

MINUTES OF THE METRO COUNCIL WORK SESSION MEETING

Tuesday, May 29, 2007
Metro Council Chamber

Councilors Present: David Bragdon (Council President), Kathryn Harrington, Carl Hosticka, Rod Park, Robert Liberty, Rex Burkholder, Brian Newman

Councilors Absent:

Council President Bragdon convened the Metro Council Work Session Meeting at 2:03 p.m.

1. DISCUSSION OF AGENDA FOR COUNCIL REGULAR MEETING, MAY 31, 2007//ADMINISTRATIVE/CHIEF OPERATING OFFICER COMMUNICATIONS

Council President Bragdon reviewed the May 31, 2007 Metro Council agenda. Councilor Burkholder thought the bond measure oversight committee should have a sunset provision. Dan Cooper, Metro Attorney, agreed to draft an amendment to that effect. Councilor Harrington observed that committee membership was subject only to Council President approval. She would like to see something about a member's residency or business relationship with the area. She wondered about criteria for members of other committees.

Mr. Jordan noted that we had received a grant of about \$68,000 for upgrades to the council chamber cable access equipment. Portable plasma screens would be acquired for use in the chambers and annex. Metro would be responsible for about one-third of the total costs. Council had questions about web-based access to meetings. Mr. Jordan responded that a big issue was getting the air time on the cable channels. There were budget impacts. He agreed to provide information on options.

2. WASTE TRANSPORT CONTRACT

Mike Hoglund, Regional Solid Waste and Recycling Director, wanted staff and Council to gain awareness of possible new approaches. They had learned a lot about trucking but not as much about barge and rail. They were looking at criteria for the request for proposals (RFP) for the contract, starting with Council values. The primary question today was whether Council wished to direct staff draft the RFP in consultation with the Council liaisons. It would require a public review period and the RFP would be adopted for release by the Council through a resolution in the fall. They also wanted to go through the values and the point criteria. The white paper was an attempt to use industry standards to predict industry responses. There could well be judgments that were not anticipated and responses from industry that would surprise us. We would learn a lot from the proposals themselves.

Dan Pitzler, CH2MHill, facilitated the discussion using a PowerPoint presentation (a copy is included in the meeting record). He briefly reviewed the project approach. Did Council have enough information? Were the values and weights about right? Should staff proceed in drafting the RFP? Cost analysis and modeling had been added to the work. Risk was being looked at. He anticipated a new contract would be needed by January 2010; that meant releasing the RFP in July 2008. Councilor Liberty asked about assumptions in the contract. Mr. Pitzler said it would be a 10-year contract with a five-year option. This seemed in line with industry standards. Councilor Hosticka asked whether the transport contract would last longer than the landfill contract. Mr. Hoglund said the contract would include opt-out information to allow for that possibility.

Mr. Pitzler reviewed the eight different scenarios, various combinations of truck, rail, and barge. Metro Central had more transport options than Metro South. He gave information on projected costs per ton; all scenarios would significantly increase from the current contract. He gave information on fuel use. Most scenarios showed a drop in overall fuel use, due to efficiencies in technology. The barge scenarios used the least fuel. Metro Central was nicely situated for barge; Metro South was not.

He commented about emissions. One fundamental assumption was the recommendation to require trucks that were new as of 2007 so they would run on ultra-low-sulfur-diesel, meeting EPA requirements for reduced emissions. Barge and rail currently had no requirements for emission reductions, although some proposals were in the works. Councilor Burkholder asked about the Department of Environmental Quality (DEQ) incentive program. Mr. Pitzler said those would be helpful in the future. Councilor Burkholder thought we should emphasize better technology in all modes. Councilor Liberty asked about the relationship between congestion and fuel use. Mr. Pitzler said fuel use was affected by congestion; that had been taken into account to in the modeling. The model for estimating truck emissions took truck speed into account; that indirectly addressed congestion. Councilor Harrington asked if they were expecting that the data would indicate what time of day the transport expected to run. Mr. Pitzler said we could ask for an operating plan along with the RFP to address that. There were certain constraints on the landfill side. Carbon dioxide emissions were closely aligned to fuel consumption. On particulate matter, the emissions were lowest in the truck, then barge, then rail. The barge and truck options resulted in lower emissions than today's scenario. Rail might increase it a bit. For nitrous oxide emissions, there was significant improvement in using the new truck engines.

