A G E N D A

600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736
TEL 503 797 1542 | FAX 503 797 1793

METRO

Agenda

MEETING: METRO COUNCIL REGULAR MEETING
DATE: May 6, 1999
DAY: Thursday
TIME: 2:00 PM
PLACE: Council Chamber

CALL TO ORDER AND ROLL CALL

1. **INTRODUCTIONS**

2. **CITIZEN COMMUNICATIONS**

3. **EXECUTIVE OFFICER COMMUNICATIONS**

4. **AUDITOR COMMUNICATIONS**

5. **MPAC COMMUNICATIONS**

6. **METRO LEGISLATIVE UPDATE** PacWest

7. **CONSENT AGENDA**

7.1 Consideration of Minutes for the April 29, 1999 Metro Council Regular Meeting, 12/8/98 Council Finance Committee and 4/14/99 Council Budget Work Session.

8. **ORDINANCES - FIRST READING**

8.1 **Ordinance No. 99-805,** For the Purpose of Amending Metro Code Chapter 5.02 to Extend the Sunset Date for the Regional System Fee Credit Program to June 30, 2000, and Declaring an Emergency.

9. **ORDINANCES - SECOND READING**

9.1 **Ordinance No. 99-796**, For the Purpose of Authorizing a Transfer of Metro Yard Debris Processing Facility License No. YD-0197 from Scotts Hyponex Corporation to Clackamas Compost Products, Inc. to Continue Operations at an Existing, Approved, Yard Debris Processing Site. Park

9.2	**Ordinance No. 99-801**, For the Purpose of Transferring the Solid Waste Franchise for Operation of the Citistics Reload/Materials Recovery Facility from Citistics, Inc., to USA Waste of Oregon, Inc.	McLain

10. RESOLUTIONS

10.1	**Resolution No. 99-2763**, For the Purpose of Reallocating Multnomah County Local Share Funds Among Existing Projects.	Washington
10.2	**Resolution No. 99-2782,** To Grant a 4-Month Extension of the Conditions of Tsugawa Urban Growth Boundary Resolution.	McLain

11. COUNCILOR COMMUNICATION

ADJOURN

Cable Schedule for May 6, 1999 Metro Council Meeting

	Sunday (5/9)	Monday (5/10)	Tuesday (5/11)	Wednesday (5/12)	Thursday (5/6)	Friday (5/7)	Saturday (5/8)
CHANNEL 11 (Community Access Network) (most of Portland area)						2:00 P.M. *	
CHANNEL 21 (TVCA) (Washington Co., Lake Oswego, Wilsonville)	7:00 P.M. *	1:00 A.M. *		7:00 P.M. *			
CHANNEL 30 (TVCA) (NE Washington Co. - people in Wash. Co. who get Portland TCI)	7:00 P.M. *			7:00 P.M.*			
CHANNEL 30 (CityNet 30) (most of Portland area)		2:00 P.M. (4/8 meeting)					
CHANNEL 30 (West Linn Cable Access) (West Linn, Rivergrove, Lake Oswego)		12:00 P.M. (4/29 meeting)		10:00 P.M.	11:00 P.M. (4/29 meeting)	10:30 P.M. (4/29 meeting)	7:00 A.M. (4/29 meeting)
CHANNEL 19 (Milwaukie TCI) (Milwaukie)	4:00 P.M. (4/29 meeting)					10:00 P.M. (4/29 meeting)	9:00 A.M. (4/29 meeting)

* These meetings may be preceded by a 30-minute public affairs program, *The Regional Report*, produced by Metro.

PLEASE NOTE THAT ALL SHOWING TIMES ARE TENTATIVE BASED ON THE INDIVIDUAL CABLE COMPANIES' SCHEDULES.

PUBLIC HEARINGS: Public Hearings are held on all Ordinances second read and on Resolutions upon request of the public.
Agenda items may not be considered in the exact order. For questions about the agenda, call Clerk of the Council, Chris Billington, 797-1542.
For assistance per the American Disabilities Act (ADA), dial TDD 797-1804 or 797-1540 (Council Office).

Agenda Item Number 7.1

Consideration of the April 29, 1999 Metro Council Meeting, 12/9/98 Council Finance Committee, and 4/14/99 Council Budget Work Session minutes.

Metro Council Meeting
Thursday, May 6, 1999
Council Chamber

MINUTES OF THE METRO COUNCIL MEETING

April 29, 1999

Council Chamber

Councilors Present: Rod Monroe (Presiding Officer), Susan McLain, Ed Washington, Rod Park, Bill Atherton, David Bragdon, Jon Kvistad

Councilors Absent:

Presiding Officer Monroe convened the Regular Council Meeting at 2:07 p.m.

1. INTRODUCTIONS

None.

2. CITIZEN COMMUNICATION

Presiding Officer Monroe called Mike Houck to the dais to read the Metro Proclamation for the Thirteenth Annual Great Blue Heron Week, May 3 to 9. He then handed the proclamation to Mr. Houck.

Mr. Mike Houck, Audubon Society of Portland, 5151 NW Cornell Portland, Oregon said Great Blue Heron Week was a cooperative effort by Metro Parks and Greenspaces, the city of Portland Park Bureau, city of Portland Environmental Services, and a large list of community groups that had also participated in putting together the various events that would be happening between May 1 and May 9. He noted:

- May 1 was the Second Annual Student Watershed Festival at Whitaker Pond
- May 3 Presiding Officer Monroe and Mike Burton with City Commissioners Saltzman and Francesconi would be at Willamette Park to encourage streambank restoration, a publicly owned facility that promotes the re-establishment of fish and wildlife habitat in that park,
- May 5, at 10:00 a.m. the interpretive signs would be unveiled, these signs interpret the Van-Port flood as well as fish and wildlife habitat values out at Heron Lakes Golf Course.
- May 5, there would be a Peninsula Crossing Trail/Willamette Cove Trip
- May 8, Smith and Bybee Lakes
- There was a canoe and kayak trip planned around Ross Island and into the lagoon to look at the heron's nests in Ross Island, with over 100 canoes and kayaks launched from Willamette Park

The objective was to get people out to enjoy some of these areas so they understood why we had worked so hard, at Metro and elsewhere, to protect those areas. Mr. Houck appreciated the fact that the Metro Council had acknowledged this event, a first for the council.

Presiding Officer Monroe thanked Mr. Houck for spearheading the effort.

Art Lewellan, 3205 SE 32nd Portland OR said he supported quite a few of the projects that the council was working on primarily in the transportation area. He confined his projects to transportation and said he supported the airport MAX and the central city streetcar, but could not support the south-north lightrail. He worked on highway projects and believed the upcoming resurfacing of the Ross Island Bridge was a mistake and should be delayed. Citizens should know about the length of time that the bridge was due to be closed and the hassle of traffic throughout the region. They also should know that the Ross Island Bridge was being planned for its real improvements in the future. He suggested that we should not go through this resurfacing project, it was not a dire necessity to do this now, later only to have to repeat resurfacing or add a lane. Ross Island Bridge was so narrow it was not a safe bridge, either for pedestrians or for traffic. His diagram showed the ring around Portland of the highway system of I-5 and 405 and how all freeways were able to run onto this freeway except for the ones in southeast: 99, McLoughlin, and Powell Boulevard all led onto the Ross Island Bridge. Traffic had to cut through neighborhoods because of the deficiency of the Ross Island Bridge. The highway proposal that redirected traffic so that it remained on the highways rather than being forced to cut-through neighborhoods was a proposal that should be supported. He showed a diagram of how one could improve the corridors: Powell and McLoughlin, but they all lead to the Ross Island Bridge. Now that we had no options for new bridges across the Willamette, we needed to focus on the Ross Island. He felt this was an opportunity for improving neighborhoods on both sides of the bridge. We should not allow ODOT to do a band-aid approach for the Ross Island Bridge. He noted that there were terrific opportunities for economic development, improved access, and neighborhood development. He submitted his drawing for the record. His latest proposal for the highways was to create an entrance to I-5 on the Morrison Bridge. He had been working on it for a year, this could be done while delaying the resurfacing of the Ross Island Bridge.

3. EXECUTIVE OFFICER COMMUNICATIONS

None.

4. AUDITOR COMMUNICATIONS

None.

5. MPAC COMMUNICATION

Councilor McLain said there was a number of councilors at the JPACT/MPAC joint meeting yesterday. They were going through the regional transportation plan, reviewing the work that staff had been doing over the last few months. There were some interesting conversations that were brought forward as they reviewed the material. MPAC and JPACT talked about the next time they would meet together. Afterwards there was an MPAC meeting. MPAC reviewed the Urban Growth Report Work Plan which dealt with capture rate and some of the other issues, including underbuild, and some additional elements. One of the items that came up was the 70% factor that dealt with the capture rate, what they thought the information that was updated meant, and what they were hoping to see the Council do with that information. There would be a formal presentation on these factors by MPAC as they came through.

6. METRO LEGISLATIVE UPDATE

Mr. Dan Cooper, Legal Counsel, said SB 838, Metro Open Space bill, passed out of committee unanimously and would go straight to the Senate floor with a positive recommendation.

Another bill came out of the Senate Water and Land Use Committee on Tuesday afternoon that was a bit of a surprise. It was Senate Bill 1187, as introduced it would have exempted any land to which an exception to Goal 3 and 4 had been taken from any other state land use planning goals. It looked like such a strange bill, that Metro didn't comment on it. Metro didn't think that anybody would ever consider such a thing and did not figure that the people that were proposing it probably had something else in mind, much more narrow than that—exempt all 750,000 of exception land in the state from any other land use planning requirements. There was an amendment made, and the bill came out of committee. The amendment narrowed the exception to just goal 14. The effect was that any land outside the urban growth boundary that was exception land could now be zoned for what had previously been considered an urban use. That would open the door for industrial, retail, high-density subdivisions. . .He indicated that he and Mr. Phelps had talked separately with the lobbyist for the Oregon Realtors Association who were the advocates for the bill. They were told that the Association had no intention of disrupting Metro's management of the Urban Growth Boundary but the bill, as amended, did exactly that. It was Mr. Phelps and his recommendation to oppose this bill. It was hard to imagine how a bill that had that language in it could be corrected in a manner to narrow it to something that would be acceptable to the Council.

Motion: **Councilor Atherton** moved to have the Metro Council oppose SB 1187.

Seconded: **Councilor McLain** seconded the motion.

Councilor Park asked in terms of the relationship to the Urban Reserve designation, those lands would also fall under this?

Mr. Cooper said it would.

Councilor Park asked if the net effect would be that it would allow parcelization under 20 acres?

Mr. Cooper said it would because the Urban Reserve rule was predicated on Goal 14, the bill probably totally blew out the urban reserve rule. Because all of our calculations of the 20 year land supply were predicated on assumptions that you would continue rural densities outside the Urban Growth Boundary, it completely changed the landscape of everything Metro was doing, and it was hard to assess what exactly it did do. It was very clear that it would be a major change in Oregon land use planning law. The consequences were vast.

Councilor Park recapped by saying the current urban reserve rule was to keep parcelization to a minimum, to allow for future urbanization at a useful density so you didn't have a development pattern that would inhibit that.

Mr. Cooper said that in any areas that were outside the Urban Reserves that were exception lands but might, at some time in the future, be needed as additional Urban Reserves might be subject to urbanization after this statute passed, and therefore would not be capable of acting as future reserves either.

Presiding Officer Monroe said we had made a conscious effort to maintain separation, at the request of people who lived in the Metro area and officials in the satellite cities of Sandy, Canby, Scappoose and Newberg satellite towns. This would allow urbanization to suck those satellite cities into the big mass, unless the separation was entirely farmland, which in most cases it was not. Any time there was exception land in those gaps it would allow those gaps to cease and the whole concept of rural reserves separating cities would be lost.

Councilor Atherton asked who was the sponsor of the bill.

Mr. Cooper said it was introduced at the request of the Oregon Realtors Association.

Councilor Atherton said that was a disappointment. In conversations with people from that organization they had expressed their commitment to the land use planning program for the state of Oregon and to the concept that we needed to live in livable communities and build livable communities. We couldn't just live out in the country and exploit the cities. He was surprised by this because the bill would gut land-use planning in Oregon, and was designed to exploit the investment that we had made in all of our communities. He asked for an aye vote.

Presiding Officer Monroe asked which committee the bill came out of.

Mr. Cooper said it was from the Senate Water and Land Use Committee.

Presiding Officer Monroe asked what the vote was.

Mr. Cooper did not know.

Presiding Officer Monroe said the motion was for the Council to take a formal position opposing Senate Bill 1187 and instruct the lobbyists in Salem to try to get the bill defeated on the floor of the senate.

Councilor Kvistad asked if this required a majority or a unanimous vote?

Presiding Officer Monroe said it required a majority.

Mr. Cooper agreed that it required a majority.

Vote: The vote was 6 aye/ 1 nay/ 0 abstain. The motion passed with Councilor Kvistad voting no.

Presiding Officer Monroe asked Mr. Cooper about other legislation.

Mr. Cooper said there was nothing further than was discussed on Tuesday.

Presiding Officer Monroe said he testified on SB 1313.

Mr. Cooper said that SB 1313 appeared to be subject to no further action in committee according to the chair.

7. CONSENT AGENDA

7.1 Consideration meeting minutes of the April 15, 1999 Regular Council Meeting.

Motion: **Councilor McLain** moved to adopt the meeting minutes of April 15, 1999 Regular Council Meeting.

Seconded: **Councilor Washington** seconded the motion.

Vote: The vote was 7 aye/ 0 nay/ 0 abstain. The motion passed unanimously.

8. ORDINANCES - FIRST READING

8.1 **Ordinance No. 99-803,** For the Purpose of Amending Chapter 3.09 of the Metro Code Relating to Local Government Boundary Changes and Declaring an Emergency.

Presiding Officer Monroe assigned Ordinance No. 99-803 to Growth Management Committee.

8.2 **Ordinance No. 99-804,** Amending Metro Code Section 4.01.050, and Revising Admissions Fees and Policies at the Oregon Zoo.

Presiding Officer Monroe assigned Ordinance No. 99-804 to the Metro Operations Committee.

9. ORDINANCES - SECOND READING

Presiding Officer Monroe took Resolution No. 99-2776 out of order at the request of Councilor Washington, proposed committee members were in the audience.

10.4 **Resolution No. 99-2776,** For the Purpose of Appointing Lynn Taylor, Selena Mason, Judy Changers and Trevor Nelson to fill three Expiring Terms and One Vacant Position on the North Portland Rehabilitation and Enhancement Committee and Declaring an Emergency.

Motion: **Councilor Washington** moved to adopt Resolution No. 99-2776.

Seconded: **Councilor Kvistad** seconded the motion.

Councilor Washington said that since 1995 the North Portland Rehabilitation and Enhancement Committee had awarded over $1.3 million to 213 projects. The grants funds came from interest on fees collected by Metro from 1985-1991 on garbage disposed at the now closed St. Johns landfill. This fund had over $2 million in it, and the committee awarded grants on the interest from the fund. Grants were awarded to projects that contributed to the quality of life in the community. Most projects included matching funds and donated labor. Resolution No. 99-2776 considered approval of four new members. Three of the new members would each serve a four-year term, Lynn Taylor from Arbor Lodge, Selena Mason from Kenton, and Judy Chambers from University Park. Trevor Nelson would fill the vacancy left by Larry Hollowbow from St. Johns for the next two years. The other three committee members were Jim Bennett presently on the committee from Overlook, Cheryl Butler from Portsmouth, and Gary Bone from Cathedral Park. As chair of this committee, Councilor Washington introduced the committee members that were present: Lynn Taylor, Selena Mason, and Trevor Nelson. He reviewed each prospective committee member's credentials.

- Lynn Taylor came to the committee with over 12 years in the neighborhood. She was a consulting teacher at John Bow elementary school for 10 years and is now an instructional specialist for Portland special education teachers. She also worked part time as a realtor in North Portland as well as being a board member of the Peninsula Community Development Corp.
- Selena Mason lives in Kenton and has been very active in Project Network, she has also worked with the Boys and Girls Aid Society and Parent/Child Services, Inc.
- Trevor Nelson recently purchased a home in St. John and is actively involved in St. John's 21st Century Steering Committee. He is an architect and interested in urban design and is currently on the AIE Urban Design Committee.
- Judy Chambers was unable to attend, she has been a resident of University Park for over 33 years and is currently on the Board of Directors for the Multnomah Education Service District. She has been involved for many years in the Peninsula School and Roosevelt High School Budget Committee.

He also thanked Ms. Katie Dowdall for all of her hard work on this committee.

Mr. Trevor Nelson shared his interests in the committee. There were many opportunities where his background in architecture and urban planning would be helpful in accomplishing the necessary growth and transportation planning that the North Portland area was facing.

Ms. Lynn Taylor said that she was excited to be part of this committee, having worked and lived in North Portland there had been a lot of changes taking place, all for the better. She was very impressed with the area and wanted to be part of the developments that were going on and invest in projects which enhanced North Portland.

Ms. Selena Mason shared that she had recently bought her home in the Kenton area, just over two years ago, and it was purchased through the Portsmouth Community Redevelopment Program. This program stipulated that she needed to stay in the house for 10 years before she could sell it, so she was tied to the house and neighborhood. She was excited to be able to work to enhance the community. She brought 20 years experience in social services, in program management and directing, and had submitted numerous grants and proposals. She wanted to now be on the receiving end.

Councilor McLain thanked them all for volunteering.

Councilor Washington thanked the nominees for their willingness to serve.

Vote: The vote was 7 aye/ 0 nay/ 0 abstain. The motion passed unanimously.

Presiding Officer Monroe said they would consider the budget beginning with Ordinance No. 99-793.

9.1 **Ordinance No. 99-793,** For the Purpose of Adopting the Annual Budget for Fiscal year 1999-00, Making Appropriations, and Levying Ad Valorem Taxes; and Declaring an Emergency.

Motion: **Councilor McLain** moved to adopt Resolution No. 99-793.

Seconded: **Councilor Bragdon** seconded the motion.

Mr. John Houser, Senior Council Analyst, noted that the ordinance would go to the tax supervising authority after being approved by the Council. The Councilors had a document which summarized the monetary budget amendments which had been approved and those pending as well as budget notes which had been approved. He said there were two technical amendments before the council today. The first was the federal fund that the agency would receive to proceed with additional study-related work on a potential Columbia extension lightrail line. The amount of that amendment was about $4 million. The second item was to recognize the estimated level of expenditure related to the potential expansion of the Oregon Convention Center. That amount was about $6.6 million. He said that this may seem like a relatively small number, given the potential size of that project, but it recognized that during the coming fiscal year the work would focus on preparatory work, like preparation of architectural drawings and design, obtaining of the necessary permits, and some of the early site preparation work. Staff had indicated that there would be a two year to thirty month timeline for the actual completion of that project. These changes were summarized in a final adjustments to the FY 1999-2000 proposed budget memo that was directed to the presiding officer from the executive officer. (A copy of these technical amendments may be found in the permanent record of this meeting.)

Presiding Officer Monroe said they should be considered separately. First, the technical adjustment for a study work for a Columbia River Lightrail line would be considered.

Motion to
Amend #1: **Councilor Kvistad** moved to amend Ordinance No. 99-793 concerning the technical amendments including $4,000,814 for Columbia Extension of Light Rail and Various South Corridor Studies.

Presiding Officer Monroe said it was outlined in the April 26, memo entitled "Final Adjustments to the FY 99-00 proposed budget" on pages 1 and 2.

Seconded: **Councilor Washington** seconded the motion.

Presiding Officer Monroe asked about the funding.

Mr. Houser said it was federal money that came from the same source that would have financed a South-North lightrail in its entirety.

Councilor Park asked what was being taken in sections, the outline of the 26^{th}?

Presiding Officer Monroe said the convention center capital project would be voted on separately. The current discussion was focused on the first two pages of the memo.

Councilor Park asked if this only dealt with the north section at this time.

Presiding Officer Monroe said this discussion was about the lightrail.

Councilor Kvistad reminded them that this needed to be budgeted and within the correct line items in the budgets, since they were not Metro general fund or Metro funds in and of themselves.

Mr. Houser said that they were budgeting anticipating the receipt of these funds, they didn't actually have them at this time.

Presiding Officer Monroe said they were essential creating placeholder—assuming that the funds would come, and when and if they did, the Council had already determined how they would be expended.

Councilor Bragdon said there was an element in these funds, as approved by JPACT, for the South corridor bus. He asked if this was included in this discussion.

Presiding Officer Monroe said it was. The money for studying the bus project on McLoughlin was also in this amendment, as well as the Washington County Commuter Rail Project.

Councilor Atherton noted that the amount of the funds indicated for the busway studies were an order of magnitude lower than those for the lightrail and asked for an explanation.

Councilor Kvistad said that Commissioner Lindquist was the advocate on JPACT and before this council on that project. At his request, and the request of the county commission, JPACT did not pursue any other alternatives. This was the alternative they asked us to pursue—south lightrail. In the meantime, rather than having a backup placeholder in terms of dollars to start a study or have a study in place of where would we go next, we had nothing available. We had made a commitment in this format to the county to say we understood that, because of the vote, lightrail was not going to the south at this time, but that didn't mean that the county was off of the planning list. We agreed to move forward as quickly as possible to create that backup plan, which we did, at their own request. That was the reason in terms of the dollar difference. We needed to plan it, know where it was going to go, know how it was going to work before we got to the point of allocating money. It was going to be six or eight months to get it started, and a year before we were going to have some idea of what that might run. In the next funding cycle we would figure how to fund that kind of a program.

Mr. Richard Brandman, Transportation Planning Director, said that the funding that was available for the South bus corridor study was the seed money that would allow us to do the alternatives analysis so we could determine what we would want to go out and eventually construct. The larger lightrail budgets that you were used to seeing here had been pass-through moneys primarily for engineering work, and it was more than seed money to get the lightrail study, it was actually to do the engineering work to get it ready for construction.

Vote to Amend #1: The vote was 7 aye/ 0 nay/ 0 abstain. The motion passed unanimously.

Motion to

Amend #2: **Councilor Washington** moved to amend Ordinance No. 99-793 by recognizing the estimated expenditures for the Oregon Convention Center expansion project of $6,605,000.

Seconded: **Councilor Kvistad** seconded the motion.

Michael Morrissey, Senior Council Analyst, pointed out that, like the previous amendment, this was in anticipation of moneys arriving. The MERC staff said that there was information from the city of Portland that allowed Metro to do this, but they hadn't signed any kind of agreement with them, and there would be an IGA coming. Second he noted that this amendment reestablished a fund that was due to go out of order, the Convention Center Capital Project Fund. This would reestablish the fund as well as put money into it.

Councilor Park asked if this was merely a budget item or was it moving forward with the project.

Presiding Officer Monroe said it was a placeholder only, anticipating moneys coming from City of Portland. Metro and Multnomah County would have to raise two new taxes and send that money over. None of those things had happened yet, so this was just a placeholder.

Vote to
Amend #2: The vote was 7 aye/ 0 nay/ 0 abstain. The motion passed unanimously.

Mr. Houser said that the Presiding Officer had indicated to his fellow councilors that he was going to bring forward a budget amendment. It dealt with the payment of dues to the National Association of Regional Councils, or NARC. The Council Office had checked and been advised by that organization that those annual dues would be $8,840. He thought it was the Presiding Officer's intent that these funds would come from existing general fund resources. Probably the most appropriate place to budget them would be within the Council Office budget under the line item that dealt with Payments to Other Agencies.

Motion to
Amend #3: **Councilor Washington** moved to amend Ordinance No. 99-793 amending the Council budget to add $8,840 to Materials and Services to pay annual National Association of Regional Councils dues.

Seconded: **Councilor Kvistad** seconded the motion.

Councilor Washington said these were the dues for National Association of Regional Councils. He had attended every year. Metro used to be active members of this organization. Metro was the premier regional government in the country. He urged the council to support this amendment, if they were going to participate, then they should pay their fair share.

Councilor Atherton asked if NARC ever had training or conventions on the west coast.

Councilor Washington said it changed. The national convention was in a different place every year. The spring convention for lobbying and training was always in Washington, D.C. NARC did training, but most of it was back on the east coast. However, he was sure that if there was a request to do it elsewhere, they would consider it. They were interested in working with everyone and would likely accommodate such a request.

Mr. Houser said there was also a western region of the association that consisted primarily of the west coast states. They had annual meetings which rotated among California, Oregon, Washington, and Idaho. On at least two occasions in recent years the meeting had been held in Oregon.

Councilor Washington thanked Mr. Houser for the clarification. This year the western session was in California and was a combination of the WCOG and the National Association in Monterey in June or July. Their western conference included training as well.

Vote to
Amend #3: The vote was 7 aye/ 0 nay/ 0 abstain. The motion passed unanimously.

Mr. Houser said there were no other amendments that the analysts were made aware of.

Presiding Officer Monroe said the Council could not finally approve the budget today, but they would take up the resolution to send it to TSCC. Final approval of the budget would be on June 17. TSCC had scheduled a public hearing on the budget at 11:30 a.m. on June 10, he urged everyone to attend.

Presiding Officer Monroe asked if this was the same amendment that had failed before.

Councilor Kvistad said it was.

Presiding Officer Monroe said Ordinance 99-793 was still before them.

Motion to
Amend #4: **Councilor Kvistad** moved to eliminated the Analyst position in the Executive Office budget.

Seconded: **Councilor Park** seconded the amendment.

Councilor Kvistad reviewed that the position had become vacant, that Mr. Raphael held. It was a $65,000 position with pay and benefits. It had been filled since that vacancy occurred by the executive officer. In light of the fact that the Council approved a new $100,000 position plus benefits, he felt that with the reductions in the council office, it would be prudent for the council to have this discussion.

Presiding Officer Monroe asked if this was the position that was currently held by Mr. Pete Sandrock?

Councilor Kvistad said it was.

Mr. Burton declined to comment on this.

Councilor Atherton said he opposed this amendment. In part, because they had a discussion two weeks ago where they talked about this agency's response to the endangered species act listing of the imperiled salmon in our region. We had a discussion at that time about how we could provide further service to the communities of the region and exercise a management role in watershed work. It was not timely, the subject did not come up in time to bring this to this budget, but we were examining it as part of WRPAC. Perhaps with a resolution from this council the expectation was that we were going to ask the executive officer's office to provide some serious management service in this regard and he thought this position was consistent with that expectation.

Councilor Park asked a point of clarification about the current carry over projected, and what was the carry over four years ago.

Ms. Jennifer Sims, asked if Councilor Park was referring to the general fund balance. Currently, based on revised tonnage estimates and actions of the council the projected ending balance at the end of this fiscal year was approximately $350,000 and for next year it was about $100,000. Four years ago it was approximately $1.5 million.

Councilor Park asked how much of the $350,000 was unexpended funds carried forward from this year.

Ms. Sims said all of it

Councilor Park said he meant how much had been authorized in the prior fiscal year by the prior council and was not expended. He asked how much of that made up the carry forward.

Ms. Sims said because their budgeted contingency and unappropriated amounts were higher than that, she could say all of that money was planned to be carried over and was not budgeted to be spent.

Councilor Kvistad said the council budget had a carry over of approximately $85,000 and the executive office had a carry over of about $17,000.

Councilor Washington said he would not be supporting this amendment because he felt the appropriate time to discuss it was some time ago. He felt the recent actions taken in this council would mean there was a mechanism in place to address these issues. He said everyone should be on notice that that was the way it was. He was uncomfortable with the way this issue was handled and felt they had taken steps to alleviate this kind of problem in the future.

Presiding Officer Monroe said that the Executive Officer had asked for a Council/Executive retreat to review, among other things, the budget process so council would have an opportunity to weigh in at an earlier time on the formation of the budget which would be a more appropriate way to deal with questions such as this.

Councilor Kvistad said the way the positions had been handled bothered him a great deal. He reminded council that when they started this discussion the office was still filled by the previous person and was becoming vacant. He noted it was filled with full knowledge that the position was to be eliminated in order to fund the new $100,000 position now filled by Mr. Warner. He said the fact that the position had been filled was not the problem of the council. He said when they had discussed the roll over contingency for the NARC dues, the thought was that the council was being fiscally imprudent by running the unexpended balance down. He took great issue with that since the council had saved almost $100,000 from their budget by managing staff and expenditures well. He said this did not have anything to do with the way Mr. Burton managed his office but it did have to do with the position. He had no problem with Mr. Warner helping with the management of this agency but did have a problem with the funding level. He believed the position was not a management or policy position and would not be used as such. He believed it was a political position. He felt that, in this particular instance, since the position was open, the council had a contingency. He felt that this amendment was appropriate, prudent and timely. He was not one to go after people's jobs but this was on the table and was filled to keep it, not filled to further the debate. He said he would like to see it cut and felt very strongly about it.

Vote to
Amend #4: The vote was 2 aye/ 5 nay/ 0 abstain. The motion failed with Councilors Atherton, McLain, Washington, Bragdon and Presiding Officer Monroe voting no.

Presiding Officer Monroe opened a public hearing on Ordinance No. 99-793.

Mr. Shane Endicott, 2205 N. Humboldt, Portland, OR , director of the Rebuilding Center, a project of Our United Villages, 2015 NW 23rd, Portland, OR 97210, said he had been a part of an informal group of non-profit and for-profit businesses called the Metro Sustainability Forum which met at Metro to look at ways to enhance diverting solid waste out of the land fills. He said they had come to believe there was a great deal of capacity in the business to recapture and reuse a lot of the waste in this region. He said the rebuilding center diverted solid waste and remodeling and building materials aided by a grant from Metro for machinery to do it. He represented the group in asking for consideration of support for the development of a business revitalization work plan but open the work plan to include other local intermediaries so they could partner with Metro to leverage private money with Metro's investment, to increase the general account business revitalization line item at least $750,000 this year and continue to increase the fund each year for the next 3 years until the fund had approximately $2.5 million to work with. He felt it would be a great service to the community to put this money into expanding recycling.

Presiding Officer Monroe thanked Mr. Endicott for his partnership with Metro to achieve recycling goals. He urged him to pay attention to the hearing schedule of Councilor Washington's committee on Amendment 8 which would change the funding and open up a secondary budget process.

Councilor Washington said he had conversations with Mr. Endicott and others and knew he would be testifying tonight. He asked the testifier to get his information to Mr. Houser so the requests could be reviewed.

Mr. Robert Bole, The Enterprise Foundation 1020 SW Taylor #800, Portland, OR 97205 noted a previous meeting where he introduced the Enterprise Foundation to the council and discussed their interest in working with Metro to create a resource for businesses. He had asked for the same things that Mr. Endicott had asked for today. He went on to describe his vision of how a business recycling fund could work and how the private sector could participate. He said he understood this was a significant leap for Metro but felt the partnership could work well. He urged consideration of participating in this project.

Councilor Washington suggested that Mr. Bole also get his information to Mr. Houser. He said Metro really wanted to do to very best in this area and appreciated the information and ideas.

Mr. Dennis Brown, Roof Gone Recycling, 205 NE 148th Ave Portland OR 97203 urged the council to support the Enterprise Foundation and encouraged other companies to participate also. He said he was still researching the best ways to recycle, on the east coast and in Germany.

Councilor Bragdon asked if other places did it better due to technological reasons we lack or was it a matter of the local market for the by-product of that recycling.

Mr. Brown responded that this was due to the lower tipping fee which did not promote recycling. He said areas that paid well over $100 a ton had incentives to find different ways to manage the waste stream. He said they still needed to promote recycling even in the face of Metro's lowered tipping fees. In response to a question from Councilor Washington he said they used their reused roofing product for dust and erosion control, kind of like a mud barrier to the gravel.

Presiding Officer Monroe noted a letter of testimony from Jerry Rust dated April 28, 1999 regarding the budget and entered it into the record.

Presiding Officer Monroe closed the public hearing.

10. RESOLUTIONS

10.1 **Resolution No. 99-2749,** For the Purpose of Approving the FY 1999-00 Budget and Transmitting the Approved Budget to the Tax Supervising and Conservation Commission.

Motion: **Councilor McLain** moved to adopt Resolution No. 99-2749.

Seconded: **Councilor Washington** seconded the motion.

Councilor McLain said it was an Oregon budget law that they take the budget at this stage of the proceedings and send it to the TSCC by May 15. TSCC would return it June 10 with suggestions, ideas and questions. The TSCC public hearing would be at 11:30 and there must be a quorum in attendance.

