



June 9, 2025 Finance Committee Agenda

City Hall, Council Chambers, 2nd Floor – 1221 SW Fourth Avenue, Portland, OR 97204

In accordance with Portland City Code and state law, City Council holds hybrid public meetings, which provide for both virtual and in-person participation. Councilors may elect to attend remotely by video and teleconference, or in-person. The City makes several avenues available for the public to listen to and watch the broadcast of this meeting, including the [City's YouTube Channel](#), the [Open Signal website](#), and Xfinity Channel 30 and 330.

Questions may be directed to councilclerk@portlandoregon.gov

Monday, June 9, 2025 12:00 pm

Session Status: Adjourned

Committee in Attendance:

Council President Elana Pirtle-Guiney, Vice Chair

Councilor Steve Novick

Councilor Mitch Green

Councilor Candace Avalos

Councilor Eric Zimmerman, Chair

Councilor Zimmerman presided.

Officers in attendance: Rebecca Dobert, Acting Council Clerk

Committee adjourned at 1:46 p.m.

Regular Agenda

1

[*Approve the Mt. Hood Cable Regulatory Commission FY 2025-26 Fund Budget](#)(Emergency Ordinance)

Ordinance number: 192078

Document number: 2025-227

Introduced by: Mayor Keith Wilson

City department: Planning and Sustainability (BPS)

Time requested: 25 minutes

Council action: Referred to City Council

Motion to send the Ordinance, document number 2025-227, to the full Council with the recommendation that it be passed: Moved by Pirtle-Guiney and seconded by Novick. (Aye (5): Pirtle-Guiney, Novick, Green, Avalos, Zimmerman)

2

[*Adopt the Supplemental Budget for the FY 2024-25 Over-expenditure process and make budget adjustments in various funds](#) (Emergency Ordinance)

Ordinance number: 192074

Document number: 2025-228

Introduced by: Mayor Keith Wilson

City department: City Budget Office

Time requested: 30 minutes

Council action: Referred to City Council

Motion to send the Ordinance, document number 2025-228, to the full Council with the recommendation that it be passed: Moved by Pirtle-Guiney and seconded by Novick. (Aye (5): Pirtle-Guiney, Novick, Green, Avalos, Zimmerman)

3

[*Authorize a temporary operating loan from the Solid Waste Management Fund to the Recreational Cannabis Tax Fund of not more than \\$800,000 to provide interim funding for approved carry-over allocations and avoid negative fund balance at fiscal year-end](#) (Emergency Ordinance)

Ordinance number: 192075

Document number: 2025-229

Introduced by: Mayor Keith Wilson

Time requested: 10 minutes

Council action: Referred to City Council

Motion to send the Ordinance, document number 2025-229, to the full Council with the recommendation that it be passed: Moved by Novick and seconded by Pirtle-Guiney. (Aye (5): Pirtle-Guiney, Novick, Green, Avalos, Zimmerman)

4

[*Adopt solid waste and recycling rates and fees for franchised residential collection and the commercial tonnage fee, effective July 1, 2025 \(amend ENN-2.09 and ENN-2.10\)](#) (Emergency Ordinance)

Ordinance number: 192079

Document number: 2025-230

Introduced by: Mayor Keith Wilson

City department: Planning and Sustainability (BPS)

Time requested: 20 minutes

Council action: Referred to City Council

Motion to send the Ordinance, document number 2025-230, to the full Council with the recommendation that it be passed: Moved by Pirtle-Guiney and seconded by Novick. (Aye (4): Pirtle-Guiney, Novick, Avalos, Zimmerman; Nay (1) Green)

Portland City Council, Finance Committee

June 9, 2025 - 12:00 p.m.

Speaker List

Name	Title	Document Number
Eric Zimmerman	Councilor, Committee Chair	
Rebecca Dobert	Council Clerk	
Elana Pirtle-Guiney	Council President, Vice Committee Chair	
Steve Novick	Councilor	
Mitch Green	Councilor	
Candace Avalos	Councilor	
Christopher Herr	Council Policy Analyst	
Andrew Speer	Franchise Utility Program Manager	2025-227
Douglas Imaralu	BPS Finance Analyst	2025-227
Julia DeGraw	MHCRC Chair	2025-227
Councilor Loretta Smith	(Testimony)	2025-227
Eric Engstrom	Director, Bureau of Planning and Sustainability	2025-227, 2025-230
Ruth Levine	CBO Director	2025-228; 2025-229
Anthony Locke	Budget Analysts	2025-228; 2025-229
Kevin Machiz	(Testimony)	2025-229
Eben Polk	Solid Waste & Recycling Manager	2025-230
Kari McCullough	(Testimony)	2025-230

Portland City Council Committee Meeting Closed Caption File

June 9, 2025 – 12:00 p.m.

This file was produced through the closed captioning process for the televised city Council broadcast and should not be considered a verbatim transcript. The official vote counts, motions, and names of speakers are included in the official minutes.

Speaker: I'm going to call the meeting of the finance to order. It is Monday, June 9th at 1203. Clerk, if you could please call the roll.

Speaker: Pirtle-guiney here.

Speaker: Novick here. Green. Here. Avalos. Present. Zimmerman.

Speaker: Here. With that, christopher, can you please read the statement of conduct? Thank you.

Speaker: Welcome to the meeting of the finance committee to testify before this committee in person or virtually. You must sign up in advance on the committee agenda at. Agenda finance committee or by calling 311. Information on engaging with the committee can be found at this link. Registration for virtual testimony closes one hour prior to the meeting. In person. Testifiers must sign up before the agenda item is heard. If public testimony will be taken on an item, individuals may testify for three minutes unless the chair states otherwise, your microphone will be muted when your time is over, the chair preserves order. Disruptive conduct such as shouting. Refusing to conclude your testimony when your time is up, or interrupting others testimony or committee deliberations will not be allowed. If you cause a disruption, a warning will be given. Further disruption will result in ejection from the meeting. Anyone who fails to leave once ejected is subject to arrest for trespass. Additionally, the committee may take a short recess and reconvene

virtually. Your testimony should address the matter being considered. When testifying, state your name for the record. If you are a lobbyist, identify the organization you represent and virtual testimony. Testifiers should unmute themselves when the clerk calls your name. Thank you.

Speaker: Great. So today, colleagues, we've got a few items here. The budget for the mount hood regulatory commission, the over expenditure ordinance and solid waste management fund loan, as well as solid waste recycling rate, solid waste recycling rates. Coming forward with that, I'm going to have the clerk please read item one.

Speaker: Approve the mount hood cable regulatory commission fy 20 2526 fund budget.

Speaker: Great.

Speaker: Andrew, as you and your team come forward, i'll let you get started and take it away.

Speaker: Hi. Good morning, finance committee. My name is andrew spear and I'm the franchise utility program manager within the bpd. I am joined today with our finance manager for mh and also the chair of the commission. And I don't know if I see her online, actually. Is julia degrow on the zoom by chance? All right. Well.

Speaker: We'll keep an eye if she pops on and she's got something you need.

Speaker: We'll go. She had. Some introductory introductory remarks, but we'll go ahead and get started. Good morning, everyone. And I just have a short presentation and we'll run through about eight minutes of slides and then happy to take any questions. All right. And I just wanted to recall the committee. I was just here for the approval of the of the comcast franchise agreement. And so some of this information is should be familiar. But we're presenting the budget for approval by the jurisdictions of the mhc. And so this is just an annual process that we're back

to each city for. Again just to familiarize yourself the mission and the work of our commission and what we do. It was formed in 1992 between an iga of the cities listed on the last bullet. We've been operating and facilitate the franchising work, which we brought to you last month. So franchising agreements and then cable compliance within the franchise scope. But we also do grant making as part of the commission's work, issuing of grants out to community groups and programing that makes its way onto the peg channels. And with that, i'll turn it over to douglas to introduce himself and then also present the remaining slides.

