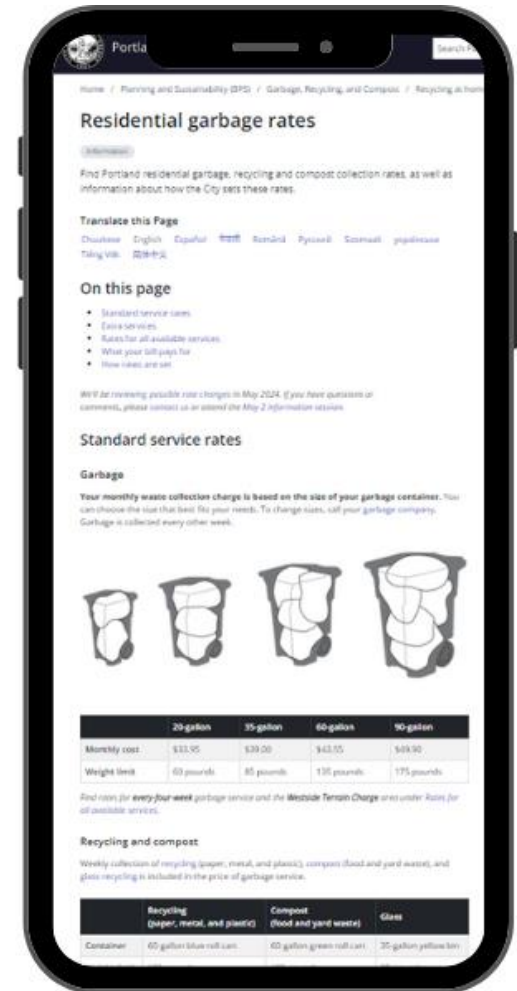
Next steps

- **May 29:** 2nd City Council Hearing
- **July 1:** Rates and Tonnage Fee Changes take effect



Questions?

See current residential rates and information about how residential rates are set at www.portland.gov/garbage-rates





THE BUREAU OF **PLANNING & SUSTAINABILITY**

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