Vote: The vote was 6 aye/ 1 nay/ 0 abstain. The motion passed with Councilor Kvistad voting nay.

10.2 **Resolution No. 99-2771,** For the Purpose of Granting Time Extensions to the Functional Plan Compliance Deadline - April 1999.

Motion: **Councilor McLain** moved to adopt Resolution No. 99-2771.

Seconded: **Councilor Kvistad** seconded the motion.

Councilor McLain said this resolution dealt with requested extensions from some jurisdictions so they could continue to work on functional plan requirements. She said the timelines ranged from October 2000 to September 1999 and were very specific about the tasks to be completed by the extension date.

Councilor Kvistad pointed out that many of the cities on the westside had been having difficulty with some of the compliance things. He felt the council had been very understanding of their needs and concerns. He was supportive of the resolution.

Councilor McLain clarified that giving extensions did not give exceptions and it was important to make sure they had adequate time to accomplish the work the council had suggested was important for substantial compliance. She reiterated that they were not exceptions.

Councilor Park asked Councilor Kvistad if the cities were having trouble with this compliance, did he believe that perhaps they should not be given additional land to have more to work on.

Councilor Kvistad said under the circumstances, if you looked at the list, most of them did not have that problem. Legislation going through and the land use decisions by Metro made more problems rather than less.

Councilor Park said he did not have a problem with land in Washington County coming in, it was the type of land.

Vote: The vote was 7 aye/ 0 nay/ 0 abstain. The motion passed unanimously.

10.3 **Resolution No. 99-2772,** For the Purpose of Amending the Metropolitan Transportation Improvement Program (MTIP) to Approve an Element of Tri-Met's Bus Purchase Program.

Motion: **Councilor Bragdon** moved to adopt Resolution No. 99-2772.

Seconded: **Councilor Kvistad** seconded the motion.

Councilor Bragdon explained that this item would amend part of the MTIP plan to allow Tri-Met to purchase buses with federal money and use their general fund money toward the airport lightrail program. He said this was contingent on the MTIP process continuing and did not preempt JPACT's decision about the final allocation.

Councilor Atherton felt this was clearly more about light rail than about buses. He said he was quite shocked when he read the study at the extent of the mitigation that would be necessary for the surface transportation problems that would be generated. He felt lightrail would not come close to mitigating the problems. From his experience at Kruse Way in Lake Oswego, he knew the full buildout impact had to be looked at. He felt Tri-Met could find a way to finance the $18 million without using the region's flexible funds to push this private development project. He had abstained from the vote at committee because he did not have the full information and now felt he still did not have a great deal of information. He said he would vote no on this resolution because they had not looked at the full buildout implications of what they were setting in motion.

Councilor Bragdon urged an aye vote. He said this was a step toward the airport lightrail extension by giving Tri-Met the flexibility to use these funds to purchase buses and proceed with the partnership between Metro, the City of Portland and the private sector to make airport lightrail a reality.

Vote: The vote was 6 aye/ 1 nay/ 0 abstain. The motion passed with Councilor Atherton voting no.

11. COUNCILOR COMMUNICATION

Councilor Washington said his testimony regarding the employee may have come across that he was taking a shot at Councilor Kvistad. He said that was not his intent and hoped the council knew he never intentionally did that.

Councilor Kvistad said in 1993 and 1994, and again in 1997 and earlier this year, they had some discussion about having urban design workshops where the council could travel to actual mixed use developments to see what they were about. He had the opportunity to talk to some of the folks involved in Seaside and in Orlando as well as the Calthorped project outside of Sacramento. He thought perhaps, working through Councilor McLain's committee, they could put together a workshop each year to travel to see what other regions were doing. As we go into the next few years it was going to be more critical as we start doling out TDM money, talking about lightrail enhancements, where we might go and develop. He thought it would be worthwhile, we started this back in 1993 when Councilor Wyers was the Presiding Officer, and we went to Toronto Metro. It was an eye-opener about what the others were doing. It might be good for us. The Council didn't normally do it, it was not a junket. With as much as was coming up for this group of seven in particular to learn and see what was going on, and/or maybe have people from these communities come here to give us presentations, it might be an expenditure that would be worth our while. If Councilor McLain or the group felt that this would be worthwhile, there were some fascinating things happening and it would be very interesting for us to see them.

Presiding Officer Monroe said it was an excellent suggestion, and pointed out that Fairview Village, which was in our area, that he really enjoyed touring and learned a great deal from the site.

Councilor Park said Councilor Kvistad's suggested sounded intriguing and he hoped it would not be viewed as a junket. There were some critical questions that the Council needed to be looking at given that the round in Beaverton made the front page a couple days ago, and there was some value to looking at how these sites were put together. Fairview Village was nice, but it was an extremely small project, 20-30 acres. Some of these that they were putting together were hundreds of acres and he thought that the Council needed to look at some of these examples to help them think outside the box. His other comment was related to what Councilor Washington said. In terms of looking at that position in the executive office, he echoed that it wasn't in terms of looking at the employee in the office, it's more in terms of what bothered him about the hiring at this particular time, when the council did not hire an individual, trying to help out with the budget. In his own business to look at the bottom line where the carry-forward was essentially zero, and then to go ahead and fill a position, that just made him uncomfortable. He wished the person well in the position, but the statement needed to be made, and he didn't think that Councilor Kvistad was taking a shot at anybody, it was just a good, healthy debate, and something that this council was willing to do, and he appreciated that.

Councilor Washington said he would love to go on a growth management expedition led by Councilor McLain, whether it was Fairview Village or wherever, he was looking forward to it.

Councilor Bragdon endorsed what Councilor Kvistad and suggested one opportunity to follow up on that. The Congress for the New Urbanism, which was a collection of planners, architects, and developers who did these types of development was actually going to have their conference in Portland in the year 2000. A lot of those people were going to come here, they all had slide shows and all kinds of things that they could share with us. Maybe if we stepped in and helped to host and encourage that happening, it would be a good chance for us to learn from them. Their conference this year was in Milwaukee. He and Councilor McLain had talked about that, and he was going to the conference, he had been offered a scholarship. The conference was in June. If he went he would bring back information.

Councilor Washington said in Sunday's Parade magazine there was an article revitalization projects in Chattanooga, Tennessee, and in one of the excerpts they had a picture of Portland as one of the cities that was doing it right.

Councilor McLain said Mr. Kvistad's idea warranted some review, but we might be able to get more involvement of the whole council or of people in our community that would be working with some of these ideas if we did do something here and invited others. As Councilor Bragdon pointed out there were a couple of opportunities coming up in the year 2000 that would allow us to do that. She didn't get to go on the Toronto trip, but she remembered that Mr. Kvistad and some of the staff members that went did indicate that they felt that it had been a worthwhile endeavor and that it had enriched some of their ideas. Maybe the Council could do both, it made some sense to try and make sure we did something here in the region and that there were other opportunities out there for us.

Councilor Atherton said that it was a good idea to look at examples of the way things could be done. He and Councilor Park were both pilots, had flown around the region. There were some examples here, in Oregon, of what could be seen from a light aircraft, and the conversations you can have. He would be willing to take any members of the Council up, between the two of us we could carry the full seven of us in two planes.

Councilor Park said it had been brought to his attention that our response to the court of appeals had been turned in and it was his understanding that it was going to be brought to the council prior to it being submitted for the Council to review and to see if it was within what they would like to have seen put forth. That opportunities had left us, but he wanted to note that that was what was supposed to occur.

Mr. Dan Cooper said if that was his understanding it was not his and he apologized if there was a misunderstanding, he delivered copies of the two briefs that they had already filed, and the third one would be on their desks in the morning, when it was done. He thought they would find it consistent with the discussions they had about the positions they would be taking. He apologized for not clearing up the misunderstanding they had about whether he would have a chance to see that. They had two weeks to get it from the attorneys onto paper and printed and published and off to the court of appeals. They didn't think there was time to get through that pace, but he took responsibility for the misunderstanding.

12. ADJOURN

There being no further business to come before the Metro Council, Presiding Officer Monroe adjourned the meeting at 3:54 p.m.

Prepared by,

Chris Billington
Clerk of the Council

Document Number	Document Date	Document Title	TO/FROM	RES/ORD
042999c-01	5/1-5/9/99	13th Annual Great Blue Heron Week	Council/Mike Houck	
042999c-02	4/29/99	Ross Island Bridge Proposal	Council/Art Lewellan	
042999c-03	4/28/99	Letter from Jerry Rust	Council/Jerry Rust	Ord. No. 99-793
042999c-04	4/29/99	Memo Re: Budget Status	Council/John Houser and Michael Morrissey	Ord. No. 99-793

MINUTES OF THE METRO COUNCIL BUDGET WORK SESSION

Wednesday, April 14, 1999
Council Annex

Members Present: Susan McLain (Deputy Presiding Officer), Bill Atherton, David Bragdon, Rod Park, Ed Washington, Jon Kvistad

Members Absent: Rod Monroe

Presiding Officer Monroe called the meeting to order at 2:08 PM.

1. CONSIDERATION OF MINUTES OF MARCH 24, 1999

Motion:	**Councilor Washington** moved, seconded by **Councilor Bragdon** to adopt the Metro Council Budget Work Session minutes of March 24, 1999.
Vote:	All councilors present voted aye. The vote was 6/0 in favor and the motion passed unanimously.

2. ORDINANCE NO. 99-793, FOR THE PURPOSE OF ADOPTING THE ANNUAL BUDGET FOR FISCAL YEAR 1999-2000, MAKING APPROPRIATIONS, LEVYING AD VALOREM TAXES, AND DECLARING AN EMERGENCY

REM Budget

Terry Peterson appeared before the council to present the proposed budget for the Regional Environmental Management Department for the fiscal year 1999-2000. He noted that the proposed budget was based on the current disposal rates. A copy of the proposed FY 1999-2000 Metro budget containing the REM budget is included as part of the meeting record.

Deputy Presiding Officer McLain asked John Houser, senior council assistant, to review the proposed REM budget and summarize his recommendations. He distributed a memorandum dated April 13, 1999, entitled "Analysis of the Proposed REM Budget for FY 99-00" to the committee. A copy of this memorandum is included as part of the meeting record. Mr. Houser noted that the REM budget would likely be affected by several significant changes in rates, revenues and disposal costs. He noted that the REM staff was working on some major plans that could significantly impact the budget, although they were not likely to be completed in time to affect the proposed budget but could be considered with the supplemental budget in the fall. These include: 1) transfer station cost of service analysis, 2) a transfer station service plan, 3) an analysis of the household hazardous waste program, 4) a status report on the Regional Solid Waste Management Plan, and 5) development of a revised organics recycling work plan.

Mr. Houser reported that he had no recommendations for monetary changes but did have a proposed budget note dealing with some fairly large ticket items that had not been clearly or fully defined as to how the funding was going to be spent.

Proposed Budget Note:	Prior to the expenditures of contracted professional service funds designated for business and residential waste reduction outreach, organics processing capacity enhancement and the business recycling grant program, staff shall present a work plan for Council review and approval. The work plan for the business recycling grant shall include a written set of procedures that address program administration, scope, selection criteria, evaluation and tracking and the potential for the repayment of funds. All contracts expending these funds shall be designated as "significant impact".

Councilor Bragdon asked if the organics enhancement was looking strictly at capacity or to the demand side as well. Mr. Houser answered that it was capacity driven. Mr. Peterson added that their main interest was to continue working on organics. Councilor Bragdon asked if this covered some of the work they had been doing with perishables, for instance food bank salvage. Mr. Peterson answered that their intent was on the composting side rather than the reuse side. Mr. Houser clarified that the specific funding for the Oregon Food Bank was a different line item in the budget, loosely defined as "payments to other agencies".

Deputy Presiding Officer McLain asked Mr. Houser to summarize the memorandum he and Mr. Morrissey prepared entitled "Budget Status" with regard to budget notes, adopted and pending. A copy of this memorandum is included as part of the meeting record. Councilor Bragdon's proposed budget note pending for the REM budget follows:

Proposed Budget Note:	In the event that a Change Order in the disposal contract with Waste Management Inc. Results in the possibility that Metro could lower the tipping fee, staff is directed to report to Council by October 1, regarding: (a) Projection of how reduced tip fee would be likely to influence recycling rates in residential and commercial sectors, (b) Proposed fiscal and/or programmatic efforts to mitigate that influence, and to ensure (through incentives, grants or other means) that recycling will increase despite such a reduced tip fee.

Deputy Presiding Officer McLain pointed out the lump sum line item regarding challenge grants. She felt a conversation regarding whether the grants should be given out for population numbers or only for excellence and superior quality of program. She felt it was not a budget conversation because the money was already there, but how to split it out would definitely be something Councilor Washington's committee should have a chance to talk about.

With regard to Councilor Bragdon's budget note. Councilor Kvistad said he preferred to hold off for 12-24 months before reducing rates any further to see what the recycling rates would do. His philosophical view was that all of the money should go back to the customer. He was supportive of the proposed budget note if it meant waiting to see what the reduction in the tipping fees would mean for the recycling programs. He also felt they needed some conversation as to what to do with the money saved.

Deputy Presiding Officer McLain said Presiding Officer Monroe had indicated that conversation would take place at committee.

Councilor Atherton asked if the full extent of their liabilities with regard to the landfills had been studied. Mr. Peterson responded that, in addition to the impact on waste reduction, that was an assessment the department hoped to have completed within the next few months. Councilor Atherton felt some way to create markets for the recycled materials should be pursued. Mr. Morrissey commented that the Metro Recycling department had a booklet which included producers of outdoor products, picnic benches, etc., made of recycled materials, including plastics. Deputy Presiding Officer McLain noted that those companies had received 1% recycling grants from Metro to get started. Councilor Park commented that the many different types of plastics made recycling them complicated and difficult.

MERC Budget

Mark Williams appeared before the council to present the proposed budget for MERC for the fiscal year 1999-2000. A copy of the proposed FY 1999-2000 Metro budget containing the REM budget is included as part of the meeting record.

Deputy Presiding Officer McLain asked Michael Morrissey, senior council assistant, to review the proposed MERC budget and summarize his recommendations. He distributed a memorandum dated April 13, 1999, entitled "MERC Proposed Budget" to the committee. A copy of this memorandum is included as part of the permanent meeting record. He noted that the summary was accurate including the technical amendments.

Councilor Kvistad commented that depending on the northern rail potential there might be a need for discussion about how to connect to Expo, and how that might affect Phase 3.

Councilor Park wondered about the connection between the hotel/motel tax and RACC. Mr. Williams answered that the extra money there was because there was a CPI attached to it. In response to a question from Councilor Park, Mr. Williams said Multnomah County had complete authority and approval over where that money went.

Technical Amendments

Craig Prosser appeared before the council to present the proposed technical adjustments for fiscal year 1999-2000. He noted the memorandum dated April 7, 1999, from Mike Burton to Presiding Officer Monroe entitled "Technical Adjustments to the FY 1999-00 Proposed Budget" to the committee. A copy of this memorandum is included as part of the meeting record. He explained that the PeopleSoft system would not be implemented during FY 1999-00 but Support Services (ASD) had requested $34,586 to be carried forward in case the modules were implemented and Metro had to pay the license fees. Mr. Morrissey suggested that someone should talk to the PeopleSoft folks to work out a deal so they did not have to pay license fees for years the program was not implemented. Councilor Park and Mr. Prosser said they could call them. He talked about the budgetary adjustments made to the MERC budget because construction on Hall D would not be implemented in this fiscal year as they had previously assumed. He noted an additional change in a separate memo from Jennifer Sims, dated April 14, 1999, and entitled "Adjustment to the General Obligation Bond Debt Service Fund and Property Tax Levy" that said since the prior year taxes were not as much as anticipated, there was a need to increase the current year property tax levy. A copy of this memorandum is included as part of the meeting record.

Councilor Kvistad said he wanted to make a motion to roll over unexpended funds from the council budget into the next year's council budget.

Deputy Presiding Officer McLain asked Mr. Prosser for a sheet with those funds listed. Mr. Prosser said they were working on that now and they had included assumptions for underexpenditure into the beginning fund balance of the general fund.

Proposed Motion: **Councilor Kvistad** said he would move to roll over the unexpended funds in this year's council budget into next year's council budget line items.

Deputy Presiding Officer McLain said they would receive a sheet with the particulars of the council's underspending and would have a conversation at the formal meeting the next day regarding what to do with the underspent funds. She noted that the choices would be rolling it over into the council budget for next year or having it assumed as part of the beginning balance of underspent budgets for the agency.

Councilor Kvistad felt since the council had created the savings they should expend the money however they saw fit. Councilor Park was concerned that they were being penalized for not spending which then created the environment that if you don't use it, you lose it.

Jennifer Sims said because of the way the budgets had been constructed and the assumptions that had been made, all of the excise tax was currently budgeted in some program or expenditure area and the result of that motion would be basically cutting somewhere else. She wanted to be sure that was clear.

Councilor Kvistad reiterated that he believed strongly when a savings was achieved in council then the council should be able to reallocate it. Mr. Morrissey said there were two types of unexpended funds. First were project-related where the project had been started but could not be completed in the same year it had been budgeted. That was a matter of following through on a project specific expenditure. The other kind, which he felt was more what Councilor Kvistad was referring to, was where all the dollars budgeted were not spent in the materials and services areas and the fiscal folks tried to estimate what that was for each department and programmed those into the budget.

Deputy Presiding Officer McLain thought Councilor Kvistad's point was how to deal with the amount saved in different departments. Councilor Kvistad responded that the Council worked hard to keep their budget tight and the problem was when the council department had budget surpluses they went through the Executive Department to be reallocated. He thought they should be able to reserve the right to make the adjustments in the council budget with their priorities for projects if they earned the savings.

Mr. Morrissey and Mr. Houser reviewed the overview of changes needed as a result of negotiations between MERC and Metro. Ms. Sims said this matched up the gap between the two budgets.

Deputy Presiding Officer McLain asked for other issues. There being no further business before the committee, at approximately 4:32 PM she recessed the meeting until April 28, 1999 at 2:00 PM.

Respectfully submitted,

Cheryl Grant
Cheryl Grant
Council Assistant

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Document Number	Document Date	Document Title	TO/FROM
041499Bud-01			
041499Bud-02	4/13/99	Analysis of the Proposed REM Budget for FY 99-00	PO Monroe & Dep. PO McLain/John Houser
041499Bud-03	4/14/99	Budget Status	Councilors/John Houser & Michael Morrissey
041499Bud-04	4/12/99	Proposed Note to REM Budget	Council/David Bragdon
041499Bud-05	4/13/99	MERC Proposed Budget	PO Monroe & Dep PO McLain/Michael Morrissey
041499Bud-06	4/7/99	Technical Adjustments to the FY 1999-00 Proposed Budget	Rod Monroe/Mike Burton
041499Bud-07	no date	Draft Budget Note	
041499Bud-08	4/14/99	Adjustment to the General Obligation Bond Debt Service Fund and Property Tax Levy	Rod Monroe/Jennifer Sims
041499Bud-09	no date	Oregon Convention Center Excise Tax	

MINUTES OF THE METRO COUNCIL FINANCE COMMITTEE MEETING

Wednesday, December 9, 1998

Metro Council Annex

<u>Members Present:</u> Patricia McCaig (Chair), Ruth McFarland (Vice Chair), Jon Kvistad, Susan McLain, Rod Monroe,

<u>Members Absent:</u> Don Morissette, Ed Washington

Chair McCaig called the meeting to order at 1:01 PM.

1. CONSIDERATION OF MINUTES OF THE JUNE 18, 1998 FINANCE COMMITTEE MEETING.

Motion: **Councilor McFarland** moved to adopt the minutes of the June 18, 1998 Finance Committee Meeting.

Seconded: **Councilor McLain** seconded the motion.

Vote: The vote was 3 yes/ 0 nay/ 1 abstain. The motion to adopt the minutes passed with Councilor Monroe abstaining because he was not at that meeting. Councilor Kvistad entered the room after the vote.

2. RESOLUTION NO. 98-2725, FOR THE PURPOSE OF ADOPTING THE CAPITAL IMPROVEMENT PLAN FOR FISCAL YEARS 1999-00 THROUGH 2003-04

Mike Burton, Executive Officer, said this was the third year for the Capital Improvement Plan which allowed the agency to take a long term look a their future capital needs and to allow council as the policy makers to determine where the resources for those improvements would come from. He said the proposed CIP had 73 individual projects with a total cost of $119 million. He noted that since the Convention Center project had been rejected by the voters, the Expo Center project would be considered this year. He introduced Mr. Imdieke.

Tom Imdieke, Financial Planner, reviewed the proposed 5 year capital plan (a copy is attached to the permanent record of this meeting). He said it was a major capital investment for the future of the region and over 70% of the projects were $100,000 or greater. He said a primary objective of a capital plan was to set forth the best estimate and assessment of the long term capital needs for an agency and allow for better coordination of the timing and financing of individual projects. He explained the direct cost savings to the public from this capital improvement plan and gave an overview of the CIP from a comparison chart he had prepared (copy of the chart can be found with the permanent record of this meeting). He also noted a memo to the committee from Mike Burton regarding substantive adjustments to the FY 1999-00 through 2003-04 proposed capital improvement plan (a copy of which is also included with the permanent record of this meeting).

Discussion: Chair McCaig said the process the last time was different and this was a mundane, housekeeping kind of CIP with the two significant items already authorized by the voters with the zoo bond and the open spaces bond. She said the amendment deserved some discussion and asked Mr. Imdieke for the basics on the amendment.

Mr. Imdieke said the OCC expansion replacement project, which was voted down at the last election, had been placed on the unfunded list and replaced with a proposal for Exhibit Hall D at the Expo Center, which was approximately $17 million to replace the old building.

Chair McCaig recalled two hearings on this matter, a Regional Facilities committee meeting where a hotel representative spoke to the resolution, and a full council where they heard the same testimony. She said there had been no other discussions in the public setting and felt putting it in the CIP was unbelievably premature. She said there was no hotel-motel tax committed to it and the revenue source they were looking at was the excise tax. She understood that the CIP did not commit them to the funding and that it was a separate entity, but felt it had not had the public scrutiny and/or discussion it needed for the Council to move it forward.

Councilor Kvistad disagreed. He felt it was a good investment because the facilities were outdated and had all kinds of problems. He said this project would allow the Expo Center more flexibility to keep generating revenue due to the improved floorspace. He said it did impact the budget because they would be building something, but the buildings needed to be updated and would be a positive investment.

Councilor McFarland said Metro had agreed not to do another revenue bond as long as they owed Intel money. In reference to that, she said the reason it was $2 million now and not more was that Metro had been paying it back at over twice the minimum rate required. She said Building E had been spectacularly and singularly successful and there was no reason to think that Building D would not be the same if they could get it done. She felt it was an expeditious time to go forward with the project.

Chair McCaig understood that the preliminary work from MERC had indicated this wasn't necessarily a money maker and there were some questions about what kind of revenue it would bring in. She said it might ultimately be the right decision but she did not think it was something they wanted to begin solidifying given the financing plans they were talking about until there had been a broader discussion about it.

Councilor Kvistad understood that perspective but still did not agree.

Chair McCaig said if MERC and the hotel/motel were not willing to bear responsibility for it there was nowhere else to go for funding.

Councilor Kvistad said the hotel/motel people's first priority was OCC but they were willing to look at other options. He said OCC was also a priority for Metro.

Councilor McFarland pointed out that the material they used at their last meeting was not prepared by the MERC staff but by their own analysis, Mr. Houser.

John Houser, Senior Council Analyst, said his work was designed to determine what level of debt service they might have to pay if they issued bonds at given interest rates, using the assumptions provided by MERC staff that they were willing to kick in from a variety of sources toward that purpose. He reported other non-excise tax related contributions that could increase that number. He said depending on the interest rate and length of term on the bonds, there was still about $180,000-$200,000 not spoken for from those sources. There were some undefined sources also. He said his work assumed there would be some form of excise tax contribution in the mix.

Mr. Burton was surprised to hear this was not in the MERC budget. He said the OCC had some deficits that needed to be addressed in relation to the bond issue and the issue deserved very careful analysis. He said whether or not it ended up with a public vote and support from the lodging association or whether council determined they could use existing excise taxes, therefore cutting other resources, or whether they could increase revenues from the facility remained to be seen. He said he had testified at the meeting and had asked for an analysis of the trade-offs for the new buildings from MERC. He had not received it yet. He had asked them what Metro would be gaining in a marketing sense and what the exact revenue sources were. He said clearly the building needed to be replaced. He reported after the defeat of the OCC measure he had asked the lodging association representatives if they felt the Expo Center could be a priority they would put additional resources to. He said they had not responded to him as yet. His goal was to fix Expo and if anything could be done to help OCC at the same time, fine. He wanted to send a clear message that whatever came back as a proposal to council would be one that did not do financial harm to the primary mission of the agency.

Councilor McLain agreed with Chair McCaig that every time they passed this on and gave it a placeholder status, they gave it more legs. She did not have a feeling for the revenue stream or the difference in the revenue stream from both facilities. She said if they were able to take some of the shows to the new exhibit hall would they be replaced with the same types of shows at OCC or would they look for a different type of show. She said she had not been sitting in on the Regional Facilities meetings and needed more education to feel comfortable with it. She believed they needed more support from MERC and the hotel/motel industry.

Councilor Monroe said he had not heard anything to change his mind that they needed to go ahead with the project.

Councilor McFarland asked if they were talking about less than the total of excise tax money they got from those operations. She said they were not talking about taking money from somewhere else if they used the money out of the excise tax they earned.

Mr. Burton said the money would come from other than excise tax.

Councilor McFarland asked where it would come from.

Mr. Houser said it would come as a lump sum. Among the sources it could be considered as coming from would be that they were paying $500,000 a year now to retire the Intel loan and the possibility that the parking fees would be increasing at the Expo Center which would generate another couple of hundred thousand dollars. He said they were also paying $100,000 a year on a flex lease that would end in fiscal year 2000-01. He said those sources had been identified by him as potential sources for the $800,000 but they had asked that he simply indicate they were willing to contribute $800,000 a year and that they would decide the sources.

Mr. Burton said the planning advisors had difficulty with that because it was not a dedicated stream for a revenue bond.

Councilor McFarland said she wanted to know if the $800,000 was less than the amount of excise tax they got from those sources. She said the bottom line was that they would still be getting $200,000 a year from that revenue.

Councilor McLain said the $800,000 was not coming from the excise tax revenue stream at all. She said this was a list of other things the money was being used for. She said it was not a dedicated stream but a grouping of dollars from operating funds that had been used for other parts of the budget. She said $180,000 - $200,000 was needed to pull this finance plan off and that money would come from excise tax. She said Councilor McFarland's question was wouldn't they still be getting x amount of dollars from the excise tax revenue. She said if they were asking to spend part of the revenue from the excise tax revenue stream, the rest of that pot would still come to Metro for other projects and resources. She said they were talking about three different groups of money, the $800,000, and $1 million income from excise tax and about actually dedicating $180,000 to $200,000 out of that $1 million for this D Hall project. She still did not think the Expo Center should come first.

Mr. Burton said the questions was whether those revenues would have to be foregone or funded some other way to be continued. He said issuing revenue bonds against that kind of conglomeration was probably a no go in the revenue market according to the fiscal advisers.

Motion: **Councilor McFarland** moved to bring Resolution No. 98-2725 to full council for adoption.

Second: **Councilor Kvistad** seconded the motion.

Vote: The vote was 5 yes/ 0 nay/ 0 abstain. The motion carried unanimously of those present.

Chair McCaig assigned Councilor McLain to carry the resolution to the full council.

3. RESOLUTION NO. 98-2730, FOR THE PURPOSE OF AMENDING THE CAPITAL IMPROVEMENT PLAN FOR FISCAL YEARS 1998-99 THROUGH 2002-03.

Mr. Imdieke, reviewed the projects involved in this amendment to the capital improvement plan including the lory exhibit and the refurbishing of the cafe and gift area to be a reptile house at the zoo, and replacement of the carpet and draperies at the Civic Auditorium which were now 30 years old.

Motion: **Councilor McLain** moved to bring Resolution No. 98-2730 to full Council for adoption.

Second: **Councilor McFarland** seconded the motion.

Discussion: None.

Vote: The vote was 5 yes/ 0 nay/ 0 abstain. The motion carried unanimously of those present.

Chair McCaig assigned Councilor McLain to carry the resolution to the full council.

4. ORDINANCE NO. 98-768, FOR THE PURPOSE OF AMENDING THE METRO CODE AUTHORIZING EXEMPTIONS FROM COMPETITIVE BIDDING FOR UTILITIES AND CERTAIN OTHER TYPES OF CONTRACTS.

Scott Moss, Risk & Contract Management, said they were asking for 3 changes to their contracting code. The first would allow competitive proposals rather than competitive bids for such things as telephone, electricity, natural gas, and other utilities so they could consider service and experience along with cost. Secondly, it would allow proposals rather than bids for artwork and art related production such as fabrication and allow them to consider experience and education rather than just low bid. The third change would allow them to provide sponsorships without having to do sole source paperwork, for example if council approved giving money to SOLV, they would not have to deal with the donation as a sole source vendor but could take care of it under the contracting code.

Councilor McLain said she had some complaints about the artwork in the Metro building. She said if council had approved that piece, shame on them because if was awful and she was offended by it as well. She asked if they would be asked for approval of the art or a concept and it was just on the contract they would get the opportunity to consider experience and education.

Mr. Moss said it would be for art fabrication like signs, etc.

Chair McLain commented that "1% for art" dealt with a citizen review committee and Councilor McLain probably did not have a whole lot of ability to do any changes to the artwork. She said this ordinance did not have anything to do with the creative art, it dealt with signage and production and those kinds of things.

Chair McCaig asked what would be different if they accepted the change as far as utilities.

Mr. Moss said for example there was a great deal of competition with telephone usage and electricity would be coming up soon. He said rather than just accepting low bid they wanted to have the capability to look at their past experience and at their references, and a variety of other things besides price.

Chair McCaig asked for an example of when evaluating something just on price worked, where these arguments could not be made.

Mr. Moss replied that state law required everything to be decided on price except which this council allowed otherwise.

Chair McCaig asked why the same criteria would not apply to everything and not just the kinds of things he was talking about now.

Mr. Moss said it did apply, they had not thought to add the utilities when they put together the code.

Councilor McFarland pointed out that one of the last major things to be done on price alone was the garbage hauled through the gorge.

Councilor Kvistad gave an example of two utility companies bidding and the one who gave the low price had a history of overcharging or bill changes and the other company's price was competitive but they did not have servicing or management problems. That could not be taken into account when the criteria was bid only. He said it was the same with the sign production folks, company A gave you "x" price for the production, but company B had a little better price but they sometimes did not make their timelines. He thought having some flexibility would be good.

Councilor McLain clarified that the language to be changed incorporated #13, #14, and #15. She wanted to be sure that Mr. Houser was comfortable with this change.

Mr. Moss said that was correct.

Mr. Houser said he was.

Motion: **Councilor Kvistad** moved to bring Ordinance No. 98-768 to full Council for adoption.

Second: **Councilor McFarland** seconded the motion.

Discussion: None.

Vote: The vote was 5 yes/ 0 nay/ 0 abstain. The motion carried unanimously of those present.

Chair McCaig assigned Councilor McFarland to carry the ordinance to the full council.

5. RESOLUTION NO. 98-2722, FOR THE PURPOSE OF CONFIRMING THE APPOINTMENT OF HERBERT S. PLEP AND ERIC JOHANSEN TO THE INVESTMENT ADVISORY BOARD.

Howard Hansen, Investment Manager, gave some history of the portfolio he managed for Metro and said the primary goal was safety since it was other people's money. He said liquidity was closely related as was optimizing earnings. He said the investment code provided for a 5 member advisory board which met quarterly to review the portfolio and ensure that code requirements were being adhered to and to discuss investment strategies. He reported that one member of the board had resigned and another's term had limited out so Mr. Plep and Mr. Johansen had been proposed to replace them. He reported that Mr. Plep is assistant treasurer of Esco Corporation and Mr. Johansen is debt manager for the City of Portland.

Motion: **Councilor McLain** moved to bring Resolution No. 98-2722 to full Council for adoption.

Second: **Councilor McFarland** seconded the motion.

Discussion: None.

