



July 1, 2025

Oregon Department of Environmental Quality
Leah Feldon, Director
700 NE Multnomah St, Suite 600
Portland, OR 97232

Dear Director Feldon:

The Mattress Recycling Council Oregon, LLC (MRC) is the non-profit stewardship organization designated by DEQ to implement the Oregon Mattress Stewardship Act (SB 1576 of 2022). MRC's parent organization, the Mattress Recycling Council, Inc., is the largest mattress recycling organization in North America with similar state programs in California, Connecticut and Rhode Island. Since 2015, these states have collectively recycled over 15 million mattresses and box springs.

MRC is pleased to submit this budget for the upcoming calendar year following the requirements provided for in ORS 459A.159.

Please contact me should you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Alison Keane".

Alison Keane
President
Mattress Recycling Council Oregon, LLC

Budget

The Act requires that no later than July 1 of each year, MRC shall prepare and submit to DEQ a mattress stewardship Program operating budget for the upcoming calendar year that includes:

- a) Anticipated revenues from the assessment collected on mattress sales
- b) Costs of implementing the Program, including:
 - 1. Collection, transportation and processing of program mattresses;
 - 2. Administrative costs of the mattress stewardship program;
 - 3. Costs of compensating collection sites for their reasonable actual costs to collect and manage discarded mattresses;
 - 4. Anticipated amount of moneys that the stewardship organization will hold in unallocated reserve funds;
 - 5. Annual fee to be paid to the Oregon DEQ pursuant to Section 9(3) of the 2022 Act.

Pursuant to these provisions, MRC has calculated an assessment sufficient to cover the Plan's budgeted costs and to accumulate a reserve sufficient to operate the Program over a multiyear period in a prudent and responsible manner.

This budget includes (A) start-up costs through 2024 and (B) projected 2025 revenue and expenses, and (C) budgeted revenue and expenses for 2026.

In preparing its 2026 budget, MRC has taken into consideration not only its planned activities for 2026, but also its actual revenue and expenses experienced in the first quarter of 2025 (Q1), as well as projections for the remainder of 2025.

Revenue

Funding for Program implementation and ongoing operations comes from a mattress stewardship assessment collected at the point of sale (retail or otherwise). Retailers must report the number of units sold each month and submit all assessments collected to MRC by the end of the following month in which the sale occurs.

MRC is projecting 2025 Program assessment revenue of \$8,320,005 and is revising the 2026 budget assessment revenue to \$8,569,620. In calculating revenue, MRC has used (A) a per-unit assessment of \$22.50, and (B) an estimate of the number of units that Oregon consumers will buy during the relevant calendar year. In estimating the number of units that Oregon consumers will buy, MRC considered 2023 and 2024 actuals in other state mattress recycling programs, Q1 2025 actuals in Oregon, and the International Sleep Products Association (ISPA) Industry Forecast for 2025 and 2026, which is a forecast of mattress sales for the mattress industry in the United States. Nationwide, 2025 projected sales are expected to be 5.5% less than the 2024 actual levels and 2026 is expected to be 3% above 2025. These estimates are lower than previously planned due to current economic uncertainty, resulting in a reduction in consumer sentiment indicators and spending on durable goods such as mattresses. Based on this information, MRC estimates that revenue will be collected on 369,778 and 380,872 units for 2025 and 2026, respectively.

Based on these assumptions, MRC anticipates that units sold and revenue for 2025 and 2026 will be as follows:

TABLE 1: Revenue Calculation

Category	2025 Projection	2026 Budget	Total
Assessment Revenue \$22.50/unit	\$8,320,005	\$8,569,620	\$16,889,625
Units Sold	369,778	380,872	750,650

Expenses

Operational Costs

Based on our experience operating other statewide mattress recycling programs and factoring in Oregon's population and actual Q1 2025 data, MRC has estimated the number of units that recyclers will process in 2025 and 2026 to be 141,676 and 191,488, respectively.

