



METRO

2000 S.W. First Avenue
Portland, OR 97201-5398
503/221-1646

Agenda

Meeting: Special Council Meeting
Date: June 30, 1987
Day: Tuesday
Time: 5:30 p.m.
Place: Council Chamber

Approx.
Time

Presented By

5:30 CALL TO ORDER
ROLL CALL

5:35 * Consideration of Resolution No. 87-780, for the Allmeyer
Purpose of Authorizing Entry into Memorandum of
Understanding Negotiations with Systems
Contractors of Mass Composting and Mass
Incineration Systems
(Action Requested: Adoption of Resolution)

NOTE: A public hearing was held before the Council
on June 25. The Council may decide to receive
additional testimony at this meeting from people
who did not testify at the June 25 meeting.
Comments from the public will be limited to three
minutes per person.

8:00 ADJOURN

** Resolution Title changed
to reflect adopted amendments.*

STAFF REPORT

Agenda Item No.1
Meeting Date June 30, 1987

CONSIDERATION OF A RESOLUTION TO AUTHORIZE ENTRY INTO MEMORANDUM
OF UNDERSTANDING NEGOTIATIONS WITH SYSTEMS CONTRACTORS OF MASS
COMPOSTING AND MASS INCINERATION SYSTEMS

Date: June 26, 1987

Presented by: Debbie G. Allmeyer

Factual Background and Analysis

Metro received five proposals on January 30, 1987 from systems contractors of mass composting, mass incineration, and refuse derived fuel facilities. The staff project team, as well as the Executive Officer's Review Committee evaluated the proposals, including interviews with each proposer and two sets of questions designed to clarify the written submittals. Previously adopted evaluation criteria were used to assess and compare the merits of the proposals.

The project team prepared a Final Evaluation Report for the Executive Officer which was presented to the Council on June 25, 1987. This report explains the findings of the project team and their evaluation, and transmits the final recommendations of both the Review Committee and the Executive Officer. The recommendation is to proceed with the procurement of a resource recovery system that will include both a mass composting and mass incineration operation.

The mass composting facility is to function as a transfer station, and be capable of processing 160,000 TPY of waste. The facility is to be located on N.E. Columbia Boulevard in Portland.

It is recommended that Metro staff proceed with preliminary negotiations, called Memorandum of Understanding negotiations, with Riedel Environmental Technologies (RET). At the conclusion of these negotiations, staff will report the results to the Council, as well as a recommendation as to whether to proceed into final contract negotiations for a long-term service contract with RET.

The mass incineration facility is to process 350,000 TPY of waste and to be located in St. Helens, Oregon. Simultaneous preliminary negotiations are recommended with Schnitzer/Ogden and Fluor/SEI. At the conclusion of the negotiations, staff will report the results to the Council with a recommendation as to whether to proceed into final contract negotiations for a long-term service contract, and with which of the two firms.

A Resolution is before you to authorize the initiation of these preliminary negotiations.

EXECUTIVE OFFICER RECOMMENDATION

The Executive Officer recommends the Council adopt Resolution No. 87-780.

BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF AUTHORIZING ENTRY)	RESOLUTION NO. 87-780
INTO MEMORANDUM OF UNDERSTANDING)	
NEGOTIATIONS WITH SYSTEMS CONTRACTORS)	Introduced by the
OF MASS COMPOSTING AND MASS INCINERATION)		Executive Officer
SYSTEMS)	

WHEREAS, Metro has evaluated five proposals received January 30, 1987, as a result of issuing two Request for Proposals for mass composting, mass incineration and refuse-derived fuel technology systems in November 1986; and

WHEREAS, this Council has committed, through Ordinance No. 86-201, to negotiate with selected firm(s) for the procurement of a resource recovery system if Council adopted criteria are met; and

WHEREAS, the evaluation criteria have been met, as evidenced in the attached Resource Recovery Project FINAL EVALUATION REPORT; and

WHEREAS, Riedel/DANO, Schnitzer/Ogden, and Fluor/SEI have been recommended by the Resource Recovery Review Committee and the Executive Officer for further consideration; now, therefore,

BE IT RESOLVED,

1. That Metro will proceed to negotiate a Memorandum of Understanding with Riedel/DANO for a mass composting facility capable of processing 160,000 TPY of solid waste, and also capable of functioning as a transfer station, to be located at N.E. Columbia Boulevard in Portland, Oregon;

2. That Metro will proceed to negotiate a Memorandum of Understanding with Schnitzer/Ogden, as well as with Fluor/SEI for a mass incineration facility capable of processing 350,000 TPY of solid waste to be located in St. Helens, Oregon; and

3. That simultaneous negotiations with Schnitzer/Ogden and Fluor/SEI are intended to yield only one fully executed Memorandum of Understanding between the two.

