



City Council

AGENDA ITEM TYPE: Resolution

Resolution No. 3653: A Resolution Establishing Fees and Charges for Chapter 7 of the Gresham Revised Code for Solid Waste and Medical Waste Collection Service, and Repealing Resolution No. 3605

Meeting Date: June 3, 2025

Staff Member: Steve Fancher
Shannon Martin

Service Area: Solid Waste and
Sustainability

Agenda Item Number: E-1

Requested Council Action and Suggested Motion:

Move to approve Resolution No. 3653 establishing fees and charges for Chapter 7 of the Gresham Revised Code for Solid Waste and Medical Waste Collection Service, and repeal Resolution No. 3605.

Public Purpose, Community Outcome, and Strategic Plan Alignment:

The solid waste collection rates support the vital functions of the City of Gresham's recycling and solid waste system, including collection and transfer of waste materials, education and outreach, and enforcement of the Gresham Revised Code.

Background:

Collection of solid waste and recycling within Gresham is provided by five franchised collection companies that operate within exclusive areas regulated by the Department of Environmental Services (DES). An annual review of collection rates by DES ensures the services provided to residential and commercial customers are uniform and the rates are adequate to cover allowable costs. Each franchisee submits an annual detailed cost report to DES that provides line-item expenses and revenues associated with providing service within their collection zones. The format of the annual report provides the capacity to calculate the cost of service for each line of business (cart, container, and drop box). Cart collection is offered primarily to residential customers, whereas business customers are serviced with a container, drop box, or roll off compactor. Staff analyzes financial reports by the City's five licensed haulers for residential, commercial, and drop box services and uses the adjusted composite results for the whole system as the basis for determining whether rate increases are necessary to cover future collection costs and to provide for a reasonable profit for the licensed haulers, as defined by City Code. It is also an ancillary goal for each line of service to cover its costs, to avoid having commercial rates subsidize residential rates and vice versa. Gresham Revised Code Article 7.25, Solid Waste Code, provides the target return on gross revenues (ROR) of 9% with an

acceptable range of 8% to 10%. For calendar year 2024, the composite ROR was 7.15% and projected to be 6.65% for 2025 if no rate increase is approved by Council. Table 1 on the following page details the return for each collection service provided within Gresham's franchise collection system for the calendar year 2024.

Table 1: Adjusted 2024 Results of Collection Operations in Gresham

Service	Cart	Container	Drop Box	Composite
Revenues	\$12,954,804	\$10,827,733	\$4,720,005	\$28,502,542
Allowable Costs	\$12,156,270	\$9,925,413	\$4,383,087	\$26,464,770
Franchise Income	\$798,534	\$902,320	\$336,918	\$2,037,772
Return on revenues	6.16%	8.33%	7.14%	7.15%

Projecting costs and revenues for 2025 is accomplished by applying only known and measurable changes to the line item expenses and revenues from 2024. The factors applied to the adjusted report include the following:

- A Metro solid waste tip fee increase of \$8.55 per ton will become effective on July 1, 2025. The net impact to the system will be an increase in waste disposal expense of 5.53% for 2025/26.
- Allwood Recyclers increased the yard debris processing charge by \$1.00 per yard. • Food waste disposal fees increased by 8% at Metro Central. • Union driver wages increased by 4.90%; however, the union driver's health insurance was unchanged from last year.
- Administrative labor was increased by 3.5% and non-union medical insurance premiums increased by 5% from last year.
- The City's ECHO fee increased by 5% for FY25/26: however, the Solid Waste & Sustainability operations budget has stayed flat for many years.

Waste Disposal

Municipal Solid Waste (MSW) is the wet garbage collected from residential and commercial customers in carts and containers. It is the largest expense incurred by the franchised haulers within the solid waste system. MSW disposal in Gresham and the greater Portland area is regulated by the Metropolitan Service District, otherwise known as Metro. Metro controls the amount of MSW that local transfer stations can accept, which is known within the industry as flow control.

The Metro disposal fee will increase from \$154.71 per ton to \$163.26. The total increase is 5.53% over the current rate. Private transfer stations will be adjusting their fees with the Metro tip fee increase.

From 2020 to July 2025, the solid waste tipping fee has increased by \$63.79 per ton (\$98.35 to \$163.26), which is a 64.9% increase. This is a 13.0% annualized increase over the last four years. Residents with a 35-gallon cart have experienced an increase of \$4.09 per month due to Metro's increases.

Table 2 on the following page summarizes Gresham's franchised haulers' expected financial performance in 2025; whereas Table 3 summarizes the expected financial performance for each line of business and the overall composite results for 2024.