TABLE 2: Units Sold and Units Recycled

Units	2025 Projection	2026 Budget	Total
Number of Units Sold	369,778	380,872	750,650
Number of Units Recycled	141,676	191,488	333,164

Operational costs to recycle program mattresses include collection, transportation, processing, efforts to mitigate illegal mattress dumping, various program studies (illegal dumping, life cycle analysis, convenience, etc.), compliance audits, and field visits to collection sites, recyclers, and transporters. Note that there will always be a differential between units sold and units recycled. This is due to several factors including a significant time differential between when a unit is purchased and ultimately discarded years later. During the usable life of a mattress, it is common for consumers to pass a used mattress along to a friend or relative or sell them on local marketplace sites like Craigslist, Facebook Marketplace or OfferUp. In 2022, MRC conducted a study to estimate the average time between when units are manufactured and then discarded through the program, concluding that the average age of discarded units was 13.9 years.

TABLE 3: Operational Costs

Category	Start-Up Costs 2022-2024	2025 Projection	2026 Budget	Total
Collection	\$ 0	\$ 717,543	\$ 1,013,982	\$ 1,731,525
Transportation	\$ 0	\$ 959,884	\$ 1,508,925	\$ 2,468,809
Processing	\$ 0	\$ 2,237,016	\$ 2,963,159	\$ 5,200,175
Illegal Dump Mitigation	\$ 0	\$ 125,000	\$ 140,000	\$ 265,000
Program Studies (Life Cycle, Convenience, etc.)	\$ 3,375	\$ 100,000	\$ 176,000	\$ 279,375
Program Compliance Audits	\$ 0	\$ 14,000	\$ 34,000	\$ 48,000
Field Visits	\$ 4,984	\$ 13,700	\$ 18,800	\$ 37,484
Total Operational Costs	\$ 8,359	\$ 4,167,143	\$ 5,854,866	\$ 10,030,368

Collection

Collection costs are comprised of handling fees, container rentals, collection site signage and collection site improvement funding. MRC anticipates that the cost of managing special community collection events and compensating collection sites for the reasonable actual costs of collecting discarded mattresses will be \$298,918 in 2025 and \$417,283 in 2026

Container rental costs are based on the estimated number and type of storage containers needed to handle units from a variety of collectors. This budget reflects the gradual increase in collection sites and events in the first and second year of the program. In subsequent years, additional collection sites and increased volume from commercial sources will drive further growth. As a result, collection costs are expected to rise annually.

TABLE 4: Collection Costs

Collection	2025 Projection	2026 Budget	Total
Collection Site Handling Fees	\$ 298,918	\$ 417,283	\$ 716,201
Collection Container and Storage	\$ 368,625	\$ 526,699	\$ 895,324
Mattress Collection Facility Improvement Funding	\$ 50,000	\$ 70,000	\$ 120,000
Total Collection Costs	\$ 717,543	\$ 1,013,982	\$ 1,731,525

Transportation and Processing

MRC contracts with third party transporters to move mattresses from collection sites to recycling facilities. Transportation costs are influenced by several factors including the type of container, the number of units the container can hold, the distance the transporter travels to a recycling facility, the geographic location of the collection site, and fuel prices.

Processing costs, paid to third-party contractors on a per-unit basis, cover the dismantling and processing of program mattresses. These costs are directly related to the number of mattresses collected. The processing costs in the 2025 projections and 2026 budget are based on contracted rates with three recyclers in Oregon.

Illegal Dump Mitigation

MRC has allocated funds to mitigate the costs of illegal dumping, including expenses for community surveys, data collection and pilot projects.

Program Studies

MRC is also required to conduct a life cycle analysis, report on the scope of discarded mattresses not collected through the Program, study effective methods for providing discarded mattress collection services to low-income individuals and multifamily housing structures and perform a convenience analysis in 2025. Total costs for these studies will be incurred in 2025 and 2026 and are outlined in Table 3 above.

Program Compliance

Recycler performance audits and inspections for environmentally sound management practices will be conducted annually for contracted recyclers. In 2025, the projection is \$14,000 for this purpose. In 2026, the budget includes \$14,000 for recycler performance audits and \$20,000 for a third-party program audit.

Field Visits

This budget includes staff travel expenses associated with regular meetings and inspections of recyclers and collection sites.

