

**METRO**

MEETING: Regional Solid Waste Advisory Committee
DATE: Wednesday, July 17, 1996
TIME: 8:30 - 10:30 a.m.
PLACE: Metro Regional Center, 600 NE Grand Avenue
 Room: Council Chamber Annex, 2nd Floor

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| 10 min. | 1. Updates and Introductions | McFarland / Burton |
| 5 min. | 2. Approval of Minutes
Action Requested: Approve the Minutes of June 19, 1996
(See Attached Minutes) | McFarland |
| 45 min. | 3. Metro Transfer Stations - Operations Contracts
Rebid of Metro Central and Metro South Transfer Station
Operations Contracts; Work Session on Key Elements of the
Contract Specifications - Continued from the June Meeting
(See Attached Report)
Action Requested: Advice on Key Elements of the Specifications <ul style="list-style-type: none"> • Dual Operation • Dry Waste • Proposal Evaluation Criteria • Project Schedule | Geyer |
| 30 min. | 4. Franchise Applications for Materials Processing Facilities
Status Report; No Action Requested | Sloop |
| 5 min. | 5. Discuss Tentative Meeting Agenda for August 21 | McFarland / Nelson |
| 10 min. | 6. Other Business / Citizen Communications | McFarland |
| | 7. Adjourn | |

All times listed on this agenda are approximate. Items may not be considered in the exact order listed.
 Committee Chair: Councilor Ruth McFarland (797-1547)
 Staff: Marie Nelson (797-1670) Committee Clerk: Connie Kinney (797-1643)

SOLID WASTE ADVISORY COMMITTEE
MEETING SUMMARY OF: June 19, 1996

Voting Members Present

Committee Chair: Ruth McFarland, Metro Councilor
Hauling Industry: David White, Oregon Refuse & Recycling Assoc./Tri-County Council
Solid Waste Facilities: Ralph Gilbert, East County Recycling
Citizens: Jeanne Roy, Recycling Advocates
Merle Irvine, United Disposal
Government: Lynne Storz, Washington County
Susan Keil, City of Portland

Alternate Members Present

Recycling Industry: Jeff Murray, Farwest Fibers
Solid Waste Facilities: Eric Merrill, Waste Management of Oregon

Non-Voting Members Present

Government: Dave Kunz, DEQ
Carol Devenir, Clark County
Mike Burton, Metro

Voting Members Absent

Hauling Industry: Jim Cozzetto, Jr., Metropolitan Dieposal & Recycling Corp.
Steve Schwab, Sunset Garbage Collection Company
Tom Miller, Miller's Sanitary Service Inc.
Recycling Industry: John Drew, Far West Fibers
Citizens: Bruce Broussard, Cad Tek
Government: Ken Spiegle, Clackamas County
Gary Hansen, Multnomah County Commissioner
Bob Kincaid, Clackamas County Cities
Debra Noah, Multnomah County Cities
Loreen Mills, Washington County Cities
Citizens: Bruce Broussard

Metro

Marie Nelson	Doug Anderson	Andy Sloop
Kelly Shafer Hossaini	Scott Klag	Jim Goddard
Connie Kinney	Tim Raphael	Jim Watkins
Keith Massie	Bill Metzler	Jennifer Ness
Chuck Geyer	John Foseid	Jeff Stone
Leo Kenyon	John Houser	Barry Adamson

P&TS/SWAC/minutes/present.lst

1. Updates and Introductions

Illegal Disposal Task Force

Marie Nelson, Supervisor, Planning Services, briefed the Committee on the purpose and current focus of the Illegal Disposal Task Force. She said the purpose of the Task Force is to develop goals, objectives, and recommended practices for illegal disposal, as well as to address the specific recommendations of Metro's auditor in the February 1996 Review of Metro's Solid Waste Enforcement Unit. She said the Task Force will address items of regional concern that can benefit from regional coordination. The Task Force will not address Metro's enforcement of its solid waste flow regulations or theft of recyclables.

Currently, the Task Force is examining the development and coordination of a regional data base on dump sites and offenders, and the possibility of a regional hotline.

Dave Kunz said that because some of the counties enforce illegal dumping through their health departments, a goal or objective should be developed for that. He also said that, internally, DEQ is working to develop objectives for when they will enforce on illegal dumping cases and when they will turn it over to local jurisdictions.