Speaker: Good afternoon, council members. My name is douglas. Marylou for the record, macaque finance manager and also the budget and finance lead for the company. So this slide, this slide presents a high level summary of some important components of the annual budget process. The commission's budget is required to be approved by all seven member jurisdictions. Resources for the commission are primarily derived from franchise fees, revenues, and also public, educational, and governmental fees, otherwise called peg fees. Typically, the macaque fund budget includes operating expenses, community media center grants, and other grants made to community organizations. The budget process also includes strategic planning. Next slide. On this slide, we summarize the fiscal year 26 fund budget with some numbers. In fiscal year 26. Total fund revenues is estimated at \$4.7 million. Beginning fund balance is projected to be \$6.3 million, making a total of just over \$11 million in resources. Compared to the current fiscal year. Revenues are projected to decline by about 770 \$773,000, which reflects continuing franchise fee decline. As highlighted in the previous slide, the fiscal year 26 budget process includes strategic planning focused on addressing industry changes and the continuing franchise fee decline. This process has been more pertinent in this year, considering those circumstances. However, revenue sources remain constant, but

subscriber subscriber count continues to decline in all jurisdictions. Just an example to show how subscriber counts continue to decline in calendar year 2022, it was at 100,000 subscriber counts. In 2023 it was 88,000, and in 2024 75,000. So there's a consistent decline in recent years. Next slide. This slide breaks down the different revenue categories for the fund budget starting with the most important ones franchise fees and peg revenues and other nominal sources. We'll start with the franchise fees, which are based on a percentage of cable franchise gross revenue. Cable providers gross revenues. I beg your pardon? It funds operating costs and commissions. And the commission for the commission and the cmc's. The cmc's are the community media centers to community media centers are open. Signal and metro east open signal, I believe, is covering today's activities. Those dollars also pay for the cost of coverage and production for government meetings like this. My colleague andrew, as I mentioned earlier, recently made a presentation to you guys to the commission. I beg your pardon, highlighting the correlation between franchise fees and subscriber count and how if subscriber counts keep going down, franchise fees also will keep going down. We also have community media centers providing resources and support for production and distribution of community based media programming. Talking a little bit now about peg fees, which are the other major source of revenue. Peg fees, on the other hand, are designed to be allocated to open signal and metro east. They are designated annual capital allocation going to things like capital payments and also capital maintenance. Fees represent 2.5% of cable providers gross revenues dedicated to supporting local community, media and technology access. The cic also derives revenues from operating budget appropriation, so these operating budget appropriation is a combination of the city of Portland's annual special appropriation to the mcrc, and also the east county jurisdictions contribution to annual operating costs. There are

also other components of the budget, which includes the commission's interest fund, which has recently been yielding really well in the last few years, and also other carryover balances. This supplements the fund budget. Next slide. On this slide we summarize fund expenditure categories in fiscal year 26. Budget expenditure includes franchise fees disbursements which represent quarterly transfers to general fund of each respective jurisdictions. Also, the macaque operating costs, which accounts for costs associated with staffing, legal compliance and also other things that we do at the cic. The staff needs to engage in administrative costs, so to speak. Community media expenditure, which draws from franchise fees and peg revenues to fund the operating costs of the cmc's. Again, the cmc's are the community media centers opensignal and metro east and their capital needs. These cmc's provide services including gavel to gavel coverage of council meetings, open signal for the Portland council meetings, and metro east for the east county jurisdictions. While the commission staff manages the contract between opensignal and the city of Portland. The commission also plans to invest about \$1 million in community grants to support local nonprofits and other educational and public access media projects. Next slide. On this slide, we go into a little bit of the details of the fiscal year 26 community media disbursement. A total of \$1.6 million will be allocated to metro east, 699,000 to operations that pays for personnel, media coverage and production, admin and other associated costs 977,000. To address capital needs, including purchase of equipment, capital projects and maintenance, a total of \$2.4 million will be allocated to opensignal \$1.4 million for operating costs. At this point, it's important to note here that the mcrc manages a grant agreement between opensignal and the city, and that accounts for the operating costs. I believe this council is familiar with that process as well. This includes increased costs for fiscal year 26, the amounts that will be allocated to

opensignal includes increased costs for the fiscal year 26 budget to account for the expanded Portland City Council gavel to gavel coverage and committee meetings. Opensignal also will receive a little over \$1 million in capital allocation in fy 26. All of these numbers are represented in slide four. And at this point, I will pause and turn it back into the hands of andrew to walk us through to the end. Thank you.

Speaker: Thank you douglas. So just wanted to highlight a few things. Douglas mentioned the continued carryover from a \$1 million in the budget for community technology grants. So the last two years the commission has been able to fund at that level, which has been great to see. And you can see a little bit of the demographics of the community organizations that we've served below in the titles there, and I just wanted to highlight a few of the names of the grantees. Black men in training, indigenous media guild, imagined black futures, alberta house and pcc, Portland community college, to name a few. Diverse cross-section of grantees. And again, those grantees film content and then are able to provide that content onto the peg channels for airing and also included on the community media centers websites. Douglas covered a little bit of the impacts of what we brought forward last month with the comcast franchise agreement that was built into the budget. For that, we are seeking approval on. I just want to highlight that, you know, as cable revenue and then subscribers continue to decrease, that's impacting the overall commission's budget and revenue that we receive. And then all the jurisdictions franchise revenue as well. So you have the two parts, the peg fee and then the franchise fees. Again, the peg fee did decrease slightly a half percent. And that was built into this year's budget for the commission for the capital that goes to the community media centers. Alternatively, like the east county jurisdictions are seen ziply fiber remove themselves from the cable market. Also, ziply is continuing to provide fiber service, but for those jurisdictions, Portland is not served cable

through ziply, so it's not impacting Portland, but just from a geographic stance of where mxq covers. We're seeing that across the district. And so what are we requesting from this committee today? We're requesting approval or recommendation to the council to approve the budget for fy 2526. And we just wanted to highlight that. Also, you can find more information on the commission's website, which is an annual report. Normally, our annual report would go out to the jurisdictions with this budget approval. But we ran a little behind this year. And so it's on our website currently. And I did see that our chair, julia degrow, just joined, and I wanted to pass it to her to see if she had any remarks.

Speaker: She'd like to. Julia, if you've got a couple minutes, please.

Speaker: Thank you. I apologize about missing the start of this. It was. I had a work meeting go over time and it's just middle of my work day. But thank you again. My name is julia degrow. And thank you, chair and the committee for the opportunity today to talk briefly and make some remarks about the mount hood cable regulatory budget. So yeah, thank you very much. So I serve as the city's appointed representative on the mount hood cable regulatory commission as well as chair of the commission. And I'm here on behalf of the commission to recommend approval of the crc fiscal year 20 2526 budget. I'm joined, as you can tell by the crc staff who just made their presentations today. The cable franchising has and continues to be despite the drastically changing technology landscape, the only regulatory mechanism by which the local jurisdictions have to negotiate with cable providers over their use of the public right of way for delivery of their for profit services. The crc jurisdiction jurisdictions are served by two community media centers, open signal and Portland in Portland and metro east community media center in gresham. They serve our communities in a multitude of ways that include providing live gavel to gavel coverage of our City Council and county board meetings, budget

hearings, and community engagement sessions. They create real, accessible, culturally responsive pathways for our communities to community members to engage in civic discourse. And they provide engaging, culturally diverse video content and teach individuals how to use multimedia technology to express themselves through the fees collected from the franchise. Agreements the commission provides the community media centers with the operational and capital funding support that they need to provide these unique services to our city, governments and communities. I would like to also highlight for the City Council members today, the two processes, two process points with you. The commission voted unanimously to recommend approval of the fiscal year 2526 budget at our meeting on may 19th, and fairview and Multnomah County have already approved the budget as presented last week. So I just wanted to again express my gratitude. I serve on this commission because of my personal, deep passion for community media and supporting the attempt to, you know, reduce the digital equity divide that we have in our, well, in our region, but also just across this country. And I really appreciate this opportunity to present to you today and take any questions you might have.

Speaker: And, chair, that concludes our presentation.

Speaker: Great. Thanks, everybody. I look to colleagues, if there are any questions or discussion.

Speaker: That's a great.

Speaker: Oh, councilor green go ahead.

Speaker: Thank you, mr. Chair. And thanks for presenting today. Andrew and julia and others. My question is there was a slide that mentioned operating revenue source being from the city of Portland, are the other jurisdictions. Is there like sort

of a pro rata formula rate where the other jurisdictions also contribute to the operating fund, or is it just Portland?

Speaker: I believe the question was what the other jurisdictions, the east county jurisdictions, contribute to the operating budget of the macaque?

Speaker: Yeah. Pro rata.

Speaker: Yes. So the city of Portland, via a special appropriation yearly allocates an amount of money. I think it's about 65% of the operating budget of the macaque. And the east county jurisdictions provide the other 35%, I think, I believe this year's allocation, next year's allocation. I beg your pardon? Fy 26 for the city of Portland was 355,622.

Speaker: Okay, that is helpful. And that was my only question. Well, my other question was already answered by julia, which is if other jurisdictions have already approved this budget, and I would just urge us to prove this, colleagues.

Speaker: And I should note, we're presenting to city of wood village tomorrow night. Also.

Speaker: Great looking to others. Do we have any public testimony on this item?

Speaker: We do. We have one person signed up, councilor loretta smith.

Speaker: Okay.

Speaker: You may need to answer my question.

Speaker: Good morning. Chairman and committee members. I am councilor loretta smith for the record, and thank you for your time. I signed up to testify this morning because my staff couldn't answer my questions about what was going on in in the committee as it related to the mhc. Our and my question was, I wasn't quite sure because we approved the budget already with their particular mark in it. And I looked and it said that they're getting an extra special appropriation for 300. 300 and some odd thousand dollars.

Speaker: I think you're talking about the 355 622.

Speaker: Yes. And so that's why we're here today. And I was wondering, I said, okay, so is this a amendment to our budget that we've currently we've already approved it. So I don't know how we're doing a special appropriation through the finance committee. And before I would say that I would that I could support or. Not support this if this was going to be put on the City Council as a separate agenda item and not buried in our budget, kind of, you know, all of what we do. And so that was that mine is kind of a statement. I like what we're doing. I appreciate it, but this sounds to me like this is a budget amendment. And I wanted to find out why didn't the mayor request a budget amendment to his budget? Because we've already approved the budget.