Public Education, Advertising and Promotion

As outlined in its Program Plan, MRC provides comprehensive education and communication about the Program to retailers, producers, renovators, and consumers. Costs for hosting and maintaining the consumer- and industry-facing websites (ByeByeMattress.com, MattressRecyclingCouncil.org and MRCreporting.org) between all four MRC state recycling programs are shared based on each state's relative population. Education and promotional activities for 2025 and 2026 are \$263,700 and \$229,870, respectively.

TABLE 5: Public Education, Advertising and Promotion Costs

Category	Start-Up Costs 2022-2024	2025 Projection	2026 Budget	Total
Advertising and Consumer Education	\$ 31,237	\$ 142,260	\$ 94,345	\$ 267,842
3 rd Party PR Agencies	\$ 2,965	\$ 82,750	\$ 82,750	\$ 168,465
Industry and Stakeholder Outreach	\$ 17,014	\$ 16,990	\$ 14,065	\$ 48,069
Conferences and Events	\$ 124	\$ 21,700	\$ 23,710	\$ 45,534
Annual Report	\$ -	\$ -	\$ 15,000	\$ 15,000
Total Costs	\$ 51,340	\$ 263,700	\$ 229,870	\$ 544,910

DEQ Oversight Fees

The Act requires that MRC pay DEQ an annual fee that is reasonably calculated to cover the costs to the department to administer, implement and enforce the Act. The budget reflects the annual fee that MRC understands DEQ will charge MRC.

Program Administration Costs

Administration costs include management and professional services (e.g., financial audit), government relations, legal and other administrative expenses required to manage the Program. Administration costs also include corporate expenses incurred by MRC Inc. which are shared among all state mattress recycling programs to provide general administrative support. At present, MRC operates similar programs in California, Connecticut, and Rhode Island. These expenses are distributed to each state program according to its relative population. Currently, Oregon accounts for 8.8% of the total population across the four states. For the purposes of this budget, 8.8% of shared expenses have been allocated to the Oregon Program.

Start-Up Costs

From 2022 to 2024, MRC Inc. incurred various start-up expenses including legal expenses incurred to form MRC Oregon, staff administrative costs and professional services required to prepare this Plan and contact mattress sellers in Oregon (as well as to prepare and review RFP's for recycling and transportation services), travel and other necessary expenses in preparation for Program launch. MRC funded these start-up expenses by borrowing money from MRC Inc. Through the end of 2024, MRC Oregon borrowed \$1,048,885 plus an additional \$30,000 in January 2025. With the start of operations and thus the start of positive cash flow, we have begun paying down the loan. As of April 30, 2025, the outstanding loan balance was \$885,189. With a lower variable interest rate than in MRC's initial budget, MRC has budgeted just under \$60,000 in interest expense on its loan and anticipates that the loan can be repaid by the end of 2025.