Vote: The vote was 5 yes/ 0 nay/ 0 abstain. The motion carried unanimously of those present.

Chair McCaig noted Mr. Hansen's festive Christmas tie and assigned Councilor Monroe to carry the resolution to the full council.

6. ORDINANCE NO. 98-790, FOR THE PURPOSE OF AMENDING METRO CODE 2.06 (INVESTMENT POLICY) REGARDING AUTHORIZED QUALIFIED INSTITUTIONS; AND DECLARING AN EMERGENCY.

Mr. Hansen said the present code allowed primary dealers but the additional sector that was the subject of this minor amendment was the ability to use a secondary market broker, for instance Seattle Northwest Securities. He said this ordinance would allow them to improve their yield using secondary brokers.

Councilor Kvistad asked for an explanation of "reverse re-purchase agreement" and why they were banned from doing that.

Mr. Hansen said a "re-purchase agreement" was where we owned an investment and sold it to someone with a promise to buy it back. A "reverse re-purchase agreement" is the opposite. We don't like to do that because it puts the possession of that instrument in someone else's hands. He said at this time Metro's investment products were all in the hands of a third party custodian for safekeeping.

Chair McCaig asked what was the intention of the prohibition of a reverse re-purchase agreement.

Mr. Hansen said it was to avoid the extra effort of doing a credit and performance evaluation of the counter party.

Motion: **Councilor Kvistad** moved to bring Resolution No. 98-2722 to full Council for adoption.

Second: **Councilor McFarland** seconded the motion.

Discussion: None

Vote: The vote was 5 yes/ 0 nay/ 0 abstain. The motion carried unanimously of those present.

Chair McCaig assigned Councilor Monroe to carry the ordinance to the full council.

ADJOURN

There being no further business before the committee, Chair McCaig adjourned the meeting at 2:07 PM.

Respectfully submitted,

Cheryl Grant

Cheryl Grant
Acting Council Assistant

Document Number	Document Date	Document Title	TO/FROM	REFERRING TO RES/ORD:
12098FIN-01	n/a	Comparison of Capital Improvement Plans FY 98-99 to FY 99-00	Finance Committee/Tom Imdieke	Res. No. 98-2725
12098FIN-02	12/8/98	Memo RE: Substantive Adjustments to the FY 1999-00 through 2003-04 Proposed Capital Improvement Plan	Patricia McCaig and Finance Committee/Mike Burton	Res. No. 98-2725
12098FIN-03	n/a	Proposed Metro CIP FY 1999-00 through FY 2003-04	Prepared by ASD and Financial Planning	Res. No 98-2725

Agenda Item Number 8.1

Ordinance No. 99-805, For the Purpose of Amending Metro Code Chapter 5.02 to Extend the Sunset Date for the Regional System Fee Credit Program to June 30, 2000, and Declaring an Emergency.

First Reading

Metro Council Meeting
Thursday, May 6, 1999
Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO CODE CHAPTER 5.02 TO EXTEND THE SUNSET DATE FOR THE REGIONAL SYSTEM FEE CREDIT PROGRAM TO JUNE 30, 2000, AND DECLARING AN EMERGENCY.	))))))	ORDINANCE NO. 99-805 Introduced by Mike Burton, Executive Officer

WHEREAS, Metro Ordinance No. 98-720A established the Regional System Fee Credit Program to help support material recovery through a performance and incentive-based system; and

WHEREAS, Preliminary analysis of the Regional System Fee Credit program indicates the program is meeting the program objective of supporting material recovery in the Metro Region; and

WHEREAS, The Regional Environmental Management Department will conduct a full evaluation of the Regional System Fee Credit Program's effectiveness in conjunction with its review of additional Metro solid waste rate reductions; and

WHEREAS, the results of this program evaluation and rate review will not be available until after the beginning of Fiscal Year 1999-2000; and

WHEREAS, the Regional System Fee Credit program is scheduled to expire on June 30, 1999, an emergency is declared to exist; and

WHEREAS, The ordinance was submitted to the Executive Officer for consideration and was forwarded to the Council for approval; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

<u>SECTION 1.</u> Metro Code Section 5.02.047 is amended to read:

<u>5.02.047 Regional System Fee Credit</u>

(a) A solid waste facility which is certified, licensed or franchised by Metro pursuant to Metro Code Chapter 5.01 and which attains a Facility Retrieval Rate of 10 percent or greater shall be allowed a credit against the Regional System Fee otherwise due each month under Section 5.02.045 for disposal of Processing Residuals from the facility. The Facility Retrieval Rate and the Recovery Rate shall be calculated for each six-month period before the month in which the credit is claimed. The amount of such credit shall be in accordance with and no greater than as provided on the following table:

System Fee Credit Schedule

Recovery Rate		
From Above	Up To & Including	System Fee Credit of no more than
0%	20%	0.00
20%	25%	1.00
25%	30%	3.00
30%	35%	6.46
35%	40%	8.00
40%	45%	9.82
45%	100%	12.00

(b) The Executive Officer may establish additional administrative procedures regarding the Regional System Fee Credits, including, but not limited to establishing eligibility requirements for such credits and establishing incremental System Fee Credits associated with Recovery Rates which fall between the ranges set forth in paragraph (a) of this section.

(c) The provisions of this section are repealed June 30, ~~1999~~<u>2000</u>.

SECTION 2. This Ordinance being necessary for the public health, safety, and welfare of the Metro area, an emergency is hereby declared to exist. This ordinance shall take effect on July 1, 1999.

ADOPTED by the Metro Council this ______ day of ______________, 1999.

____
Rod Monroe, Presiding Officer

ATTEST:

Approved as to Form:

____
Recording Secretary

____
Daniel B. Cooper, General Counsel

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EXECUTIVE SUMMARY
ORDINANCE 99-805
REGIONAL SYSTEM FEE CREDIT PROGRAM
Sunset Date Extension

PROPOSED ACTION

Extends the Regional System Fee Credit program sunset date to June 30, 2000.

WHY NECESSARY

- In a continuing effort to encourage recycling and recovery in the Metro Region, the Regional System Fee Credit Program, a recovery-based incentive program, was adopted by the Metro Council and implemented in conjunction with the 1998 disposal rate reduction.
- The credit program was initiated as a one-year pilot project, with a June 30, 1999 sunset date.
- The requested REM FY 1999-2000 Budget proposes extension of the Regional System Fee Credit Program until June 30, 2000 in order to allow time for an evaluation of the program and analysis and implementation of recommendations resulting from the evaluation.

ISSUES/CONCERNS

- Based upon a preliminary analysis of the Regional System Fee Credit Program, REM staff concluded that the program was meeting its objective. The Budget Advisory and the subsequent Rate Review Committee recommended that a full year of experience was needed to make any assessment.
- An evaluation of the Regional System Fee Credit Program is presently underway. We expect to complete the study at the beginning of FY 1999-2000, in time to use the results in the review of Metro solid waste rates.
- The Department will bring forward recommendations on both solid waste rates and the Regional System Fee Credit Program for the Council's consideration during the first quarter of FY 1999-2000.

BUDGET/FINANCIAL IMPACTS

- The requested FY 1999-2000 Budget proposes funding the Regional System Fee Credit Program with $900,000 from the Undesignated Fund Balance of the Solid Waste Revenue fund.
- The FY 1999-2000 Budget request reflects no proposed changes in funding amount or source for this program from the adopted FY 1998-99 Budget.

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 99-805, FOR THE PURPOSE OF AMENDING METRO CODE CHAPTER 5.02 TO EXTEND THE SUNSET DATE FOR THE REGIONAL SYSTEM FEE CREDIT PROGRAM TO JUNE 30, 2000, AND DECLARING AN EMERGENCY.

Date: April 16, 1999

Presented by: Terry Petersen, Leann Linson

PROPOSED ACTION

Adopt Ordinance No. 99-805.

The Metro Executive Officer recommends adoption of Ordinance No. 99-805, extending the sunset date of the Regional System Fee Credit Program one year to June 30, 2000.

FACTUAL BACKGROUND AND ANALYSIS

In a continuing effort to encourage recycling and recovery in the Metro Region, the Regional System Fee Credit Program, a recovery-based incentive program, was adopted by the Metro Council and implemented in conjunction with the 1998 disposal rate reduction. The incentive program replaced a punitive program that charged an enforcement fee to Material Recovery Facilities (MRFs) not meeting a prescribed recovery rate. The Regional System Fee Credit Program was introduced to help MRFs to transition to the lower disposal fees, which have reduced the margin between MRF revenue and cost. The credits vary as a function of each facility's recovery rate to further encourage recovery. The higher a facility's recovery rate, the higher the Regional System Fee Credit.

The Regional System Fee Credit Program was adopted by the Metro Council and initiated as a one-year pilot project, with a June 30, 1999 sunset date. Continuation of the program is, in part, contingent on evaluation of the program and its funding source. For Fiscal Year 1998-99, the Regional System Fee Credit Program was budgeted to use $900,000 of the Undesignated Fund Balance of Metro's Solid Waste Fund. The requested REM FY 1999-2000 budget proposes extension of the Regional System Fee Credit Program until June 30, 2000 at the current funding level of $900,000 in order to allow time for an evaluation of the program and analysis and implementation of recommendations resulting from the evaluation.

Program Evaluation

At the time the REM FY 1999-2000 proposed budget was submitted, Department staff intended to conduct an evaluation of the Regional System Fee Credit Program within the first six months of the new fiscal year. Since then, negotiations with Waste Management, Inc. have concluded and the Council has adopted Change Order 8, which should result in substantial disposal savings. Because a portion of these savings may be allocated to further reduction of Metro's solid waste disposal rates, which could further impact the margin between MRF revenues and costs, the Department has moved the schedule for evaluation of the Regional System Fee Credit Program forward. The study is expected to be completed at the beginning of FY 1999-2000, in time to use the results in the review of Metro solid waste rates. The Department intends to bring forward recommendations on both solid waste rates and the Regional System Fee Credit Program for the Council's consideration during the first quarter of FY 1999-00.

FISCAL IMPACT

Continuation of the Regional System Fee Credit Program through FY 1999-2000 results in no projected variance from the requested FY 1999-00 budget. The FY 1999-00 budget request proposes no changes in funding amount or source for this program from the adopted FY 1998-99 Budget. The requested FY 1999-00 budget proposes funding the Regional System Fee Credit Program with $900,000 from the Undesignated Fund Balance of the Solid Waste Revenue fund.

EXECUTIVE OFFICER RECOMMENDATION

The Executive Officer recommends approval of Ordinance No. 99-805.

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Agenda Item Number 9.1

Ordinance No. 99-796, For the Purpose of Authorizing a Transfer of Metro Yard Debris Processing Facility License No. YD-0197 for Scotts Hyponex Corporation to Clackamas Compost Products, Inc. to Continue Operations at an Existing, Approved, Yard Debris Processing Site.

Second Reading

Metro Council Meeting
Thursday, May 6,1999
Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AUTHORIZING A TRANSFER OF METRO YARD DEBRIS PROCESSING FACILITY LICENSE NO. YD-0197 FROM THE SCOTTS HYPONEX CORPORATION TO CLACKAMAS COMPOST PRODUCTS, INC. TO CONTINUE OPERATIONS AT AN EXISTING, APPROVED YARD DEBRIS PROCESSING SITE	) ORDINANCE NO. 99-796))))) Introduced by Mike Burton,) Executive Officer

WHEREAS, on December 19, 1996 the Metro Council approved Ordinance No. 96-666 for the purpose of authorizing the Executive Officer to enter into a Licensing Agreement for a yard debris processing facility with the Scotts Hyponex Corporation located at 11620 SE Capps Road in Clackamas Oregon; and

WHEREAS, Clackamas Compost Products, a division of Lane Forest Products, Inc. located in Eugene, Oregon desires to continue operating the composting operation located at 11620 SE Capps Road in Clackamas; and

WHERAS, pursuant to Metro Code Section 5.01.400(b) yard debris processing facility licenses issued prior to August 1, 1998 are governed by the former Metro Code Sections 5.01.230 through 5.01.380; and

WHEREAS, in accordance with the provisions in former Metro Code Section 5.01.380(d), Clackamas Compost Products has submitted a Metro License Transfer Application to transfer the Metro License Agreement No. YD-0197 to Clackamas Compost Products; and

WHEREAS, based on information submitted by Clackamas Compost Products, Inc., as specified in the Staff Report or otherwise submitted, the Executive Officer has found that the facility is in compliance with applicable provisions and standards in the Metro Code related to the licensing of yard debris processing facilities; and

WHEREAS, all other terms and conditions in the current Metro yard debris composting facility license No. YD-0197 originally issued to the Scotts Hyponex Corporation will remain in effect; and

WHEREAS, the facility is an existing operation providing necessary services to the public and has organic materials on-site; and

WHEREAS, nuisance impacts from yard debris processing facilities such as odor, dust and noise can adversely affect the health, safety, and welfare of the public; and

WHEREAS, the purpose of the licensing agreement is to protect the health, safety, and welfare of Metro area residents; and

WHEREAS, the Executive Officer has recommended that the Council approve this Ordinance granting a transfer of the attached License Agreement to Clackamas Compost Products, Inc.; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. The Council authorizes the Executive Officer to enter into the License Agreement for a yard debris processing facility, in a form substantially similar to the form attached as Exhibit A, within ten days of the effective date of this ordinance.

ADOPTED by the Metro Council this _________ day of _______________ 1999.

____
Rod Monroe, Presiding Officer

ATTEST:

____
Recording Secretary

Approved as to Form:

____
Daniel B. Cooper, General Counsel

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EXHIBIT A

YARD DEBRIS COMPOSTING FACILITY LICENSE
issued by
METRO
600 N.E. Grand Avenue
Portland, Oregon 97232-2736
(503) 797-1700

LICENSE NUMBER:	YD - 01 -97
DATE ISSUED:	March 6, 1997 (see Section 2)
AMENDMENT DATE:	Transferred to Clackamas Compost Products, Inc. on:
EXPIRATION DATE:	March 6, 2002
TRANSFERRED TO:	CLACKAMAS COMPOST PRODUCTS, INC.
NAME OF FACILITY:	CLACKAMAS COMPOST PRODUCTS, INC.
ADDRESS:	11620 SE CAPPS ROAD
CITY, STATE, ZIP:	CLACKAMAS, OR 97015
LEGAL DESCRIPTION:	(see attached application)
NAME OF OPERATOR:	Clackamas Compost Products, Inc. / Lane Forest Products
PERSON IN CHARGE:	Tom Campbell
ADDRESS:	P.O. Box 1431
CITY, STATE, ZIP:	Eugene, OR 97440
TELEPHONE NUMBER:	(503) 557-1028 (John Essner, Clackamas Site Manager); (541) 345-9085 (Tom Campbell Facility Manager-Eugene)

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LICENSE AGREEMENT

This License is issued by Metro, a municipal corporation organized under the Constitution of the State of Oregon and the 1992 Metro Charter ("Metro"), to ~~the Scotts Hyponex Corporation~~Clackamas Compost Products, Inc. ("Licensee").

In recognition of the promises made by Licensee as specified herein, Metro issues this License, subject to the following terms and conditions:

1. DEFINITIONS

The definitions in Metro Code Section 5.01.010 shall apply to this License, as well as the following definitions. Defined terms are capitalized when used.

"Composting" means the controlled biological decomposition of organic materials through microbial activity which occurs in the presence of free oxygen. Composting does not include the stockpiling of organic material.

"Facility" means the site where one or more activities that the Licensee is authorized to conduct occur.

"Hazardous Waste" has the meaning specified in ORS 466.005.

"Prohibited Wastes" has the meaning set forth in Section 5.2 of this License.

2. TERM OF LICENSE

This License is issued for a term of five years from the date signed by Metro and the Licensee, following approval by the Metro Council.

3. LOCATION OF FACILITY

The licensed Facility is located at 11620 SE Capps Road, Clackamas, Oregon. Tax lot 1800; Northeast 1/4, Section 15, Township 2 South, Range 2 East, W.M; Clackamas County Oregon.

4. OPERATOR AND OWNER OF FACILITY AND PROPERTY

4.1 The owner of the Facility is Lane Forest Products, Inc. ~~O.M. Scott & Sons Company/Hyponex Corporation~~.

4.2 The owner of the property underlying the Facility is Terry Emmert, Emmert Inc. Licensee warrants that owner has consented to Licensee's use of the property as described in this License.

4.3 The operator of the Facility is ~~Scotts Hyponex Corporation~~Clackamas Compost Products, Inc.. Licensee may contract with another person or entity to operate the

Facility only upon ninety (90) days prior written notice to Metro and the written approval of the Executive Officer.

5. AUTHORIZED AND PROHIBITED ACTIVITIES AND WASTES

5.1 Subject to the following conditions, Licensee is authorized to operate and maintain a yard debris composting facility.

5.1.1 Licensee shall accept only yard debris, landscape waste, and clean wood wastes (e.g., untreated lumber, wood pallets). No other wastes shall be accepted at the Facility unless specifically authorized in writing by Metro.

5.2 Prohibited Wastes

5.2.1 Licensee is prohibited from receiving, processing or disposing of any solid waste not authorized in this License.

5.2.2 Licensee shall not accept Hazardous Waste. Any Hazardous Waste inadvertently received shall be handled, stored, and removed pursuant to state and federal regulations.

6. MONITORING AND REPORTING REQUIREMENTS

6.1 Licensee shall monitor facility operation and maintain accurate records of the following:

6.1.1 Amount of feedstock received and quantity of product produced at the facility.

6.1.2 Records of any special occurrences encountered during operation and methods used to resolve problems arising from these events, including details of all incidents that required implementing emergency procedures.

6.1.3 Records of any public nuisance complaints (e.g., noise, dust, vibrations, litter) received by the operator, including:

(a) The nature of the complaint;

(b) The date the complaint was received;

(c) The name, address, and telephone number of the person or persons making the complaint; and

(d) Any actions taken by the operator in response to the complaint.

6.1.4 For every odor complaint received, the licensee shall record the date, time, and nature of any action taken in response to an odor complaint, and record such information within one business day after receiving the complaint. Records of such information shall be made available to Metro and local governments upon request.

6.2 Records required under this section shall be reported to Metro no later than thirty (30) days following the end of each quarter. The report shall be signed and certified as accurate by an authorized representative of Licensee.

6.3 The licensee shall submit to Metro duplicate copies of regulatory information submitted to the DEQ and local jurisdictions pertaining to the facility, within 30 days at the same time of submittal to DEQ and/or a local jurisdiction.

7. DESIGN AND OPERATIONAL REQUIREMENTS

7.1 Activities shall be conducted in accordance with the Metro approved facility design plan, operations plan and odor minimization plan submitted as part of the License Application. In addition:

7.1.1 To control odor and dust the Licensee shall:

(a) Install dust control and odor systems whenever excessive dust and odor occur, or at the direction of Metro. Alternative dust and odor control measures may be established by the Licensee with Metro approval.

(b) Take specific measures to control odors in order to avoid or prevent any violation of this License, which measures include (but are not limited to) adherence to the contents of the odor minimization plan.

7.1.2 With respect to vector control, the Licensee shall manage the Facility in a manner that is not conducive to infestation of rodents or insects. If rodent or insect activity becomes apparent, Licensee shall initiate and implement additional vector control measures.

7.2 The Licensee shall provide an operating staff which is qualified to perform the functions required by this License and to otherwise ensure compliance with the conditions of this License.

7.3 The licensee shall utilize functionally aerobic composting methods for processing authorized wastes at the facility.

7.4 All facility activities shall be conducted consistent with applicable provisions in Metro Code Chapter 5.01: Additional Provisions Relating to the Licensing of Yard Debris Processing Facilities (Sections 5.01.230 - 5.01.380). Licensee may modify such procedures. All proposed modifications to facility plans and procedures shall be submitted to the Metro Regional Environmental Management Department for review and approval. The Executive Officer shall have 10 business days from receipt of proposed modifications to object to such modifications. If the Executive Officer does not object, such modifications shall be considered approved following the 10-day period. Licensee may implement proposed modifications to Facility plans and procedures on a conditional basis pending Metro review and notice from Metro that such changes are not acceptable.

7.5 Licensee shall remove compost from the Facility as frequently as possible, but not later than one year after processing is completed.

8. FACILITY CLOSURE

8.1 In the event of closure of the facility, all yard debris, composting material, end-product, and other solid wastes must be removed from the facility within 180 days following the commencement of closure.

8.2 Licensee shall close the facility in a manner which eliminates the release of landscape waste, landscape waste leachate, and composting constituents to the groundwater or surface waters or to the atmosphere to the extent necessary to prevent threats to human health or the environment.

8.3 Within 30 days of completion of closure, Licensee shall file a report with Metro verifying that closure was completed in accordance with this section.

9. ANNUAL LICENSE FEE

Licensee shall pay an annual license fee of $300, as established under Metro Code Section 5.01.320. The fee shall be delivered to Metro within thirty (30) days of the effective date of this License and on the same date for each year thereafter. Metro reserves the right to change its license fees at any time, by action of the Metro Council, to reflect license system oversight and enforcement costs.

10. INSURANCE

10.1 Licensee shall purchase and maintain the following types of insurance, covering Licensee, its employees, and agents:

(a) Broad form comprehensive general liability insurance covering personal injury, property damage, and personal injury with automatic coverage for premises, operations, and product liability. The policy must be endorsed with contractual liability coverage; and

(b) Automobile bodily injury and property damage liability insurance.

10.2 Insurance coverage shall be a minimum of $500,000 per occurrence, $100,000 per person, and $50,000 property damage. If coverage is written with an annual aggregate limit, the aggregate limit shall not be less than $1,000,000.

10.3 Metro, its elected officials, departments, employees, and agents shall be named as ADDITIONAL INSUREDS. Notice of any material change or policy cancellation shall be provided to Metro thirty (30) days prior to the change or cancellation.

10.4 Licensee, its contractors, if any, and all employers working under this License are subject employers under the Oregon Workers' Compensation Law and shall comply with ORS 656.017, which requires them to provide Workers' Compensation coverage for all their subject workers. Licensee shall provide Metro with certification of Workers' Compensation insurance including employer's liability.

11. INDEMNIFICATION

Licensee shall indemnify and hold Metro, its agents, employees, and elected officials harmless from any and all claims, demands, damages, actions, losses and expenses, including attorney's fees, arising out of or in any way connected with licensee's performance under the license, including patent infringement and any claims or disputes involving subcontractors. Licensee shall not assume liability for any negligent or intentionally wrongful act of Metro, its officers, agents or employees.

12. COMPLIANCE WITH LAW

Licensee shall fully comply with all federal, state, regional and local laws, rules, regulations, ordinances, orders and permits pertaining in any manner to this License, including all applicable Metro Code provisions whether or not those provisions have been specifically mentioned or cited herein. All conditions imposed on the operation of the Facility by federal, state or local governments or agencies having jurisdiction over the Facility are part of this License by reference as if specifically set forth herein. Such conditions and permits include those attached as exhibits to this License, as well as any existing at the time of issuance of this License and not attached, and permits or conditions issued or modified during the term of this License.

13. METRO ACCESS TO FACILITY

Authorized representatives of Metro shall be permitted access to the premises of the Facility at all reasonable times for the purpose of making inspections and carrying out other necessary functions related to this License. Access to inspect is authorized during all business hours.

14. DISPOSAL RATES AND FEES

14.1 The rates charged at licensed facilities are exempt from Metro rate setting.

14.2 Licensee is exempted from collecting and remitting Metro fees on waste received at the Facility. Licensee is fully responsible for paying all costs associated with disposal of residual material generated at the facility, including all Metro fees and taxes. A licensee shall obtain a non-system license prior to disposal of residuals at any facility not designated by Metro.

14.3 Licensee shall adhere to the following conditions with regard to disposal rates charged at the facility:

(a) A licensee may modify rates to be charged on a continuing basis as market demands may dictate. Rate schedules should be provided to Metro on a regular basis, and shall be provided to Metro on request.

(b) Public rates charged at the facility shall be posted on a sign near where fees are collected. Rates and disposal classifications established by a licensee shall be reasonable and nondiscriminatory.

15. GENERAL CONDITIONS

15.1 Licensee shall be responsible for ensuring that its contractors and agents operate in compliance with the terms and conditions of the license.

15.2 This License shall not vest any right or privilege in the licensee to receive specific quantities of yard debris during the term of the license.

15.3 The power and right to regulate, in the public interest, the exercise of the privileges granted by a license shall at all times be vested in Metro. Metro reserves the right to establish or amend rules, regulations or standards regarding matters within Metro's authority, and to enforce all such legal requirements against licensee.

15.4 This License may not be transferred or assigned without the prior written approval of Metro, which will not be unreasonably withheld.

15.5 To be effective, a waiver of any term or condition of a license must be in writing, signed by the executive officer. Waiver of a term or condition of a license shall not waive nor prejudice Metro's right otherwise to require performance of the same term or condition or any other term or condition.

15.6 This License shall be construed, applied, and enforced in accordance with the laws of the State of Oregon and all pertinent provisions in the Metro Code.

15.7 If any provision of a license is determined by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, the validity of the remaining provisions contained in the license shall not be affected.

16. REVOCATION

Suspension, modification or revocation of this License shall be as specified herein and in the Metro Code.

17. MODIFICATION

17.1 At any time during the life of this License, either the Executive Officer or the Licensee may propose amendments or modifications to this License. Except as specified in the Metro Code, no amendment or modification shall be effective unless it is in writing, approved by the Metro Council, and executed by the Licensee and the Executive Officer.

17.2 The Executive Officer shall review the License annually, consistent with Section 6 of this License, in order to determine whether the License should be changed and whether a recommendation to that effect needs to be made to the Metro Council. While not exclusive, the following criteria and factors may be used by the Executive Officer in making a determination whether to conduct more than one review in a given year:

a) Licensee's compliance history;
b) Changes in waste volume, waste composition, or operations at the Facility;
c) Changes in local, state, or federal laws or regulations that should be specifically incorporated into this License;
d) A significant release into the environment from the Facility;
e) A significant change or changes to the approved site development plan and/or conceptual design; or
f) Any change in ownership that Metro finds material or significant.
g) Community requests for mitigation of impacts to adjacent property resulting from Facility operations.

18. NOTICES

18.1 All notices required to be given to the Licensee under this License shall be delivered to:

~~Trey George III, General Manager~~Susan Posner, Vice President
~~Scotts Hyponex Corporation~~Clackamas Compost Products, Inc.
~~535 W. Main Street~~PO Box 1431
~~Molalla, OR 97038~~Eugene, OR 97440

18.2 All notices required to be given to Metro under this License shall be delivered to:

Licensing Program Administrator (Yard Debris Facilities)
Metro Regional Environmental Management Department
~~Metro~~
600 N.E. Grand Avenue
Portland, OR 97232-2736

18.3 Notices shall be in writing, effective when delivered, or if mailed, effective on the second day after mailed, postage prepaid, to the address for the party stated in this License, or to such other address as a party may specify by notice to the other.

CLACKAMAS COMPOST PRODUCTS, INC.	METRO
Facility Owner or Owner's Representative	Mike Burton, Executive Officer Metro
Date	Date

BM:clk
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REGIONAL ENVIRONMENTAL MANAGEMENT COMMITTEE REPORT

CONSIDERATION OF ORDINANCE NO. 99-796, FOR THE PURPOSE OF TRANSFER OF METRO YARD DEBRIS PROCESSING FACILITY LICENSE NO. YD-0197 FROM SCOTT HYPONEX CORPORATION TO CLACKAMAS COMPOST PRODUCTS, INC. TO CONTINUE OPERATIONS AT AN EXISTING, APPROVED YARD DEBRIS PROCESSING SITE

Date: April 28, 1999 Presented by: Councilor Park

Committee Recommendation: At its April 21 meeting, the Committee considered Ordinance No. 99-796 and voted unanimously to send the ordinance to the Council with a do pass recommendation. Voting in favor: Councilors McLain and Park and Chair Washington.

Committee Issues/Discussion: Terry Petersen, Acting REM Director, presented the staff report. Petersen explained that the purpose of the ordinance is to transfer the existing license for a yard debris processing facility near Oregon City from the former owner, Scott Hyponex to Clackamas Compost Products, which recently purchased the facility.

Petersen noted that the facility was one of the first facilities to obtain a Metro yard debris facility license from Metro. The reason for the change in ownership is that Scott, a national firm, has made a corporate decision to divest all of its composting facility. Petersen noted that the new owner has successfully operated a composting facility in Eugene for several years. In effect, he indicated that the proposed ordinance was simply transferring the operation of the facility from one good operator to another good operator.

Committee members had no questions concerning the proposed ordinance.

EXECUTIVE SUMMARY

ORDINANCE 99-796
AUTHORIZING A YARD DEBRIS PROCESSING FACILITY LICENSE TRANSFER TO CLACKAMAS COMPOST PRODUCTS, INC.

PROPOSED ACTION

- This Ordinance transfers the Metro Yard Debris Processing Facility License from Scotts Hyponex Corporation to Clackamas Compost Products, Inc.

WHY NECESSARY

- Metro Code Chapter 5.01 requires an owner or operator of a yard debris processing facility to be licensed by Metro.

- License transfers are authorized by the Metro Council pursuant to Chapter 5.01 of Metro Code to ensure that uninterrupted service can be provided by Metro licensed facilities during changes in facility operators or ownership.

- In accordance with provisions in Metro Code, Clackamas Compost Products, Inc. has submitted a Metro License Transfer Application, and requests authorization to continue operating the composting facility (previously Scotts Hyponex) located at 11620 SE Capps Road, in Clackamas.

DESCRIPTION

- The site is zoned Heavy Industrial. The facility was established in 1992, as an outright permitted use subject to local design review. The operation was approved by the Clackamas County Design Review Committee.
- The facility accepts loads of yard debris from commercial and residential sources and recycles approximately 48,000 cubic yards of yard debris per year. The facility is open to the public.
- Clackamas Compost Products has been in both the yard debris composting and urban wood recycling business for the past six years in Eugene, Oregon, and has a good operating record there.

BUDGET / FINANCIAL IMPACTS

- There will be a slight increase in revenues from the annual license fee of $300 per year paid by the licensee. Current staffing levels are expected to be adequate to handle any technical assistance or enforcement requirements that might arise from licensing this facility.

STAFF REPORT

FOR THE PURPOSE OF AUTHORIZING A TRANSFER OF METRO YARD DEBRIS PROCESSING FACILITY LICENSE NO. YD-0197 FROM SCOTTS HYPONEX CORPORATION TO CLACKAMAS COMPOST PRODUCTS, INC. TO CONTINUE OPERATIONS AT AN EXISTING, APPROVED, YARD DEBRIS PROCESSING SITE

March 22, 1999 Presented by: Bruce Warner
Bill Metzler

I. INTRODUCTION

The purpose of this report is to provide the information necessary for the Metro Council to act on the recommendation that the Metro Yard Debris Processing Facility License Agreement No. YD-0197, (originally issued to the Scotts Hyponex Corporation located at 11620 SE Capps Road in Clackamas, Oregon) be transferred to Clackamas Compost Products, Inc. as the new facility operator. The License Agreement is attached to Ordinance No. 99-796 as Exhibit A.

Key Findings Include:

- Yard debris processing facility licenses are authorized by the Metro Council.
- License transfers are authorized by the Metro Council pursuant to Chapter 5.01 of Metro Code to ensure that uninterrupted service can be provided by Metro licensed facilities during changes in facility operators or ownership.
- On March 6, 1997, Scotts Hyponex Corporation was issued a Metro Yard Debris Processing Facility License (No. YD-0197) to operate a yard debris processing facility at 11620 SE Capps Road in Clackamas, Oregon. The Scotts facility has operated in good standing with Metro under the terms of their license agreement.
- Clackamas Compost Products, a division of Lane Forest Products, Inc., took over the Scotts Hyponex composting operation located at 11620 SE Capps Road in Clackamas. Clackamas Compost Products has been in both the yard debris composting and urban wood recycling business for the past six years in Eugene, Oregon, and has a good operating record there.
- In accordance with the provisions in Metro Code, Clackamas Compost Products has submitted a License Transfer Application to Metro. The request is to transfer the Metro License Agreement No. YD-0197 made with Scott's Hyponex Corporation (the previous site operators) to Clackamas Compost Products, the new site operators.
- The Executive Officer has determined that the Metro License Transfer Application, submitted by Clackamas Compost Products is complete. Clackamas County approves of the issuance of the Metro License Transfer, and land use approvals are in place.