Speaker: Great.

Speaker: I know you're saying great, but that is that is this. That's what I would like you to. To discuss with your committee members during this time period, so that we could understand, so that I could know how to better look for it if it's going to be coming to the big council.

Speaker: Okay.

Speaker: Thank you.

Speaker: Thank you. Any other public comment.

Speaker: That concludes testimony?

Speaker: Great. I'm going to have ask andrew and douglas come back up. But I I'm going to reframe that because I think I can answer the question that was posed in public comment by councilor smith. And I know that our cfo is in the office in the audience as well. I believe that the special appropriation, this 355 has already been accounted for in the city's portion of the budget that we approved on 21st may. So this is not a new allocation that we're talking about. This is the approval at this level

as part of our intergovernmental intergovernmental agreement, along with the other cities who will all receive this same presentation. And so what we're noting with the \$355,000 is a, I will call it, a point of information for the Portland City Council that this is our contribution. But ultimately, we're reviewing their entire budget as a signatory to them as a, as a as a partial government organization. Eric, you've stepped up to the dais, have I have I categorized our action correctly and that this is not new money as an amendment today. This is actually a budget hearing for mount hood regulatory commission.

Speaker: For the record, my name is eric engstrom, the director of the bureau of planning and sustainability, which includes the mount hood cable regulatory program or where it's housed. Your understanding is correct. The city is. The city's budget already includes the city's contribution to the mount hood cable budget. So that's not at issue or an amendment. This is simply a hearing on the overall mount hood cable iga budget, which each city has to also sign off on.

Speaker: Great. And if any one of the cities were to not approve the budget is there, what is the mechanism within the iga between all those? What is its impact for the actual regulatory commission?

Speaker: I believe if one of the cities fails to adopt the budget, there's a fallback position of last year's budget minus a certain amount that we would operate on until we could get approval for budget.

Speaker: Okay. And if this Portland City Council, since we're still in the midst of our budget season, if we were to take action, that changed the \$355,000 allocation that we make as a partner. Does that trigger the regulatory commission having to come back with a new a new budget for approval? Or how would we how would we address that as a signatory to that if we didn't contribute? What what they're planning on getting, at least in the documents.

Speaker: The commission, the other contributions from the other jurisdictions are attached to the amount we contribute. It's a percentage. So that would trigger a change in the commission's budget. And they would probably have to go back and look at that as a commission.

Speaker: Okay. I asked those questions, hoping that they clarified some of the questions from public comment that this is not a new special appropriation. I'm making the assumption, but maybe you can verify that this is similar in some percentage of what was what was provided last year and previous years. Has it been growing by a certain percentage point over the years?

Speaker: It's the same formula that the commission has used in the past. Okay. And the amount the city contributes is it follows the inflation. But it also has a provision for being stable if the city is making budget cuts.

Speaker: Okay. Thank you. Given that discussion I'm looking to colleagues. If there is any other questions or comments, given any of the public testimony or things you've heard from staff at this point. Okay. With that, I would certainly entertain a motion to send this or excuse me to approve this and send it to the full council.

Speaker: So moved.

Speaker: Second.

Speaker: So councilor pirtle-guiney moved and councilor novick seconded. If we could go ahead and call the.

Speaker: Pirtle-guiney i.

Speaker: Novick I green.

Speaker: Hi avalos. I zimmerman.

Speaker: I the motion carries the ordinance to approve the mount hood cable regulatory commission fy 2526 fund budget will move to the full council with the

recommendation that it be passed. Thank you andrew and doug and julia for being online. We can read we can read item number two, please.

Speaker: Adopt the supplemental budget for the fy 20 2425 over expenditure process and make budget adjustments in various funds.

Speaker: Okay, colleagues, I've asked the budget staff to come on up and a couple of things since this is be our first experience with an oboe, to give us a little bit of what is it? And then also walk us through the authorizations that will happen with this first one for us as a council. And with that ruth and team, you can take it away.

Speaker: Great. Good morning. Sorry. Trying to get the slides up.

Speaker: Good afternoon.

Speaker: I'm ruth levine for the record. The city budget office director, and we're here today to talk to you about the over expenditure ordinance. This is a budget action. It's the last supplemental budget action of the fiscal year. And it really is very. Sorry, narrow in purpose. We're just pulling up slides and is basically to make some final technical adjustments and ensure that all funds and the year in balance. So. Okay, so it is focused on fund and bureau level over expenditures. And then there's a couple interfund loans that we typically do to make sure that we don't end with a negative cash balance in any fund which is not allowed. So we are going to this morning, I'm going to just I have like two slides. And then we're going to walk through the exhibits two a and two, which are the fund change memo to collectively the fund change memo. And we're not going to go through line by line. We'll just highlight a few items and answer any questions you have. So the interfund loan that we're doing in this year's overexpenditure ordinance is between the recreational cannabis tax fund and it's coming from the solid waste management fund. This is the second year that we've done an interfund loan to the recreational cannabis tax fund. And the basic reason that we're doing it is on this slide. Which is

that the essentially the revenues and the fund are insufficient to cover the allocation, the expenses. And the reason for this, I won't get into like the full history, although happy to provide it to anybody who's interested, is that this was a new tax in 2014, I believe, and the revenues ramped up fairly quickly, and there was a large amount of one time available funding because the revenues kept exceeding expectations in the 2018 years. And that left us after in in 2022 with a very large one time allocation for the reimagined Oregon project, which is now managed out of prosper Portland. And it happened to all of that sort of underspending accumulated City Council allocated it as sort of carryover, essentially. And so it was adding up every year. There was an underlying ongoing allocation, and then a big one time allocation that added up to one big, essentially a bump in the snake. At the same time that we got that large bump in the snake, our recreational cannabis tax revenues, in the sort of post covid market crash, started to decline pretty significantly. And that left us that left the fund in a difficult position. So we have been managing it. And so this is like I said, I think this is the last year where this we will be in this situation because that bump that we're getting through, the bump in the snake, they're spending down the money. And so what we've done is sort of just moved out. Some of the expenditures that were one time in nature into later years. And we've taken these this this would be the second year that if council approves that we would take a loan to just cover this year. We repay it the next year. So. That's that's the gist of the action that's happening in the overexpenditure ordinance. So essentially we have to recognize the funds right now in the eo. And then it gets and then it's already budgeted for next year to be repaid. I know it's kind of confusing and technical, but happy to answer any questions about that. Before we move on to the other changes.

Speaker: I want to I want to just make sure that we're all tracking. So this is. Document number two, two eight. But we're also kind of bleeding into 229 here which is the next action. Yes. Sorry. In this explanation. And I'm looking at colleagues I've got some hands up. So let's go to colleagues. Councilor pirtle-guiney please.

Speaker: Chair, would you like to take questions on this piece of it, the loan under item three. Or should I ask that question now because I did have.

Speaker: I think we should go into this now. Yeah.

Speaker: The way that you explained this loan sounds to me like we are perpetually one year behind on collecting the revenues for the programs that we're expending toward. Is that accurate, or is this a loan that we will eventually not have to make because we will catch up from the funding bubble that we're dealing with?

Speaker: Yeah. Good question. I our expectation you can see it in the forecast in that third column with the purple and blue is that this is the last year we will need this loan because they have spent down this big one time amount. They will have basically spent that down. And they'll be on their their sort of ongoing amount. And so we will have caught up in a sense.

Speaker: And this is a one year loan or less than one year loan that will be paid back in full in this year. So we're not going to have any with interest. So we're we're not going to have any tail from this that we have to worry about somehow covering in the next budget cycle. Is that correct?

Speaker: It is. That's correct. It's already budgeted to cover it basically. The other thing I did want to mention is a couple of things. Just to give you context, we've been taking ongoing cuts to the allocations within the recreational cannabis tax. You've seen a couple of those come up in the budget process. So that's part of how we're managing this lower level of revenue. And then there was also a budget note

a couple of years ago to institute a reserve policy for this fund. So when the fund was created, it was done. So without a reserve policy and, and really turns out to be a fairly volatile revenue source and really should have had one. And if we had had it, we probably wouldn't be in this situation. So the problem is that budget note came at the same time that the revenues declined. And so we need to kind of wait until we stabilize, and then we can institute the reserve policy so that we don't get into this situation again with this fund going forward.

Speaker: Got it. Thank you for that explanation.

Speaker: Yeah. Thank you.

Speaker: Couple of questions. So this process of us doing it here, is it just so we're setting it up for tomorrow when we like I guess I'm having trouble understanding the sequencing of us doing it here. Can you explain that a little more?

Speaker: Thanks. And i'll, i'll try and then make sure that if ruth's got anything to correct. So this would move through finance as an emergency ordinance and with recommendation to the full council as emergency ordinance, so that it then can be acted upon in the or that we would adopt it as a supplemental budget for the current year that we're in. It's not part of our it's not part of our new budget that we've been debating over the last few weeks to the overall point. And the reason it's a little confusing, because we're talking a lot about the cannabis thing, which is actually item three. But the eo, right, that overexpenditure item, we have to end our year with everything balanced, meaning even if an organization or one of our funds is not going to spend all its money, we have to note that in the budget to say it's not going to be spent and that it's being directed into future years, but that has to happen as like our last supplemental budget of the year before we pass the new budget and before we end the June 30th timeline. And I'm going to hand it to ruth to maybe make that more clear. And if you could spend a second for the action

relative to this loan, because I think we have really combined these two topics, that is becoming confusing right now. But this recreational cannabis loan and how it relates to the eo.