Rate Restructure Process

Jim Goddard, Acting Manager, Waste Reduction & Planning Services, reminded the Committee that rate restructuring meetings for stakeholders were held in April 1996. He said that the stakeholder meetings scheduled for June 25, 1996 have been canceled, but will be rescheduled for July 1996. He explained that many questions were raised at the April meetings and staff will require more time to answer them. He said participants will be contacted as to when the meetings will be, and background information will be sent in advance.

2. Approval of Minutes

Dave Kunz asked that the minutes be changed to reflect that he was present at the May 1996 meeting, and Ed Drubeck was not. Carol Devenir also asked that the minutes be changed to show her affiliation with Clark County and not the Port of Portland. Sue Keil moved that the minutes be approved with the changes as stated, and the Committee unanimously approved.

3. Material Recovery Facilities (MRFs) - Franchise Process

Andy Sloop, Associate Planner, Recycling System Development, briefed the Committee on the status of the MRF franchise template, and distributed written materials. He said the template would be presented to REMCOM that afternoon, and that anyone who would like to attend that meeting to talk about the template

was welcome to do so. Mr. Sloop then reviewed changes that had been made to the template since the June 12, 1996, MRF Team meeting, which was attended by several SWAC members.

Merle Irvine said that he was still concerned about the placement of the operating range (35% - 45%) on the recovery rate curve. He also was concerned about there being a penalty, or enforcement fee as it is called in the template, for recovery rates between 35% and 45%. He said it seemed inconsistent to be in compliance yet pay a penalty. According to his calculations, the enforcement fee at the 35% recovery level could cost the average MRF about \$7,800 a month. This could force the operator to avoid loads in the lower range of recoverability and thus not recover as much as they could from the wastestream.

Councilor McFarland responded that one promise Metro did make when beginning the MRF franchise work, was that there would be a level playing field for existing and new franchises. She said that Metro could not make existing facilities special cases by not applying the rules to them.

Mr. Irvine responded that his point was not that existing facilities should not be subject to the new franchise rules on recovery rates, but that no facilities should. He suggested that Metro should take a hard look at whether it really wants to impose an administrative fee or penalty at all. If you're operating within your permit you shouldn't be hit with a penalty.

Sue Keil asked if anyone at Metro had run the numbers to see if it was not advantageous to take waste at the 35% recovery rate level because of the administrative fee. Jeff Stone, Senior Management Analyst, responded that the answer would depend on the particulars of the operation. In general, however, taking waste at 35% and paying the administrative fee works out to be the same as paying a tipping fee of \$75.

Ralph Gilbert asked what the administrative fee applies to. Mr. Sloop responded that it applies only to the residue. Mr. Gilbert said that in his case he would have a very difficult time maintaining a 40% recovery rate since he has no control over what comes into his facility. He said he also does not want to have to turn away loads from which he could recover some percentage for fear he'll not meet the imposed recovery rate. Jim Watkins, Manager of Engineering and Analysis, said that one reason incentives are needed to keep recovery rates at a certain level, is to discourage MRFs that are associated with a limited purpose landfill from just taking low-recoverable, dry loads and transferring them directly to the limited purpose landfill.

Councilor McFarland asked if staff could revisit the operating range issue. Mr. Goddard replied that it is really a policy issue, and REMCOM might want to debate it. He said it may need to be debated as a stand-alone issue, separate from the rest of the template. As it stands, the template maintains a level playing field and changes to the operating range should preserve this.

Ms. Keil asked if there really needed to be a level playing field if some MRFs will have ties to landfills and others won't. Those with ties to a landfill already have an advantage over those that don't. Maybe that issue needs to be dealt with separately and in another way, since that is really at the heart of what the recovery rate is trying to guard against. Councilor McFarland acknowledged that as a good point, and added that MRFs associated with hauling companies would fall into the same category of having an advantage.

Mr. Sloop pointed out that work on MRF franchising needs to occur as quickly as possible. Until this work is completed, franchise applicants incur opportunity costs, and existing MRFs incur penalties for operating below 45%. However, Mr. Sloop said progress on MRF applications and franchising issues is constrained due to limited staff resources.