He talked about proposed Environmental Protection Agency (EPA) marine diesel and locomotive standards for particulate matter. If adopted, those would improve rail and barge emissions. Council President Bragdon asked about using a proportional basis. Mr. Pitzler said we could ask the vendors to tell us their approach about emissions. We could mandate that the waste be moved by a year we chose, using targets we set. He reviewed nitrous oxide emissions under the proposed EPA rules. Councilor Liberty asked why train emissions were so much higher. Mr. Pitzler said a big factor was technology—the engines still had a long way to go, but he anticipated that technology would continue to improve.

Councilor Newman asked about factors that affected visibility. Mr. Pitzler said it was mostly particulates and sulfur. They had tried to get sulfur estimates and could not find reliable sources. Councilor Liberty had a question about which was the most harmful. Mr. Pitzler said that it varied by airshed. Here in Portland, it mainly seemed to be particulate matter and nitrous oxide; in the Columbia Gorge it was particulate matter and sulfur oxides. Mr. Hoglund added that particulate matter seemed to be the most harmful to health.

Mr. Pitzler reviewed the past work on the value model analysis. The models had been adjusted based on previous Council discussions. The RFP would use something similar to evaluate the proposals. Councilor Liberty observed that the differences were not great, even with 60% weighted toward cost values and 40% toward non-cost values. Mr. Pitzler agreed; they had found that the results were insensitive to the weighting of costs. Overall, truck scored the highest, then barge, then the truck/barge hybrid. The various weighting scenarios did not affect the final results. Trucking had a pretty dominant preference no matter how the values were weighted. They had not tested sensitivity or uncertainty around the scores or values. There was no range or bandwidth around cost. That would be part of the role of the RFP.

Councilor Newman asked about barge traffic, and about covered and uncovered barges. Would the garbage be visible? Mr. Pitzler said it would be in containers. Mr. Hogle said we would probably require a solid top container; that was most effective with our compactor and transfer stations to maximize the load, and also eliminated tarp tearing or spillage. Councilor Liberty asked about the difference in the exposure to emissions in the various populations in the various modes. Would there be more exposure/emission per ton from truck? Mr. Pitzler said we'd have to look at how the particular option was designed, and where the containers were draying to and from.

Councilor Newman asked how long containers would be stored before transport. Mr. Pitzler said barge traffic would head out about 3-4 times a week. He did not see that waste would be stored for anything longer than a few days. That could be addressed in the RFP. Mr. Hogle said one of the case studies was in Vancouver BC. They ran about half our total tonnage, and it went out about every other day. It was in the industrial area, not near any residential areas, and they did not seem to have any problems with it. Council President Bragdon said the bigger issue was asset utilization. More frequent trips would require more containers. He asked Mr. Pitzler if these were gross figures or gallons per ton carried. If a barge had 60 containers or 80 containers, how did that fuel burn compare to truck? Adding 20 more containers would be less increase in fuel than 20 more trucks. Mr. Pitzler said it was gross over the entire move, every ton that they took through time. Regarding barge, we would be at about 40% of a tow. A tug would be pushing four barges, ours would make up maybe 40% if we sent it all by barge. There would be a lot of such information when the proposals came in.

Councilor Hosticka was curious that trucks used the most fuel, yet they were the lowest cost. Did that mean fuel as a proportion of their cost was lower? Mr. Pitzler said fuel was a sizable component of the cost, but there were many other costs as well. It was very expensive to load and unload containers. In barge or rail mode, the container went from a truck, to the barge or rail, then all over again at the other end. That was an expense truck alone did not have.

The discussion turned to policy issues. There had been previous discussion about the feasibility of hub development and whether a terminal could be developed that would spur economic growth, improve freight mobility in the region. Mr. Pitzler felt that the hub concept did not seem to be much of a factor in this current procurement, mostly due to the many practical challenges. He recommended giving it a small consideration in the RFP, but not to let it drive the procurement. We could either give points or just say that it would be considered. He talked about backhauls. People loved them but they were hard to pull off, especially in enclosed containers. He advised permitting proposals with backhauls but to evaluate them carefully. Keep the focus on the main business at hand, which was moving the waste from the transfer stations to the landfill.

He talked about emissions reduction and alternative fuels. Truck technology was ahead of barge and rail. Ultra low sulfur diesel fuel would be a big help when it was phased in. He also talked about fuel provision. He recommended Metro seek tax advice. If we chose not to provide fuel, we should include a fuel escalator. These things were out of the operator's control.

Councilor Hosticka asked about the sensitivity analysis if cost was weighted differently, had something similar been done with fuel costs? Mr. Pitzler said that had not been done, but it wouldn't be too hard to add. Mr. Hogle said that would help the risk assessment as well and agreed to look at it.