Speaker: Yeah. Sorry. So yeah. So that's right. It'll come as an emergency on June 18th. And the loan itself is both reflected in the eo because it is sort of a budget document. So we have to reflect the actual revenue from the loan. And it comes as a standalone item for council to approve the loan as an interfund loan, the same way you would any other loan. It comes as an ordinance. So it is both a budget action and a separate ordinance.

Speaker: Okay. And then as it relates to how and I'm still talking about the eos, I guess I'm let's see, how do I ask this question. It was my understanding that for us to take any excess dollars, whether it was our offices or I guess, any bureau, it has to have a specific purpose or like be detailed into what the purpose is. It was not my understanding, though, that we could just take dollars and just put them back in our own budget for general use. Do they have to have a specific thing? I'm speaking to councilor smith's amendment, it seems like, or her eo, that it is just to put the extra money into her next budget on a one time, but it doesn't. It's not clear to me if it's for a specific purpose like the others are. The others are like it's going to pbot or it's going to this program or whatever. So I just, I guess, want to get clarity if that's the case. I was under the impression that we could not just take excess money and put it into our next budget for general expenses. Is that the case or no?

Speaker: Councilor do you mind? So I think, ruth, you might have more slides relative to the other aspects of the eo, and maybe we move off the cannabis aspect right now because i, I would also like to get into that, if you wouldn't mind, if we delay the question and answer for a second.

Speaker: Sure. I guess. What do you mean is that.

Speaker: There's more to this presentation that's going to talk about the rest of the eo. We've gotten off into the cannabis piece here, and I'd like to put the cannabis topic on the back table right now and move into the main part of the eo. Let's get through that part of the presentation. And then I'll make you the first question. And I think we'll see some more information about the other eo expenditures so we can get to the heart of yours. Okay. I hope that's fair. Yeah. Okay. Thank you. Ruth, why don't we talk about the eo instead of the cannabis for a minute? Sure. Thanks.

Speaker: Sorry. So I'm going to hand it over to anthony. So just for your tracking, these are the exhibits that are attached to the ordinance itself. There are two a and two. Go ahead.

Speaker: All right. For the record, my name is anthony. I'm an analyst in the city budget office and serve as the city's supplemental coordinator. So as ruth mentioned before and as the slide mentioned, the overexpenditure ordinance typically occurs during June and is narrowly focused on addressing over expenditures at the fund level and major object level. And as we'll walk through, you're going to see numerous different kinds of technical adjustments represented in this ordinance. So we'll start by walking through exhibit two a, which notes all of the general fund changes that have been made that are being proposed in this ordinance. And then we'll walk through the other funds, which is an exhibit two b, which ruth will pull up in a moment. So you'll see a number of technical adjustments represented here. You'll see bureaus recognizing additional revenue. So whether that's tax receipts, tax receipts or interagency revenue, you'll see bureaus drawing from contingency to prevent overexpenditure in their budgets. You'll see bureaus chewing at fund balances. And you'll also see a recognition of grant revenue, which also requires a supplemental budget. So let's start by looking

at exhibit two a. One of the reasons why we have the eo is to prevent over expenditures. And in past years there have sometimes been instances where we would need to draw from our unrestricted contingency because something comes up at the end of the year in a general fund bureau, and we need to cover those costs with that. So the eo would be a place for us to capture any last second costs that can't be covered within the bureau. And in the past, we've also allocated a policy set aside. So, for example, we've had the public safety set asides and. We've left it to the eo to see whether or not those resources need to be drawn upon because of end of year projections. So you'll see there in that first note on exhibit two, a, that there are none of those requests in this eo. There's no we're not proposing to draw on unrestricted contingency. And there's no policy set aside requests that we're drawing upon to fund any end of year activities within the bureaus. And you'll see here on the screen that we do have some general fund program carryover requests. And so typically these are requests that are made in the spring. But we've made an exception this year to allow council budgets to appropriate general fund in the current year and to allocate them toward. Initiatives that they might have in fiscal year 2526. And so this is the primary intersection between the eo and the adopted budget that we'll be discussing over the next two days. There are a number of requests here that you see that, as councilor avalos just highlighted. There are a number of councilors who have appropriated current year underspending and are looking to reallocate that to specific initiatives in fiscal year 25, 26 and then beyond the general fund carryover request. And we'll happy to take questions on the general fund. There are really minor technical adjustments. You'll see internal transfers. You'll see. Adjustments being made so that bureaus at the major object category level are not overspent.

And so those those represent the general fund changes that are being that are included in this ordinance. Happy to answer any questions.

Speaker: Okay. With that i'll go back to councilor avalos if you want to ask your question again.

Speaker: Yeah, I guess my understanding when we were talking about any extra dollars from our office budgets was that there were it could go back to the general fund, or it could go to a specific something about this year specific thing and then a next year specific thing. So I guess I'm just trying to understand are, is that a general practice that councilors can take any extra money that they have in their budget that's projected and put it into their next year budget? Is that a general.

Speaker: So typically the way we handle what I would I would call that kind of a program carryover, where normally if you think about it, if it were a bureau, if council allocated a one time amount to a bureau to do something and they say, hey, we didn't get this done this year, we need to carry it over into next year. We would and would go from that bureau into that same bureau the next year. That is generally allowed. We typically do those in the spring, and generally the policy has been that if it's if you have an ongoing amount for that same thing that you don't get to carry over your one time. All of these are choices, though, that council can make. So there's no like, reason why you couldn't choose as council to take money that was budgeted in the current fiscal year into next fiscal year, if you so choose. It's just a matter of kind of what are the what are the what's the policy and guidance that that this body wants to have?

Speaker: Yeah, I guess my concern about it is that I felt like we were explicitly said that that was not the purpose of this process. So I guess I'm just trying to understand it sounds like you're saying there is no direct policy, but there was clearly a practice that was communicated to us when we were talking about oios in

general. I don't know, I guess I'm trying to gauge, like, am I off here or is there something I'm confused by the request.

Speaker: So I'm looking at the I'm not even sure what exhibit it exists. It is, but it's the list. It's a table of a number of items and it's got a table of bureau program expenses, a few more and then an explanation of notes. And these are a variety of different types of funds. I was wondering if we can go over some of those to just do some comparison of how things fit in together. And unfortunately I don't have it labeled, so I'm not sure what exhibit it would qualify under if it maybe it's to be councilor.

Speaker: So you're looking at the fund change memo where there's a number of changes and then okay. Yeah, that's the exhibit to be great. So. Yeah okay. There. So okay. So yeah we can we can talk about exhibit two b and then we can circle back to address any general fund questions or questions related to exhibit two b. So exhibit two b highlights any adjustments made outside of the general fund. And so typically in our communications we'll split up to a to b because there's always a particular interest in the general fund. And we have this other.

Speaker: Let's do line 223. For instance I see arts education and access fund \$1 million. Just let's explain how that goes versus one of the further one. Further down ones has a red number. Can you just describe how you're using this table to tell us a story.

Speaker: Yes. One. Give me one moment because my copy doesn't have the red.

Speaker: Let's see.

Speaker: Yeah yours will have parentheses. That'll be the red okay. Yeah.

Speaker: So anything with the parentheses represents, as you all know, a reduction to a. And so you see the major categories on on top on the top row. So bureau program expenses that would be like personnel external material and

services internal material service costs. So any adjustments there would be reflected there. Interfund cash transfers would be reflected in the next column. And then adjustments to debt service. And then finally on the far right there are adjustments to contingency. So. We've discussed the eo is intended to make sure that there aren't any expenditures at the in the bureau program expense categories. And so you'll see adjustments made, particularly from contingency, to be moved to help cover some of those expenses.

Speaker: So if I'm reading line 223 arts and education access fund bureau program expenses, \$1 million, and then everything else is zeroed out thereafter. And I read the note, it says funds from a city partner were returned to the office of arts and culture for the percent for arts program, to be administered by bureau staff and then allocated to appropriate programs. Am I reading this to say that the arts and education program has an additional \$1 million that they're executing in the current fiscal year, or that they are receiving an additional million that they'd like to carry over into the future year. What are we what are we saying with this document? Because this has got to tell a story. And that's not quite clear yet.

Speaker: It would be the former comment that you made so that the, the, that fund has an additional 1 million and change to expend in the current year.

Speaker: Okay. And in the case of line 401, a local improvement district. Now there's something there with about \$3.4 million in a debt service, but then a negative figure of 1.8 million. What story am I understanding with respect to the local improvement district? When I read this line as part of their oyo?

Speaker: So you'll I'm trying to think if there's anything to say beyond what the note includes there.