Councilor McFarland reiterated that in the interest of not holding up franchise applications, further work on the operating range issue should be handled separately from work on pending applications. She also said that any changes to the operating range should be applied globally to all franchisees.

4. Metro Transfer Stations - Operations Contracts

Jim Watkins, Manager of Engineering and Analysis, updated the Committee on the project schedule for the Metro transfer stations operations contracts. He said that staff had prepared a draft of the RFP for the contracts and that vendor review would take place in approximately late July or early August. He said he would also see that the Committee members received a copy, as well. He then gave a brief overview of the document.

After the overview, Mr. Watkins said he wanted to bring before the Committee for discussion several policy issues associated with the operations contracts. The policy issues were listed in the material included in the agenda packet.

- Vertical Integration

1. Should Metro prohibit operation of Metro transfer stations by firms involved in the solid waste collection industry locally?

The Committee agreed that this would not be a problem as long as Metro either operated the gate or had serious, enforceable regulations in effect to ensure against bad practices.

2. Should Metro prohibit operation of Metro transfer stations by firms involved in solid waste disposal of the region's waste?

The Committee agreed that the answer to the previous question applied to question as well.

3. Should Metro consider the above prohibitions for a single entity operating both transfer stations, even though it would not do so if different firms operated the two stations?

The Committee agreed that the answer to question one applied to this question as well.

- **Materials Recovery**

1. Should the same incentive for materials recovery be provided regardless of the end use of the recovered materials?

Jeanne Roy said her position would be that the same incentive should not be applied. Incentives should be different depending on where the recovery was on the hierarchy - higher uses should get higher incentives.

Carol Devenir added that the incentive could also be made to be material specific. If the material was motor oil, for example, there's only one place on the hierarchy for it so operators shouldn't be penalized for not doing something higher on the hierarchy with it.

Councilor McFarland said that the consensus seemed to be that it is important to recognize the hierarchy, but in a way that is sensible and not foolish.

Dave White expressed concern about the impact of reducing the incentive for recovering materials for uses lower on the hierarchy. If that incentive is reduced, and the cost to do anything further up the hierarchy is high enough, the operator may not bother doing anything with them. The materials will then just end up in the landfill. Councilor McFarland agreed that that issue needed to be explored. There are instances where the hierarchy can be met, but the cost may be too high. That is something everyone is going to have to think through as a policy question. Jeff Murray agreed and said that in another year or two there may not be much that is recoverable going through the transfer stations, and fiber-based fuel may be the most cost-effective alternative for certain materials.

2. Should the materials recovery incentives be standardized at both stations?

Councilor McFarland asked why the recovery incentives are not the same now. Easton Cross responded that the reason is because Metro South is configured differently and does not have the same capacity for recovery that Metro Central does. Councilor McFarland said she believed the incentives should be the same. If the operator can manage to recover some material at Metro South, they should be rewarded for it.

Eric Merrill said that if the two facilities are identical, then the incentives can be the same. But the facilities are not identical so identical incentives may not be possible.

3. Should a mandatory recovery rate be stipulated in the next operating contracts?

Sue Keil asked if Metro has enough knowledge about the impact of MRFs to be able to set such a rate? Mr. Watkins said that Metro probably doesn't know. Councilor McFarland agreed, and said that maybe this potential part of the contract should be left out until there's more information about what rate would be reasonable.

Jeanne Roy asked how reusables will be handled at the transfer stations. The contract says that Metro reserves the right to negotiate with the subcontractor to recover reusables. She asked if this is occurring now, and if so, how? Mr. Watkins responded that it is occurring now. He explained that St. Vincent DePaul is working on a contract to help self-haul customers pull reusables from their loads. The reusables are then taken to St. Vincent DePaul facilities and recovered.

Mr. Irvine asked if having another contractor on-site pulling out material causes any conflicts with the site operator. Mr. Watkins said that it could, it just has to be worked out. Ms. Roy then said she wanted to say she supported the idea of this arrangement.

- **Wages and Benefits**

1. Should Metro specify some minimum wage and benefit levels in the RFP?

The general consensus of the Committee was that standards be set for service levels, but that specifics of worker wages and benefits should not be addressed in the contract.

Due to a lack of time, the policy areas of "Dry Waste" and "Evaluation Criteria" were not addressed by the group.