- This Ordinance transfers the Metro Yard Debris Processing License from Scotts Hyponex Corporation to Clackamas Compost Products, Inc.

- All other terms and conditions in the current Metro yard debris composting facility license No. YD-0197 originally issued to the Scotts Hyponex Corporation will remain in effect for Clackamas Compost Products, Inc.

- The Executive Officer has reviewed all required submittals and has determined that Clackamas Compost Products, Inc. meets the requirements of the Metro Code related to licensing yard debris-processing facilities.

II. FACILITY AND APPLICANT INFORMATION

Location:

- The site is located south of State Highway 224, north of the Clackamas River, and east of Interstate 205, in Clackamas County.

- Facility address: 11620 SE Capps Road, Clackamas, Oregon 97015.

- The facility lies in the Northeast 1/4, Section 15, Township 2 South, Range 2 East, W.M; Clackamas County Oregon. Tax Lot 1800.

Zoning:

- The site is zoned I-3, Heavy Industrial. The facility is an outright permitted use, subject to design review. On September 25, 1992, the Clackamas County Design Review Committee approved the yard debris composting facility.

General Facility Description:

- The 9.57-acre site is leased by Clackamas Compost Products, Inc. The site area used for yard debris composting operations is limited to 6.9 acres by action of the Clackamas County Design Review Committee - File No: Z0854-92.

- The facility accepts loads of yard debris from commercial and residential sources. The facility is open to the public.

- The facility will process approximately 48,000 cubic yards of yard debris per year.

Applicant Qualifications

- Clackamas Compost Products, Inc. is a division of Lane Forest Products, Inc. located in Eugene, Oregon. Lane Forest Products has been in both the yard debris composting and urban wood recycling business for the past six years utilizing an 18-acre site in Eugene, and has a good operating record there.

Completeness and Sufficiency of Application

Applicants for transfers of yard debris processing facility licenses are required to complete an application form and provide additional information as requested. The Executive Officer has reviewed the license transfer application, and have found that the facility meets all applicable Metro Code requirements and is eligible for a yard debris processing facility license.

III. CONCLUSIONS

The Executive Officer has reviewed all required submittals, and has determined that a transfer of License No. YD-0197 from the Scotts Hyponex Corporation to Clackamas Compost Products, Inc. should be granted. Clackamas Compost Products, Inc. meets the requirements of the Metro Code related to licensing yard debris-processing facilities. The original License Agreement granted to Scotts Hyponex; when transferred to Clackamas Compost Products Inc.; will appropriately address the licensing standards for the new facility site operators.

IV. BUDGET IMPACTS

There will be a slight increase in revenues from the annual license fee paid by the licensee of $300 per year. Current staffing levels are expected to be adequate to handle any technical assistance or enforcement requirements that might arise from licensing this facility.

V. STAFF RECOMMENDATION

Based upon the preceding analysis, it is the opinion of staff that License Agreement No. YD-0197 made between Metro and the Scotts Hyponex Corporation located at 11620 SE Capps Road in Clackamas, Oregon, should be transferred to Clackamas Compost Products, Inc. (the new facility operators) in accordance with the provisions of the amended license agreement attached to Ordinance No. 99-796 as Exhibit A.

VI. EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer recommends adoption of Ordinance No. 99-796.

BM:clk
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Agenda Item Number 9.2

Ordinance No. 99-801, For the Purpose of Transferring the Solid Waste Franchise for Operation of the Citistics Reload/Materials Recovery Facility from Citistics, Inc. to USA Waste of Oregon, Inc..

Second Reading

Metro Council Meeting
Thursday, May 6, 1999
Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF TRANSFERRING THE SOLID WASTE FRANCHISE FOR OPERATION OF THE CITISTICS RELOAD/MATERIALS RECOVERY FACILITY FROM CITISTICS, INC. TO USA WASTE OF OREGON, INC.	)))))	ORDINANCE NO. 99-801 Introduced by Mike Burton, Executive Officer

WHEREAS, Section 5.01.030 of the Metro Code requires a Metro franchise for any person to own and operate a solid waste processing facility, transfer station, or resource recovery facility; and

WHEREAS, Citistics, Inc. was granted a franchise by the Metro Council in August 1998; and

WHEREAS, USA Waste of Oregon, Inc. ("USAO") is acquiring the Citistics solid waste facility from Citistics, Inc.; and

WHEREAS, Citistics and USAO have jointly requested transfer of the Citistics franchise from Citistics, Inc. to USAO; and

WHEREAS, the provisions of Metro Code Section 5.01.400 require an application for transfer of this franchise to be considered under the provisions of <u>former</u> Metro Code Section 5.01.090; and

WHEREAS, <u>former</u> Metro Code Section 5.01.090 allows for the transfer of a franchise if an application has been filed in accordance with <u>former</u> Metro Code Section 5.01.060; and

WHEREAS, USA Waste of Oregon, Inc. has duly filed an application in accordance with <u>former</u> Metro Code Section 5.01.060; and

WHEREAS, the applicant has met all the requirements set forth in <u>former</u> Metro Code Section 5.01.060; and

WHEREAS, former Metro Code Section 5.01.090 specifies that the Council shall not unreasonably deny an application for transfer of a franchise; and

WHEREAS, any franchise granted shall be governed by the provisions of Metro Code Chapter 5.01 as amended by Ordinance 98-762C; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. The transfer of the franchise from Citistics, Inc. to USA Waste of Oregon, Inc. is approved.

2. Upon acquisition of the Citistics facility, USA Waste of Oregon, Inc. shall be granted a Solid Waste Franchise in a form substantially similar to the attached "Exhibit A."

ADOPTED by the Metro Council this ____ day of_______, 1999.

Rod Monroe, Presiding Officer

ATTEST:

Recording Secretary

Approved as to Form:

Daniel B. Cooper, General Counsel

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EXHIBIT A

SOLID WASTE FRANCHISE
issued by
METRO
600 NE Grand Avenue
Portland, Oregon 97232-2736
(503) 797-1700

FRANCHISE NUMBER: ______________________
DATE ISSUED: ______________________
AMENDMENT DATE: N/A
EXPIRATION DATE: ______________________
ISSUED TO: USA WASTE OF OREGON, INC.
NAME OF FACILITY: TUALATIN VALLEY WASTE RECOVERY FACILITY
ADDRESS: 5350 S.W. ALGER AVENUE
CITY, STATE, ZIP: BEAVERTON, OR 97005
LEGAL DESCRIPTION: WASHINGTON COUNTY TAX LOT 400.
SECTION 15DB TOWNSHIP 1S RANGE 1W
NAME OF OPERATOR: USA WASTE OF OREGON, INC.
PERSON IN CHARGE: JONATHAN ANGIN
ADDRESS: 5350 SW ALGER AVENUE
CITY, STATE, ZIP: BEAVERTON, OR 97005
TELEPHONE NUMBER: (503) 671-9048

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FRANCHISE AGREEMENT

This Franchise is issued by Metro, a metropolitan service district organized under ORS chapter 268 and the 1992 Metro Charter, referred to herein as "Metro," to USA Waste of Oregon Inc. referred to herein as "Franchisee."

In recognition of the promises made by Franchisee as specified herein, Metro issues this Franchise, subject to the following terms and conditions:

1. DEFINITIONS

The definitions in Metro Code Section 5.01.010 shall apply to this Franchise, as well as the following definitions. Defined terms are capitalized when used. Where Metro Code, State or Federal law definitions are referenced herein, reference is to the definition as amended or replaced.

"Authorized Waste" or **"Authorized Wastes"** means those wastes defined as such in Section 5.1 and 5.2 of this Franchise.

"Battery" means a portable container of cells for supplying electricity. This term includes, but is not limited to, lead-acid car batteries, as well as dry cell batteries such as nickel cadmium, alkaline, and carbon zinc.

"Business" means a commercial enterprise or establishment licensed to do business in the state of Oregon.

"Clean Fill" means Inert material consisting of soil, rock, concrete, brick, building block, tile or asphalt paving, which do not contain contaminants which could adversely impact the waters of the State or public health. This term does not include Putrescible Wastes, Construction and Demolition Wastes or Industrial Solid Wastes.

"Commercial Solid Waste" or **"Commercial Waste"** means Solid Waste generated by stores, offices, including manufacturing and industry offices, restaurants, warehouses, schools, colleges, universities, hospitals, and other non-manufacturing entities, but does not include Solid Waste from manufacturing activities. Solid Waste from business, manufacturing or Processing activities in residential dwellings is also not included.

"Commingled Recyclables" means Source Separated recyclable materials that have not been sorted by the generator (or have been only partially sorted) into individual material categories (e.g., cardboard, newsprint, ferrous metal) according to their physical characteristics.

"Conditionally Exempt Generator Waste" has the meaning specified in 40 C.F.R. § 261.

"Construction and Demolition Waste" means Solid Waste resulting from the construction, repair, or demolition of buildings, roads and other structures, and debris from the clearing of land, but does not include clean fill when separated from other Construction and Demolition Wastes and used as fill materials or otherwise land disposed. Such waste typically consists of materials including concrete, bricks, bituminous concrete, asphalt paving, untreated or chemically treated wood, glass, masonry, roofing, siding, plaster; and soils, rock, stumps, boulders, brush and other similar material. This term does not include Industrial Solid Waste, Residential Solid Waste or Commercial Solid Waste.

"Contaminated Soils" means soils resulting from the clean-up of a spill that are not Hazardous Waste.

"DEQ" means the Oregon Department of Environmental Quality, which includes the Oregon Environmental Quality Commission.

"Disposal Site" has the meaning specified in ORS 459.005.

'Dry, Non-Putrescible, Solid Waste" means Commercial, Residential and Industrial Solid Waste, that does not contain food wastes or other Putrescible Wastes. Dry, Non-putrescible Solid Waste includes only waste that does not require disposal at a municipal solid waste landfill (also referred to as a "general purpose landfill"), as that term is defined by the Oregon Administrative Rules. This category of waste excludes Source Separated Recyclables.

"Facility" means the site where one or more activities that the Franchisee is authorized to conduct occur.

"Friable Asbestos" means the asbestiform varieties of serpentine (chrysotile), riebeckite (crocidolite), cummingtonite-grunerite (amosite), anthophyllite, actinolite and tremolite, but only to the extent that such materials, when dry and subjected to hand-pressure, can be crumbled, pulverized or reduced to powder.

"General Purpose Landfill" means any land disposal facility that is required by law, regulation, or permit to utilize a liner and leachate collection system equivalent to or more stringent than that required for municipal solid waste landfills under Subtitle D of the Resource Conservation and Recovery Act and is authorized by law to accept more than incidental quantities of Putrescible Waste.

"Hazardous Waste" has the meaning specified in ORS 466.005.

"Household Hazardous Waste" has the meaning specified in Metro Code Section 5.02.015(f).

"Industrial Solid Waste" or **"Industrial Waste"** means:

(1) Solid Waste generated by manufacturing or industrial processes that is not a hazardous waste regulated under ORS chapters 465 and 466 or under Subtitle C of the Federal Resource Conservation and Recovery Act. Such waste may include, but is not limited to, the following wastes or wastes resulting from the following processes:

- (a) electric power generation;
- (b) fertilizer/agricultural chemicals;
- (c) food and related products and by–products;
- (d) inorganic chemicals;
- (e) iron and steel manufacturing;
- (f) leather and leather products;
- (g) nonferrous metals manufacturing/foundries;
- (h) organic chemicals;
- (i) plastics and resins manufacturing;
- (j) pulp and paper industry;
- (k) rubber and miscellaneous plastic products;
- (l) stone, glass, clay and concrete products;
- (m) textile manufacturing;
- (n) transportation equipment;
- (o) water treatment;
- (p) timber products manufacturing;

(2) This term does not include :

- (a) Putrescible Waste, or office or lunch room waste from manufacturing or industrial facilities;
- (b) Construction and Demolition Waste
- (c) Contaminated Soils

"Inert" means containing only constituents that are biologically and chemically inactive and that, when exposed to biodegradation and/or leaching, will not adversely impact the waters of the state or public health.

"Infectious Medical Waste" or **"Infectious Waste"** has the meaning specified in ORS 459.386(2).

"Low Level Solid Waste Materials Recovery" or **"Low Level Recovery"** means those Solid Waste Materials Recovery activities that are limited to manual sorting and low technology mechanical methods.

"Metro Regional User Fee" has the meaning specified in Metro Code Section 5.02.015(e).

"Metro Transfer Station" means the Metro South Station and the Metro Central Station.

"Operating Procedures Plan" means the description of the Facility activities and the procedures required as a submittal under Section 7.3.2 of this Franchise.

"Prohibited Wastes" has the meaning set forth in Section 5.3.1 of this Franchise.

"Putrescible Waste" means Solid Waste containing organic material that can be rapidly decomposed by microorganisms, and which may give rise to foul smelling, offensive products during such decomposition or which is capable of attracting or providing food for birds and potential disease vectors such as rodents and flies.

"Recoverable Material" means material that still has or retains useful physical, chemical, or biological properties after serving its original purpose(s) or function(s), and that can be reused or recycled for the same or other purpose(s).

"Recovered Material" means Recoverable Material that has been separated from Solid Waste at the Facility.

"Residential Solid Waste" means the garbage, rubbish, trash, and other Solid Wastes generated by the normal activities of households, including but not limited to, food wastes, ashes, and bulky wastes, but does not include Construction and Demolition Waste. This definition applies to multifamily structures of any size.

"Residue" means Solid Waste, resulting from Solid Waste Materials Recovery, that is transported from a franchised Facility to a Metro Designated Facility.

"Sludge" means any solid or semi–Solid Waste and associated supernatant generated from a municipal, commercial, or industrial wastewater treatment plant, water supply treatment plant or air pollution control facility or any other such waste having similar characteristics and effects.

"Solid Waste Materials Recovery" means the activity of manually or mechanically separating materials from Solid Wastes for purposes of recycling or recovery.

"Solid Waste Materials Recovery Facility" means a facility franchised by Metro as a Processing and/or Resource Recovery Facility and authorized to receive specific categories of Solid Waste and to conduct one or more of the following activities: (1) Source-Separated Recyclables Processing, (2) Solid Waste Materials Recovery.

"Solid Waste Reloading" or "Reloading" means the primary activity of consolidating Solid Waste from collection vehicles into larger vehicles for transport to a Metro Designated Facility. All Solid Waste and Residue leaving the Facility must be delivered to a Metro Designated Facility or under the authority of a non-system license.

"Source-Separate" or **"Source Separating"** or **"Source Separation"** means

(1) The setting aside of recyclable materials at their point of generation by the generator; or

(2) That the person who last uses recyclable material separates the recyclable material from Solid Waste.

"Source-Separated Recyclables" means material that has been separated from solid waste at the source for the purpose of recycling, recovery, or reuse. This term includes recyclables that are Source-Separated by material type (*i.e.*, source-sorted) and recyclables that are mixed together in one container (*i.e.*, commingled).

"Source-Separated Recyclables Processing" means the activity of reloading, sorting or otherwise preparing Source-Separated Materials for transport to third parties for reuse or resale.

"Special Waste" has the meaning specified in Metro Code Section 5.02.015(s).

"Unacceptable Waste Incident Tracking Form" means the form attached to this Franchise as Attachment 1.

2. Term And Applicability Of Franchise

This Franchise is issued for a term of five years from the date of execution by the Executive Officer and following approval by the Metro Council. Renewal shall be granted in accordance with the terms of Metro Code 5.01.080(b) upon receipt of a completed renewal application.

3. Location Of Facility

The franchised Facility is located at 5350 SW Alger Ave., Beaverton, Oregon. Tax Lot 400, Section 15DB, Township 1S, Range 1W, Washington County.

4. Operator And Owner Of Facility And Property

4.1 The owner of the Facility is USA Waste of Oregon, Inc. Franchisee shall submit to Metro any changes in ownership of the facility in excess of five percent of ownership, or any change in partnership, within 10 days of the change.

4.2 The owner of the property underlying the Facility is USA Waste of Oregon, Inc. Franchisee warrants that it has obtained the owner's consent to operate the Facility as specified in the Franchise.

4.3 The operator of the Facility is USA Waste of Oregon Inc. Franchisee may contract with another person or entity to operate the Facility only upon 90 days prior written notice to Metro and the written approval of the Executive Officer.

5. Authorized and Prohibited Activities and Wastes

5.1 Subject to the following conditions, Franchisee is authorized to operate and maintain a combined Transfer Station and Solid Waste Materials Recovery Facility, as limited in this section.

5.1.1 The Franchisee may accept only Authorized Wastes, and conduct only Authorized Activities on those wastes, at the Facility. Franchisee is prohibited from receiving, Processing or disposing of any Solid Waste not authorized in this Franchise.

5.1.2 Franchisee shall accept Solid Waste at the Facility only from Miller Sanitary Service, Inc. and vehicles operated by Tualatin Valley Waste Recovery Facility.

5.1.3 Franchisee may accept no more than 100 tons per day of all Solid Wastes authorized under Section 5.2.1 of this Franchise. There is no tonnage limit on the amount of Source Separated Recyclable materials (as authorized and further limited under Section 5.2.2 of this Franchise) that may be accepted at the Facility.

5.1.4 Franchisee may receive the designated amount of Solid Waste consistent with (1) applicable law, (2) the terms of this Franchise, and (3) any other applicable permits and licenses obtained from other governmental units or regulatory agencies.

5.1.5 The Executive Officer may authorize Franchisee to accept additional types of waste, and perform Authorized Activities on said waste, only upon written request from the Franchisee.

5.1.6 Except as specified below, all Solid Waste and Residue leaving the Facility must be delivered to a Metro Designated Facility:

5.1.6.1 All material requiring disposal at a General Purpose Landfill must be transported to a Metro transfer station.

5.1.6.2 Inert material and Clean Fill may be disposed at any Disposal Site authorized by DEQ to receive such material.

5.2 Authorized Waste Types

5.2.1 Franchisee is authorized to receive the following types of Solid Wastes:

5.2.1.1 Dry, Non–Putrescible, Commercial and Industrial Solid Waste.

5.2.1.2. Construction and Demolition Waste

5.2.1.3. Residential Solid Waste and its Putrescible component.

5.2.2 Franchisee is authorized to receive Source-Separated Recyclable materials, excluding:

5.2.2.1 Yard Debris.

5.2.2.2 Used motor oil, unless said motor oil is collected as a Source-Separated material under a residential curbside collection program by hauler(s) licensed or permitted by a local governmental unit to collect residential waste and recylables.

5.3 Authorized Activities

5.3.1 Franchisee is authorized to conduct the following activities at the Facility:

5.3.1.1 Material Recovery from wastes authorized under Sections 5.2.1.1 and 5.2.1.2 of this Franchise, and in accordance with Section 7.3 of this Franchise.

5.3.1.2 Low-level Material Recovery from wastes authorized under Sections 5.2.1.3 of this Franchise, and in accordance with Section 7.3 of this Franchise.

5.3.1.3 Reloading of Solid Waste.

5.3.1.4 Processing of Source-Separated Recyclable materials.

5.4 Prohibited Wastes

5.4.1 Franchisee shall not knowingly accept or retain any of the following types of Solid Waste, unless specifically authorized in Sections 5 or 7 of this Franchise.

5.4.1.1 Materials contaminated with or containing Friable Asbestos;

5.4.1.2 Batteries;

5.4.1.3 Liquid waste;

5.4.1.4 Oil, other than as specified in 5.2.2.2;

5.4.1.5 Sludge;

5.4.1.6 Vehicles;

5.4.1.7 Infectious Waste;

5.4.1.8 Special Waste or any sub–stream of Special Waste;

5.4.1.9 Hazardous Waste;

5.4.1.10 Household Hazardous Waste and Hazardous Waste from Conditionally Exempt Generators;

5.4.2 Prohibited wastes received at the facility shall be managed in accordance with the Franchisee's DEQ Solid Waste Disposal Permit. Franchisee shall record receipt of Prohibited wastes on Metro's Unacceptable Waste Incident Tracking form (Attachment 1).

6. MINIMUM REPORTING REQUIREMENTS

6.1 Franchisee shall collect and transmit to Metro, according to the timetable in Section 6.2, accurate records of the following information:

6.1.1 Tons of solid waste received - monthly total

6.1.2 Number of collection vehicles delivering - monthly total

6.1.3 Outgoing tons of solid waste by destination for each disposal facility - monthly total.

6.1.4 Receipt of any materials encompassed by Section 5.3.2 of this Franchise, utilizing Metro's Unacceptable Waste Incident Tracking Form (Attachment 1).

6.2 Records required under Section 6.1 shall be reported to Metro no later than fifteen (15) days following the end of each month, in a format approved by Metro. A cover letter shall accompany the data that certifies the accuracy of the data and is signed by an authorized representative of Franchisee.

6.3 The Franchisee shall participate in an annual review with Metro of the Facility's performance. Within one year after the Facility begins operations, and each year thereafter, Metro will contact Franchisee to schedule the annual review meeting. Metro will provide at least three business weeks advance notice of this meeting. At least one business week prior to this meeting, Franchisee shall submit to the Franchise Administrator a summary, in letter format, addressing the topics listed below. The review will include:

6.3.1 Receipt or release of Hazardous Waste or Infectious Waste at the Facility; nuisance complaints as recorded in the log required under Section 7.4.1.2.

6.3.2 Any modifications under Section 18 of this Franchise.

6.3.3 Changes to site equipment, hours of operation and/or staffing, and any other significant changes in the Facility's operations that occurred during the previous year.

6.4 Franchisee shall retain on file for review by the Metro Regional Environmental Management Department copies of all correspondence, exhibits or documents submitted to the DEQ relating to the terms or conditions of the DEQ solid waste permit or this Franchise. In addition, Franchisee shall send to Metro, upon receipt, copies of any notice of non-compliance, citation, or enforcement order received from any local, state or federal entity with jurisdiction over the Facility.

6.5 Authorized representatives of Metro shall be permitted to inspect information from which all required reports are derived during normal working hours or at other reasonable times with 24–hour notice. Metro's right to inspect shall include the right to review, at an office of Franchisee located in the Portland metropolitan area, records, receipts, books, maps, plans, and other like materials of the Franchisee that are directly related to the Facility's operation.

6.6 Fees and charges shall be levied and collected on the basis of tons of waste received. Either a mechanical or automatic scale approved by the National Bureau of Standards and the State of Oregon may be used for weighing waste.

6.7 Where a fee or charge is levied and collected on an accounts receivable basis, pre–numbered tickets shall be used in numerical sequence. The numbers of the tickets shall be accounted for daily and any voided or canceled tickets shall be retained for three years. The Executive Officer may approve use of an equivalent accounting method.

6.8 Any periodic modification by Metro of the reporting forms themselves shall not constitute any modification of the terms of Section 6.1 of this Franchise, nor shall Metro include within the reporting forms a request for data not otherwise encompassed within Section 6.1.

7. Operational Requirements

7.1 <u>General Requirements</u>

7.1.1 The Franchisee shall provide an operating staff which is qualified to perform the functions required by this Franchise and to otherwise ensure compliance with the conditions of this Franchise.

7.1.2 A copy of this Franchise shall be displayed on the Facility's premises, and in a location where it can be readily referenced by Facility personnel.

7.2 General Operating and Service Requirements

7.2.1 If Franchisee contemplates or proposes to close the Facility permanently, Franchisee shall provide Metro with advance written notice of the proposed closure schedule and procedures.

7.2.2 If any significant occurrence, including but not limited to equipment malfunctions, or fire, results in a violation of any conditions of this Franchise or of the Metro Code, the Franchisee shall:

7.2.2.1 Immediately act to correct the unauthorized condition or operation;

7.2.2.2 Immediately notify Metro; and

7.2.2.3 Prepare, and submit to Metro within 10 days, a report describing the Franchise or Metro Code violation.

7.3 Operating Procedures

7.3.1 Unless otherwise allowed by this Franchise, all Solid Waste Reloading and Low Level Recovery shall occur inside Facility buildings. Storage may occur outside, in an orderly manner, as specified in the Facility's Operating Procedures Plan.

7.3.2 Franchisee shall establish and follow an Operating Procedures Plan describing how Solid Waste Reloading and Low Level Recovery will be conducted at the Facility. These procedures shall demonstrate compliance with the Franchise, and shall be submitted to Metro in writing for review and approval *prior to any waste being accepted at the Facility*. Franchisee may from time to time, modify the Operating Procedures Plan. All proposed modifications to the Operating Procedures Plan shall be submitted to the Metro Regional Environmental Management Department for review and approval, prior to implementation. The Operating Procedures Plan shall include at least the following:

7.3.2.1 Tualatin Valley Waste Recovery Facility shall notify Miller's Sanitary of it's requirements that prohibited wastes not be placed in drop boxes or collection containers destined for the Facility and request Miller's Sanitary to notify its customers of said requirements;

7.3.2.2 Methods of inspecting incoming loads for the presence of Prohibited, Hazardous (including Infectious Waste) or Unauthorized Waste;

7.3.2.3 Methods for managing and transporting for disposal at an authorized Disposal Site each of the Prohibited Wastes listed in Section 5, if they are discovered at the Facility;

7.3.2.4 Objective criteria and standards for accepting or rejecting loads.

7.3.2.5 Plans, procedures, and training designed to minimize and manage hazards to human health and the environment due to:

7.3.2.5.1 Fires

7.3.2.5.2 Explosions

7.3.2.5.3 Release of hazardous substances

7.3.2.5.4 Discovery of Unacceptable Waste

7.3.2.5.5 Power outages

7.3.2.5.6 Flooding

7.3.2.6 Methods describing how activities authorized under Section 5 of this Agreement will be conducted in a manner to ensure that Putrescible Wastes do not contaminate Recoverable and Recovered Materials.

7.3.2.7 Procedures for monitoring, investigating, recording, minimizing, and managing all odors of any derivation including malodorous loads received at the Facility.

7.3.2.8 Methods for addressing all other operating requirements of Section 7.

7.3.3 All Authorized Solid Wastes received at the Facility must, within a 24-hour period from receipt, be either (1) properly disposed or (2) appropriately stored.

7.3.4 Sorting and Low Level Recovery areas shall be cleaned on a regular basis, in compliance with the Operating Procedures Plan required under Section 7.3.2 of this Franchise.

7.3.5 All vehicles and devices transferring or transporting Solid Waste from the Facility shall be constructed, maintained, and operated to prevent leaking, spilling, or blowing of Solid Waste on–site or while in transit.

7.3.6 The Franchisee shall not mix any Source-Separated Recyclable materials brought to the Facility with any other Solid Wastes. Materials recovered at the Facility may be combined with Source-Separated Recyclable Materials for Processing and shipment to markets.

7.3.7 The Franchisee shall reuse or recycle all uncontaminated Source-Separated Recyclable Materials brought to the Facility.

7.3.8 Franchisee shall take reasonable steps to notify and remind drivers that all loaded trucks coming to or leaving the Facility must be covered or suitably cross-tied to prevent any material from blowing off the load during transit.

7.3.9 All recovered materials and Residue at the Facility must be stored in bales, drop boxes or otherwise suitably contained. Material storage areas must be maintained in an orderly manner and kept free of litter. Stored materials shall be removed at sufficient frequency to avoid creating nuisance conditions or safety hazards.

7.3.10 Public access to the Facility shall be controlled as necessary to prevent unauthorized entry and dumping.

7.4 Nuisance Prevention and Response Requirements

7.4.1 Franchisee shall respond to all written complaints on environmental issues (including, but not limited to, blowing debris, fugitive dust or odors, noise, traffic, and vectors). If Franchise receives a complaint, Franchisee shall:

7.4.1.1 Attempt to respond to that complaint within one business day, or sooner as circumstances may require, and retain documentation of unsuccessful attempts; and

7.4.1.2 Log all such complaints by name, date, time and nature of complaint. Each log entry shall be retained for one year.

7.4.2 To control blowing or airborne debris, Franchisee shall:

7.4.2.1 Keep all areas within the site free of litter and debris;

7.4.2.2 Patrol S.W. Alger Avenue from S.W. 7th to S.W. 5th daily;

7.4.3 To control odor, dust and noise, the Franchisee shall install dust control and odor systems whenever excessive dust and odor occur, or at the direction of Metro. Alternative dust and odor control measures may be established by the Franchisee with Metro approval.

7.4.4 With respect to vector control, the Franchisee shall manage the Facility in a manner that is not conducive to infestation of rodents or insects. If rodent or insect activity becomes apparent, Franchisee shall initiate and implement supplemental vector control measures as specified in the Facility Operating Procedures Plan or as a modification to such procedures. Franchisee shall bear all the costs of these measures.

8. ANNUAL FRANCHISE FEES

Franchisee shall pay an annual franchise fee, as established under Metro Code Section 5.03.030. Metro reserves the right to change its franchise fees at any time, by action of the Metro Council, to reflect franchise system enforcement and oversight costs.

9. INSURANCE

9.1 Before the effective date of this Franchise, Franchisee shall purchase and maintain the following types of insurance, insuring Franchisee, its employees, and agents:

9.1.1 Broad form comprehensive general liability insurance covering personal injury, property damage, and personal injury with automatic coverage for premises, operations, and product liability. The policy must be endorsed with contractual liability coverage; and

9.1.2 Automobile bodily injury and property damage liability insurance.

9.2 Insurance coverage shall be a minimum of $500,000 per occurrence, $100,000 per person, and $50,000 property damage. If coverage is written with an annual aggregate limit, the aggregate limit shall not be less than $1,000,000.

9.3 Metro, its elected officials, departments, employees, and agents shall be named as Additional Insureds. Notice of any material change or policy cancellation shall be provided to Metro 30 days prior to the change or cancellation.

9.4 Franchisee and contractors of Franchisee, if any, and all employers working under this Franchise, are subject employers under the Oregon Workers' Compensation Law and shall comply with ORS 656.017, which requires them to provide Workers' Compensation coverage for all their subject workers. Franchisee shall provide Metro with certification of Workers' Compensation insurance including employer's liability.

10. INDEMNIFICATION

Franchisee shall indemnify and hold METRO, its agents, employees, and elected officials harmless from any and all claims, demands, damages, actions, losses and expenses, including attorney's fees, arising out of or in any way connected with Franchisee's performance under this Franchise, including patent infringement and any claims or disputes involving subcontractors or Subfranchisees.

11. SURETY BOND/CONDITIONAL LIEN

Before this Franchise shall become effective, Franchisee shall provide a surety bond or letter of credit in the amount of Twenty-Five Thousand Dollars ($25,000), in a form acceptable to Metro, or at its option may provide a conditional lien on the franchised property in a form satisfactory to Metro.

12. Compliance With Law

Franchisee shall fully comply with all federal, state, regional and local laws, rules, regulations, ordinances, orders and permits pertaining in any manner to this Franchise, including all applicable Metro Code provisions whether or not those provisions have been specifically mentioned or cited herein. All conditions imposed on the operation of the Facility by federal, state or local governments or agencies having jurisdiction over the Facility are part of this Franchise by reference as if specifically set forth herein. Such conditions and permits include those attached as exhibits to this Franchise, as well as any existing at the time of issuance of this Franchise and not attached, and permits or conditions issued or modified during the term of this Franchise.

13. Metro Enforcement Authority

13.1 Enforcement of this Franchise shall be as specified in the Metro Code.

13.2 Authorized representatives of Metro shall be permitted access to the premises of the Facility at all reasonable times for the purpose of making inspections and carrying out other necessary functions related to this Franchise. Access to inspect is authorized:

(a) During all working hours;

(b) At other reasonable times with 24 hours notice;

(c) At any time without notice when, in the opinion of the Metro Regional Environmental Management Department Director, such notice would defeat the purpose of the entry. In such instance, the Director shall provide a written statement of the purpose for the entry.

13.3 The power and right to regulate, in the public interest, the exercise of the privileges granted by this Franchise shall at all times be vested in Metro. Metro reserves the right to establish or amend rules, regulations, fees, or standards regarding matters within Metro's authority, and to enforce all such legal requirements against Franchisee.

13.4 At a minimum, Metro may exercise the following oversight rights in the course of administering this Franchise: (1) perform random on–site inspections; (2) conduct an annual review of the Facility to assess compliance with operating requirements in this Franchise; (3) invoice Franchisee for any fees or penalties arising under this Franchise; (4) perform noncompliance investigations; (5) inspect and visually characterize incoming and outgoing loads for the purpose of assessing Prohibited Waste. In all instances Metro shall take reasonable steps to minimize disruptions to operations at the Facility.