Speaker: I think they basically just had additional debt payments to make, so they had to budget more in the debt payment category, and they're drawing more from contingency to back that. Got it.

Speaker: Okay. Councilor pirtle-guiney.

Speaker: I want to make sure I'm not more confused with this line that you're going down with the previous line that we were looking at. Two, two, three, the arts education and access fund. You all said that they have 1 million more this year. We're sitting at June 9th. Do you mean 24, 25 or do you mean 25, 26? When you say, this year.

Speaker: This is all 2425 changes?

Speaker: So the arts education and access fund spent a million more than had originally been budgeted in 24, 25. And the what were we looking at after that? The local improvement district fund has 3.4 million more in debt service to cover than they were originally budgeted for, and they are covering that by pulling an additional 1.7 out of contingency, because those both seem like negatives to me, and one is in the black and one is in the red.

Speaker: So yeah, the one in the black is just increasing their debt service. Like these are the these columns align with the appropriations schedule. And so it's increasing the appropriations in the lid fund debt service. And it's decreasing appropriations in the lid fund contingency.

Speaker: Because money was pulled out of contingency to pay for that increased debt service.

Speaker: In part.

Speaker: Presumably, though, we don't see the actual transfer here. So on this document, black means it's an increase in funding authority and therefore presumably an increase in what was paid for, which was presumably approved by a

council, perhaps the last one. And then the red is a decrease in the number on their balance sheet, meaning there is less money in that account or less money approved to be spent there.

Speaker: That's right. Yeah.

Speaker: Thank you. I'm sorry for needing it spelled out so clearly.

Speaker: No, it's quite helpful. Right.

Speaker: So just real quick for, for example, for the arts education and access fund, what's happening here is that the regional arts and cultural and culture council are giving money to this fund this year.

Speaker: Great. Got it. And so last year, when the former council adopted a budget in June, they said, hey, this fund arts and education access fund, here's your number. And given the fact that they received a grant from rack, that was \$1 million more, they now need to have an appropriation to be able to spend that. Because even if it's in the bank account, you've got to identify what you're going to spend it on.

Speaker: That's right. Yeah.

Speaker: This appropriated aspect is the crux here. And this is the technical part, colleagues, that is important. We've got to close the books technically saying what people and programs have been allowed to spend and technically saying where we had savings. And I think that's an important aspect. It doesn't necessarily get to the heart of the carryover conversation. So I'd like to shift the conversation a little bit back toward the carryover. Ruth had noted. Some programs have said, hey, we have this thing we hoped to do. We didn't get it completed in the current fiscal year, but the work continues into the next fiscal year. And that might be one reason where aa1 time expense into a new fiscal year could be appropriate. And that's, I think, a slightly different use of oyo in terms of the truing up of the end of the

checking. This is balancing the checking book for a lot of it. And then there's a little bit of why send money back to a beginning fund balance when you've got the project partway through and you're getting some head nods? It looks like you agree, at least generally, with how I'm describing it.

Speaker: Yeah, yeah.

Speaker: Typically general fund carryover is for one time general fund appropriations that council has made in a previous year. So it would be to continue those types of projects. And as Ruth mentioned, if a bureau that is funded by the general fund has underspending the practice that the city is that the money would go to beginning fund balance as opposed to being carried over for whatever purpose they would like to use for that underspending.

Speaker: Thanks. Other questions from councilors on the committee.

Speaker: I guess process wise, I'm a little confused on like it seems like item. We've been talking about item two and three, but we're going to vote on them separately.

Speaker: We are. Ruth, actually, can you take a minute just to you obviously had a reason why you why we wanted to talk about the cannabis piece in oyo. Can we highlight directly to that why these two seem to be quite linked in this presentation?

Speaker: Yes. So basically, if we don't do the cannabis loan in the eo, we might not have enough money to pay the bills by the end of the year. So this has to be done in the eo. And they're just linked because just essentially the ordinance is giving sort of the authority to actually execute the loan itself from, from the from solid waste management to the recreational cannabis tax. So the purpose for it is entirely budgetary in nature. It's so that we don't run out of money, which is one of the main purposes of the eo. And the item three is just kind of the like, follow along ordinance to give us the authority to actually do that.

Speaker: Okay. Going back to the cannabis ordinance, in particular, the slide, I will say it remains actually unclear to me even that that slide in the documents that support it. When expenses are lower than the revenues, the need for the loan remains unclear to me. I'm particularly looking at the purple boxes and in the 2526. Seems like a higher, slightly higher box than the expenses boxes. So if we can be very clear about what is the purpose of a loan from the waste treatment fund.

Speaker: Yeah, I think maybe the thing I didn't say is that the these revenues actually come via the state. So these are taxes on Portland cannabis businesses, but they run through the state back to us and we receive quarterly payments. And the last quarterly payment comes in either June or July. And we don't actually know what it is. So we're trying literally today to call them and try to figure out what the number is. But so there is both the problem that the revenue itself fluctuates and could be too low. And there is the problem of timing, which is sort of a secondary issue. But both of those mean that June is just uncertain. And since we can't end the year out of that, we may not need the loan. Like we might be fine, but we just we can't not be fine. So that's why we do it.

Speaker: So in, in in theory, we could we could make this loan, put \$800,000 into that fund so that its programs can continue and the way the revenues come in from the state and that quarterly payment, we may not use a single dollar, or we may use a tiny percentage of it if they're out of balance in terms of practice. So if I go to my neighborhood cannabis shop on Multnomah boulevard and I were to purchase something there, part of my purchase is a tax. That tax is being collected at a state level. That retailer is sending that to the state, and then that state is saying this. Much of the revenue this much of the revenue for cannabis was collected inside the city of Portland. And therefore, we're going to send a check back to the city of Portland.

Speaker: Correct. That's the mechanism. I think it's somewhat lagged. Right. I think it's like probably a quarter behind. I don't know exactly, but yeah, that's right.

Speaker: Thanks for that clarification. Councilor green, you have your hand up, please.

Speaker: Thank you. Chair, there was a slide, ruth, where it indicated that part of the reason of the shortfall is a council approved, I think. I think the wording is large expenditure. Can you can you name what that is, please? Thanks.

Speaker: Sure. Yeah. So this was the it's part of the reimagined Oregon funding that was initially allocated back in 2020. And it had both one time and ongoing components. And the one time components are the pieces that sort of accumulated through carryover year after year. And that that was kind of the bump in the snake as I described it.

Speaker: Okay. Thank you. That's helpful.

Speaker: Okay, colleagues, I'm looking around if there are other discussion or other questions before I go to public test, I think we might have some public testimony on this. If not. Clerk is there public testimony?

Speaker: Yes. One person signed up. Counselor loretta smith.

Speaker: Okay. Counselor smith, are you okay? Any other further public testimony?

Speaker: No one else has signed up.

Speaker: Okay. Thank you. Colleagues, any further discussion or questions before I entertain a vote for the first item, which is the eo, and then we'll move into the second item. Okay. I would certainly entertain a motion to move the emergency ordinance to the full council with the recommendation that be passed.

Speaker: So moved. Second.

Speaker: It was moved by councilor pirtle-guiney and seconded by councilor novick.

Speaker: I'm sorry. Point of information.

Speaker: Yes.

Speaker: I guess I'm still confused. Are we voting on one on one? So this is just the eo and then we're going to take the cannabis one?

Speaker: Yes, ma'am.

Speaker: Okay, thanks.

Speaker: Okay. With that, why don't we call the roll.

Speaker: Pirtle-guiney? I novick.

Speaker: I green.

Speaker: Hi, avalos.

Speaker: I think we need to have a larger discussion about this next year, but I'm going to vote i.

Speaker: Zimmerman I the motion carries the ordinance to adopt the supplemental budget for fy 2425 over expenditure process and make budget adjustments in various funds will move to the full council recommendation that it be passed. I'm going to have you read item number three. We've had a lot of discussion, but go ahead and read item number three.

Speaker: Authorize a temporary operating loan from the solid waste management fund to the recreational cannabis tax fund of not more than \$800,000 to provide interim funding for approved carryover allocations to avoid negative fund balance at fiscal year end.

Speaker: Thank you. I'm going to actually just move. If there's any public testimony at this time, I would have them come up now.

Speaker: There is one person signed up kevin. Matches.

Speaker: Great. Mr. Matches, why don't you come up, state your name for the record and you'll have three minutes. Thank you.