5. Organic Waste Processing - Demonstration Projects

John Foseid, Associate Solid Waste Planner, told the group that due to Jim Goddard's new role as Acting Manager of Waste Reduction & Planning Services, he had been asked to take over as team leader. He said that the project team was currently in Phase II of the project, where they are evaluating proposals they have received. No formal contract awards have been made at this time. There is a public forum scheduled for July 9, 1996, and project staff hopes that contracts will be signed in early August.

Mr. Foseid said two proposals were received and the project team is strongly considering awarding contracts to both proposers. The first proposal is from Oregon Waste Systems. They would like to take loads from businesses, reload them at Metro South, and compost the material at Columbia Ridge Landfill. The other proposal is from Oregon Soils Corporation, which proposed to team up with a hauler and an EarthWise certified composter and use the vermiculture technique to process the organic waste collected.

Jeanne Roy expressed her disappointment that only two proposals came through in the second phase of the proposal process. She asked if perhaps the paperwork for the application was too voluminous and inhibited more response. Mr. Foseid replied that if the application process were to be done over, some changes would probably be made. However, Metro did solicit from a broad range of applications.

Dave Kunz said that there have recently been two applicants for DEQ permits to do organics processing. Neither of these applicants applied for the Metro funding. So there are others that are interested in starting such businesses here, but are choosing to do it independently.

Carol Devenir asked if the two proposers were comparable in terms of tonnage they planned to process. Mr. Foseid responded that they would each divert 1,000 tons over the course of the project.

6. Discuss Tentative Meeting Agenda for July 17

Councilor McFarland asked Committee members to contact Marie Nelson about any items they would like to see on the July agenda.

7. Other Business/Citizen Communications

None

8. Adjourn

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Summary of Draft Request for Proposals
for the
Operation of Metro South and/or Metro Central Station and
Related Policy Issues for Discussion by SWAC
(c.g. 6-12-96)

The following is a summary of a draft RFP for the operation of Metro's transfer stations, and related policy questions. These have been prepared for SWAC in order to solicit input for use in revising the document.

General

The RFP invites proposals for operation of Metro South, Metro Central or for both. A proposal may not be for more than one arrangement (i.e. a proposal to operate Metro South may not contain a variation to also, or just, operate Metro Central). Vendors may submit more than one proposal.

Generally, the work consists of the transfer of waste received at the facility into transfer vehicles owned and operated by the Waste Transport Services Contractor. Payment for this service will be made on the basis of incoming weights as established at Metro scalehouses at both transfer stations. Payment will consist of a fixed monthly lump sum as well as a variable portion based on the amount of waste received.

In addition, the operator can recover materials for sale to markets. For each ton of materials recovered, the operator will receive a recovery credit payment from Metro (\$30/ton) and retain 100% of the revenues from the sale of materials. These payments are in addition to the payments based on incoming tons. As part of its proposal, proposers may purchase the FBF line at MCS.

The work also includes the option to separate, transport and dispose of up to 50,000 tons of dry waste from the MCS. The proposer can propose to divert from incoming tons, dry waste which is appropriate for disposal at a limited purpose landfill. The proposal must contain the tonnage which will be diverted, and the cost to separate, transport and dispose of the diverted dry waste. The proposed amount cannot exceed 50,000 tons annually and the amount proposed must be guaranteed.

The length of the negotiated contract with the successful proposer will be for a period of five years. Due to the type of financing used to construct the facilities, Metro must retain the unconditional right to terminate the contract at the end of three years. If Metro does not terminate the contract at this point, the two remaining years of the contract will be exercised. An additional financial restriction is that no more than fifty percent of the revenue due the Contractor may be made in variable payments.

Policy Questions

Dual Operation: This is the first time both stations are up for grabs simultaneously. This raises some new concerns. If a single firm operates both stations, there is a concern that our (Metro and station customers) flexibility and the level of service provided will be reduced since competition between contractors no longer exists. As a result, service and prices may be negatively impacted. A different view is that coordination between the stations will be greatly enhanced, positively affecting service (in particular materials recovery at Metro South) and prices.