ADOPTED by the Council of the Metropolitan Service District this _____ day of _____, 1987.

Richard Waker, Presiding Officer



METRO

2000 S.W. First Avenue
Portland, OR 97201-5398
503/221-1646

Memorandum

Date: July 1, 1987

To: Metro Councilors
Executive Officer
Interested Staff

From: Marie Nelson, Clerk of the Council *AMN*

Regarding: COUNCIL ACTIONS OF JUNE 30, 1987

Agenda Item

* Resolution No. 87-780,
Authorizing Entry into
Memorandum of Understanding
Negotiations with Contractor
of Mass Composting and
Limited Negotiations with
Contractors of Mass Inciner-
ation and Refuse Derived
Fuel

* NOTE: The title of the
Resolution was changed to
reflect amendments
adopted by the Council.

Actions Taken

Adopted as amended (Knowles/Hansen;
11/0 vote)

Motion carried to amend the
Resolution by adding Combustion
Engineering's RDF proposal to the
list of firms with which staff
could negotiate. (Knowles/
Kirkpatrick; 9/2 vote)

Motion carried to amend the
Resolution by replacing the
second "Be it Resolved" paragraph
with the following language:
That Metro will proceed with
limited negotiations with
Schnitzer/Ogden, Fluor/SEI and
Combustion Engineering and staff
shall report back to the Council
within 60 days with a
recommendation on whether to
proceed with a Memorandum of
Understanding. (Knowles/
Kirkpatrick; 9/2 vote)

Motion carried to amend the
Resolution by replacing the third
"Be in Resolved" paragraph with

(continued)

the following language: "That entering Memorandum of Understanding negotiations indicates Metro's interest in proceeding with procurement of a resource recovery facility or facilities. At the same time, Metro staff is requested to continue to define and refine the projected costs of regional solid waste disposal systems which both exclude and include resource recovery facilities. Staff is also requested to obtain the most reliable information possible on the costs of contracting for Eastern Oregon landfill disposal. The ultimate decision to complete resource recovery procurement will depend on Metro negotiating the lowest cost possible." (Gardner/DeJardin; 11/0 vote)

AMN
7808C/313
07/01/87



METRO

2000 S.W. First Avenue
Portland, OR 97201-5398
503/221-1646

Memorandum

Date: June 30, 1987

To: Jim Gardner, Chair
Solid Waste Subcommittee

From: Dave Luneke *DL*
Acting Manager of Engineering

Regarding: Resource Recovery
Schnitzer/Ogden-Martin Proposal on the St. Helens Site

As stated by Gloria Mills in her testimony Thursday evening, Schnitzer/Ogden-Martin stands by the structure of their business proposal. The proposal business structure allows for unknown site costs such as a need for piling to be pass throughs. The attached letter clarifies this and fixes the price at that proposed for their Rivergate site.

The costs associated with disposal of the Schnitzer high BTU waste, that would supplement the reference waste in St. Helens should be born by Schnitzer in conjunction with the normal disposal transaction prior to bargaining. This would be the subject of negotiation during MOUs.

A more detailed cost analysis should be available at the conclusion of MOU negotiations.

DL:lr

cc: Tor Lyshaug
Judith Mandt
Debbie Allmeyer



June 29, 1987

Metro Council
Metropolitan Service District
2000 S.W. First Avenue
Portland, Oregon 97201-5398

Re: Metro Resource Recovery Project

Dear Council Member:

We would like to thank you again for giving us the opportunity last week to highlight the key aspects of our proposal to Metro for a waste-to-energy facility.

During our presentation, we commented on the availability of sites in Columbia County for the Schnitzer/Ogden Martin project. The attached letter from the Port of St. Helens confirms that they not only have property available but will work with us to locate our project in the Port District. Further, in a meeting with Columbia County Commissioners Sykes, Dillard and Peterson on June 26th, additional properties were identified as being of potential interest to us. The County also reiterated its willingness to work with any vendor selected by Metro.