Speaker: Thank you. My name is Kevin Matches and I'm a CFA charterholder specific to the ordinance before you, I observe that the interest rate is equal to the yield on the city's investment portfolio. By contrast, an ordinance before the full council tomorrow for different interfund loan charges a rate 0.1% higher. I'd encourage you to look into that inconsistency, the broader policy issue I'm here to comment on is the city's approach to credit ratings. The city regularly issues municipal bonds to help fund a variety of expenditures in support of borrowing activity. The city has chosen Moody's to be the sole agency to rate the credit worthiness of the city. Moody's has rated the city of Portland triple-A. I recommend that the city engage a second credit rating agency. According to the government finance officers association best practices document titled using credit rating agencies, it is recommended that issuers evaluate the need for obtaining one or more credit ratings and develop appropriate policies and procedures for selecting and managing credit rating agencies. Consider the following factors in developing appropriate policies and procedures for selecting and managing credit rating agencies. Multiple credit ratings. Historically, many issuers have sought separate ratings from at least two credit rating agencies. In addition, many institutional investors require a minimum of two ratings. End quote I'd like you to think about how severe an economic recession in the United States might end up being. How confident are you that the city of Portland will make it to the other side of the business cycle, with that triple-A rating intact? I'm not here to dwell on exactly how that will play out. The reason I'm here is to ask you to imagine how the rest of the world, outside of these council chambers, is going to perceive a downgrade event after it happens. You can choose to be reactive and wait until that happens. At that

point, I would expect you'll be trying to explain to the world how bad of a situation you inherited when you came into office, or you can be proactive, send a clear message that this was not only foreseeable, but you acted on it. Our sister government at Multnomah County and our neighbors to the south and the city of lake oswego, for example, also have triple-a ratings from moody's. But they both get their second ratings from standard and poor's or s&p. I recommend you engage a second rating agency. Thank you.

Speaker: Thank you sir. Any other public testimony?

Speaker: No one else has signed up. None.

Speaker: Great councilors. If there is any further discussion on the on this ordinance, i'll just remind folks that we the vote we just took makes the expenditure. And this action is to authorize one of the actions that is in the previous, which is the temporary loan from one fund to another as a just in case. I would entertain a motion to move an emergency ordinance to the full council with the recommendation that it be passed.

Speaker: So moved second.

Speaker: All right. It was moved by councilor novick and seconded by councilor pirtle-guiney. And if I could have the clerk call the roll, please.

Speaker: Pirtle-guiney.

Speaker: Yes,

Speaker: Novick. I green. Hi,

Speaker: Avalos. I zimmerman.

Speaker: I the motion carried the ordinance to authorize a temporary operating loan from the solid waste management fund to the recreational cannabis tax fund of not more than 800,000, to provide interim funding for approved carryover allocations and to avoid negative fund balance at fiscal year end, will move to full

council with a recommendation that it be passed. Colleagues, thank you. I know that was our first and I appreciate that. With that, if we could go to item number four, please.

Speaker: Clerk adopt solid waste and recycling rates and fees for franchised residential collection and the commercial tonnage fee effective July 1st, 2025.

Speaker: All right. Well, I know my colleagues don't know this, but the long awaited rates discussion here for solid waste and recycling fees is once here. So with that, why don't you introduce yourselves and take it away, please?

Speaker: Good afternoon. For the record again, my name is eric engstrom. I'm the director of the bureau of planning and sustainability, which includes the solid waste program. With me here is evan polk, who's the solid waste manager. And we also have staff including quentin bauer, waste operations manager in the audience. We're going to start by. Well, let me back up the purpose today is to give you an overview, briefly, of the solid waste and recycling system, how it works. The two primary components, the residential solid waste rates and the commercial tonnage fee are the rates that we're considering. I want to also acknowledge and next slide please. Do we have anyone. Oh thank you I want to acknowledge also attending today some members of the Portland haulers association and beth vargas duncan who's the regional director with the Oregon refuse and recycling association. This presentation builds on briefings we provided on April 7th to both the finance and the transportation and infrastructure committees. At those briefings, we provided an overview of our system and the process for rate setting. But because an important component of the rates were not yet in place, not yet determined, we didn't have the final numbers. And we're happy to bring those to you today for your consideration. Again, we will start with the background. Then we'll review the process for setting rates. What are proposed rates are and then discussing the

commercial tonnage fee. And with time for q&a. Next slide please. And at this point i'll pass it over to evan to go into the details.

Speaker: All right. Thank you eric. Good afternoon. Committee chair, vice chair and councilors. My name is evan polk and I'm the solid waste and recycling manager at bts. Our role in managing collection systems fits within a regional and state context. So I just want to do a little bit of context setting here. In this slide, we regulate and set fees for collection of discarded waste, including recycling and compost. The state permits all solid waste facilities broadly, including transfer stations, landfills, recycling processors and compost facilities. Metro both regulates and provides for transfer of waste via via public and private transfer stations that consolidate waste and transport onward to landfills or compost facilities. So transfer and disposal is a cost that our haulers pay at a transfer station. And so as metro sets disposal fees at their transfer stations, that's one component of our rates that are passed through to customers. And we'll we'll get into that a little bit later. But those are some of the regional and state context. This annual ordinance before you sets two fees, first, for residential collection provided to single family homes through fourplexes in the city's franchised collection system. And then secondly, the commercial sector garbage fee applied to tons of waste collected from businesses, apartments and some construction activity. And as this slide reminds us, we also have our public trash collection system. We won't be speaking in detail about this program today, but we just want to note that it is funded by fees collected in the residential and commercial systems. Next slide please. We manage the collection systems for multiple public benefits and positive outcomes. These include supporting recycling and waste reduction, reducing the environmental footprint of the system, ensuring financial sustainability and good jobs, and maintaining the system's reliability. The residential waste collection system, which will be focused on over the next several

slides here, is governed in part by the city's franchise agreement with collection service providers, often referred to as haulers, franchisees or collectors as well. Under the terms of the agreement, Portland must conduct an annual rate review and must set rates to cover the system wide cost of service, plus the operating margin in the city's franchise fee. The franchise fee paid to the city covers the cost of administering the system, and some of the cost of meeting state and regional requirements for opportunities to recycle and reduce waste. The operating margin includes profits, tax payments, and other investments that the haulers may make that are not allowed to count under the cost of service. So we'll now dig into some of the details of residential rates. Here you'll see the various components that make up a typical residential customers bill. 92% of the typical bill goes to the haulers to cover the cost of service and their operating margin. The operating margin is a system wide target. No one hauler is guaranteed a margin, and so they have a strong incentive to remain cost effective in their service. As a reminder, I think we shared in our last briefing that the rate review process begins every January when we ask for detailed cost reports from our haulers. We receive these in March, and then a contracted CPA vets and validates those costs. Once those are validated, we prepare the next year's rate model. We vet that and then bring it to City Council. So today final rates proposal is before you, which if approved here would go to the full council on June 18th on an emergency basis to be effective July 1st. So looking to the proposed next fiscal year's rates, there are a number of drivers, both positive and negative, that we identified during our review. And I'll summarize those briefly today. The first increased cost will note are disposal fees, with a roughly 5.5% increase in solid waste disposal fees approved this May at Metro. Also this year, Metro increased organics disposal fees by 8%. As noted, our haulers pay transfer stations the disposal fees to accept, consolidate and then dispose of our

community's garbage. The overall metro solid waste disposal fee is actually three components. The per ton disposal fee that covers transfer station operations, a regional system fee, and an excise tax on waste. Overall, these disposal fees have increased about 80% since 2020 compared to the general economic inflation of 24%. This is a good point in the presentation. Just to note that councilor morillo is now serving as Portland's representative to metro's regional waste advisory committee, and in that capacity, she provided feedback on the impact of increased disposal costs for Portland solid waste customers this spring. In your packet, a letter that councilor morillo sent to the metro council leading the members leading the regional waste advisory committee can be found as attachment a, the second major driver of increased costs that we wanted to highlight is increased wages in the system, primarily for drivers and administrative staff, such as those providing customer service. On the right side of the slide, you'll see that there are also some costs declining. First, under the recycling modernization act, we anticipate receiving an incentive from Oregon's new producer responsibility organization. Under the act, they're known as the circular action alliance, and we are working on an agreement right now which will deliver the city an incentive to continue to support continued collection of glass recycling from businesses and residents. We're also seeing a slight decline in the cost to process our recycling at the sorting facilities in our region, and we're hoping that in future years, the recycling modernization act will further drive those costs downwards. Next slide please. So now that I've summarized some of the cost factors that we're seeing come up and down here are the apply in dollars or cents per month to the most common service level, which is 35 gallons. Collection costs increased by \$1.18, as you can see, and then so on and so forth for the remainder of the bullets here. This is the change in monthly costs in our rate model. Next slide please. This slide shows both the current rates as well as

the final proposed rates for residential garbage recycling service for the upcoming year. The five different service levels shown in this table reflect about 95% of the customer base. About 80% of the customers that are subscribed have either the 35 or the 65 gallon service, and all the service levels are shown in the attached exhibit for the ordinance, and those service levels not shown here also show increases in line with with those that you see in front of you on the slide. As a percentage, the increases of \$1.80 and \$1.95 per month in those two most common service levels translate to about 4.3% increase in the hilliest areas of west Portland. The combination of larger lots and lower street connectivity and steep, narrow and winding roads also increases the time it takes to provide collection service, and so that additional cost is captured in a terrain fee in the ordinance that applies in that area specifically, and the hilly terrain charge is proposed to increase by \$0.40 to \$6.30. Next slide please. Here we just show a comparison of some solid waste rates at peer cities. Well, there's a really large range in rates with different levels of service. This slide is just intended to illustrate that Portland's fees are comparable within the general sphere of cities on the west coast that we look at. Next slide please. This chart shows a history of our fees over the last 13 years. Each line represents a different volume of garbage service, with the 90 gallon service level at the top. Next slide please. We do what we can to keep the rates low. And this slide shows that if you put our rates in \$2,012, our system remains cost effective and efficient. Residential customers in Portland today pay less than or equivalent to the rates in 2012 when adjusted for inflation. Next slide please. Okay. It's my pleasure to talk about a couple of new things that we're bringing to you this year after the successful establishment of battery recycling last year, we've been working diligently to develop two additions to the system. First, we've been developing a low income discount program in partnership with the water bureau's existing program.