The policy question is should Metro prohibit operation of both transfer stations by a single entity? **SEE MINUTES FROM 6/19/96 FOR COMMITTEE'S DISCUSSION**

Vertical Integration: Metro has in the past been concerned that if a transfer station operator was involved in the solid waste collection business, that other collection companies would receive poorer service than the operator's. The Metro Code reflects such concerns, containing a specific prohibition against a franchised transfer station being involved in solid waste collection. Metro has had only one firm operate a station which was also involved in collection. No such discriminatory complaints have been received.

Should Metro prohibit operation of Metro transfer stations by firms involved in the solid waste collection industry locally? **SEE MINUTES FROM 6/19/96 FOR COMMITTEE'S DISCUSSION**

A separate policy issue arises if the operator is involved in disposal. The current approach of the RFP is to promote materials recovery through incentives only. If the transfer station operator owns a landfill which receives waste from the station (either mixed or dry waste), materials recovery may suffer since there may be a financial incentive for the firm to maximize the amount of waste transferred for disposal. Firms not involved in disposal may therefore be better candidates for operating the station if materials recovery is to be maximized.

Should Metro prohibit operation of Metro transfer stations by firms involved in solid waste disposal of the region's waste?

Should Metro consider the above prohibitions for a single entity operating both stations, even though it would not do so if different firms operated the two stations? **SEE MINUTES FROM 6/19/96 FOR COMMITTEE'S DISCUSSION**

Materials Recovery: The RFP is structured to encourage materials recovery through financial incentives. For each ton of waste recovered, an operator will receive the transfer fee, a \$30/ton recovery credit and all revenue from sale of the materials. The operator receives all three regardless of whether the material is recovered for reuse, recycling or energy production.

Should the same incentive be provided regardless of the end use of the recovered material? **SEE MINUTES FROM 6/19/96 FOR COMMITTEE'S DISCUSSION**

Currently materials recovery incentives differ at each station. The Metro South operator does not receive the transfer fee or a recovery credit but does keep all sale revenues. The Metro Central operator receives a lower credit for recovery on FBF production and only 80% of sale revenues from recyclables. The current recovery credit is higher than that proposed in the RFP, being the full avoided cost for transport and disposal or \$38.50/ton.

Should the materials recovery incentives be standardized at both stations? **SEE MINUTES FROM 6/19/96 FOR COMMITTEE'S DISCUSSION**

The pure incentive based approach was chosen to allow the operator to make cost effective decisions on what to do with incoming waste. An exception being that Metro will retain the right to negotiate for the use of a subcontractor (such as St. Vincent DePaul) to recover reusables from the wastestream.

Should a mandatory recovery rate be stipulated in the next operating contracts? **SEE MINUTES FROM 6/19/96 FOR COMMITTEE'S DISCUSSION**

Dry Waste: An operator will be able to bid an amount and price for separating, transporting and disposing of dry waste at Metro Central. This should result in a lower total cost than if the waste were transported and disposed as general purpose waste. It is the first time Metro has included this option in a transfer station procurement. If the operator can make more money from this opportunity than from materials recovery, it could negatively affect recovery rates. There appears to be no superior environmental reason for separation and disposal of dry waste.

Should Metro prohibit dry waste separation at transfer stations?

Wages and Benefits: The current employees of the private firms operating Metro transfer stations are compensated based on their contributions over a number of years. In a highly competitive environment, firms may propose wages and benefits that are significantly lower than the current employees receive. While Metro would receive some economic benefit, it is probable that the level of service would also fall.

Should Metro specify some minimum wage and benefit levels in the RFP? **SEE MINUTES FROM 6/19/96 FOR COMMITTEE'S DISCUSSION**

Evaluation Criteria: Proposals would be evaluated based on cost, the materials recovery plan, and the operation and maintenance approach proposed. Seventy points would be given to the low cost proposal, with the other proposals receiving scores based on how close they are to the lowest cost proposal. Ten points would be available for the proposed materials recovery approach. Points would be awarded based on the evaluation committee's analysis of the proposed approach. Twenty points would be available for the proposed operation and maintenance approach, which would consider such factors as efficiency, customer satisfaction, and routine and special maintenance plans.

Is the allocation of points appropriate and should other criteria be used?

Schedule

Review of Draft RFP by Interested Parties	July to mid-August
Redraft	
Council Review and Approval	September
Vendors Prepare Proposals	October
Proposals Evaluated	November
Negotiate Contract	Dec - January
Council Award	February
New Contractor(s) Mobilize	March/April

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