Table 2: Projected Revenue and Expense Changes from 2024 to 2025

Description	2024 Amount	% ▲	\$ ▲	2025 Projection
Revenue	\$28,502,542	2.9%	\$827,362	\$29,329,904
Disposal Expense	\$9,174,543	5.5%	\$505,517	\$9,680,060
Recycling Processing	\$789,530	0.6%	\$4,885	\$794,415
Yard Debris	\$408,555	6.2%	\$25,372	\$433,927
Labor Expense	\$5,324,202	4.0%	\$211,487	\$5,535,689
Truck & Equip. Expense	\$3,658,703	0.0%	\$0	\$3,658,703
Franchise Fees	\$2,501,167	2.7%	\$68,652	\$2,569,819
Other Direct Expenses	\$471,082	0.0%	\$0	\$471,082
Administrative Expense	\$3,310,219	1.1%	\$36,055	\$3,346,274
ECHO Fees	\$826,769	5%	\$42,834	\$869,603
Total Expense	\$26,464,770	3.5%	\$894,802	\$27,359,572

Table 3: Projected 2025 Gresham Results

Service	Roll Cart	Container	Drop Box	Composite
Revenue	\$13,329,513	\$11,112,798	\$4,887,593	\$29,329,904
Allowable Costs	\$12,543,947	\$10,271,457	\$4,564,168	\$27,379,572
Franchise Income	\$785,566	\$841,341	\$323,425	\$1,950,332
Return on Revenue	5.89%	7.57%	6.62%	6.65%

Service	Revenue needed for 9% ROR	Rate change needed for 9% ROR	Average Level of Service	Cost to the Average Customer
Residential	\$455,044	4.7%	35 gallon cart	\$1.94
Commercial	\$174,517	3.1%	3 yard weekly	\$9.22
Drop Box/Compactor	\$45,805	3.4%	20 yard haul	\$5.40

Residential and Commercial Cart Service

Residential revenue is projected to finish 2025 at an increase of 4.8% from 2024. The proposed rates are comprised of collection operations and waste disposal. The operational is uniform across all cart sizes; whereas, the disposal fee increase varies by the volume of the customer's cart. Table 4 details the proposed rates for the most popular cart sizes in Gresham.

Table 4: Proposed Cart Collection Rates

Service Level	35 gal cart	65 gal cart	95 gal cart
Current Rate	\$41.23	\$54.19	\$61.59
Operational Increase	\$1.41	\$1.41	\$1.41
Disposal Increase	\$0.53	\$0.91	\$1.32
Total Increase	\$1.94	\$2.32	\$2.73
New Rate	\$43.17	\$56.51	\$64.32
% Increase	4.7%	4.3%	4.4%

Commercial Container Service

Without the increase in disposal costs, container service would only require a small operational increase of \$0.13 per collected yard. However, the proposed rate increase is a combination of the \$0.13 operational increase and the pass-through of the Metro disposal increase. The average weight per collected yard of waste in Gresham is 110 pounds, and the cost of the disposal increase is \$0.58 per yard. The total increase for commercial container service is \$0.71 per collected yard of garbage. See Attachment A for the proposed container rates.

Drop Box / Roll Off Compactor

A small increase of 3.5% (\$5.40) on the hauling charge is requested. Disposal for drop box and compactor service is the actual cost, plus operating margin; therefore, an increase is not required for disposal. For a complete listing of all proposed rate adjustments, please refer to Attachment A.

Medical Waste

Medical rates were last adjusted by 5% in 2024. The proposed increase to medical collection rates is 7.5% on all containers due to increased disposal costs by Trilogy Medical.

Recycle+ Program

The new optional program was launched in 2024. A slight increase of \$0.25 to the current \$2.50 base fee and a \$0.50 per pickup fee are requested for 2025. See Attachment A for the proposed collection rates.

Bulky Waste Service

For greater transparency, a new itemized rate table has been implemented to help customers understand fees up front and ensure each collection company is charging the same disposal rate.

Recommendation and Alternatives:**Recommendation:**

Move to approve Resolution No. 3653: A resolution establishing fees and charges for Chapter 7 of the Gresham Revised Code for solid waste and medical waste collection service, and repealing Resolution No. 3605.

No Action:

1. Council may choose to adopt a modified rate Resolution or defer action on the Resolution to a later date.
2. Council may choose not to adopt an increase at this time.

Budget/Financial Impact:

Passage of Resolution No. 3605 would increase residential recycling and solid waste fees by 5.3% to 5.8%, commercial collection fees by \$0.71 per yard, and the drop box haul rate by \$5.40. Accounting for known inflationary cost increases, rates were calculated to return 9% on the allowable collection costs to the five franchised company composite.

Public Involvement:

A series of Council Policy Development and Business meetings were held in 2015 that resulted in the City's establishment of the codified 9% target Return on Revenues (ROR) and acceptable range of 8% to 10%.

Attachments:

- A. Resolution No. 3653
- B. Exhibit A - Rates

Reviewed Through:

Shannon Martin, Solid Waste Manager
Steve Fancher, Assistant City Manager
Caleb Durrance, Assistant City Attorney
Elizabeth McCann, Director of Budget & Finance
Christina Still, City Recorder