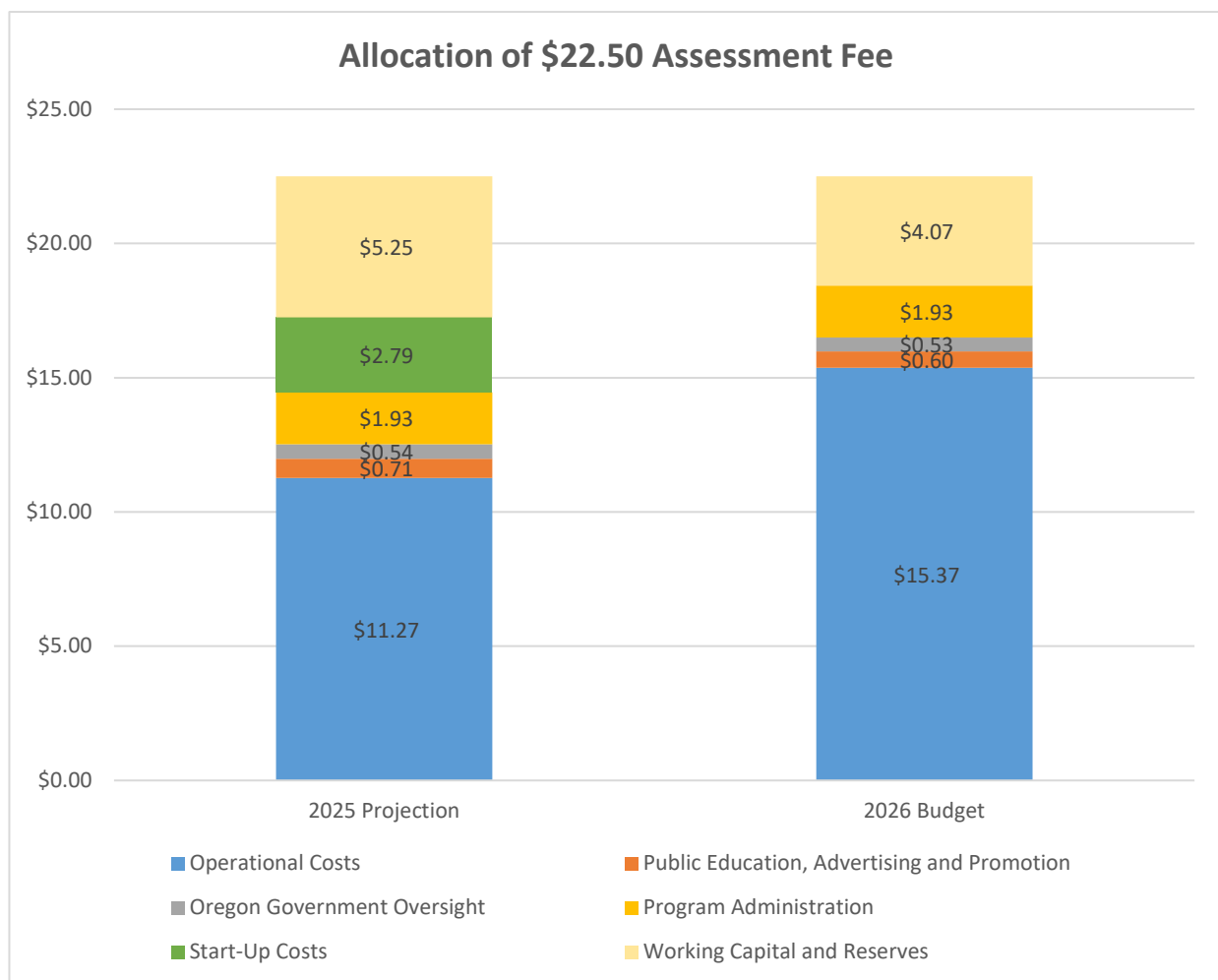
TABLE 6: DEQ Oversight and MRC Administration Costs

Category	Start-Up Costs 2022-2024	2025 Projection	2026 Budget	Total
DEQ Government Oversight Fees	\$ 205,000	\$ 200,000	\$ 200,000	\$ 605,000
Program Administration				
Management and Administrative	\$ 471,527	\$ 563,816	\$ 625,468	\$ 1,660,811
Annual Audit/Tax Filings	\$ -	\$ 2,000	\$ 25,000	\$ 27,000
Industry and Government Relations	\$ 150,000	\$ 60,000	\$ 60,000	\$ 270,000
Legal Expenses	\$ 15,531	\$ 22,000	\$ 16,000	\$ 53,531
Program Travel	\$ 27,103	\$ 8,566	\$ 9,000	\$ 44,669
Interest Expense	\$ 101,761	\$ 59,113	\$ 0	\$ 160,874
Total Administration	\$ 765,922	\$ 715,495	\$ 735,468	\$ 2,216,885

All costs for this Program, including the start-up costs, are shown in the following table:

TABLE 7: 2022-2026 Expenses

Category	Start-Up Costs 2022-2024	2025 Projection	2026 Budget	Total
Operational Costs	\$ 8,359	\$ 4,167,143	\$ 5,854,866	\$ 10,030,368
Public Education, Advertising and Promotion	\$ 51,340	\$ 263,700	\$ 229,870	\$ 544,910
DEQ Oversight	\$ 205,000	\$ 200,000	\$ 200,000	\$ 605,000
Program Administration	\$ 765,922	\$ 715,495	\$ 735,468	\$ 2,216,885
Total Program Costs	\$ 1,030,621	\$ 5,346,338	\$ 7,020,204	\$ 13,397,163