Finally, financing and ownership. Metro had lower cost to capital. Owning equipment, particularly rolling stock, presented challenges. We would have to monitor “normal use.” That had led to a lot of disputes in the industry in other areas. Letting the operator own trailers, containers, and chassis may require a sizeable up-front payment to the contractor but might result in lower rates to the consumer.

Mr. Pitzler summarized and returned to the main questions. There was time to consider changes. He talked about next steps. The final RFP could be released in late October 2007. He felt industry comments on the technical aspects would be very valuable. Council President Bragdon said an official draft RFP would be circulated with the resolution that would require times for public comment. Particularly germane would be comments on the weighting.

Councilor Newman said the presentation was very helpful. He asked about barge locations under the scenarios. Mr. Pitzler said those were only illustrative; the industry would provide their own locations. Councilor Newman commented on the Vancouver BC barge; would we encourage opportunities to cooperate with other jurisdictions? Mr. Hogle said, in Vancouver, it was owned by one particular barge company. They might look at economizing at that location. Of course we would encourage cooperation and economies of scale. Councilor Burkholder suggested that the wording for Gilliam County be changed to “supporting local partners.” Councilor Liberty said, people had a lot of assumptions about trucks, emissions, and fuel efficiency; would that information be out there? Mr. Pitzler and Mr. Hogle said it would be in the public information. Council President Bragdon said, the more public information, the better.

Councilor Hosticka wondered if people would think cost was three times more important than the environment? If our scenarios showed that it didn't matter in the relative weighting, through the scenarios, would it really matter in determining different bids? Mr. Pitzler said yes, because the bid was the level of specificity that we did not have available to us today. Councilor Hosticka said, when the public said they were trying to stop global warming, and we were only giving emissions a 2% weighting, how could we know that if we raised the weight on that, how would that affect the results? Mr. Pitzler said that might affect the ultimate selection of the contractor. The RFP may not include the level of detail that the PowerPoint showed. We would score them ourselves. Mr. Hogle said this was the first bite of the apple, they were asking for permission to draft the RFP. The final RFP could include additional comments.

Councilor Liberty said the burdens and benefits were not distributed evenly across the populations. For a household customer, the range in the difference in price might be several cents a month, but people living next to I-5 would have higher exposure to diesel and particulate matter. Large customers might be more sensitive to price; consumers might be more sensitive to exposure. How much certainty did they want to hear from Council about the weighting, before releasing the RFP? Mr. Pitzler commented that weights did not have to go into the RFP at all. The increased likelihood of an unopposed process was better if some weighting on key factors were included, but it wasn't a requirement. Councilor Liberty flagged that the burdens and benefits would be different in different customers. Mr. Pitzler said the proposals would reflect that.

Councilor Newman had a question about risk analysis; if something happened to the contractor, such as a failure to perform, was the risk consistent as far as going to a backup plan? Mr. Pitzler said no. They had looked at the types of risks. He felt likely risks could be mitigated. There were a lot of companies that could do this work. If we had a problem with a trucking contractor, it was a little easier to get trucks than a new barge contractor or a rail operator. Those factors were considered in the evaluation. Councilor Newman asked about the upfront payment to the

contractor for the stock. We could have a provision that we would seize the equipment if the contractor failed to perform; would trucks be easier to retrieve? He'd like to see more information on that, as it had been a concern in the past. He'd like to see a backup plan. Mr. Pitzler said it had been discussed; they would put more attention onto it.

Councilor Hosticka asked about internal rank consideration amongst the criteria. They all seemed to rank in the same way. What were the correlations? That would tell him whether it made any difference how the criteria were correlated anyway. Mr. Pitzler said he'd get back to him on that. Councilor Park asked if there a better breakdown on the specific effects of environmental harm. Mr. Pitzler said they had to decide which to keep in and which to leave; they had decided to focus on emissions and impacts to the gorge. Councilor Harrington asked about the current fuel purchase and weight-mile tax payments. Mr. Hoglund said the weight-mile tax was paid by the hauler. Mr. Pitzler thought that would probably stay the same.

Councilor Liberty said, wasn't the point of financing some of the capital costs that we could do it cheaper? Were there other reasons, such as the security interest? Mr. Pitzler said it was mostly the price advantage. Council and staff discussed the issues around the terminals. Discussions with terminal operators were ongoing. Councilor Burkholder asked about additional evaluation criteria, such as what kind of contract we wanted, or the tonnage floor that we couldn't go under. That undercut our efforts at recycling. He expected the draft RFP would include contract issues other than mode. Councilor Liberty said, if the price were higher, wouldn't we be achieving other environmental objectives? We had some information about recycling rates at higher tonnage prices. Mr. Hoglund said we could translate some of the information into the curbside impact.