13.5 Nothing in this Franchise shall be construed to limit, restrict, curtail, or abrogate any enforcement provision contained in the Metro Code, nor shall this Franchise be construed or interpreted so as to limit or preclude Metro from adopting ordinances that regulate the health, safety, or welfare of any individual or group of individuals within its jurisdiction, notwithstanding any incidental impact that such ordinances may have upon the terms of this Franchise or the Franchisee's operation of the Facility.

14. DISPOSAL RATES AND FEES

14.1 In accordance with Metro Code Section 5.01.070, this Facility shall be exempt from Metro rate setting.

14.2 Franchisee is exempted from collecting and remitting Metro Fees on waste received at the Facility in conformance with this Agreement. Franchisee is fully responsible for paying all costs associated with disposal of residual material generated at the Facility. If Franchisee obtains authorization to dispose of residual material at a facility that has not been "Designated" by Metro, Franchisee shall remit to Metro the Tier 1 (one) User Fee on all waste disposed of at the non-designated facility.

14.3 Disposal of residue shall be at a designated facility under the Metro Code or under authority of a non-system license issued by Metro.

15. GENERAL CONDITIONS

15.1 Franchisee shall be responsible to the extant practicable for ensuring that its contractors and agents operate in complete compliance with the terms and conditions of this Franchise.

15.2 Neither the Franchisee, nor the parent company of the Franchisee, if any, nor its subsidiaries, nor any other Solid Waste facilities under its control shall knowingly accept Metro area Solid Waste at their non-designated facilities, if any, except as authorized by a non-system license issued by Metro.

15.3 The granting of this Franchise shall not vest any right or privilege in the Franchisee to receive specific quantities of Solid Waste during the term of the Franchise.

15.4 Neither this Franchise nor the Franchisee may be conveyed, transferred or assigned without the prior written approval of Metro.

15.5 To be effective, a waiver of any term or condition of this Franchise must be in writing and signed by the Executive Officer. Waiver of a term or condition of this Franchise shall not waive nor prejudice Metro's right otherwise to require performance of the same term or condition or any other term or condition.

15.6 This Franchise shall be construed, applied, and enforced in accordance with the laws of the State of Oregon and all pertinent provisions of the Metro Code.

15.7 If any provision of the Franchise shall be found invalid, illegal, or unenforceable in any respect, the validity of the remaining provisions contained in this Franchise shall not be affected.

16. NOTICES

16.1 All notices required to be given to the Franchisee under this Franchise shall be delivered to:

Jonathan Angin
Vice President, Northwest Region
Waste Management, Inc.
5350 SW Alger Avenue
Beaverton, OR 97005

16.2 All notices required to be given to Metro under this Franchise shall be delivered to:

Metro Franchise Administrator
Regional Environmental Management Department
Metro
600 N.E. Grand Avenue
Portland, Oregon 97232–2736

16.3 Notices shall be in writing, effective when delivered, or if mailed, effective on the second business day after mailed, postage prepaid, to the address for the party stated in this Franchise, or to such other address as a party may specify by notice to the other.

17. REVOCATION

Suspension, modification or revocation of this Franchise shall be as specified herein and in the Metro Code. (See especially Sections 12 and 13 and Metro Code Chapter 5.01.)

18. MODIFICATION

18.1 At any time during the life of this Franchise, either the Executive Officer or the Franchisee may propose amendments or modifications to this Franchise. Except as specified in the Metro Code and Section 5.1.3 of this Franchise, no amendment or modification shall be effective unless it is in writing, approved by the Metro Council, and executed by the Franchisee and the Executive Officer.

18.2 The Executive Officer shall review the Franchise annually, consistent with Section 6 of this Franchise, in order to determine whether the Franchise should be changed and whether a recommendation to that effect needs to be made to the Metro Council. While not exclusive, the following criteria and factors may be used by the Executive Officer in making a determination whether to conduct more than one review in a given year:

18.2.1 Franchisee's compliance history;

18.2.2 Changes in waste volume, waste composition, or operations at the Facility;

18.2.3 Changes in local, state, or federal laws or regulations that should be specifically incorporated into this Franchise;

18.2.4 A significant release into the environment from the Facility;

18.2.5 A significant change or changes to the approved site development plan and/or conceptual design;

18.2.6 Any change in ownership that Metro finds material or significant.

USA WASTE OF OREGON, INC.	METRO
Jonathan Angin, Vice President NW Region	Mike Burton, Metro Executive Officer
Date	Date

SK:bjl
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ATTACHMENT 1

METRO

Regional Environmental Management
600 NE Grand Ave
Portland, OR 97232-2736
(503) 797-1650
Fax (503) 797-1795

Unacceptable Waste Incident Tracking Form

Item Number: ______________________ Date Discovered: ______________________

Description of Unacceptable Waste: ______________________

____

____

____

Generator (if known): ______________________

Waste Hauler: ______________________

Waste was determined to be: [ ]Hazardous [ ]Non-Hazardous

Disposition: ______________________

Date Disposed: ______________________

cash/metro/unaccept.pm6

original = Franchise Administrator
yellow = Franchisee
pink = file

June 1996
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REGIONAL ENVIRONMENTAL MANAGEMENT COMMITTEE REPORT

CONSIDERATION OF ORDINANCE NO. 99-801, FOR THE PURPOSE OF TRANSFERRING THE SOLID WASTE FRANCHISE FOR OPERATION OF THE CITISTICS RELOAD/MATERIAL RECOVERY FACILITY FROM CITISTICS, INC., TO USA WASTE OF OREGON, INC.

Date: April 28, 1999 Presented by: Councilor McLain

Committee Recommendation: At its April 21 meeting, the Committee considered Ordinance No. 99-801 and voted unanimously to send the ordinance to the Council with a do pass recommendation. Voting in favor: Councilors McLain and Park and Chair Washington.

Committee Issues/Discussion: Terry Petersen, Acting REM Director, presented the staff report. Petersen explained that the purpose of the ordinance is to transfer the existing franchise for the Citistics facility in Beaverton from the former owner, Citistics, Inc., to USA Waste of Oregon, which recently purchased the facility.

Petersen noted that the facility has been in operation since January. He explained that, thought representatives of a neighboring condominium complex had objected to the original issuance of the franchise, no complaints have been received by Metro or the city of Beaverton concerning the facility. Petersen indicated that the proposed deals only with the change of ownership and that all existing state, city and Metro requirements concerning the operation of the facility would remain in effect.

Henry Kane presented written and oral testimony in opposition to the facility. Kane expressed concern about the nature of the notice of the committee's consideration of the proposed franchise. He further claimed that Metro's complaint files related to the facility were incomplete. Kane also urged the committee to review the historic operating record of the proposed new owner at the Forest Grove Transfer Station. He noted that the operator had not addressed the concerns of the neighboring community. Kane urged the committee to at least amend the existing franchise to insure that the facility does not become another garbage transfer station.. He also requested that the record be left open to allow for the submission of additional material.

The committee also noted that written testimony had been received from Megan Laidlaw from that Sequoia Park condominium facility which is adjacent to the franchised facility. Ms. Laidlaw raised concerns about potential odor, noise and environment effects from the facility. These concerns were similar to those raised at the time that the Council approved that original franchise.

Joe Cassin testified on behalf of USA Waste of Oregon. Cassin indicated the new owner do not intend to change the manner in which the facility is currently operated. He expressed a willingness to work to address neighborhood concerns, noting that a meeting has been scheduled with the Sequoia Park owners' association on May 5.

Councilor Park asked for clarification concerning the nature of governmental regulation of the facility. Steve Kraten, REM Enforcement Officer, noted that the land use and operational issues related to the facility are addressed in the conditional use permit issued by the city of Beaverton. Environmental issues are addressed by the DEQ permit that has been obtained by the facility. Kraten noted that the facility has a permitted maximum capacity of 100 tons per day and that no more than 25% may be putresible. The putresible waste also is limited to household waste which is generally drier than waste from other facilities such as restaurants.

Councilor Park asked what the current operating levels are at the facility. Mr. Cassin responded that the facility processes about 30-40 tons daily.

Councilor Park asked Marv Fjordbeck, Senior Assistant Legal Counsel, that given the nature of existing state and local regulation, on what grounds could Metro deny the franchise. Fjordbeck that Metro requires an applicant to obtain all necessary land use and operational permits prior to requesting a Metro franchise. But, Fjordbeck noted that the Council retained broad discretionary authority to approve or deny a proposed franchise.

Councilor McLain noted that the facility had been through an extensive review when the franchise was originally granted and that all the proposed ordinance does is approve a change of ownership. She also praised USA Waste's prior and current dealings with Metro.

EXECUTIVE SUMMARY
ORDINANCE 99-801

ORDINANCE TO TRANSFER A SOLID WASTE FRANCHISE FOR THE CITISTICS FACILITY FROM CITISTICS, INC. TO USA WASTE OF OREGON, INC.

PROPOSED ACTION

Approve a franchise transfer that will:

- Authorize USA Waste of Oregon to become the franchised operator of the Citistics facility.
- Change the name of the facility from "Citistics" to "Tualatin Valley Waste Recovery."

WHY NECESSARY

- Because USA Waste of Oregon is acquiring the Citistics facility and its associated hauling company, Miller's Sanitary Service.

ISSUES/CONCERNS

- When originally franchised, neighbors of the facility testified before the Council regarding concerns over potential nuisance and environmental impacts. Since the facility began operating in January 1999, no complaints have been received by the operator or by Metro.
- No changes in operating procedures are contemplated by the franchise transfer. USA Waste of Oregon intends to operate the facility in exactly the same manner as Citistics, Inc.

BUDGET/FINANCIAL IMPACTS

The franchise transfer is not expected to have any budget or financial impact.

IN CONSIDERATION OF ORDINANCE NO. 99-801, FOR THE PURPOSE OF TRANSFERING THE SOLID WASTE FRANCHISE FOR OPERATION OF THE CITISTICS RELOAD/MATERIALS RECOVERY FACILITY FROM CITISTICS, INC. TO USA WASTE OF OREGON, INC.

March 18, 1999

Presented by: Bruce Warner, Leann Linson

I. Summary and Recommendation

A. Effect of Passage

Approval of Ordinance No. 99-801 will transfer a Solid Waste Franchise for operation of the Citistics facility from Citistics, Inc. to USA Waste of Oregon, Inc. (USAO) concurrent with USAO's acquisition of the facility from Citistics, Inc. The franchise authorizes the facility to accept up to 100 tons per day of solid waste, including residential waste and its putrescible components, for recovery and reloading.

B. Executive Officer Recommendation

The Executive Officer recommends approval of Ordinance No. 99-801, transferring the Citistics franchise from Citistics, Inc. to USA Waste of Oregon, Inc. subject to the terms and conditions that are incorporated into the franchise document attached as "Exhibit A" to Ordinance No. 99-801.

II. Background

A. History of the Facility

Citistics is a reload/materials recovery facility located at 5350 SW Alger Ave. in Beaverton. On August 6, 1998, after hearing testimony from neighbors of the facility regarding concerns over potential nuisance and environmental issues, the Metro Council approved Ordinance 98-745, granting the facility a Solid Waste Franchise. The franchise agreement itself was signed on November 9, 1998. This was the last franchise to be authorized under the prior version of the Metro Code Chapter 5.01 before the adoption of the revised chapter by Ordinance No. 98-762C. The facility began operating in January 1999. If the Council approves the transfer of the franchise and the grant of the franchise to USAO, the franchise will be governed by the 1998 amendments to Chapter 5.01 of the Metro Code.

B. The Applicant and the Applicant's Request

In a letter dated February 1, 1999, Garry Penning of USA Waste of Oregon, Inc. (USAO) and Tom Miller, President of Citistics, informed the REM Director that USAO was negotiating to purchase the Citistics facility. USA Waste of Oregon, Inc. is the name presently used by the new Waste Management within the state of Oregon. A formal application for transfer of the franchise was received by Metro on March 22, 1999.

Reason for the Ordinance

Section 15.5 of the Citistics Franchise states "Neither this Franchise nor the Franchisee may be conveyed, transferred or assigned without the prior written approval of Metro." Thus, it is necessary that a proposed ordinance approving the transfer be presented to the Metro Council.

III. Application Procedure

A. Metro Code Provisions Related to the Applicant's Request

<u>Section 5.01.090</u>

Section 5.01.090 of the Metro Code governs transfer of franchises. Because the Citistics franchise was originally applied for prior to adoption of the revised Code Chapter 5.01, the agreement is governed by the provisions of Chapter 5.01 as it existed prior to July 1998. Section 5.01.090 has three parts, as follows:

> (a) *A franchisee may not lease, assign, mortgage, sell or otherwise transfer, either in whole or in part, its franchise to another person unless an application therefor has been filed in accordance with section 5.01.060 and has been granted. The proposed transferee must meet the requirements of this chapter.*

On February 22, 1999, Metro received from USAO a formal franchise application. The application was determined to be in accordance with section 5.01.060. Details are presented below.

> *(b) The council shall not unreasonably deny an application for transfer of a franchise. If the council does not act on the application for transfer within 90 days after filing of a complete application, the application shall be deemed granted.*

The proposed ordinance is being presented to Council in a timely manner and well within the 90-day limit.

> *(c) The term for any transferred Franchise shall be for the remainder of the original term unless the Council establishes a different term based on the facts and circumstances at the time of transfer.*

The original franchise has an expiration date of November 9, 2003. The proposed new franchise, presented as "Exhibit A" to Ordinance No. 99-801, has the same expiration date.

Section 5.01.060

Section 5.01.060 specifies eight items to be addressed in any franchise application.

(a) *Applications for a franchise or license or for transfer of any interest in, modification, expansion, or renewal of an existing franchise or license shall be filed on forms provided by the executive officer. Franchises and licenses are subject to approval by the council.*

As mentioned above, on February 22, 1999, Metro received from USAO a formal application for transfer of the Citistics franchise. The application was filed in the format prescribed by the Executive Officer.

(b) *In addition to the information required on the forms, franchise applicants must submit the following to the executive officer:*

(1) *Proof that the applicant can obtain and will be covered during the term of the franchise by a corporate surety bond guaranteeing full and faithful performance by the applicant of the duties and obligations of the franchise agreement. In determining the amount of bond to be required, the executive officer may consider the size of the site, facility or station, the population to be served, adjacent or nearby land uses, the potential danger of failure of failure of service, and any other factor material to the operation of the franchise;*

The applicant's ability to obtain the necessary corporate surety bond is evidenced by the fact that it has obtained such bonds for its other Metro area solid waste facilities.

(2) *In the case of an application for a franchise transfer, a letter of proposed transfer from the existing franchisee;*

As mentioned above, on February 2, 1999, Tom Miller, President of Citistics and the current franchisee submitted a letter to the REM Director requesting that the Citistics franchise be transferred to USAO.

(3) *Proof that the applicant can obtain the liability insurance required by this chapter;*

The applicant has provided proof of insurance. The liability policy presently in force covers all operations of the insured.

(4) *If the applicant is not an individual, a list of stockholders holding more than 5 percent of a corporation or similar entity, or of the partners of a partnership. Any subsequent changes in excess of 5 percent of ownership thereof must be reported within 10 days of such changes of ownership to the executive officer;*

USA Waste of Oregon, Inc. is a wholly-owned subsidiary of Waste Management of North America, Inc.

> (5) *A duplicate copy of all applications for necessary DEQ permits and any other information required by or submitted to DEQ;*

The Citistics facility is fully permitted by the DEQ. The DEQ permit and all related information have been provided to Metro and are on file in the REM Department.

> (6) *Signed consent by the owner(s) of the property to the proposed use of the property. The consent shall disclose the property interest held by the franchisee, the duration of that interest and shall read and agree to be bound by the provisions of section 5.01.180(e) of this chapter if the franchise is revoked or franchise renewal is refused;*

USAO will be acquiring the real property as well as the facility and equipment of Citistics.

> (7) *Proof that the applicant has received proper land use approval;*

The City of Beaverton has granted the Citistics facility a Conditional Use Permit (CUP). The CUP and all related information have been provided to Metro, and are on file in the REM Department.

> (8) *and such other information as the executive officer deems necessary to determine an applicant's qualifications.*

The applicant is a major solid waste company that operates other authorized facilities in the Metro Region and is well known to the REM Department. No additional information is necessary to determine the applicant's qualifications.

B. Analysis of Application

It is USAO's intent to operate the facility in the same manner as originally proposed by Tom Miller and authorized by the facility's conditional use permit, DEQ permit and Metro franchise. Under USAO's ownership, the name of the facility will be changed from "Citistics" to "Tualatin Valley Waste Recovery."

IV. Fiscal Impact

Ordinance No. 99-801 transfers an existing franchise to a new facility owner without any changes in authorizations. The facility will only process waste of the same type and in the same quantity as presently authorized by its existing franchise. Thus, it is anticipated that approval of Ordinance No. 99-801 will have no fiscal impact.

Agenda Item Number 10.1

Resolution No. 99-2763, For the Purpose of Reallocating Multnomah County Local Share Funds Among Existing Projects.

Metro Council Meeting
Thursday, May 6, 1999
Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF REALLOCATING) MULTNOMAH COUNTY LOCAL SHARE) FUNDS AMONG EXISTING PROEJCTS)	RESOLUTION NO. 99-2763 Introduced by Mike Burton Executive Officer

WHEREAS, funding for Multnomah County Local Share Projects comes from Metro's Open Space, Parks and Streams bond measure (26-26), which was approved by the voters of the region in May 1995; and

WHEREAS, Multnomah County was allocated $3,401,545 to complete its local share projects; and

WHEREAS, Metro Regional Parks and Greenspaces administers the local share projects for Multnomah County; and

WHEREAS, the Multnomah County local share intergovernmental agreement (IGA) requires that any changes to Multnomah County's local share project list or the re-allocation of funds must be approved by the Metro Council at a public hearing; and

WHEREAS, Metro Regional Parks and Greenspaces has consulted with Multnomah County on the proposed re-allocation of funds among the local share projects as required by the provisions of the IGA transferring parks from the County to Metro; and

WHEREAS, the Regional Parks and Greenspaces Advisory Committee has considered this proposal at its March 2, 1999 meeting and recommended approval; now therefore

BE IT RESOLVED

That the Metro Council approves the re-allocation of funds among the Multnomah County Local Share Project List as detailed in Exhibit A attached hereto.

ADOPTED By the Metro Council this ________ day of ____________________1999.

____
Rod Monroe, Presiding Officer

Approved as to form:

____
Daniel B. Cooper, General Counsel

EXHIBIT A
Resolution 99-2763

Multnomah County Local Share Project List

Administered by Metro Regional Parks and Greenspaces

- **Whitaker Ponds Acquisitions**
  Land acquisition goals have been accomplished. One more land acquisition may occur. Other than this potential deal, there are no more willing sellers in this target area.

  Thus, all remaining funds shall be re-allocated for capital construction activities at Howell Territorial Park and/or Oxbow Regional Park. The current fund balance is $224,504. If the proposed transaction is completed, this fund balance could be reduced by the purchase price, due diligence and stabilization costs. Therefore the amount to be re-allocated could range from approximately $70,000 (if the proposed transaction is successful) to $224,504 (if the transaction is not completed).

- **Hogan Cedars Acquisitions**
  Land acquisition goals have been accomplished.

  Funds for the two land purchases in this target area will come from the East Buttes/Boring Lava Domes regional target area, city of Gresham local share funds and the Springwater Corridor project of Multnomah County's local share allocation.

  Thus, the total amount of $300,000 will be re-allocated for capital construction activities at Howell Territorial Park and/or Regional Oxbow Park.

- **Tryon Creek Acquisitions**
  Land acquisition goals have been accomplished.

  Funds for the land purchases will come from the Tryon Creek Linkages regional target area and from the city of Portland's Bureau of Environmental Services (BES).

  Thus, the total amount of $300,000 will be re-allocated for capital construction activities at Howell Territorial Park and/or Oxbow Regional Park.

- **Ancient Forest Capital Improvements**
  No changes. $150,000 for capital improvements.

- **Howell Territorial Park Capital Improvements**
  Existing local share budget of $275,000 will be augmented with re-allocated funds from Whitaker Ponds, Hogan Cedars, Tryon Creek, Burlington Bottom, and contingency.

  Original estimate of $275,000 was made in 1994. The estimate was too low. Adoption of a master plan, new permit requirements and standards, additional tasks and inflation have increased project costs. Current capital improvement needs are $1,800,000.

- **Oxbow Regional Park Capital Improvements**
  Existing local share budget of $1,250,000 will be augmented with re-allocated funds from Whitaker Ponds, Hogan Cedars, Tryon Creek, Burlington Bottom, and contingency.

  Original estimate of $1,250,000 was made in 1994. The estimate was too low. Adoption of a master plan, new permit requirements and standards, additional tasks and inflation have increased project costs. Current capital improvement needs are $6,602,000.

- **Burlington Bottom Capital Improvements**
  Project finished: the trail and bridge improvements have been completed. BPA, the property owner, does not want additional improvements to the site at this time.

  Balance of funds ($175,055 estimated) to be re-allocated to capital construction activities at Howell Territorial Park and/or Oxbow Regional Park.

- **M. James Gleason Boat Ramp Improvements**
  No Changes. $90,000 for improvements.

- **Sauvie Island Boat Ramp Improvements**
  No Changes. $50,000 for improvements.

- **Blue Lake Park Capital Improvements**
  No Changes. $205,000 for improvements.

- **Springwater Corridor Improvements**
  $250,000 budget to be used to make trail improvements between Palmblad Rd. and Rugg Rd., and purchase trailheads along the Springwater Corridor. This project is being administered by Portland Parks through an Intergovernmental Agreement between Metro and the City.

- **Contingency**
  Re-allocate the entire amount of $31,545 to capital construction activities at Howell Territorial Park and/or Oxbow Regional Park.

- **Summary of funds to be re-allocated:**

Whitaker Ponds:	$ 70,000 to $224,504
Hogan Cedars	$300,000
Tryon Creek	$300,000
Burlington Bottom	$175,055
Contingency	$ 31,545
Total	**$876,600 to $1,031,104**

METRO OPERATIONS COMMITTEE REPORT

CONSIDERATION OF RESOLUTION NO. 99-2763, FOR THE PURPOSE OF REALLOCATING MULTNOMAH COUNTY LOCAL SHARE FUNDS AMONG EXISTING PROJECTS.

Date: April 22, 1999 Presented by: Councilor Washington

Committee Action: At its April 21, 1999 meeting, the Metro Operations Committee voted 3-0 to recommend Council adoption of Resolution No. 99-2763. Voting in favor: Councilors Atherton, Kvistad and Washington.

Council Issues/Discussion: The committee heard the staff presentation, took public testimony and deliberated over the course of two meetings. Charlie Ciecko, director of Metro's Regional Parks and Greenspaces Department, stated that Measure 26-26 contained a $25 million local share component which was directed to cities and counties in the Metro region. Multnomah County's share amounts to $3.3 million, and is managed by Metro, based on Multnomah County having transferred its park system to Metro.

Multnomah County's local share projects, as originally conceived, have largely been completed, with a remaining balance of a little over $1,000,000 in unspent funds. At the same time, master plans for two of the sites, Howell Territorial Park and Oxbow Regional Park, identify further improvements that the department proposes to direct the unspent funds towards. The expenditure of these funds for the identified capital projects has the agreement of the Parks and Greenspaces Advisory Committee, Multnomah County Executive Beverly Stein and the Metro Executive Officer.

Several citizens testified to an alternative use for the funds in question. Their desire is for Metro to purchase Leadbetter peninsula, adjoining Smith and Bybee Lake, which is a proposed Multnomah County jail site. The peninsula is currently owned by the Port of Portland, and has been filled with over 15 feet of Willamette and Columbia River dredge spoils. The Smith and Bybee Lake Management Committee heard a presentation from the Multnomah County Sheriff about the proposed jail siting. While taking no explicit pro or con stance regarding the jail, the committee did send a letter to the Sheriff and the Multnomah County Board of Commissioners with several comments and recommendations.

The citizen testimony to the Metro Operations Committee tended to emphasize the following points:

- Any remaining local share money should be used only for further acquisitions, not capital projects.
- Leadbetter peninsula is a biologically important site, an important habitat for a threatened turtle species and would add to Metro's Smith and Bybee Lake holdings.

- TheSmith and Bybee Lake Wildlife Management Area Committee should have better citizen representation.

Parks staff clarified that capital expenditures are allowed under Measure 26-26, that Leadbetter peninsula is not seen by them as biologically significant, and that there are other parcels surrounding Smith and Bybee Lake that they would propose to buy first, rather than Leadbetter. Furthermore, the peninsula is more likely to receive protection with Multnomah County as a purchaser, rather than other possible purchasers of this industrially zoned site.

Councilor Atherton said he would like to see options for citizens to be involved in the Howell and Oxbow projects, thus saving money, which in turn could be dedicated to further parks acquisitions. He suggested that he might bring an amendment along those lines to Council when it hears this resolution. Councilors Kvistad and Washington sympathized with neighbors who are upset about a jail being sited in their neighborhood, but felt that this is not an issue Metro should be directly involving itself in, and supported the proposed projects at Howell and Oxbow.

STAFF REPORT

CONSIDERATION OF RESOLUTION NO. 99-2763 TO RE-ALLOCATE MULTNOMAH COUNTY LOCAL SHARE FUNDS AMONG EXISTING PROJECTS

Date: March 2, 1999 **Presented by:** **Charles Ciecko**
Nancy Chase

Proposed Action

Resolution No. 99-2763 requests Council approval to reallocate funds among projects on Multnomah County's local share list. Funds are to be re-allocated among existing projects. No new projects are proposed to be added to the list.

Background and Analysis

The "Local Share" component of Metro's Open Space, Parks and Streams Bond provides $25 million to twenty-six local park providers for greenspace and trail projects. Funds may be used for land acquisition and capital improvements. The sites to be acquired or improved must be for passive recreational activities. Attached is a copy of the Local Share Guidelines (Attachment A).

Multnomah County was allocated $3,401,545 to carryout its local share program. The county's local share project list was developed in 1994 for the May 1995 bond measure vote. Metro Regional Parks and Greenspaces administers the program via the intergovernmental agreement (IGA) transferring Multnomah County's parks to Metro.

Since the original project list was developed nearly five years ago, circumstances have changed which require a re-allocation of funds among the projects. This proposed re-allocation is being referred to the Metro Council since the local share IGA language requires that changes to the local share project list be approved by the recipient's governing body and go through a public process.

Some of the acquisition projects have been completed with funds from other sources (e.g. regional target area funds) and some capital improvement projects have been completed under budget. Thus, extra funds are available to be re-allocated to two key projects that are currently underfunded.

The two projects which need additional funding for capital improvements are Howell Territorial Park and Oxbow Regional Park. Project costs have increased since 1994, because: the Metro Council has approved master plans for the two sites which include additional work items; new permit requirements and standards; and inflation. Estimated costs for these two projects are $8,402,000. Of this amount, unfunded facility projects at the two regional parks are estimated at $6,655,000.

The original local share budget estimates from 1994 were $1,525,000 for capital improvements at Howell Territorial Park and Oxbow Regional Park. In addition, Metro received a grant of $245,300 in 1998 from Oregon Parks and Recreation Department for capital improvements at Oxbow Regional Park.

It is proposed that the re-allocated dollars be utilized to cover capital improvement projects at these regional parks. While there are construction estimates for each of the two parks, it will not be known exactly how much will be needed for each until the final designs and construction bids are received and approved. In addition, contingency funds for both projects must be established.

A detailed analysis of how the funds are proposed to be re-allocated is attached to the Resolution 99-2763 as Exhibit A.

Budget Impact
The proposed re-allocation does not increase the budget. Re-allocation as proposed in Exhibit A will reduce "unfunded" and/or incomplete projects contained in Metro's adopted Capital Improvement Plan (CIP).

Executive Officer's Recommendation
The Executive Officer recommends approval of Resolution No. 99-2763.

METRO
Regional Parks and Greenspaces
600 NE GRAND AVE. PORTLAND, OR 97232-2736 (503) 797-1850

GREENSPACES GENERAL OBLIGATION BOND MEASURE LOCAL SHARE GUIDELINES

Local governments will be entitled to receive a portion of the regional greenspaces bond measure funds based on the allocation formula in the Metropolitan Greenspaces Master Plan adopted in July 1992. Projects eligible for local share funding must meet the following criteria:

1. Eligible agency is a park provider as of July 1, 1991.

2. Funds must be expended on Greenspaces related activities only including:

   Acquisition

   - Fee Simple (or easement) to purchase regionally significant greenspaces and/or trail corridors identified in the Metropolitan Greenspaces Master Plan, and/or locally determined significant greenspaces and/or trail corridors.

   - Costs associated with the acquisition of property.

   Capital Improvements

   - Restoration or enhancement of natural areas

   - Trail construction

   - Access facilities such as roads that are an integral part of the greenspace, parking, boat ramps, trail heads, Americans with Disabilities Act (ADA) requirements.

   - Public use facilities such as rest rooms, picnic tables, shelters, viewing blinds, water systems, camp sites, fishing piers, and associated appurtenances including signs, fences, security lighting, barbecues.

   - Environmental education facilities such as nature centers and interpretive displays.

3. The park provider will enter into an Intergovernmental Agreement (IGA) to be approved by the Metro Council and the governing board of the park provider. The IGA shall require signage at the project site in an appropriate location(s) to acknowledge Metro, the park provider, and other project partners; funds from the bond measure shall not be used to replace local funds on project; and funds from the bond measure should leverage other sources of revenue when possible.

4. A list of local share projects with estimated costs, and approved by the governing board of each jurisdiction shall be delivered to Metro no later than November 1, 1994 to be eligible for local share funding.

5. Greenspace sites subject to local share funding will be maintained for its intended recreational, natural area, or trail activities.

Agenda Item Number 10.2

Resolution No. 99-2782, To Grant a Four-Month Extension of the Conditions of Tsugawa Urban Growth Boundary Resolution.

Metro Council Meeting
Thursday, May 6, 1999
Council Chamber

BEFORE THE METRO COUNCIL

TO GRANT A FOUR-MONTH EXTENSION OF THE CONDITIONS OF TSUGAWA URBAN GROWTH BOUNDARY RESOLUTION	) RESOLUTION NO. 99-2782)))) Introduced by Mike Burton, Executive Officer

WHEREAS, The Metro Council adopted Resolution No. 98-2718 on October 15, 1998, to express intent to amend the Urban Growth Boundary to include the Tsugawa locational adjustment property.

WHEREAS, Resolution No. 98-2718 granted the petitioners six months to affect annexation of the subject property to the Metro Boundary.

WHEREAS, The deadline to complete the annexation to the Metro Boundary expired on April 15, 1999, and the petitioners have yet to be heard before the Multnomah County Commission.

WHEREAS, The petitioners have requested in writing that the Metro Council grant a four-month extension of the deadline to affect annexation of Tsugawa property to the Metro Boundary, now, therefore,

BE IT RESOLVED,

1. A four-month extension is granted to all conditions of the Resolution No. 98-2718 to allow for the petitioners to pursue annexation to the Metro Boundary.

2. The new deadline for completion of these petitions is hereby established as August 15, 1999.

3, If the petition is not completed by the deadline as specified in 2 above, then it shall be considered inactive and withdrawn.

ADOPTED by the Metro Council this ____ day of ______________, 1999.

____
Rod Monroe, Presiding Officer

ATTEST:

____
Recording Secretary

Approved as to Form:

____
Daniel B. Cooper, General Counsel

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GROWTH MAGEMENT COMMITTEE REPORT

CONSIDERATION OF RESOLUTION NO. 99-2782, TO GRANT A FOUR MONTH EXTENSION OF THE CONDITIONS OF TSUGAWA URBAN GROWTH BOUNDARY RESOLUTION.

Date: May 3, 1999 Presented by: Councilor McLain

Committee Action: At its April 27, 1999 meeting, the Growth Management Committee voted 3-0 to recommend Council adoption of Resolution No. 99-2782. Voting in favor: Councilors Bragdon, Park and McLain.