In 2026, the \$22.50 assessment collected on each mattress or boxspring sold will include:

- \$15.37 for Program operational costs
- \$0.60 for public education, advertising and promotion
- \$0.53 for Oregon Government Oversight (DEQ)
- \$1.93 for Program administration
- \$4.07 allocated to build MRC's working capital and reserves

Calculating the Per Unit Assessment

Total actual, projected and budgeted expenses through 2026 (including start-up costs) are \$13,397,163. We add targeted reserve funding through December 31, 2026 of \$1,754,669 as well as three months working capital of \$1,755,051 to cover short term cash flow requirements. From this, we deduct budgeted investment revenue earned during the period of \$17,258. That leaves a total of \$16,889,625 that must be funded by the per unit assessment. MRC anticipates that during the period from January 1, 2025 through December 31, 2026, Oregon consumers will buy 750,650 mattresses and foundations. Based on this information, MRC calculates the per unit assessment of \$22.50 by dividing the sum of total costs, unallocated reserves and working capital (less investment revenue¹) by total units sold ($\$16,889,625 / 750,650 = \22.50).

TABLE 8: Per Unit Assessment Calculation

Stewardship Assessment	
Total Expenses (A)	\$ 13,397,163
Working Capital + Target Unallocated Reserve (B)	\$ 3,509,720
Less Investment Income (C)	\$ (17,258)
Amount to Cover (D = A + B - C)	\$ 16,889,625
Projected Unit Sales 2025-2026 (E)	750,650
Per Unit Assessment (F = D/E)	\$ 22.50

Unallocated Reserve Funds

As with the other states, the MRC Board has established a reserve policy that directs MRC management to have sufficient operating cash to fund operations (e.g., cash on hand equal to approximately three months of expenses), and a prudent level of unallocated reserves (Board Designated Financial Reserve) that allows MRC to be prepared in case its operational expenses increase or planned revenues decrease. The amount that MRC sets aside in this reserve is influenced by several external factors.

First, the Program must be able to adjust to unforeseen circumstances that can have a substantial impact on MRC's expenses. These circumstances could include accidents, natural disasters, or operational or financial disruptions. Significant or sudden changes in market dynamics that affect costs (e.g., fuel) or failure of secondary markets for recycled components, political uncertainties, or any combination of the above could also significantly affect the Program and its budget. As an example, the COVID-19 pandemic and subsequent inflation significantly disrupted budgets, eventually resulting in unpredicted cost increases beyond MRC's control.

Second, the reserve protects the long-term viability of the program by setting aside money that can fund budget deficits without necessitating frequent adjustments in the assessment. Third, MRC's ability to operate prudently over a multiyear period depends in part on MRC's forecasted operating and administrative expenses for several years into the future. Over the next few years, MRC expects increased expenditures as it expands the Program's collection network and increases the number of units collected and recycled. As a result, MRC's annual expenses are projected to grow.

¹ MRC anticipates earning investment revenue on its unallocated reserves beginning 1st quarter of 2026.

Finally, MRC must be prepared in case its revenue stream (that is, assessment collected on the sale of mattresses) is significantly or suddenly disrupted. This could include a downturn in the U.S. economy or mattress sales (as we are currently experiencing) or other events that are external to the Program itself, like legislative or regulatory initiatives that disrupt sales.

For these reasons, MRC has budgeted to build a reasonable unallocated reserve of \$1,754,669 by December 2026 which represents 25% (3 months) of annual program expenses. MRC is committed to maintaining financial stability and sustainability. To ensure this, MRC will continue to allocate funds to its reserves annually. However, the total reserve amount will not exceed 75% of MRC's annual expenses.