Under a pending agreement, garbage and recycling customers participating in the water bureau's discount can easily opt into eligibility for the garbage and recycling service discount. That approach will be low barrier for customers who have already taken the time to establish their eligibility for another city utility discount, and will serve those with the greatest financial need. The proposed discount is for 50% of the cost of the 35 gallon service level, which is our most common service level. That's equivalent to \$21.90 per month. The cost of offering this discount to residents struggling with affordability would be integrated into the overall rate base. During at least the first year of the program. However, we will avoid any increases to rates from stemming from the discount by spending down \$1.4 million in one time stabilization funding that will cover program costs for at least the first year, hopefully into the second year. In addition to the one time buy down of the cost using solid waste funds, we're also looking ahead to future reductions in the cost to process our recycling. I mentioned earlier that we hope will offset the additional costs of offering a discount at large in the project's upcoming phases. We'll look at how to extend this discount to eligible renters in our residential system. And then as for commercial collection system serving residents in apartment complexes, because it doesn't allow us to manage for a similar discount in the future phase, we anticipate working with haulers to research options to ease the impact of garbage costs at apartments owned by or enrolled in affordable housing programs that would be in a future phase. Next slide please. Also, you see, the other addition that we're bringing to you is a proposal to set rates for on call bulky waste collection. While our haulers have long provided on call bulky waste service and done so with individual quotes, we have worked closely with our franchise collectors to offer a uniform price sheet to give residential customers clear and upfront pricing citywide, shown in exhibit a, if adopted, we'll share these

new standardized rates via a press release, bts website, social media, our garbage day reminder app, and in partnership with the residential haulers to all account holders. That ends the residential portion of the presentation. And we have just a couple slides more. So now turning our attention to the commercial sector, commercial waste collection in Portland, as a reminder, is governed through an open permit system. The city provides some oversight over how commercial haulers serve businesses and multifamily communities through code, and customers then choose their permitted service provider as part of their permits. Haulers collecting commercial waste pay a fee to the city on each ton of garbage. Maintaining the health of this fund is critical as the city expands public trash collection services across the city, including now in northwest and southwest, in 2025. Since 2020, we've expanded this service from around 700 cans or so, located almost exclusively downtown to a program with 1440 cans spread around the city. On our way to a projected 1700 cans. Once the expansion is complete. In addition, we wanted to highlight that for the next fiscal year, the solid waste management fund is proposing to has proposed to supply an additional \$1 million for the impact reduction program for a total of just over \$2 million on a one time basis to support cleanup of waste associated with unsheltered homelessness. To fund the cost of services provided through the solid waste fund, bts staff recommend council increase the commercial tonnage fee by \$1 per ton in the coming fiscal year, from \$16.60 to \$17.60. This is a reduction from the prior solid waste management fund forecast that had planned for a \$2 increase in the coming year. This change will result in an increase of revenue of approximately \$305,000 next fiscal year. Next slide please. With your approval today, we would be scheduled to bring forward this year's ordinance to a full City Council meeting on June 18th, again on an emergency basis, with new rates to go into effect July 1st and customer

notifications to take place immediately following that concludes our presentation. Thanks so much. Great. Councilor green, you're in the queue.

Speaker: Thank you, mr. Chair. Evan, can you go back a few slides in the residential section? There was a time series chart by bin size.

Speaker: One more.

Speaker: Yes. Right there. Remind me what e4 w means.

Speaker: Yes. I'm sorry about that. That jargon in the legend that is every four week service. So monthly service for a 35 gallon cart okay.

Speaker: So as I look at this and I'm trying to think about the model that you might have, what we're seeing is that the cost goes up faster. If you've got the 35 gallon every four week service than the others. Is that fair? Like starting around in 2022?

Speaker: You're correct. In 2020, going into 2023, the city closed the gap between monthly 35 gallon cart service and every other week, 20 gallon service. There's now there has been for the last couple years, a \$1 difference in that, in that price. One of the reasons for this is that there's an equivalent level of service, essentially, and our haulers have actually advocated previously that we consider eliminating 35 gallon cart service. We have not brought that idea before council, but we did propose a couple of years ago to close the gap a little bit between those two costs of service to make them a little bit more interchangeable.

Speaker: Okay, I got it. That's very helpful. And so I think my next question would be, and this is pursuant to the letter that councilor morillo attached to this. And I appreciate that. That's a good by the way, that's a good model, I think, of how to bring our regional board alignment work into our community and council business. It's a question councilor zimmerman asked the last time we did a joint county session. So I just flagged that. But in that memo, she asked for us to see the rate model. And I see the slides here, but but there's no, you know, a deep dive in the

rate model that hasn't really happened. And it's not going to happen today. And we're asking for an emergency ordinance. So I guess my question would be is it typical to pass rates so close to the expiration of the term, the effective date of July 1st every year? Do we do we wait till the very end of the year and do it by emergency ordinance? Because I'm worried that it just provides no time at all to have any substantive rate discussions between the public, which is which is unusual for rate setting. So i'll just wondering if you could speak to that.

Speaker: Okay. Thank you for the question, councilor green. There's a couple pieces to that that we'll do our best, I think, to respond to one question you asked is about the need to or the call for looking at the, the rate model. And that was in, I think, councilor murillo's letter. Is that what you're referring to. So that would be a request to, to look at, I believe metro's rate model for their transfer stations. And in years past, periodically they have made that available to us. And that's something that we could request. Your second question about the timing. Normally we bring this ordinance forward with enough time for a 30 day waiting period and two hearings. There are a couple of reasons why the process has changed this year. One is simply adapting to the existence of council committees and the charter transition has complicated things in a way that we couldn't quite spell out when we were mapping out the process in in December. The other piece is that for the last couple of years, I believe metro's disposal fee adoption has come a little bit later than it historically had in the past. And so normally we would have been able to provide a kind of a full picture of rates a little bit earlier in the cycle. And one of the things we'll do as soon as this process is over is debrief how we need to change, if at all, our process for the next year to allow more, more time for the council to deliberate on this and for the typical 30 day period, you know, until effective.

Speaker: Thank you. That's actually very helpful answer gives me some insight as to what process stuff we might want to change going forward. I guess my last question would be what would be the consequence of not adopting this emergency order today by this committee?

Speaker: Well, real costs have increased in the system. And so what would happen is the service would be provided at a cost that would essentially prevent haulers from recognizing the operating margin that's required in our agreement with them.

Speaker: Okay. And is that do those agreements stipulate that that rates are set on July 1st every year, or is there flexibility to say that, you know, for one year only a rate is set on August 1st?

Speaker: That's a great question. If you don't mind, I'd have to get back to you on that definitively. But I believe we do not have a requirement in the franchise agreement for July 1st.

Speaker: Okay. Thank you. That answers my question.

Speaker: Okay. Councilor novick.

Speaker: Yeah. I was just wondering.

Speaker: I know that the water bureau has spent forever trying to figure out if there's any way to provide a low income discount to people, to low income people in apartments that are not officially affordable housing. Do you know if there's anywhere in the country that has figured out a way, in the context of waste, to give a discount to people, low income people in apartments that are not officially affordable housing?

Speaker: Off the top of my head, I'm not aware.

Speaker: Have we taken have we looked for that?

Speaker: I don't know that we've looked yet because it's our intent to find a way to do that. But when we get to the next phase of the project, certainly we would look

around to see if there are some successful models. We have talked with the water bureau and have found that, you know, I think they're pretty confident about the model they're using to deliver a discount to affordable complexes, and that we might be able to explore the same thing.

Speaker: Right? I was talking about beyond affordable complexes, where there's specific properties you can work with, and asking if there's anywhere that has figured out a way to do it in for low income people in apartment buildings, regardless of whether they're officially in the affordable category or not.

Speaker: I see. Thanks. Councilor. Yes, why don't we commit? We can commit to looking at that as we move into the next phase of the project.

Speaker: Thank you.

Speaker: Okay.

Speaker: I want to thank you all for including the letter from our colleague councilor morillo in the exhibits that you attached here. I think it's important for the public to see that. I know that the metro increases are only one part of the rate increases, but it's a part that we don't have any control over. And telling that piece of the story, as we have this conversation today, so that Portlanders who are wondering why rates are going up can see the different pieces is really critical. I also just wanted to thank you for the commitment to increasing the public trash can program. That's something that I know in parts of my district has been noticeable, and we haven't even seen the bulk of it yet. As as a lot of the focus has been chair in your district. But that's something that as we try to improve what it means for Portland to be a great city to live in is going to be a really important piece of those improvements. So thank you for highlighting that program today as well.