Council Issues/Discussion: Mark Turpel, Growth Management Department staff, presented the factual basis for this resolution. The Tsugawa property is a 16.5 acre parcel located in Washington County, outside the Metro boundary. The Metro Council previously approved, by resolution (98-2718), its intent to amend the Urban Growth Boundary to include this parcel, and gave the petitioner six months to complete annexation to the Metro boundary first. This deadline passed on April 15, 1999. Petitioner was not able to apply to the Metro Area Boundary Commission, now defunct, and was delayed in approaching Multnomah County for annexation approval. Resolution 99-2782 extends the deadline four months to August 15, 1999.

Councilor McLain expressed support for this extension, indicating that it is a logical addition to the UGB, and no fault of the petitioner that the transition from the Boundary Commission to a different boundary approval process interfered.

STAFF REPORT

CONSIDERATION OF RESOLUTION NO. 99-2782 TO GRANT A FOUR-MONTH EXTENSION OF THE CONDITIONS OF TSUGAWA URBAN GROWTH BOUNDARY RESOLUTION

Date: April 19, 1999 Presented by: Scott Weddle

Proposed Action

Resolution No. 99-2782 extends for four-months the six-month deadline imposed on the petitioners of the Tsugawa UGB amendment case (approved by Resolution No. 98-2718 on October 15, 1998) to have the subject property annexed to the Metro jurisdictional boundary. The request for annexation of the subject property to the Metro Boundary is scheduled to be heard by the Multnomah County Commission at a hearing scheduled for May 20, 1999. The original six-month deadline expired on April 15, 1999. Extending the deadline for an additional four months (August 15, 1999) will allow the petitioners time to complete the process.

Factual Background and Analysis

The Tsugawa locational adjustment to the UGB was approved by a resolution of the Metro Council on October 15, 1998. The site is a 16.5-acre parcel located in Washington County on the southeast corner of the intersection of N.W. Cornelius Pass Road and West Union Road. The subject property was outside of Metro's jurisdictional boundary and needed to be annexed to the Metro Boundary before the Metro Council could adopt the amendment by ordinance. Historically, the Metro Area Boundary Commission handled annexations to the Metro Boundary. However, the Boundary Commission stopped accepting applications for annexations on September 11, 1998, and was eliminated by the end of 1998. The authority to expand the Metro Boundary was transferred to the Multnomah County Commission. The transfer of these functions have created delays that have made it impossible for the petitioners of the Tsugawa UGB locational adjustment to affect an annexation of the Metro Boundary within the original six-month timeframe.

Budget Analysis

There is no budget impact.

Executive Officer's Recommendation

The Executive Officer recommends approval of Resolution No. 99-2782.

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REGIONAL LAND INFORMATION SYSTEM

Attachment A
Site Map

Proposed UGB Locational Adjustment
Case: 98-4 Tsugawa

Subject Property

Urban Reserve

Urban Growth Boundary

0 400 800 1200 Feet

1"= 600 feet

METRO

600 NE Grand Ave.
Portland, OR 97232-2736
503 797-1742 FAX 503 797-1909
Email: drc@metro.dst.or.us

Please recycle with colored office grade paper

Plot date: May 26, 1998; d:\projects\ugb\98-4.apr

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ENDORSING PROPOSED FEDERAL LEGISLATION WHICH WOULD PRESERVE, PROTECT AND ENHANCE PARKS, OPEN SPACES, FISH AND WILDLIFE HABITAT, TRAILS AND RECREATIONAL FACILITIES	))))))	RESOLUTION NO. 99-2775 Introduced by Mike Burton Executive Officer

WHEREAS, Congress is currently debating proposed legislation, "The Conservation and Reinvestment Act of 1999" (CARA) (H.R. 701 and S. 25), which would fund grant programs for: land acquisition for parks and open spaces; development of park and recreational facilities; habitat restoration activities; and planning and environmental education projects; and

WHEREAS, CARA would authorize funds to the Land and Water Conservation Fund (LWCF), the Urban Parks and Recreation Recovery Act (UPARR) and the Teaming With Wildlife (TWW) programs, which in turn would make funds available to state, regional and local park providers through competitive grants processes; and

WHEREAS, funding for these programs would come from offshore oil drilling and gas leases which already are being paid to the U.S. Treasury (an estimated $4.5 billion in federal FY 2000); and

WHEREAS, Oregon's allocation of LWCF revenues is estimated at $5.2 million to $7.3 million per year; and

WHEREAS, Oregon's allocation of TWW revenues is estimated at $6 to $9 million per year; and

WHEREAS, Metro and local government park providers, and nonprofit land conservation organizations could compete for funding from each federal program and thereby leverage limited local funds; and

WHEREAS, Oregon Department of Fish and Wildlife (ODFW) has developed preliminary projects to be funded under its Teaming With Wildlife (TWW) program, if Congress approves the Reinvestment and Conservation Act of 1999; and

WHEREAS, in cooperation with Metro's Regional Parks and Greenspaces Department, ODFW has proposed a "Teaming With Metro Greenspaces" initiative under its TWW program which would allow the federal funds to be matched with Metro funds for land acquisition, habitat restoration, stream and wetland enhancement activities, planning and habitat inventories, environmental education programs, and interpretive centers, kiosks, viewing blinds, and signs; and

WHEREAS, Metro general funds and Open Space bond revenues, and U.S. Fish and Wildlife Service funds appropriated for Regional Parks and Greenspaces programs could be significantly leveraged by the proposed Conservation and Reinvestment Act of 1999; and

WHEREAS, the Regional Parks and Greenspaces Advisory Committee was briefed about the proposed federal legislation and grant programs at its April 6, 1999 meeting and voted to support the legislation; and

WHEREAS, the Greenspaces Technical Advisory Committee was briefed about the proposed federal legislation and grant programs at its April 14, 1999 meeting and voted to support the legislation; now therefore,

BE IT RESOLVED,

That the Metro Council endorses the proposed federal legislation known as the Conservation and Reinvestment Act of 1999 or comparable legislation which includes funding for Land and Water Conservation Fund (LWCF), Urban Parks and Recreation Recovery program (UPARR), and Teaming With Wildlife (TWW).

ADOPTED By the Metro Council this ________ day of ____________________1999.

____
Rod Monroe, Presiding Officer

Approved as to form:

____
Daniel B. Cooper, General Counsel

STAFF REPORT

CONSIDERATION OF RESOLUTION NO. 99-2775 FOR THE PURPOSE OF ENDORSING PROPOSED FEDERAL LEGISLATION WHICH WOULD PRESERVE, PROTECT AND ENHANCE PARKS, OPEN SPACES, FISH AND WILDLIFE HABITAT, TRAILS AND RECREATIONAL FACILITIES

Date: April 14, 1999 **Presented by:** **Charles Ciecko**
Mel Huie

Proposed Action

Resolution No. 99-2775 requests Council endorsement of proposed federal legislation which would provide funds for grant programs for the preservation, protection, and enhancement of parks, open spaces, fish and wildlife habitat, streams and riparian corridors, trails and recreational facilities at the local, regional, and state levels. If the resolution is approved, Metro will urge Members of Congress from the Northwest and other public agencies and nonprofit conservation organizations to support the proposed federal legislation.

The proposed legislation has already been endorsed by the National Association of Counties and the National Governors' Association, along with 3,000 businesses and nonprofit conservation organizations across the country. Oregon Governor John Kitzhaber is a member of the coalition supporting legislation to fund the aforementioned activities.

Background, History and Analysis

The Conservation and Reinvestment Act of 1999 (CARA) (H.R. 701 and S. 25) has been introduced in the House and Senate by a coalition of Democrats and Republicans. If approved, funding would be available to public agencies for land acquisition, purchase of easements, park development, construction of recreation facilities, habitat restoration and enhancement activities, wetland protection, planning and related environmental education programs.

The proposed revenue source for these programs and activities is from offshore oil drilling and gas leases. An estimated \$4.5 billion in federal taxes will be generated from offshore activities in federal FY 2000. Of this amount, a range of \$734 million (Senate bill) to \$1.06 billion (House bill) is proposed for funding the Land and Water Conservation Fund (LWCF) and Urban Parks and Recreation Recovery program (UPARR). The Teaming With Wildlife program (TWW) would receive an amount between \$325 million (Senate bill) and \$459 million (House bill).

These revenues have historically funded competitive grant programs supporting federal, state, regional and local conservation and park activities. The Land and Water Conservation Fund (LWCF) and Urban Parks and Recreation Recovery (UPARR) program were two of the largest grant programs which funded land acquisition for parks, and the development of park and recreational facilities. But funding for these programs was dramatically reduced at the start of the Reagan administration in1981. For example in 1998, Oregon had an allocation of less than \$300,000 from the LWCF to distribute statewide.

The proposed legislation would provide funds to revitalize the LWCF program. Oregon's allocation is estimated at \$5.2 million to \$7.3 million per year for the LWCF if the Reinvestment and Conservation Act of 1999 is approved by Congress. These grant programs could significantly leverage local funds available for acquisition and development purposes.

Teaming With Wildlife (TWW), which is non-game oriented, is a new program emphasizing the preservation, protection and enhancement of fish and wildlife habitat. Eligible activities would include land acquisition, habitat restoration activities, wetlands conservation, watershed planning and protection activities, environmental education activities, and construction of interpretive centers, kiosks, viewing blinds, etc. Funds would be administered by the Oregon Department of Fish and Wildlife (ODFW).

The Oregon Department of Fish and Wildlife (ODFW) has developed a list of potential projects and activities under its potential TWW program. An estimated $6 to $9 million per year for Oregon's TWW program could be available if legislation is approved.

Metro Regional Parks and Greenspaces staff have worked with ODFW to include a "Teaming Up With Metro Greenspaces" initiative. TWW funds could be matched with Metro funds for land acquisition, habitat enhancement and restoration activities, planning and habitat inventories, environmental education programs, and construction of nature centers, interpretive signs, viewing blinds and kiosks. Metro funds could be leveraged significantly.

Budget Impact

No budget impact at this time.

If Congress approves funding for these new initiatives, Metro would be eligible to apply for funds beginning in federal FY 2000 or FY 2001. Most likely, the funds would be administered by Oregon State Parks and Recreation Department (LWCF and UPARR) and Oregon Department of Fish and Wildlife (TWW). All grant programs will be competitive in nature and require "local matches."

Executive Officer's Recommendation

The Executive Officer recommends approval of Resolution No. 99-2775.

600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736
TEL 503 797 1700 | FAX 503 797 1797

METRO

METRO OPERATIONS COMMITTEE REPORT

CONSIDERATION OF RESOLUTION NO. 99-2775, FOR THE PURPOSE OF ENDORSING FEDERAL LEGISLATION WHICH WOULD PRESERVE, PROTECT AND ENHANCE PARKS, OPEN SPACES, FISH AND WILDLIFE HABITAT, TRAILS AND RECREATIONAL FACILITIES.

Date: May 6, 1999 Presented by: Councilor Atherton

Committee Action: At its May 5, 1999 meeting, the Metro Operations Committee voted 3-0 to recommend Council adoption of Resolution No. 99-2775. Voting in favor: Councilors Atherton, Kvistad and Washington.

Council Issues/Discussion: Charlie Ciecko, director of Metro's Regional Parks and Greenspaces Department, made the staff presentation. Also presenting testimony was Claire Puchy, Wildlife Diversity Program Coordinator for the Oregon Department of Fish & Wildlife. Resolution No. 99-2775 endorses federal legislation which funds open spaces, parks, fish and wildlife habitat, trails and recreational programs. Actually, several similar proposals are also under consideration but this resolution supports not only the general concept of the above–mentioned programs, but specifically calls out bi-partisan sponsored legislation titled "The Conservation and Reinvestment Act of 1999 (CARA)."

CARA authorizes funds for the Land and Water Conservation Fund, the Urban Parks and Recreation Recovery Act and the Teaming with Wildlife program. The estimated annual benefit to Oregon is between $5.2 million and $7.3 million for the first two programs, and between $6 million and 9 million for the Teaming With Wildlife program. The metro region could benefit from the allocation of these funds, and the possibility of using Metro "Greenspaces" funds as local match was cited.

While Oregon legislator has signed on as a sponsor for this legislation, several of them are on key committees that could play a role in its passage.

The Metro Operations Committee received assurance that this legislation truly has bi-partisan support. It then determined to bring it before the Metro Council as soon as possible, and to support it with a letter signed by all Metro Councilors.

Metro

Purchasing Benchmarks And Opportunities

May 1999

A Report by the Office of the Auditor

METRO

1999-10359-AUD

Alexis Dow, CPA
Metro Auditor

Metro

Purchasing Benchmarks And Opportunities

May 1999

A Report by the Office of the Auditor

Alexis Dow, CPA
Metro Auditor

METRO

1999-10359-AUD

600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736
TEL 503 797 1891 | FAX 503 797 1831

METRO

OFFICE OF THE AUDITOR

May 4, 1999

To the Metro Council and Executive Officer:

We reviewed how Metro's purchasing functions compare or "benchmark" against the purchasing functions at more than 100 private and public organizations. We identified top performers and looked at the activities that contributed to their standing.

While Metro is not an exact equivalent of the organizations in our benchmarking database, consistent use of explicit methodologies enabled reasonable comparisons of Metro's purchasing processes to those of other organizations.

Overall Metro's purchasing functions compare unfavorably to average and best-of-class organizations benchmarked. However, Metro's high rate of purchasing card use is exemplary.

In the report we identify several areas for improvement and made specific recommendations for improving Metro's purchasing processes. These include updating purchasing requirement thresholds, streamlining purchase processing, increasing computer systems use for purchase processing, increasing centralization of some purchasing activities, instituting a vendor performance measurement system, and establishing internal teams to study purchasing activities to improve cost effectiveness.

We reviewed a draft of this report with the Executive Officer. The last section of this report presents his written response.

We appreciate the cooperation and assistance provided by Metro staff as we conducted this review, particularly the staff from the Risk and Contracts Management division.

Very truly yours,

Alexis Dow

Alexis Dow, CPA
Metro Auditor

Auditor: Joe Gibbons

Contents

Executive Summary

Benchmarking is a diagnostic tool that can lead to improved operations. This report describes how Metro's purchasing processes compare or "benchmark" against the purchasing practices of more than 100 other private and public organizations. Activities of top performers, or best-of-class organizations, that contributed to their standing are considered "best practices". Generally, organizations become more effective when they adopt best practices.

Metro is not the precise equivalent of the organizations in the benchmarking database; many are larger, private sector, and manufacturing fields. However, consistent use of well-defined methodologies enabled reasonable comparisons of Metro's purchasing processes to those of other organizations.

Metro's benchmarking results fall into three categories: some are favorable, some indicate that Metro could improve and others are inconclusive.

Generally, Metro's purchasing processes compare unfavorably to average and best-of-class organizations benchmarked. For example, Metro's:

- processing costs for purchases are about three times higher than average.
- staff time to process purchases is almost four times more than average.
- purchase order processes are four to five times less efficient than average.

However, Metro's high rate of purchasing card use is exemplary.

Factors contributing to Metro's variance from benchmark averages may include Metro's status as a governmental body, its relative small size and the fact that Metro primarily purchases services rather than materials. However, some changes can be made to improve Metro's purchasing activities.

Best practices that may help Metro enhance its purchasing processes include:

- Regularly updating dollar limits that determine purchasing requirements.
- Automating purchasing processes to the greatest extent feasible to improve purchasing workflow and provide management information that can lead to improved effectiveness.
- Centralizing some purchasing processes to provide more effective negotiation and management of contracts and purchases.
- Formally measuring vendor performance.
- Establishing an internal team to identify opportunities to streamline their purchasing practices and make them more effective.

Specific recommendations for Metro are detailed in this report.

Recommendations

We identified a variety of ways for Metro to improve the efficiency and effectiveness of purchasing processes. Following are our recommendations.

1. **Revise section 2.04.026 of the Metro Code to increase informal and formal contracting requirement thresholds from $2,500 and $25,000 to $7,500 and $75,000, respectively. Similarly, the Code's significant impact standard for major purchases should also be increased from $50,000 to $100,000.**

   Metro has low and outdated dollar approval limits for informal and formal purchases. Outdated dollar approval limits result in unnecessary labor cost to justify low cost purchases. Best of class organizations regularly update dollar thresholds for their purchases and establish procedures to reduce associated risks.

   The recommended limits would bring Metro in line with state and other local government limits and would substantially reduce management and staff time devoted to bidding processes, request for proposal (RFP) development, managing and evaluating quotes, and preparation and delivery of council briefings.

   Because risk may increase with higher dollar limits, the following steps should be undertaken concurrent with the implementation of the above recommendation:
   a) evaluate controls over purchases to assure that standards relating to due diligence and independence are maintained
   b) routinely monitor purchases to assure that they meet relevant Metro, state and federal requirements and that compliance is maintained
   c) assure that adequate records are maintained and that sensitive contracts are reviewed by superiors
   d) establish controls to keep vendors "at arm's length" and assure impartiality
   e) provide staff training on the implications of updated purchasing processes and dollar limits, stressing the legal and ethical issues involved, such as potential abuse or favoritism.

2. **Metro should explore ways to simplify and streamline processes associated with purchasing card use.**

Metro's purchasing card use rate for all transactions is outstanding and essentially best of class. However, some costs associated with purchasing cards may be reduced. These costs include labor-intensive and repetitive processes such as duplicate matching of receipts, manually coding each purchased item and individually posting purchased items on department general ledgers.

Some specific steps that would help accomplish this goal are:

a) Eliminate individually posting all purchases from all cards to line items in general ledger accounts. Metro departments should summarize charges by expense categories, thereby using fewer line items for such postings while maintaining the same level of general ledger detail as is currently provided to user departments.

b) Work closely with Metro's purchasing card provider to obtain upgraded system software that will fully enable electronic transfer of all transaction information. With computerized transaction information, Metro would be able to download the data into a manageable format, such as Excel spreadsheets. Department staff could then match receipts to downloaded transactions and code expenses on-line. Similarly, supervisors would then review and approve coding and matched receipts on-line and the approved data would be sent electronically to the Accounting Department for direct upload into the PeopleSoft general ledger. Such a process would take a fraction of the labor Metro currently uses on such matters and provide useful and timely summary data for managers.

c) Evaluate potential increases to purchasing card limits to determine if further efficiencies can be realized while still maintaining sufficient management control. Metro recently raised individual card limits from $500 to $1,000. The Purchasing Division estimates that it can eliminate about half of its yearly 3,500 purchase orders with this increase.

3. **Evaluate potential for purchasing efficiencies through expanded use of existing PeopleSoft system capabilities and through use of upgrades that can be cost justified.**

   Metro has low computer systems-related costs for purchasing functions. Conversely, labor-related costs for purchasing functions are high. Metro may be able to lower labor costs and make purchasing processes more efficient through enhanced use of its current PeopleSoft software. Best of class organizations use systems applications to a large degree to reduce purchasing costs and improve workflow. Outputs from systems applications, such as summary reports and monitoring data, lead to improved management effectiveness and oversight.

   Metro recently expanded use of system capabilities when the Executive Officer issued a directive requiring all purchase orders be made online. This will streamline purchase processing by taking advantage of features available in the recently installed PeopleSoft purchasing module.

   We encourage increasing efficiencies by implementing online approvals and postings to accounting records as suggested in Recommendation 2.

   Further efficiencies may be realized through use of cost-justified system upgrades.

4. **Determine if there are ways to benefit from increased centralization of purchasing processes.**

   Due to its primarily decentralized purchasing processes, Metro may be missing some efficiencies and opportunities that come with more centralization. Best of class organizations find that centralized purchasing functions lead to reduced labor costs, more uniform vendor monitoring and management, and consistent compliance practices.

   Metro's decentralized purchasing process has the advantage of efficient decision-making where each department can make fast and focused purchasing decisions. It has the disadvantage of being potentially less effective as department managers may not consistently know whether they are going through purchasing processes correctly, whether they are getting the best prices, or whether vendors fully comply with contract terms.

Metro may benefit from centralized staff fully dedicated and trained to provide operational support, purchasing management, compliance and decision support as well as negotiation of contracts not requiring subject matter expertise possessed by operating departments. Metro has centralized purchasing for office supplies, furniture, computers and travel. Examples of purchasing that may also be centralized include purchases of temporary services, landscaping, and food and beverages for meetings.

5. **Institute formalized vendor performance standards that reflect well-defined and consistent measures, monitoring and reporting. Master contracts should include reference to monitoring and performance measures as well as minimum acceptable performance levels.**

Metro performs essentially no formal monitoring of contractor performance. Consequently, Metro does not consistently determine the degree to which vendors comply with stated contract requirements and related standards.

Consistent and meaningful monitoring of vendor performance is a best practice that Metro should adopt. Only through such monitoring can an organization routinely assure itself that its vendor is providing all goods or services promised and that contract activities are consistent with applicable standards.

Metro should establish a systematic approach to monitor vendor compliance and establish relevant standards. A systematic approach to monitoring could include:

- Determining basic performance standards based on the Metro Code, contract terms, and related criteria
- Establishing and pilot testing an initial set of performance standards for its top vendors
- Inviting vendors to help develop performance standards
- Developing a simple vendor scorecard that includes typical performance standards
- Conducting vendor performance review meetings with Metro and vendors to analyze performance results and to determine if monitoring standards should be refined.

6. **Establish internal teams to identify opportunities to streamline purchasing practices and make them more effective.**

Metro has no systematic way to consistently determine how efficient and effective purchasing practices and procedures may be. It does not regularly look for improvement opportunities. Best of class organizations routinely monitor how well their purchasing process works and whether streamlining opportunities exist. They perform such monitoring through internal purchasing-enhancement teams.

The team should be comprised of purchasing and other personnel knowledgeable about purchasing needs and processes. Activities would include working with cross-functional teams on quality and cost reduction issues, and documenting, monitoring and measuring results of improvement efforts.

As one example of its activities, the team should evaluate Metro's purchasing programs having social goals. Metro absorbs costs associated with such programs. These include minority business enterprise (MBE), women owned business enterprise (WBE) and emerging small business enterprise (ESB) programs. Social goals are appropriate and sometimes legally required. Accordingly, Metro's internal purchasing evaluation team should periodically evaluate the performance of such purchasing programs to determine whether: (1) each program is achieving its goals; (2) there are ways to better achieve program goals; and (3) Metro can more cost effectively accomplish program goals.

Analysis of Key Benchmarking Indicators

The Hackett Group's report on Metro's purchasing processes presents 29 tables of comparisons between Metro and more than 100 other organizations and appears as Appendix A. Information on The Hackett Group and benchmarking processes is described in the Background section of this report. With the assistance of Risk and Contracts Management Division staff, we selected the most significant processes for presentation in this chapter.

<u>Characteristics of Best-of-Class Organizations</u>	Benchmark 1
<u>Favorable Benchmarking Comparisons</u>	
Purchasing card use	Benchmark 2
Purchasing systems-related cost	Benchmark 3
Other purchasing costs	Benchmark 4
<u>Benchmarking Comparisons Indicating Need for Improvements</u>	
Purchasing staff time allocation	Benchmark 5
Purchasing cost as a percentage of total purchases	Benchmark 6
Staff involvement in purchasing activities	Benchmark 7
Operational support for purchasing	Benchmark 8
Monitoring support for purchasing	Benchmark 9
Purchasing cost components	Benchmark 10

Benchmarking Metro's purchasing processes disclosed some indicators that suggest possibilities for improvements. We recognize that some corrective modifications may be limited within Metro's government environment. However, most of the comparisons summarized in this chapter show that Metro has opportunities to make some processes, procedures and functions more efficient and effective through use of several best practices. Some repetition occurs in our observations, discussion of best practices, and recommendations because many of these benchmarks have a number of common threads.

1 Characteristics of Best-of-Class Organizations

Generally, Metro compares unfavorably with others in the study.

	Metro	Average	Top 25 Percent
Processing cost as a percentage of total purchases	3.5	1.1	0.8
FTE* per $1 million purchased	.554	.162	.115
Purchase orders processed per FTE*	517	2,207	2,807
Percentage of purchases made on purchasing cards	78	12	14

* FTE = Full-Time Employee Equivalent

Explanation

- This is a summary comparison of Metro purchasing functions against average and best-of-class organizations. It assumes $1 million of purchases annually. Metro purchased $63 million of goods and services during the benchmarking period.

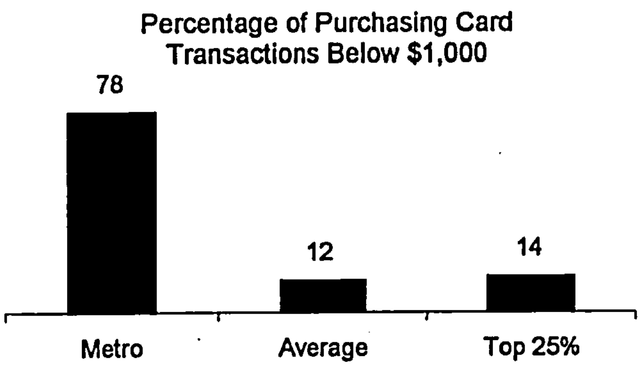
Benchmark observations

- Metro's purchasing cost is about three times higher than the average benchmarked organization.
- Metro's staff use is almost four times higher than the average for all organizations.
- Metro's processing of purchase orders is four to five times less efficient than the average organization benchmarked.
- Metro's use of purchasing cards is exemplary and a best practice.

Best Practices that can close the benchmarking gap

- Regularly update dollar thresholds for purchasing requirements.
- Reduce purchasing costs by raising dollar limits on purchasing cards and allowing their wider use.
- Have centralized purchasing offices with staff fully dedicated to operational support, compliance, decision support, and purchasing management.
- Use computer systems applications to the extent feasible to improve purchasing workflow. Outputs from systems applications, such as summary reports and monitoring data, can lead to improved management effectiveness and oversight.
- Institute a formalized vendor performance measurement system that reflects well-defined measures, monitoring and reporting. Master contracts include monitoring and performance measures and minimum performance levels.
- Establish internal teams to identify opportunities to make purchasing practices more streamlined and effective. Team activities include working with cross-functional teams on quality and cost reduction issues, and documenting, monitoring and measuring improvement results.

2 Purchasing Card Use



Metro is exemplary on this benchmark.

Explanation

- This benchmark measures purchasing card transactions as a percentage of all purchase transactions below $1,000.

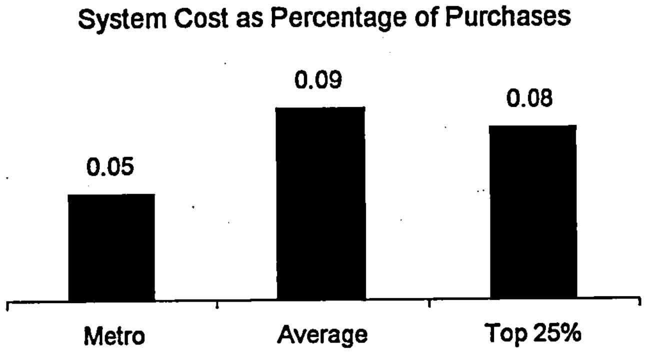
Benchmark Observations

- For the benchmark period, Metro's limit on purchasing card transactions was $500 per purchase. Metro has recently increased the $500 limit to $1,000. By raising the limit to $1,000 per purchase, Metro believes it will eliminate about half of its yearly 3,500 purchase orders.
- Metro's 78 percent use rate allows it to enjoy reduced costs associated with purchase order processing, check writing and bank reconciliation processes.
- Currently, high labor costs are associated with processing purchase card transactions, primarily in the form of redundant matching of receipts and duplicate coding of each purchased item.

Best Practices That Can Close the Benchmarking Gap

- Strive to make processes associated with processing purchasing card transactions less labor-intensive and more streamlined.

3 Purchasing Systems-Related Cost



Metro's systems-related cost is low.

Explanation

- This benchmark measures information technology systems cost relative to total purchases

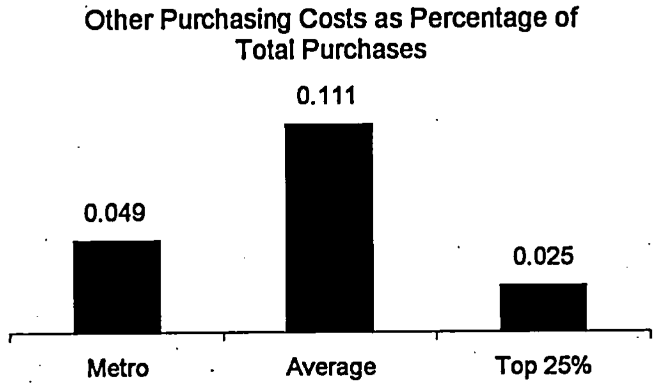
Benchmark Observations

- In the year under study, Metro's purchases were $63 million and its systems costs were $30,000.
- Although keeping cost low on purchasing functions is generally a preferred business practice, additional systems-related efficiencies may be achieved with increased investment in systems applications.
- Metro may be able to achieve additional systems-related efficiencies through use of existing PeopleSoft capabilities, by adaptations to Metro processes, and by applying systems upgrades that can be cost-justified.

Best Practices That Can Close the Benchmarking Gap

- Establish internal cross-functional teams to identify opportunities to achieve additional systems-related efficiencies through better use of PeopleSoft application software capabilities, by adaptations to Metro processes and by identifying upgrades that can be cost justified.

4 Other Purchasing Costs



Metro's "other" costs are low and compare favorably with the average.

	Metro
Facilities cost ($ million)	$0.024
Travel and expense cost	$0.001
Training cost	$0.003
Postage cost	$0.000
Miscellaneous cost	$0.003
Total ($ million)	$0.031

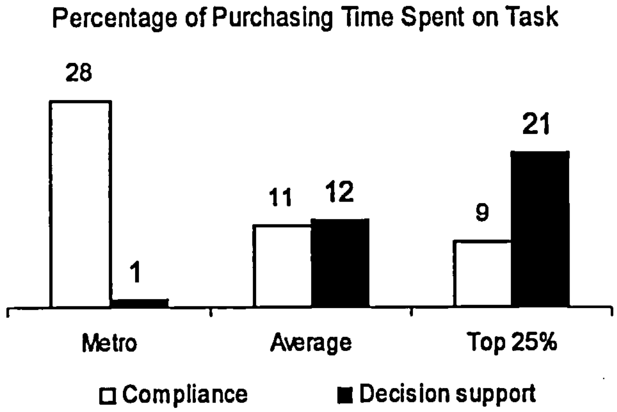
Explanation

- This benchmark measures other costs that are specific to the more than 100 purchasing divisions in THG's database. For Metro, it measures other costs only within the relatively small (3.5 FTEs) Purchasing Division.

Benchmark Observations

- Considering Metro's relatively small purchasing staff, small facilities and several years of division budget reductions, expenses are low and compare favorably with "Average" organizations but are higher than "Best-of-Class" organizations.
- According to THG, "Average" organizations have higher other costs primarily due to newer and more expensive facilities. They also spend more on travel and training. First quartile organizations spend comparable amounts on travel, training, postage etc. but their facilities are less costly.

5 Purchasing Staff Time Allocation



Metro spends little time on strategic decision support.

Explanation

- This benchmark compares only time spent by Risk and Contracts Management Division on purchasing activities and omits purchasing time spent by staff in other departments.

	Metro	Average	Top 25 percent
Operational support	70%	74%	62%
Compliance	28%	11%	9%
Decision support and planning	1%	12%	21%
Purchasing function management	1%	4%	8%
Total	100%	100%	100%

Benchmark Observations

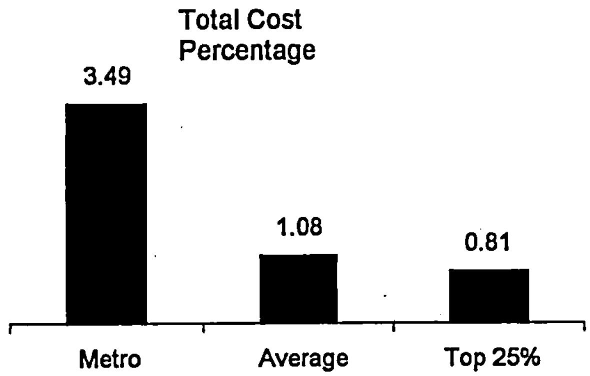
- Purchasing activities are not a strategic function at Metro. Little time is spent on decision support, such as sourcing strategies and procurement management that could improve purchasing effectiveness and overall agency efficiency.