Council President Bragdon heard that things were on the right track, it was the right framework, they were comfortable with taking the next step, he wanted to be sure to safeguard ourselves in the weighting, to minimize protests down the line. Council was comfortable with the schedule.

3. COUNCIL BRIEFINGS/COMMUNICATIONS

Councilor Liberty commented on the transit service item that had been dropped from the agenda. He had been hearing a lot about transit service levels, particularly with the bus system. Councilor Harrington agreed. They were hearing a lot of dissatisfaction about hours, speeds, and levels of service. Councilor Liberty said things seemed to be emphasizing corridors, but how was that affecting other bus service providers? TriMet was very interested in light rail and urban design, but along the arterials, what was going on? Were they thinking about those areas? Council President Bragdon agreed the time was right to have such a discussion; staff had not been quite prepared. Councilor Harrington suggested a work session that did not require a formal presentation but where staff were present to answer Councilors' questions.

Councilor Liberty said he'd like more information about transportation systems in other parts of the world. Councilor Burkholder said that the high capacity transit system plan was looking over the next 30 years. The budget was about \$500,000; this would be a great time to ask these questions. How did we relate to the TriMet board? Councilor Liberty felt the emphasis was on light rail. Councilor Newman thought it was commuter rail, light rail, and rapid bus.

Council discussed the relationships between the various transit systems, residents' needs, the planning, and how to be involved in all of it. They discussed the turf issues involved. Councilor Liberty wanted to see some integration of all the transit, including private transit systems and school bus systems. They talked about the relationship of the transit issues to the character of

neighborhoods. Mr. Jordan said it would be good to have this conversation now, because the policy language would be in the Regional Transportation Plan (RTP) when adopted.

Councilor Hosticka then commented on the Greenspaces Policy Advisory Committee (GPAC). Council President Bragdon said, they had done some good work, the vision was good, but the committee wanted to address particular issues, bring people in on a task force basis. They thought the existing format had taken them as far as they could. The new format would be more flexible.

Councilor Burkholder introduced Marv Fjordbeck, regarding the recent U.S. Supreme Court case (United Haulers Association, Inc. v. Oneida-Herkimer Solid Waste Management Authority) on governmental responsibilities regarding solid waste contracts. Mr. Fjordbeck stated the 6-3 decision made clear that flow control to publicly-owned solid waste facilities did not discriminate against interstate commerce. This further insulated Metro's system from a commerce clause challenge of the type from 1999. The decision contained very strong pro-local government language. The decision stated that the commerce clause was not a roving license to judge the local actions of governments. He reviewed the basics of the case, which were that a municipality in upstate New York wanted to build a solid waste facility, and they wanted to use local haulers. Out-of-state haulers claimed it violated the commerce clause by discriminating against out of state commerce. The decision said that a facility that was publicly owned was different from a privately owned facility, and that such a facility didn't discriminate against interstate commerce. Public bodies had environmental concerns, local revenue concerns, enforcement, recycling, and they were not protectionist. As long as all private entities were treated the same, requiring flow to go to public facilities did not discriminate. The decision upheld the 100-year principle that solid waste management was a core public agency task. It cleared the way for revenue generation to be an acceptable criterion in requiring flow to a certain facility. The decision was both pro local government and useful in solid waste management planning.

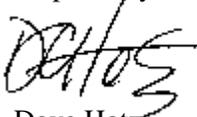
Councilor Harrington reported on the June 14 Metro Policy Advisory Committee (MPAC) meeting. She had a question about Oregon House Bill 2140 on prevailing wages. Mr. Cooper explained the status of the various bills and the ongoing maneuvering in the legislature.

Councilor Liberty wondered what had happened with the document recording fee? No one had heard anything. He also mentioned the economic development speaker this Thursday at 7:30 a.m. The topic would be the "Cascadia mega-region."

Councilor Burkholder had results of the poll on conservation education funding. The numbers indicated strong support. He would be meeting with everyone next week. The discussion would be aimed at whether it was a good idea to put something on the ballot.

There being no further business to come before the Metro Council, Council President Bragdon adjourned the meeting at 4:10 p.m.

Prepared by,



Dove Hotz

Council Operations Assistant

**ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF
MAY 29, 2007**

Item	Topic	Doc. Date	Document Description	Doc. Number
1	Agenda	5/31/07	Agenda: Metro Council regular meeting, May 31, 2007	052907c-01
2	Waste Study	5/29/07	To: Metro Council From: Dan Pitzler Re: PowerPoint slides, Metro Solid Waste Transport Study, White Paper Results	052907c-02