Speaker: Ditto. Yeah, I think every every small business district, every micro downtown we've got across the city is benefiting from that expansion. So

appreciate that. Looking at the slide that we're on now we were quite flat. And then something happened in 2017. And I don't only think that 2017 was also the beginning of really where we recognized the housing market improvement. But we held rates quite steady for a number of years. And we are in slight increases to even sharper increases after 22. What was going on in the before 2017 that was able to hold rates so steady? Thanks for that question, counselor. That predates my time at the city by quite a bit, so I don't feel comfortable answering that in front of you today, but we would certainly be happy to look into what the trends were about, you know, 8 or 9 years ago and get back to you if that's okay. Fair. I want to make sure I understood something that you had said earlier. I think you said that since 2020, rates had increased by 80%. We were speaking specifically there to the component of our rates that comes from the cost of disposal and landfilling. And I was in the portion of our presentation where we were noting the letter that councilor morillo sent, and you'll see that that number in the letter as well, that disposal fees, specifically over the last four years had increased significantly. And disposal fees are set by metro, the metro government. Correct. And you said that was relative to 24%. And were you citing the overall just inflationary rates that we've experienced since 2020? I think the four year total, the last four years, the cpi is about 24%, right? I would certainly love to be in the 80% increase business over inflation business, but I'm not understanding it. Is there any insight why metro has increased those dump fees so much over the rest of the market? In terms of all other costs? I think we're all feeling that pinch, but that seems quite out of whack. Well, I'm a little reluctant to answer for them. That's okay. Part of this is showmanship about metro. So that's okay. I'll do my best to share my impression of the drivers. One of the things that has happened recently was that they established a ad hoc fee policy task force. That fee policy task force included

both metro councilors, nonprofit advocacy groups, transfer station leaders or owners from the private sector, as well as haulers and some local government representatives. And one of the outcomes from that fee policy task force a few years ago was a recognition that that metro had gotten away from a true cost of service model and needed to set disposal fees that reflected the actual cost of service at their transfer stations. I would say that's a primary driver for about half of the increase, because that's the disposal fee that covers operational costs at the transfer stations, which we understand may have been getting essentially somewhat subsidized by revenues from the other fee that goes on tonnage, which is the regional system fee. So that's that would be, I think, the main, main driver that that they would characterize for increases in the system. There have also been some significant increases in the regional system fee, which pays for metro staff in the department that runs waste issues and also does fund some of our programs. There's some regional revenue sharing to the city and to other partners that that's pretty important to deliver on our opportunity recycle program. So we rely on some of those revenues as well. Those would also increase pretty significantly, but I really can't speak to those being the result of a specific policy commitment. On their part. Metro runs the I think it's just called rid, and I'm going to be terrible at saying what that stands for. But generally, if somebody dumps a bunch of mattresses and couches off on the side of the road, metro deploys rid to pick up that kind of bulk waste and dispose of it? Yes. Is it far fetched to assume that that program has increased in its need, and that it is paid for by dump fee? Or I'm assuming when a metro service goes to the dump and drops off whatever they picked on the side of picked up off the side of some street in the area, they're not being charged in that moment. They're just noting that the system cost. Do we think that this dumping fee at the disposal sites is in part helping fund

some of the public trash pickups that are going on right now? Yeah, we could get back to you with some numbers around the share of the revenues from the regional system fee that are paying for the rid program, but that's certainly one that's expanded over the last probably 5 or 6 years, and is one of the important resources in our community for picking up materials dumped along public properties. And so I believe that has seen an increase, another space for increases, I think, in the regional budget for the regional system, fee has been an increase in household hazardous waste collection events. Those are just a couple of a much larger portfolio. As you get into that, I will be interested. As you get into that, I'll be interested. A couple of comparisons, right. We employ a contract service when we do a lot of cleanups in the community. And I am sure that when they go to the dump that they are paying a fee, like if I go to the dump, I'd love to know if we were to have rid doing those projects, if they would be charged that same amount. And this becomes a little bit of a circular argument in with respect to how much money this this government is shelling out for trash cleanups across the community, which I think our public values a lot, but it's also expensive for us to be doing it. And I'm wondering about how that has overlapped with rid in a program that I highly doubt is charging themselves when they show up to the dump at their own organization, but that remains a little bit unclear for me. But I will note 80% increases over 24% and other genres of inflation is stark and unsustainable. And then when is the last time that you're aware of and this may predate you? Evan? Maybe Eric is more. When's the last time the city or. Excuse me, when was the last time? Bts did not recommend the rate increase as it came from metro or throughout this this process. Whatever leads up to this point, have we ever pushed back? I guess is what I'm asking and said City Council, we believe you should not take this recommendation that's coming out of the haulers or out of metro.

Speaker: I will have to get back to you on that. Most of my history at the city was in the planning program, not in the waste program. So prior to 2019, I'm not sure.

Speaker: Once, once the metro council has made a decision about what the disposal fees will be for the next fiscal year, I'm not aware that the city has ever. Pushed, you know, pushed back other than verbalizing, you know, other than providing input to the decision.

Speaker: Yeah, I think our pushback has taken the form of helping to have letters written from council to metro to, to raise the concern. But I don't know if we've ever said don't adopt it.

Speaker: Okay. Thanks. I appreciate that. Looking to colleagues, I don't see any other comments. And questions with that. I would certainly entertain for item four. An ordinance to move the move the emergency ordinance to the full council with a recommendation that we passed.

Speaker: Excuse me, chairman, we have one person signed up for testimony.

Speaker: Thank you. Clerk. If we could, let's move to public testimony. Thank you for catching that.

Speaker: Carrie mccullough.

Speaker: Thank you for being here. Go ahead and state your name and then you'll have three minutes.

Speaker: Good afternoon, chair zimmerman and members of council. My name is carrie walker mccullough. My family has owned and operated walker garbage service, serving northwest Portland since 1948. I'm here today in my capacity as vice president of the Portland haulers association, or every Portland hauler that provides residential garbage, recycling or organics collection is a member of, for and several members are family owned and operated businesses like mine, which is a point of pride in our industry for members are committed to providing

affordable and efficient service to our customers, doing so with environmentally responsible operations that meet rigorous standards for health and safety. This commitment has been seen and felt during major events such as excessive heat. As we are experiencing today, ice storms and smoke filled wildfires. We're committed to and appreciative of our partnership with city leaders. Together, we have built a progressive, nationally recognized residential franchise waste collection program that serves as a model for recycling. Our program assures every resident in the city has access to the same service, no matter where they live. Other accomplishments that often go under the radar for the general public include the implementation of mixed food waste recovery, applying clean fleet standards, installing safety guards, side guards on our trucks, and the beginning of collecting batteries and bulky waste curbside. We look forward to starting the proposed rate reduction program in support of eligible low income customers. I share this information because we probably don't share it enough, and we want you as City Councilors and the residents of Portland, to know more about who we are, what we value, and our commitment to serving the people of Portland with quality services at a reasonable cost and in line, in alignment with values of the communities we serve. Which brings me to the topic today, rate review. And as you've been told for members are highly regulated by the city. And each year we engage in a robust rate review process. Ten more seconds.

Speaker: Oh, gosh. Okay, well then I will just say we do ask that you approve the rates as presented by the city staff today and forward it to the full council. Thank you.

Speaker: Thank you, miss mccall, for being here. Any other public comment.

Speaker: That concludes testimony?

Speaker: Thanks. You reminded me of something that I have thought over the last few years that I thought was important. I've noticed in our very hot heat waves a notice that has gone out about haulers showing up a lot earlier to get those employees out of the afternoon heat, and I think that it's a good recognition of it's good for the employees, and it makes sense to all of us, even if that means garbage trucks are showing up darn early. And I just appreciate it. I think it's a good evolution of just being more responsive to the needs of people, given the changing environment here. So thanks for that. And I just noted it when you said that in your testimony.

Speaker: Thank you. Thank you.

Speaker: With that, colleagues, I would entertain a motion for this emergency ordinance. And a second.

Speaker: So moved.

Speaker: Okay. Councilor avalos doesn't want in on any of the moves or seconds today. So councilor pirtle-guiney moves and councilor novick seconds. Clerk. If we could call the roll. Thank you.

Speaker: Pirtle-guiney i.

Speaker: Novick i.

Speaker: Green.

Speaker: I can't approve a emergency ordinance for rates without sufficient time for public review, so no.

Speaker: Avalos.

Speaker: I.

Speaker: Thank you. I appreciate that, councilor green, and you are not wrong in terms of the timing is tough. This is an item that we had hoped to have in front of the finance committee and council well over a month ago. I don't think that it was

entirely related within the city hall chambers as they hang up. This was a partner government who's more involved. And so i, I hear here and I think next year we will convey that as well. But I will vote i.

Speaker: For eyes and one nay. The motion carries.

Speaker: Thank you. With that the motion to for the emergency ordinance will move forward to the full council for residential collection and commercial tonnage fees, effective July 1st 25. Okay. Looking to my colleagues, I don't see anybody with any pressing issues before we wrap up today. Thank you. This was a lot of housekeeping and also important pieces as we move into the June 18th adoption day for our budget. With that, i'll close the meeting.