Details of the 2026 budget follow on the next page:

TABLE 9: 2026 Budget

Mattress Recycling Council Oregon LLC					
Assessment Fee	\$ 22.50				
	Start-Up Costs 2022-2024	2025 Projection	2026 Budget	Total	Expense Allocation
REVENUE:					
Assessment Revenue	\$ -	\$ 8,320,005	\$ 8,569,620	\$ 16,889,625	
Total Revenue	\$ -	\$ 8,320,005	\$ 8,569,620	\$ 16,889,625	
EXPENSES:					
Operational Costs					
Collection					
Collection Site Handling Fees	\$ -	\$ 298,918	\$ 417,283	\$ 716,201	
Collection Container and Storage Costs	\$ -	\$ 368,625	\$ 526,699	\$ 895,324	
Mattress Collection Facility Improvement Funding	\$ -	\$ 50,000	\$ 70,000	\$ 120,000	
Total Collection Costs	\$ -	\$ 717,543	\$ 1,013,982	\$ 1,731,525	
Transportation	\$ -	\$ 959,884	\$ 1,508,925	\$ 2,468,809	
Processing	\$ -	\$ 2,237,016	\$ 2,963,159	\$ 5,200,175	
Illegal Dump Mitigation	\$ -	\$ 125,000	\$ 140,000	\$ 265,000	
Program Studies (Life Cycle, Convenience, etc.)	\$ 3,375	\$ 100,000	\$ 176,000	\$ 279,375	
Program Compliance Audits	\$ -	\$ 14,000	\$ 34,000	\$ 48,000	
Field Visits	\$ 4,984	\$ 13,700	\$ 18,800	\$ 37,484	
Total Operational Costs	\$ 8,359	\$ 4,167,143	\$ 5,854,866	\$ 10,030,368	74.9%
Public Education, Advertising, and Promotion					
Public Education and Advertising	\$ 51,216	\$ 242,000	\$ 191,160	\$ 484,376	
Conferences and Events	\$ 124	\$ 21,700	\$ 23,710	\$ 45,534	
Annual Report	\$ -	\$ -	\$ 15,000	\$ 15,000	
Total Public Education, Advertising, and Promotion	\$ 51,340	\$ 263,700	\$ 229,870	\$ 544,910	4.1%
Oregon Government Oversight Fees	\$ 205,000	\$ 200,000	\$ 200,000	\$ 605,000	4.5%
Program Administration					
Management and Administrative Expenses	\$ 471,527	\$ 563,816	\$ 625,468	\$ 1,660,811	
Annual Financial Audit and Tax Filings	\$ -	\$ 2,000	\$ 25,000	\$ 27,000	
Industry and Government Relations	\$ 150,000	\$ 60,000	\$ 60,000	\$ 270,000	
Legal Expenses	\$ 15,531	\$ 22,000	\$ 16,000	\$ 53,531	
Field Visits and Program Travel	\$ 27,103	\$ 8,566	\$ 9,000	\$ 44,669	
Interest Expense	\$ 101,761	\$ 59,113	\$ -	\$ 160,874	
Total Administration	\$ 765,922	\$ 715,495	\$ 735,468	\$ 2,216,885	16.5%
Total Expenses	\$ 1,030,621	\$ 5,346,338	\$ 7,020,204	\$ 13,397,163	100.0%
Net Operating Assets	\$ (1,030,621)	\$ 2,973,667	\$ 1,549,416	\$ 3,492,462	
Net Investment Return	\$ -	\$ -	\$ 17,258	\$ 17,258	
Net Assets	\$ (1,030,621)	\$ 2,973,667	\$ 1,566,674	\$ 3,509,720	
Cumulative Net Assets	\$ (1,030,621)	\$ 1,943,046	\$ 3,509,720		
Reserve Funds					
Board Designated Financial Reserve (Unallocated Reserves)	\$ -	\$ 606,461	\$ 1,754,669		
Reserves as a % of Annual Operating Budget	0.0%	11.3%	25.0%		
Undesignated Net Assets (Working Capital)	\$ -	\$ 1,336,585	\$ 1,755,051		
25% (3 months) of Annual Operating Budget	0.0%	25.0%	25.0%		