- Metro is bound by certain compliance standards and state and federal requirements that may not apply to private-sector organizations. Examples include requirements related to Metro's MBE, WBE, ESB Programs, Qualified Rehabilitation Firms, and Oregon Bureau of Labor and Industry's Prevailing Wage standards.
- Metro's decentralized purchasing can be *efficient* because individual managers can make fast decisions on most purchases. However, it may be less *effective* than centralized purchasing in complying with Metro's legal mandates cited above and assuring open and competitive contracting.

Best practices that can close the benchmarking gap

- Centralize purchasing staff to effectively manage strategic purchasing functions, including decision support, purchasing management, operational support and compliance.
- Employ a centralized vendor performance management system that monitors and reports on such issues as compliance and performance.
- Establish internal teams to identify opportunities to make purchasing practices more effective and efficient.

6 Purchasing Cost as a Percentage of Total Purchases



A combination of factors contributes to Metro's high purchasing costs.

Explanation

- This benchmark measures Metro's total purchasing cost as a percentage of the agency's total purchases.

	Metro	Average	Top 25 percent
Labor	3.40%	0.87%	0.63%
Outsourcing	0.00%	0.01%	0.01%
Systems (PeopleSoft)	0.05%	0.09%	0.08%
Other	0.04%	0.11%	0.09%
Total	3.49%	1.08%	0.81%

Benchmark Observations

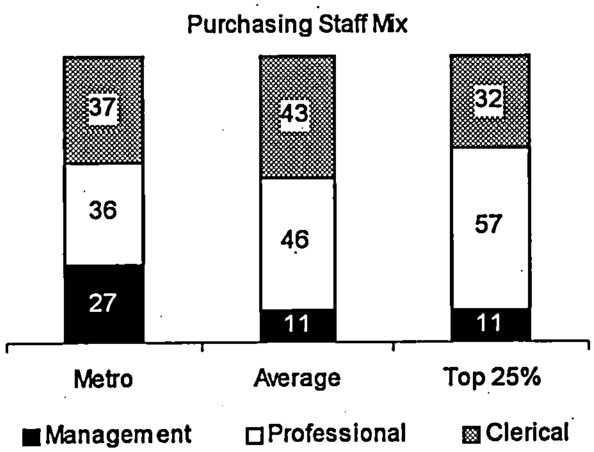
- Metro's investment of labor in purchasing functions is notably high. About 120 employees spend an average of 10 to 20 percent of their time on purchasing in Metro's decentralized purchasing process. Their total time invested is significant.

- Metro's thresholds for mandated purchasing procedures are low ($2,500 for informal purchases and $25,000 for formal purchases) when compared to thresholds at the City of Portland ($5,000 and $47,000), Multnomah County ($5,000 and $50,000), and State of Oregon ($5,000 and $75,000). The MERC standard is $5,000 and $75,000. Metro management is considering a request to the Metro Council to raise current dollar limits.
- Other likely factors contributing to Metro's higher labor cost include low investment in and use of information systems, decentralized purchasing processes, and issues related to Metro's government environment, such as programs for minority or other disadvantaged business owners.
- According to THG, "Average" organizations have higher other costs primarily due to newer and more expensive facilities. They also spend more on travel and training. First quartile organizations spend comparable amounts on travel, training, postage etc. but their facilities are less costly.

<u>Best practices that can close the benchmarking gap</u>

- Best-of-class organizations employ a variety of methods to lower labor costs associated with these activities. Such organizations:
  - regularly update dollar thresholds for mandated purchasing requirements,
  - more effectively use system capabilities, and
  - maintain certain flexibility and empower managers to decide on high cost purchases while centralizing many purchasing activities.
- Establish internal teams to identify opportunities to streamline purchasing practices and make them more efficient and effective. Team activities include working with cross-functional teams on quality and cost reduction issues, and documenting, monitoring and measuring improvement results.

7 Staff Involvement in Purchasing Activities



Metro managers are very involved in purchasing.

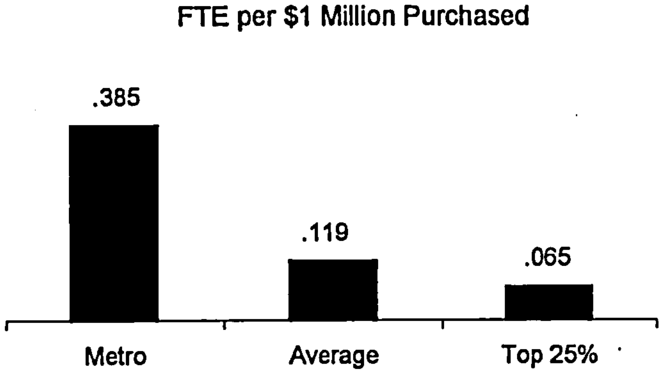
Benchmark Observations

- High management investment is primarily due to Metro's decentralized purchasing process which requires a manager's direct involvement in contracting, especially in obtaining approvals for purchases over $25,000.

Best practices that can close the benchmarking gap

- Regularly update dollar thresholds for purchase requirements.
- Have more centralized purchasing staffs that are more expert and fully dedicated to purchasing functions such as decision support, purchasing management, operational support and compliance.
- Establish internal teams to identify opportunities to streamline purchasing practices, making them more efficient and effective. Team activities include working with cross-functional groups on quality and cost reduction issues, and documenting, monitoring and measuring improvement results.

8 Operational Support for Purchasing



Metro devotes much more staff time to purchasing than most others benchmarked.

Explanation

- Detailed manpower requirements for purchasing's operational support activities only follow:

	Metro	Average	Top 25 percent
Supplier selection	.1389	.0090	.0059
Supplier negotiation	.0158	.0178	.0098
Requisition and purchase order processing	.0915	.0399	.0209
Supplier scheduling and purchase order release	.0363	.0078	.0057
Material receipt	.0331	.0247	.0087
Problem resolution	.0489	.0135	.0109
Item and supplier file maintenance	.0205	.0067	.0033
Total	.3850	.1194	.0652

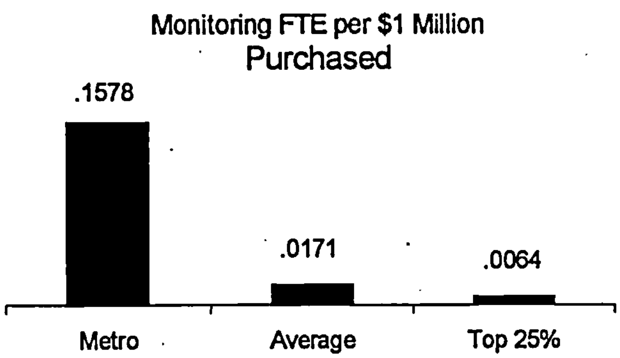
Benchmark Observations

- Metro applies considerable staffing to purchasing support, especially the supplier selection process. Conversely, much less staffing is devoted to monitoring supplier performance (see Benchmark 9).
- Several reasons help explain Metro's high staffing for supplier selection:
  - Metro purchasing requirement thresholds are outdated and low. State and other local government limits are approximately three times higher.
  - Metro is heavily involved in selecting service providers, which is a more burdensome process than selecting materials suppliers. Many other benchmarked organizations have a greater portion of materials purchases.
  - Metro staff must comply with certain federal, state and Metro Code purchasing requirements that may not apply to many of the benchmarked organizations. Examples include requirements related to Metro's MBE, WBE, ESB Programs, Qualified Rehabilitation Firms and Bureau of Labor and Industry's prevailing wage requirements.

Best practices that can close the benchmarking gap

- Regularly update dollar thresholds for purchasing requirements.
- Make use of systems applications to improve purchase order workflow and related files maintenance.
- Have more centralized staff dedicated to operational support.
- Strive to redesign certain expensive and cumbersome processes that were created to achieve desirable social goals.
- Institute internal teams to reengineer processes to improve purchasing effectiveness and efficiency. Examples of such initiatives include working with cross-functional groups on quality and cost reduction issues, and documenting, monitoring and measuring improvement results.

9 Monitoring Support for Purchasing



Metro devotes substantial staffing to compliance monitoring.

Explanation

- Manpower requirements for monitoring support activities benchmarked follow:

	Metro	Average	Top 25 percent
Supplier performance monitoring	0.0	.0064	.0025
Government compliance	.0363	.0045	.0011
Internal compliance	.1215	.0062	.0028
Total FTE per $1 Million purchased	.1578	.0171	.0064

Benchmark Observations

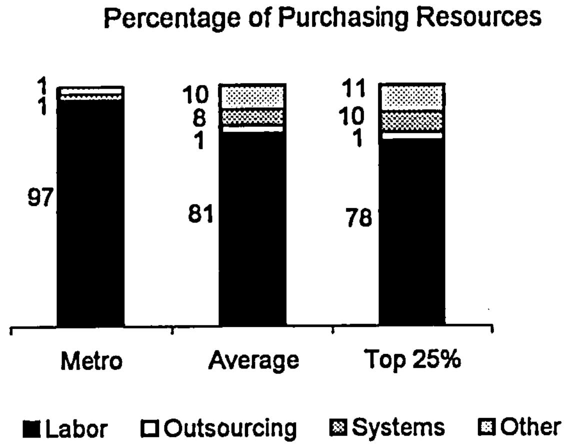
- Metro essentially does not monitor the performance of suppliers of goods and services.
- About 120 employees spend varying amounts of their time on purchasing. Their total time invested is significant.
- Metro makes an inordinate investment in internal compliance, especially in managing the internally mandated purchasing requirement thresholds.

- Metro devotes a very high ratio of staff time to other internal and government compliance issues. These include staying abreast of governmental data and regulatory requirements, monitoring distribution of purchasing activity to internally identified targets, and ensuring that purchased items comply with environmental and hazardous waste regulations.
- Metro has a number of code-mandated purchasing requirements, such as the MBE, WBE, ESB programs. Adhering to and monitoring these requirements are time-consuming and expensive. Alternative, more cost-effective means of accomplishing these goals should be sought if they remain a priority.

Best practices that can close the benchmarking gap

- Reduce purchasing costs by regularly updating dollar thresholds for purchase requirements.
- Regularly monitor supplier performance, usually as part of a centralized contract negotiation and evaluation process.
- Strive to redesign certain expensive and cumbersome purchasing processes that were created to achieve desirable goals.
- Improve purchasing operations with regular management analyses of all purchasing activities.

10 Purchasing Cost Components



Metro's labor investment in purchasing is relatively high.

<u>Explanation</u>

- Detail of purchasing cost components follows:

	Metro*	Average	Top 25 percent
Labor	97%	81%	78%
Outsourcing	0%	1%	1%
Systems	1%	8%	10%
Other	1%	10%	11%

<u>Benchmark observations</u>

- Metro's purchasing-related labor cost is high and use of systems applications appears low.
- High labor cost appears to be related to low dollar thresholds for purchasing requirements, low investment in and use of information systems, and issues related to Metro's government environment, such as programs for minority or other disadvantaged business owners.

- According to THG, "Average" organizations have higher other costs primarily due to newer and more expensive facilities. They also spend more on travel and training. First quartile organizations spend comparable amounts on travel, training, postage etc. but their facilities are less costly.

<u>Best practices that can close the benchmarking gap</u>

- Regularly update dollar thresholds for purchasing requirements.
- More effectively use system capabilities.
- Reconsider and revise, as appropriate, administrative requirements when they are excessively time-consuming and cumbersome.
- Establish internal teams to identify opportunities to streamline purchasing practices and make them more efficient and effective, including working with cross-functional teams on quality and cost reduction issues, and documenting, monitoring and measuring improvement results.

Background

This report compares Metro's purchasing processes against processes employed in purchasing departments at more than 100 private and public organizations. Although some of Metro's benchmarked purchasing processes compare favorably, other benchmarked processes suggest that Metro has opportunities to adapt and apply "best practices" from other organizations. Our analysis is primarily based on benchmarking research that our contractor, The Hackett Group (THG), has conducted since 1991.

Benchmarking – A Diagnostic Tool

Benchmarking is an analysis of comparative data that can lead to insights that enable positive change. It is the discovering of specific practices responsible for high performance and understanding how these practices work. It is not a complex or highly conceptual method of improving operational effectiveness and efficiency. Rather, benchmarking is simply a management tool that works.

Benchmarking began in the private sector where businesses learned that they did not have to create totally new approaches to change their operations to improve profits. They found that they could realize more significant and pragmatic operational improvements by taking aspects of more effective operations and modifying practices for their operations.

Benchmarking in the Public Sector

In recent years, numerous government benchmarking experiences demonstrate that it is an effective way of doing business in environments that are becoming more results-oriented. For example, federal agencies have made significant operational improvements through their implementation of the Government Performance and Results Act. At the state level, the Oregon Legislature passed a government efficiency bill that clearly set expectations for benchmarks and performance measures. Agencies have reported significant operational improvements as a result of such measurements. Benchmarking in the public sector has led to (1) working smarter toward effective results; (2) building on the work, experience, failures, and successes of others; and (3) enhancing agency accountability and public trust.

The Hackett Group (THG)

We performed our benchmarking survey through a contract with consultants at The Hackett Group, a widely recognized management consulting firm that specializes in benchmarking. THG's benchmarking studies have helped over 1,300 organizations evaluate their operational efficiency and effectiveness, identify and adapt better approaches, and implement positive change.

According to THG, it has the world's most comprehensive benchmarking database of organizations' key processes. THG's database represents a variety of organizations in private and public sectors in the production and services fields. The organizations against which we benchmarked Metro range in size from $225 million to nearly $12 billion in annual revenue, with purchasing department staffs as small as 22 and as large as 1,100. Although Metro is one of the smaller organizations, THG's benchmarking methodologies provide comparisons that are relevant and applicable.

We present THG's summary benchmarking report on Metro's purchasing processes and our annotated comments in Appendix A.

Purchasing at Metro

Metro purchased about $63 million of goods and services in fiscal 1997-98. Its decentralized operating structure provides individual departments with a high degree of authority to purchase goods and services. Each Metro department is responsible for contract initiation, advertisement, selection of applicable vendors, and contract administration. The methods of making purchases range from very informal and "fast" acquisitions made through purchasing cards to formal detailed processes.

The table on the following page summarizes, by type of purchase and dollar amount, Metro's general purchasing procedures and requirements.

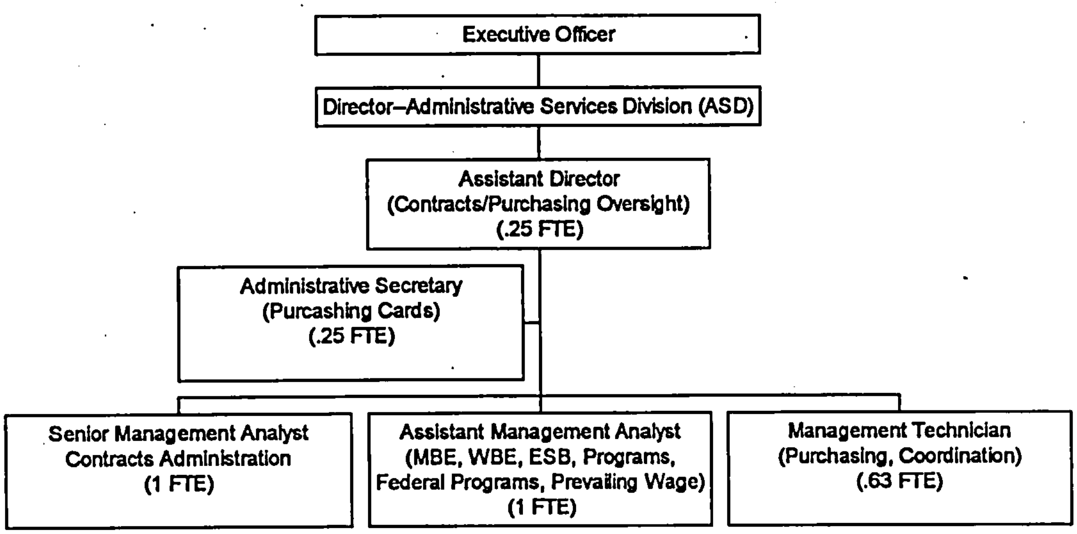
Purchase Amount	For All Purchases other than Personal Services	For Personal Services
Under $2,500	• Develop Scope of Work • Quotes need not be obtained • Recommend ESB, MBE, WBE, vendors • Use purchasing cards for less than $1,000 • Approval by department director	• Obtain one to three proposals • Recommend ESB, MBE, WBE, vendors • Short term personal services contract • Approval by department director
Over $2,500	• Develop Scope of Work • Prepare list of possible bidders • Must include MBE, WBE, ESB • Obtain three bids • Must go to lowest, responsive, responsible bidder • Finalize Acceptance and Rejection Letters • Department Director signs contract up to $10,000	• Develop Scope of Work • Prepare list of possible proposers • Must include MBE, WBE, ESB • Recommend obtaining three written proposals • More than one person evaluates • Inform proposer of acceptance or rejection • Department Director signs contract up to $10,000
Over $25,000	• Formal rules apply • RFB (Request for Bid) developed by department • Develop Scope of Work • If a "significant impact" contract and multi-year, RFB approved by Council • If contract not included in current budget, Council to determine "significant impact" • Prepare Bidders/Planholders List. Must include at least one MBE and one WBE • Advertised two weeks prior to bid opening • Formal bid opening must be held • Must go to lowest, responsive bidder • If not low bid, Council must approve • Send out Acceptance and Rejection Letters • Reviewed by General Counsel prior to Metro signatures	• Formal rules apply • RFP developed by department • Advertise in two newspapers • Written notification to at least 3 potential vendors • Obtain three quotes, one from MBE, WBE, ESB required • Formal evaluation of proposals • Written notification of selection or rejection • Personal services contract
Over $50,000	• "Significant Impact" – Formal process and Council approval required	• "Significant Impact" – Formal process and Council approval required

The Risk and Contracts Management Division within the Administrative Services Department provides purchasing support and direction to Metro staff. The Division applies rules and regulations defined in state law and Metro Code. It is Metro policy to provide equal opportunity for all persons to access and participate in Metro's locally funded projects, programs and services.

Primary responsibilities in the division consist of:
1) encouraging a competitive purchasing process that supports openness and impartiality;
2) reviewing and monitoring departments' contracts, amendments and requests for bids and proposals pursuant to Metro Code and state and federal standards; and
3) overseeing Metro's Disadvantaged, Minority, Women-Owned, Emerging Small Business Enterprise (MBE, MBE, ESB) Programs.

The Risk and Contract Management Division establishes and disseminates code and other requirements to the departments. Each department is responsible for its own purchasing, including contract initiation, advertisement, negotiation, vendor selection and contract administration. The level of contract review and approval depends on the purchase amount. Areas that use multiple contractors, primarily the Oregon Zoo and Regional Environmental Management Department, have allocated personnel to internally process contracts.

The following illustration depicts the purchasing unit organization within the Risk and Contracts Management Division.



Objectives, Scope and Methodology

We conducted this work to determine how Metro's purchasing processes compare against a broad range of public and private organizations. Our objectives were to determine:

- the relative efficiency and effectiveness of Metro's purchasing functions.
- where benchmarking gaps exist.
- where opportunities exist to narrow the benchmarking gap and enhance Metro's purchasing processes. A benchmarking gap is the difference in performance, efficiency or effectiveness between a Metro purchasing activity and others in the database.

We worked with staff from Metro's Risk and Contracts Management Division and THG in a multi-step benchmarking process. Our work included:

- Attending THG's orientation and training meeting where THG consultants elaborated on purchasing process definitions and their questionnaire that asked 235 detailed questions on Metro's purchasing processes for fiscal year 1997-98.
- Working with division staff to collect data and complete the questionnaire.
- Refining data on the completed questionnaire and verifying its accuracy and consistency.
- Conferring with THG consultants on findings and implications of Metro's purchasing benchmarking.
- Analyzing the implications of benchmarking gaps between Metro and other purchasing departments.

Our benchmarking study collected data across the following three purchasing categories and fifteen purchasing processes.

Operational Support
- Supplier selection
- Supplier negotiation
- Requisition & PO processing
- Supplier scheduling and order release
- Material receipts
- Problem resolution
- Item and supplier master file maintenance

Compliance
- Supplier performance management
- Government compliance
- Internal compliance

Decision Support
- Sourcing strategies
- Supplier partnering and development
- Product requirements definition
- Total quality management initiatives
- Purchasing management

We reviewed three performance audits on Metro's purchasing processes that were completed between 1990 and 1993. Metro implemented most of the recommendations from these audits.

We worked with staff from the Risk and Contracts Management Division to refine data presented in this report.

We recognize that Metro is not typical of the more than 100 organizations benchmarked by THG, especially considering its relatively small size and government environment. For example, private-sector organizations do not have the same compliance issues to manage as Metro. Some purchasing-related requirements include legal mandates, Metro Council approvals, public notices and public record requirements.

THG's precise definitions and benchmarking processes helped create comparability in spite of the organizational differences within the database. Our consistent use of THG's explicit methodologies enabled us to compare Metro's purchasing processes to similar processes of other organizations, regardless of size or industry.

We performed our work between July 1998 and March 1999 in accordance with generally accepted government auditing standards.

Appendix A

Annotated THG Benchmark Report on Metro's Purchasing Functions

The Hackett Group

Appendix 1 – The Hackett Group Benchmarking Report on Metro's Purchasing Processes (with Auditor's Italicized Annotations)

Metro Regional Government--Purchasing Processes

Baseline

Item 1

Annual Total Purchasing Costs	Cost ($ Millions)	Percentage
Systems Cost	$0.03	1.3%
Outsourcing Cost	$0.00	0.0%
Labor Cost	$2.15	97.5%
Other Cost	$0.03	1.2%
Annual Total Purchasing Cost	$2.21	100.0%

– For purposes of our report, purchasing is defined as the act and function of responsibility for acquisition or procurement of equipment, materials, supplies, and services.

– "Systems Costs" include the costs include the hardware and software costs associated with purchasing function, primarily Infolink/PeopleSoft costs. See Item 20.

– "Outsourcing Costs" are all external costs associated with the delivery of purchasing processes and services.

– "Labor Costs" include all compensation and fringe benefits for fulltime and part-time employees. See Item 10.

– "Other Costs" are all remaining purchasing-related expenses, including supplies, postage, training and travel. See Item 21.

Item 2

Overall Cost As a Percent of Purchased Cost	
Annual Total Purchasing Cost ($ Millions)	$2.21
Purchase Cost ($ Billions)	$0.06
Cost As a Percent of Purchased Cost	3.49%

– This represents a "snapshot" of Metro's purchasing activities that occurred only in FY 1997-98. It does not include purchases under prior contracts. Metro has about $1.03 billion in active contracts.

Item 3

Staffing By Job Category	FTEs	Percentage
Manager	9	26%
Professional	13	36%
Clerical	13	38%
Total Staffing By Job Category	35	100%

– As part of our methodology, we contacted all 120 Metro employees who made purchases during FY 1997-1998. We did not include MERC purchasing processes. We asked about their activities and time spent on purchasing. 35 FTEs were involved in purchasing activities. The 120 employees/35 FTEs employees spent varying amounts of their time working on purchasing functions.

– Managers are employees primarily responsible for leading a department and performing oversight, planning, administrative, and personnel functions, including supervision.

– Professionals are employees primarily performing analytical and technical functions. They work in highly-skilled positions.

– Clerical are employees primarily performing routine data entry, filing, typing and Other related administrative tasks.

Item 4	Purchasing FTEs Per $ Billion of Purchases	FTEs	FTEs / $ Billion
	Operational Support	24.4	385.1
	Compliance	10.0	157.8
	Decision Support/Planning	0.3	4.7
	Purchasing Function Management	0.4	6.3
	Total FTEs Per $ Billion of Purchased Cost	35.1	554.0

– These "35 FTEs" represent 120 Metro employees who spend varying amounts of time on purchasing activities.

– Operational Support activities include supplier selection and negotiation, preparing requests for quotes and proposals, analyzing quotes and proposals, processing requisitions and purchase orders, scheduling supplies, managing material receipts, resolving problems, processing purchasing card transactions, and working with the Council on approvals.

– Compliance activities include managing: (1) government compliance issues; (2) Metro's Minority Business Enterprise/Women Business Enterprise/Emerging Small Business (MBE/WBE/ESB) programs; and (3) internal compliance issues, such as comparing purchasing targets to actual results.

– Decision Support/Planning activities include developing sourcing strategies and product requirements definitions.

– Purchasing Function Management activities include establishing of purchasing policies and controls as well as general administration and personnel management.

Item 5	Procurement Staff Time Allocation	Metro	Average	1st Quartile
	Operational Support	70%	74%	62%
	Compliance	28%	11%	9%
	Decision Support/Planning	1%	12%	21%
	Purchasing Function Management	1%	4%	8%
	Total Purchasing Staff Time Allocation	100%	100%	100%

– See report Benchmark 5 for discussion.

Item 6	Education, Experience, Turnover	Metro	Average	1st Quartile
	MBA/CPA – Manager	No Data	43%	77%
	MBA/CPA – Professional	No Data	40%	41%
	Turnover	No Data	8%	7%
	Experience (Years)	19	16	11

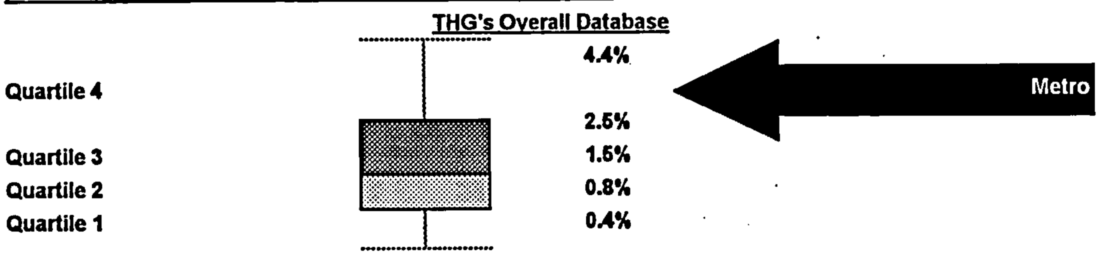
– The years of experience cited for Metro is for 3 employees in Metro's Purchasing Division. Other information related to turnover is not meaningful in Metro's decentralized purchasing environment.

Benchmarking External Costs

Item 7	Purchasing Cost As a Percent of Total Purchases	Metro	Average	1st Quartile
	Labor	3.40%	0.87%	0.63%
	Outsourcing	0.00%	0.01%	0.01%
	Systems (PeopleSoft)	0.05%	0.09%	0.08%
	Other	0.04%	0.11%	0.09%
	Total Cost As a Percent of Purchased Cost	3.49%	1.08%	0.81%

– See report Benchmark 6 for discussion.

Item 8 Purchasing Cost As a Percent of Total Purchases By Quartile



– See report Benchmark 6 for discussion.

Item 9	Purchasing FTEs Per $ Billion Of Purchases	Metro	Average	1st Quartile
	Operational Support/Transaction Processes	385.1	119.4	85.2
	Compliance	157.8	17.1	8.4
	Decision Support/Planning	4.7	19.2	15.4
	Purchasing Function Management	6.3	6.5	5.5
	Total FTEs Per $ Billion of Purchased Cost	554.0	162.2	114.5

– See report Benchmark 1 for discussion.

Item 10	Wage Rates for Purchasing Processes	Metro	Average	1st Quartile
	Management	$85,574	$87,059	$85,875
	Professional	$59,413	$60,951	$56,156
	Clerical	$45,385	$34,784	$32,031
	Overall	$61,298	$52,415	$47,644

Item 11	Staff Mix for Purchasing Processes	Metro	Average	1st Quartile
	Management	27%	11%	11%
	Professional	36%	46%	57%
	Clerical	37%	43%	32%

– See report Benchmark 7 for discussion.

Item 12	Spans Of Control By Purchasing Process Categories	Metro	Average	1st Quartile
	Transaction Processing	1:5	1:9	1:12
	Compliance	1:1	1:4	1:4
	Decision Support/Planning	1:1	1:3	1:3

– This is the ratio of managers to employees.

Core Transaction Processes

Item 13	Productivity-Transactions Per FTE	Metro	Average	1st Quartile
	Requisition & PO Processing	517	2,207	2,807
	Material Receipts	7,143	6,128	18,538

– This represents total purchasing volume divided by FTEs.

Operational Support Processes

Item 14	Staffing-FTEs Per $ Billion Of Purchased Cost	Metro	Average	1st Quartile
A	Supplier Selection	138.9	9.0	5.9
B	Supplier Negotiation	15.8	17.8	9.8
C	Requisition & PO Processing	91.5	39.9	20.9
D	Supplier Scheduling & Order Release	36.3	7.8	5.7
E	Material Receipts	33.1	24.7	8.7
F	Problem Resolution	48.9	13.5	10.9
G	Item & Supplier Master File Maintenance	20.5	6.7	3.3

– See report Benchmark 8 for discussion

Best Practices Utilization Varies Among Core Operational Support Processes

Item			Metro	Average
Item	15A	Supplier Selection	Metro	Average
	1	Purchases From Preferred Suppliers	0%	60%
	2	Suppliers Providing 90% Of Purchase. Dollars	70%	18%
	3	Formal Methodology (Preferred Suppliers)	No	Yes

– Items 15A1 and 15A2 are not applicable at Metro because preferred providers are not allowed under state law. Item 15A2 shows that 90% of Metro's purchasing dollars go to 70% of its vendors, indicating that Metro has a wide supplier base.

Item			Metro	Average
Item	15B	Supplier Negotiation	Metro	Average
	1	Contracts Negotiated Centrally	5%	43%
	2	Contracts Greater Than 1 Year In Length	90%	31%
	3	New Items Requiring RFQs Or RFPs	70%	51%

– Item 15B1 relates to the decentralized nature of Metro's negotiation processes as few contracts are negotiated by one group of experts. Item 15B2 is a positive indicator because longer term contracts are a best practice.

Item			Metro	Average
Item	15C	Requisition & PO Processing	Metro	Average
	1	Percent Of Approvals Completed Online	5%	59%
	2	Purchase Orders Processed Through EDI	0%	38%
	3	Purchase Dollars Acquired Using Blanket Contracts	91%	31%

– Item 15C1 shows that Metro and its suppliers could be more efficient in their activities through more use of Internet/Electronic Data Interchange(EDI) capabilities. The Executive Officer issued a directive, effective March 1, 1999, that requires purchases be made and managed on-line. Item 15C2 is a negative indicator but Metro has limited potential for changing it because most suppliers do not have EDI capability. Item 15C3 is a positive indicator because blanket contracts are a best practice.

Item			Metro	Average
Item	15D	Material Receipts	Metro	Average
	1	Shipments Received "Dock To Stock"	90%	29%
	2	Shipping Notices Processed Through EDI	0%	22%
	3	Shipments Containing Embedded Barcodes	0%	35%
	4	Electronic Transmission Of Data To A/P	Yes	Yes

– Most of Item 15D is not applicable at Metro because over 88% of Metro's purchases are for services, not materials. The primary exception relates to supplies purchased for the Oregon Zoo.

Item			Metro	Average
Item	15E	Problem Resolution	Metro	Average
	1	Online Documentation Of Problem Resolution.	No	69%
	2	Percent Of Late Payments To Suppliers	12%	12%
	3	Disputes That Purchasing Must Resolve	5%	59%

– These are basically neutral indicators. Item 15E1 is not applicable at Metro because Metro and its vendors currently do not have much capability to be linked electronically. Items 15E2 and 15E3 are not related to the operating departments who in Metro's decentralized fashion bear almost total responsibility for payment and problem resolution.

Item	16	Percent Of Transactions Below $1,000 Handled Using Purchasing Cards	
		Metro	78%
		Average	12%
		1st Quartile	14%

– See report Benchmarks 1 and 2 for discussion.

Compliance

Item	17	Staffing-FTEs Per $ Billion Of Purchase Cost	Metro	Average	1st Quartile
	A	Supplier Performance Measurement	0.0	6.4	2.5
	B	Government Compliance	36.3	4.5	1.1
	C	Internal Compliance	121.5	6.2	2.8

– See report Benchmark 9 for discussion.

Decision Support/Planning

Item	18	Staffing-FTEs Per $ Billion Of Purchased Cost	Metro	Average	1st Quartile
	A	Sourcing Strategies	3.2	5.0	3.4
	B	Supplier Partnering/Development	1.6	5.0	3.1
	C	Product Requirements Definitions	0.0	4.6	1.9
	D	Total Quality Management Initiatives	0.0	4.6	3.4

Item	19	Outsourcing Cost As a Percent of Purchased Cost	Metro	Average	1st Quartile
	A	Annual Purchase Cost ($ Billions)	$0.06		
	B	Annual Outsourcing Cost ($ Millions)	$0.00		
	C	Outsourcing Cost As a % Of Purchase Cost	0.000%	0.010%	0.010%

Systems Cost Analysis

Item	20	Purchasing Systems Cost As a Percent of Purchased Cost	Metro	Average	1st Quartile
	A	Annual Purchase Cost ($ Billions)	$0.06		
	B	Annual Systems Cost ($ Millions)	$0.03		
	C	Systems Cost As a % Of Purchase Cost	0.045%	0.086%	0.080%

-- See report Benchmark 3 for discussion.

Other Cost Analysis

Item 21 Other Purchasing Cost As a Percent of Purchased Cost

	Metro		Average	1st Quartile
Annual Purchased Cost ($ Billions)	$0.06			
Facilities Cost ($ Millions)	$0.024	*Fixed cost*		
Travel and Expense Cost	$0.001	*Low variable cost*		
Training Cost	$0.003	*Low variable cost*		
Postage Cost	$0.000	*Low variable cost*		
Other (Miscellaneous) Cost	$0.003	*Low variable cost*		
Total Annual Other Cost ($ Millions)	$0.031			
Other Cost As a Percent of Purchased Cost	0.049%		0.111%	0.025%

Item	22	Purchasing Cost Components	Metro	Average	1st Quartile
		Labor	97%	81%	78%
		Outsourcing	0%	1%	1%
		Systems	1%	8%	10%
		Other	1%	10%	11%

-- See report Benchmark 10 for discussion.

Item 23 Summary--What Does a "Best-of-Class" $ Billion Company Look Like?

	Metro	Average	1st Quartile
Cost as a Percent of Purchased Cost	3.49%	1.1%	0.8%
FTEs per $1 Billion Purchased	554	162.2	114.5
Suppliers Receiving 90% Of Purchase Dollars	70%	18%	10%
POs & Requisitions Processed Per FTE	517	2,207	2,807
Purchasing Card Usage	78%	12%	14%

-- See report Benchmark 1 for discussion.

Potential Opportunities--If Metro Can Achieve Average or First Quartile Productivity, Metro Can Save Double the Savings Indicated

Item 24 Operational Support Opportunities

	Productivity Opportunity At Average		Productivity Opportunity At 1st Quartile	
		* *Savings capped at 50%*		
Supplier Selection	$ 281,000	*	$ 281,000	*
Supplier Negotiation	-		27,521	
Requisition & PO Processing	182,100	*	182,100	*
Supplier Scheduling and Order Release	76,750	*	76,750	*
Material Receipts	33,807		66,350	*
Problem Resolution	92,450	*	92,450	*
Item & Supplier Master File Maintenance	39,100	*	39,100	*
Total Operational Support Opportunities	$ 705,207		$ 765,271	

Item 25 Compliance Process Opportunities

	Productivity Opportunity At Average		Productivity Opportunity At 1st Quartile	
		* *Savings capped at 50%*		
Supplier Performance Measurement	$ -		$ -	
Government Compliance	66,100	*	66,100	*
Internal Compliance	211,850	*	211,850	*
Total Control & Risk Opportunities	$ 277,950		$ 277,950	

Item 26 Decision Support/Planning Opportunities

	Productivity Opportunity At Average	Productivity Opportunity At 1st Quartile
	* *Savings capped at 50%*	
Sourcing Strategies	$ -	$ -
Supplier Partnering/Development	-	-
Product Requirements Definition	-	-
Total Quality Management Initiatives	-	-
Total Decision Support/Planning Opportunities	Unknown	Unknown

Item 27 Total Potential Productivity Opportunity

	Productivity Opportunity At Average		Productivity Opportunity At 1st Quartile
Transaction Processing	$ 705,207	$ -	$ 765,271
Compliance	277,950	-	277,950
Decision Support/Planning	Unknown	-	Unknown
Total Productivity Opportunity	$ 983,157		$ 1,043,221

Item 28 Total Cost Opportunities

	Productivity Opportunity ($000)	
	At Average	At 1st Quartile
Productivity Opportunities	$ 983.16	$ 1,043.22
Staff Mix Opportunities	0.11	0.08
Wage Rate Opportunities	0.07	0.12
Total Labor Opportunity	$ 983.34	$ 1,043.42

Item 29 Benchmark Results Summary

	Metro Comparison to Average	Metro Comparison to 1st Quartile
Purchasing Cost as a % of Purchased Cost	223%	331%
FTEs per $ Billion of Purchased Cost	242%	384%
Systems Cost	-48%	-44%
Other Costs	-56%	95%

Response to the Report

M E M O R A N D U M

METRO

TO: Alexis Dow, Metro Auditor

FROM: Mike Burton, Executive Officer *M Burton*

DATE: May 4, 1999

RE: Response to Purchasing Benchmarks and Opportunities Audit April 1999

Thank you for the opportunity to respond to the purchasing benchmarks and opportunities report. You and your staff have compiled a significant amount of information that will help Metro be more efficient and effective in the delivery of our services.

Overall, as noted below, I concur with your recommendations. My staff has been working on a number of these issues and your conclusions and recommendations are very timely.

Recommendation Responses

1. Revise section 2.04.026 to the Metro Code to increase informal and formal contracting requirement thresholds from $2,500 and $25,000 to $7,500 and $75,000, respectively. Similarly, the Code's significant impact standard for major purchases should also be increased from $50,000 to $100,000.

<u>Agreement with Recommendation:</u> I agree.

<u>Proposed Action Plan:</u> An ordinance recommending these changes will be presented to Council for their consideration in June 1999. These changes require Council approval. Two years ago, I did recommend to the Council that these purchasing threshold levels be increased. However, at that time the Council rejected my recommendation. I will also direct staff to review our procedures to ensure compliance with applicable codes and integrity in the purchasing process if Council concurs with the new limits.

2. Metro should explore ways to simplify and streamline processes associated with purchasing card use.

<u>Agreement with Recommendation:</u> I agree.

Proposed Action Plan: The bank which provides the purchasing card is in development of software which streamlines the process. The software will allow transaction logs to be transmitted and completed electronically and uploaded to PeopleSoft. Metro will change its practices as soon as these new processes become available.

In order to best serve department needs, departments are currently allowed to individually post purchasing card transactions, which results in manual efforts. The electronic completion of transaction logs should eliminate manual efforts. The Director of ASD will provide a recommendation on handling of receipts to avoid any duplicative reviews in the second quarter of 1999.

The utilization of purchasing cards will be monitored carefully in light of the recent increase of the spending limit to $1,000.

3. Evaluate potential for purchasing efficiencies possible through expanded use of existing PeopleSoft capabilities and through use of system upgrades that can be cost justified.

Agreement with Recommendation: I agree.

Proposed Action Plan: PeopleSoft is an exciting product because of its dynamic nature. As PeopleSoft enhancements become available, Metro will evaluate and implement improvements based on cost benefit analysis and available resources. For example, Metro currently uses on-line approvals but it does not interface with e-mail at this time. This feature is available on new releases and will make the system much easier to utilize. I will also direct that staff review your previous audit of the PeopleSoft system to fully implement the capabilities of the existing system to its full potential without new releases.

4. Determine if there are ways to benefit from increased centralization of purchasing.

Agreement with Recommendation: I agree.

Proposed Action Plan: The Director of Administrative Services has been directed to bring back a plan and implementation strategy to increase centralization of purchasing in those applicable areas by October 1999. (Please note my comment under General Observations below.)

5. Institute a formalized vendor performance measurement system that reflects well-defined and consistent measures, monitoring and reporting. Master contracts should include reference to monitoring and performance measures as well as minimum acceptable performance levels.

Agreement with Recommendation: I agree.

Proposed Action Plan: Staff has been assigned to implement a formal vendor measurement system, including contractual language, in the fourth quarter of 1999.

6. Establish internal teams to identify opportunities to streamline purchasing practices and make them more effective.

Agreement with Recommendation: I agree.

Proposed Action Plan: A team will be established to address this recommendation and #4 above, and will begin regular meetings on purchasing in the third quarter of the year. This team (or sub-teams) will work on other ways to improve service delivery.

General Observations about the Benchmark Report

While I agree with the recommendations, I do have concerns about the benchmark agencies selected for comparison to Metro.

1. Metro is a service organization. Metro purchases during the benchmark study period totaled $63 million, of which $56 million were purchased services. Buying services requires more resources than buying goods. A benchmark using a majority of service organizations, rather than manufacturers, may have produced substantially different results than the benchmarks used here.

2. Metro desires to improve the local economy by reaching out to small, local vendors. These outreach efforts require additional resources, but the community is strengthened.

3. In order to maintain public trust and integrity with the spirit of openness and fairness, Metro must adhere to stringent federal and state laws and internal procedures that require additional purchasing resources.

Metro Auditor
Report Evaluation Form

METRO

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Your feedback helps us do a better job. If you would please take a few minutes to fill out the following information for us, it will help us assess and improve our work.

Name of Audit Report: ______________________________

Please rate the following elements of this report by checking the appropriate box.

	Too Little	Just Right	Too Much
Background Information	☐	☐	☐
Details	☐	☐	☐
Length of Report	☐	☐	☐
Clarity of Writing	☐	☐	☐
Potential Impact	☐	☐	☐

Suggestions for our report format: ______________________________

Suggestions for future studies: ______________________________

Other comments, ideas, thoughts: ______________________________

Name (optional): ______________________________

Thanks for taking the time to help us.

Fax: 797-1831
Mail: Metro Auditor, 600 NE Grand Avenue, Portland, OR 97232-2736
Call: Alexis Dow, CPA, Metro Auditor, 797-1891
Email: dowa@metro.dst.or.us

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Metro Auditor Alexis Dow, CPA
(503) 797-1891

050699c-02

Purchasing Benchmarks and Opportunities

Report issued Tuesday, May 4, 1999

Benchmarks Metro's purchasing processes

Over 100 private and public organizations in this study

What is benchmarking?

Diagnostic management tool

Looked at “best practices” and compared with Metro’s current processes

Not an absolute measure

Benchmarking consultant - The Hackett Group

The Hackett Group

Widely recognized consultants

Specialize in benchmarking

Most comprehensive database – 1,300 organizations

History of Benchmarking

Began in private sector

- Pragmatic
- It's costly to be an innovator
- Copy success
- Adapt to your own organization

Allows innovation without being the "bleeding edge"

Used in public sector in recent years

Public Sector Benchmarking

Federal agencies – GPRA – Government Performance and Results Act

Oregon – legislature passed a government efficiency bill

- Set expectations for benchmarks and performance measures

Agencies report significant operational improvements

Benchmarking helps achieve:

Building on others' work, experience and successes

Working smarter toward effective results

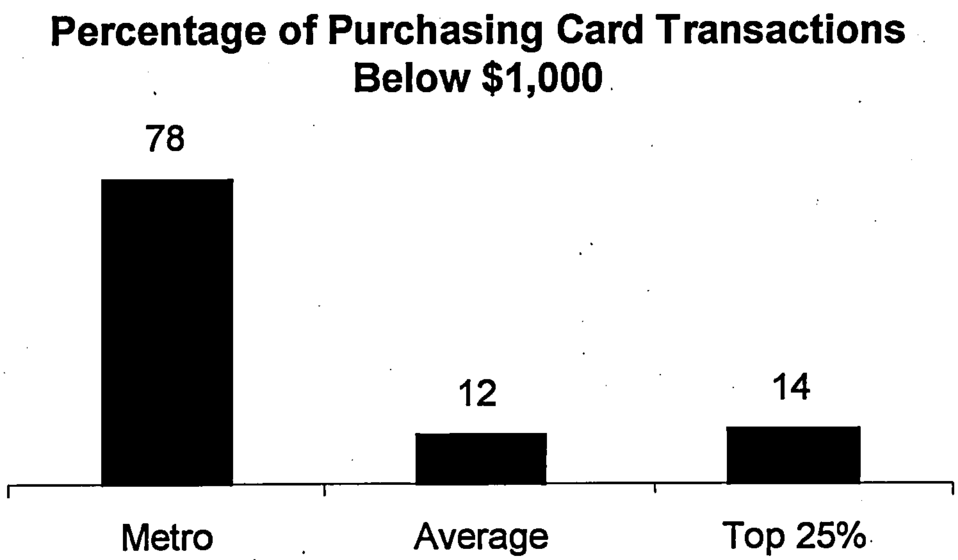
Enhancing agency accountability and public trust

Favorable comparisons

Purchasing card use for purchases under $1000

Low computer systems costs

Purchasing Card Use



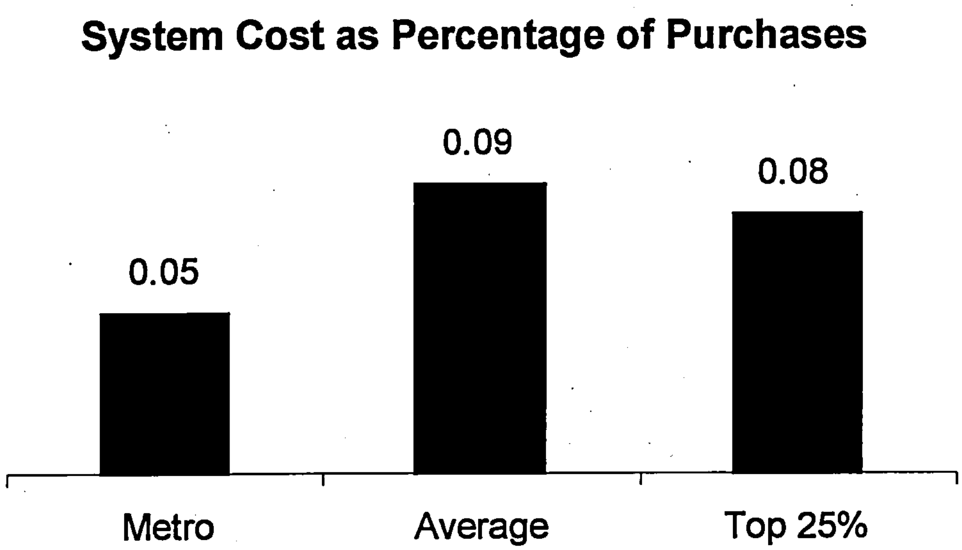
Metro usage is 78% compared to an average of 12%

Can help reduce paper work

- Reduces purchase order preparation and processing
- Reduces number of checks written
- Eliminates multiple payees

Caution - keep purchasing card processes streamlined

Low Computer System Cost

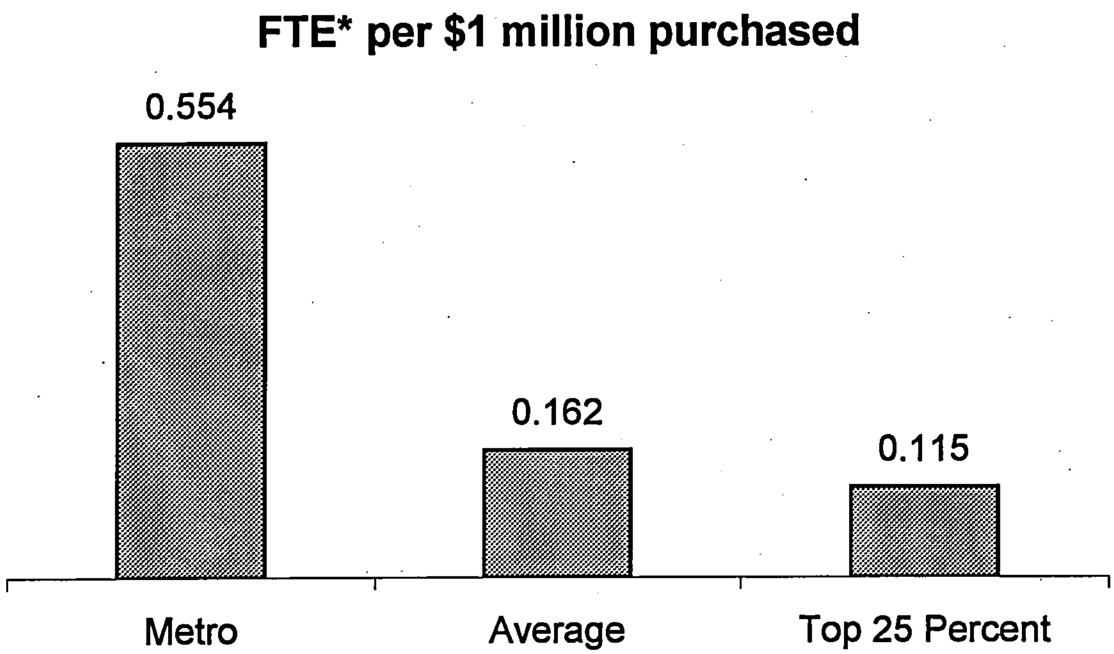


Metro is slightly more than half the average cost

Low systems cost can contribute to higher labor cost

Higher labor cost causes higher total cost

High Labor Commitment

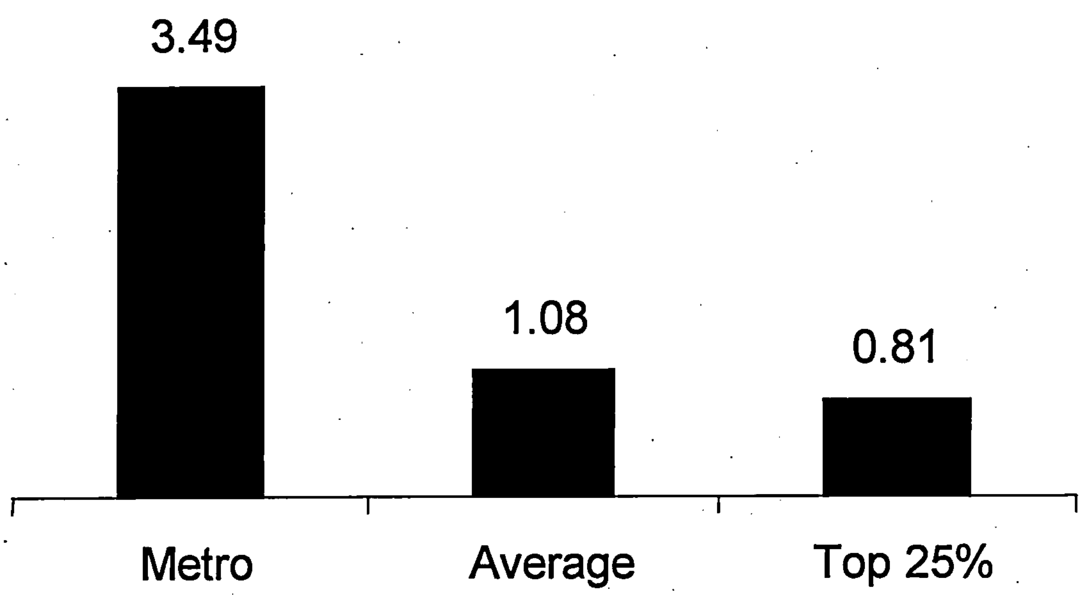


* Full-Time Employee Equivalent

Metro requires 3.5 times the average staff time to process its purchase orders

High Total Cost

Processing Cost As Percentage Of Total Purchases

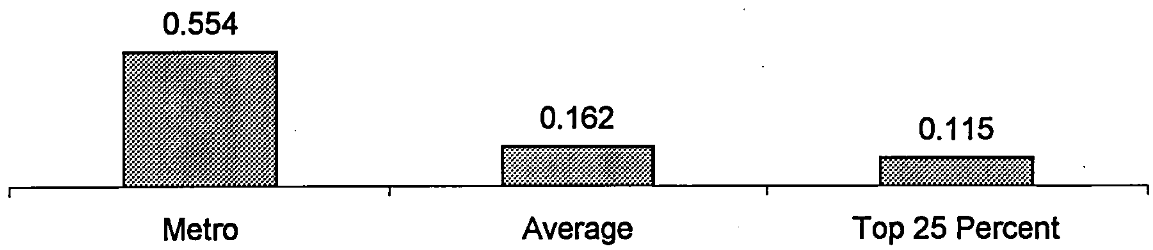


Metro's total processing cost is 3 times the average and 4 times the top quartile

Labor Benchmarking Results

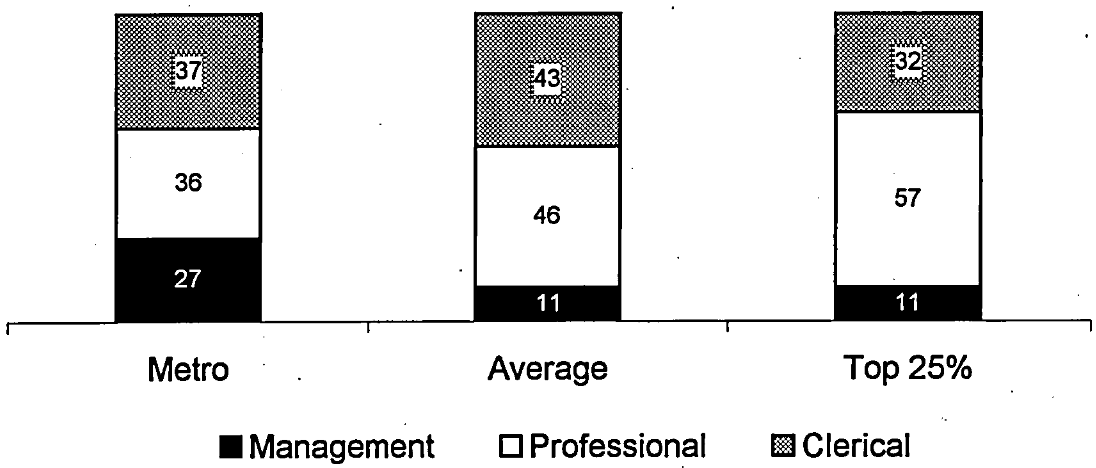
High total staff time

FTE per $1 million purchased



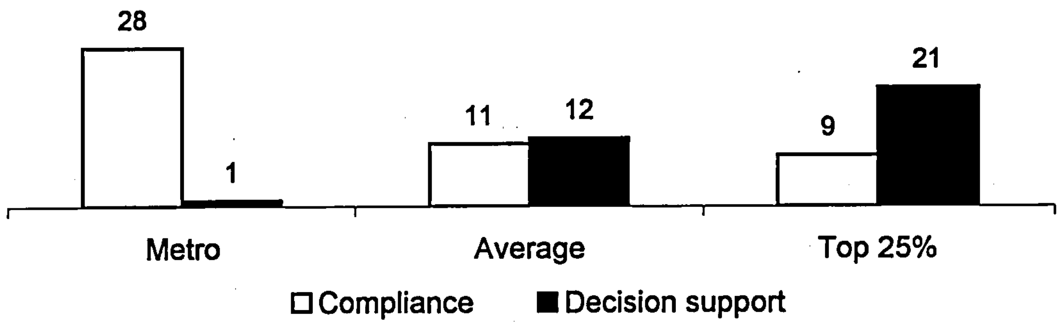
High percentage of management time

Purchasing Staff Mix



Inordinate amount of time for compliance monitoring

Percentage of Purchasing Time Spent on Task



Contributing Factors

Low dollar limits for formal and informal purchases

InfoLink capabilities not fully utilized

•

Good news – Executive Officer now requires purchase orders to be electronically produced

Recommendations

Regularly update dollar limits for purchasing requirements

- From $2,500 (informal) and $25,000 (formal) to $7,500 and $75,000, respectively
- Also increase significant impact standard from $50,000 to $100,000.

This brings Metro in line with state and other local governments limits

Explore ways to simplify and streamline purchasing card processes

Automate purchasing processes to the greatest extent feasible

- Improves purchasing workflow
- Provides management information that can lead to improved effectiveness

Consider increased centralization of some purchasing activities

Institute formal vendor performance standards and evaluations

Establish internal teams to identify ways to streamline their purchasing practices and make them more effective

050699c-03

HENRY KANE
12077 SW Camden Lane
Beaverton, Oregon 97008
(503) 643-4054
May 10, 1999

TESTIMONY OF HENRY KANE RE ORDINANCE NO. 99-801

(Transfer of Garbage Franchise to USA Waste of Oregon, Inc.

Chair and Councilors
Metro Council
600 N.E. Grand Ave.
Portland, OR 97232-2736

Metro Chair and Councilors:

This adversely affected Beaverton resident requests the Metro Council to make clear that the Miller Sanitary Service franchise to be transferred to USA Waste of Oregon, Inc. is subject to the terms and conditions of the Conditional Use Permit the City of Beaverton issued to Miller Sanitary Service in 1998.

The suggested provision states the obvious:

> **Whether to allow a land use involving solid waste is subject to the local public body's acknowledged Comprehensive Plan and zoning code;**
>
> **The City of Beaverton issued a CUP to Miller Sanitary Service to process garbage;**
>
> **The City of Beaverton Comprehensive Plan and zoning ordinance do not authorize the City to issue Miller Sanitary Service a permit to operate a Garbage Transfer Station permit;**
>
> **The City's permit to Miller Sanitary Service does <u>not</u> allow the original franchise owner or its successor, USA Waste of Oregon, Inc., to operate a Garbage Transfer Station at the Miller Sanitary site in downtown Beaverton;**
>
> **Metro defers to the land use decision of the local public body.**

Mayor Drake indicated to the undersigned this date that <u>the City of Beaverton opposes any effort to allow Miller Sanitary Service or its successor, USA of Oregon, Inc., to operate a Garbage Transfer Station on the Miller Sanitary Service site.</u>

So, too, do the thousands of residents and scores of downtown Beaverton businesses next to and in the immediate vicinity of what may become a USA Waste of Oregon, Inc., Garbage Transfer Station!

In the alternative, the Metro Council ((1) can insert language in the franchise agreement that the franchise is subject to the City of Beaverton Conditional Use Permit issued to Miller Sanitary Service, or (2) adopt a resolution to that effect and stating that the franchise is transferred to the new owner subject to the resolution.

Joe Cassin, a USA Waste of Oregon, Inc., spokesman, spoke at the May 5, 1999 monthly meeting of the Vose Neighborhood Association Committee (NAC). The Miller Sanitary/USA Waste of Oregon, Inc. site is within the Vose NAC.

Repeatedly, the undersigned and others present specifically asked Mr. Cassin whether his employer intended to use the pending Metro franchise to open and operate a Garbage Transfer Station.

Mr. Cassin uttered "word, words, words," site. <u>but did not say whether his employer would or would not operate a Garbage Transfer Station at the Miller Site in Beaverton</u>.

Therefore, to save downtown Beaverton from a garbage transfer station operation the Metro Council should amend the franchise to make it expressly subject to the Conditional Use Permit the City of Beaverton issued to Miller Sanitary Service.

> **<u>QUESTION</u>: Does the Metro Council intend to inflict on Beaverton what Metro inflicted on the City of Forest Grove - the Forest Grove Garbage Transfer Station?**

See the Exhibit 2 <u>Forest Grove Transfer Station/Mitigation Study</u> to my April 20, 1999 prepared testimony to the Metro REM committee.

The Forest Grove Transfer Station is an environmental disaster.

Please do not prate that Beaverton residents must put up with the Garbage Transfer Station because City residents produced the garbage.

The garbage comes from Miller Sanitary Service Portland and Garden Grove area customers. Unincorporated Garden Grove is not part of Beaverton.

Garbage Transfer Stations produce noxious and sometimes deadly fumes.

The Metro REM committee received the following testimony at its April 21, 1999 meeting on a driver's exposure to chlorine gas. Page 6 of the minutes give the account of what could have been fatal to the witness:

"Mr. Petersen introduced Don Matott, who works for Specialty Transportation Services (STS), the firm that hauls Metro's waste. Mr. Matott was injured by exposure to chlorine gas at one of Metro's facility. * * * "

" * * * On January 9, 1008. he was working as the lead 'goat' operator in an area where garbage is compacted into bales before being pushed into trailers for transportation. One of his bales contained a five-gallon container partly filed with chlorine. When the compactor pushed it into contract with wet garbage, it released the toxic cloud. The gas burned his sinuses, his lungs, and his esop0hagus. He spent three days in the hospital and several months recovering. He has permanent dfamage to his lungs. He said a similar incident happened in Oregon City where l0 people went to the hospital.

"Mr. Petersen said Mr. Matott's injuries were very serious. * * * " (emphasis added)

Mr. Matott testified that the chlorine gas became a white gas cloud that reduced visibility and that others were working on the floor when wet garbage converted chlorine into chlorine gas.

[During World War II the undersigned received chemical warfare training, including exposure to small and non-fatal amounts of chlorine gas. The experience was sufficiently unpleasant to convince me never to be without my gas mask.]

In a normal garbage collection operation, the compacted garbage goes to a Metro transfer station. Noxious fumes produced by the decomposing garbage, pesticides, etc., do not travel by air to adjacent residences and effluent does not escape into the groundwater.

The Miller site acquired by USA Waste of Oregon, Inc., has wetlands at its easterly boundary and no features or provisions to prevent garbage effluent from running into and polluting the wetland and adjacent floodplain.

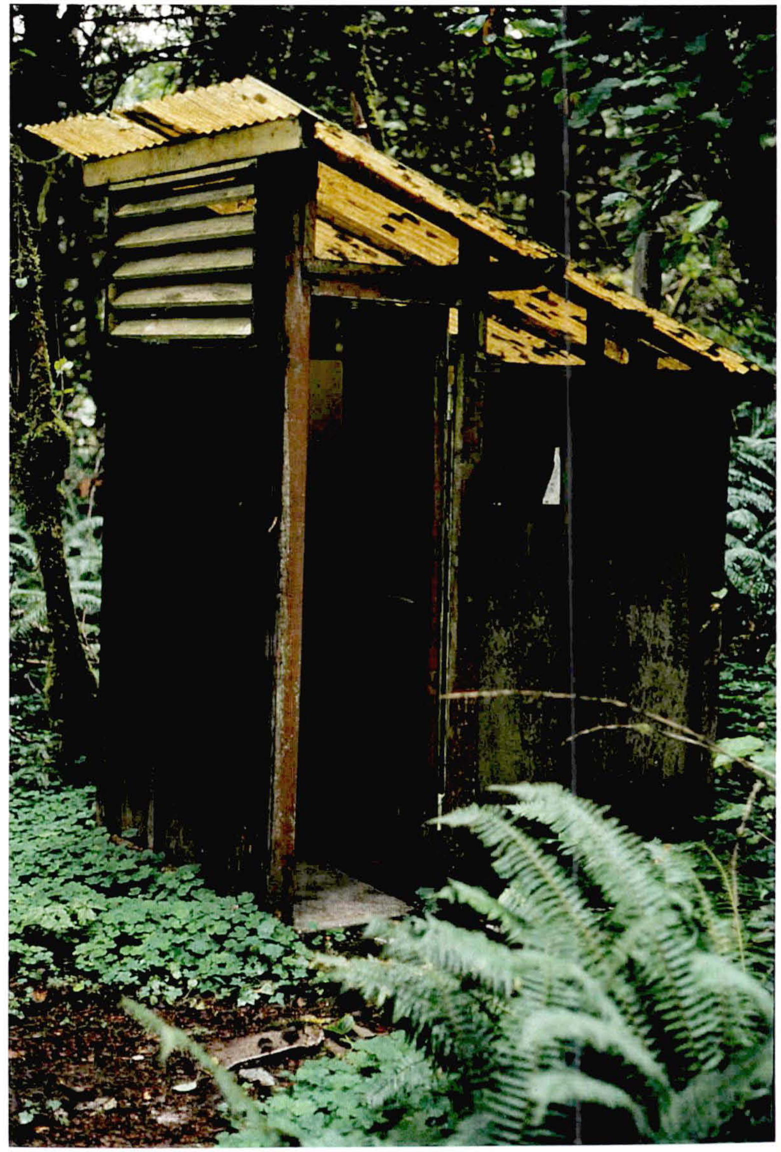
To protect the environment, the Metro Council should make the franchise transferred to USA Waste of Oregon, Inc., subject to the Beaverton CUP.

Sincerely,

H Kane

Henry Kane

cc: media



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