Last week some Council members expressed concern about the economics of the Schnitzer/Ogden Martin proposal should the project move to Columbia County. During our presentation we said we would maintain the project's economics. This letter will confirm to you that the Schnitzer/Ogden Martin project cost will indeed be the same or lower should the site be moved to Columbia County.

We are confident that our team, if selected by Metro, will be able to implement our project in Columbia County to the complete satisfaction of both Metro and the County and at the lowest overall cost. We are convinced that our implementation experience will accrue to the benefit of Metro and its constituents, and we are prepared to move forward immediately with contract negotiations, permitting and financing.

Should you have any questions about our offer, please do not hesitate to contact us.

Sincerely,

David L. Sokol
President and Chief
Executive Officer
Ogden Martin Systems, Inc.

Dr. Leonard Schnitzer
President
Schnitzer Steel Products Co.

ERIC DAHLOREN, PRESIDENT
RAYMOND E. STEWARD, 1ST VICE-PRESIDENT
DALE HEIMULLER, 2ND VICE-PRESIDENT
ROBERT R. VAOT, SECRETARY
LEONARD FRANK, TREASURER

PETER K. WILLIAMSON
PORT MANAGER

PORT OF ST. HELENS

P. O. BOX 898
ST. HELENS, OREGON 97051

OFFICE LOCATION:
ROOM 318
COLUMBIA COUNTY COURTHOUSE
ST. HELENS, OREGON 97051
PHONE 303 397-2888

June 25, 1987

Fred Rusina
Preston, Ellis & Holman
1230 S. W. 1st Avenue, Suite 300
Portland, Oregon 97204

RE: LOCATING RESOURCE RECOVERY FACILITY
IN THE PORT OF ST. HELENS DISTRICT

Dear Mr. Rusina:

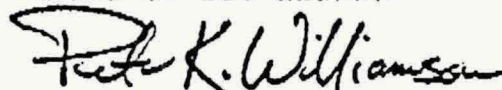
In response to your telephone request of today, this letter is to inform you that the Port of St. Helens will work with your client Ogden-Schnitzer to locate a proposed resource recovery project in the Port District.

As you are aware, the Port has optioned a parcel of property to the Fluor/SEI group for the purpose of locating this project. However, the Port has adjacent property available which may be suitable for your client.

We look forward to meeting with you soon to discuss your proposal.

Sincerely,

PORT OF ST. HELENS



Peter K. Williamson
Port Manager

PKW/rw

WASTECH

June 29, 1987

Councilor Richard Waker
Presiding Officer
Metropolitan Service District
2000 S.W. First
Portland, Oregon 97201

Dear Councilor Waker:

I would like to take this opportunity to comment on the Metro staff's recommendation that negotiations commence with Riedel Environmental Technologies for a Memorandum of Understanding (MOU) to design, construct and operate a composting operation and a regional transfer station.

It is our understanding that the material delivered to the Riedel facility will be a portion of the waste stream allocated to the alternative technology element of Metro's Waste Reduction Plan. This type of material will be suitable for composting and it will not include the commercial and industrial waste we currently receive at Oregon Processing and Recovery Center for processing and recycling. Based on this assumption, we see no conflict between our operation at OPRC and the Riedel Composting facility. In fact they could compliment each other.

We are concerned, however, with the arbitrary designation of the Riedel site as the regional transfer station. In our submittal to Metro's Request for Qualification and Information for a Resource Recovery Project dated May 19, 1986, we offered to process 100,000 tons of commercial and industrial solid waste and to use our site as a regional transfer station since it is properly zoned, has Metro and DEQ permits, has sufficient area, has an established use as a solid waste processing facility since 1972, is ideally located at the intersection of North Columbia Blvd. and I-5 and has compatible neighbors such as a tire recycling operation and a major garbage company's storage yard.

Our proposal was not accepted by Metro staff since the commercial and industrial waste was not part of the waste stream allocated to alternative technology, further Metro staff indicated they would consider a transfer station at a future date and would review our proposal at that time.

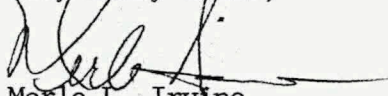
Councilor Richard Waker
June 29, 1987
page 2

The identification of a site for a major regional transfer facility in Multnomah County has long lasting effects. A great deal of time was spent on developing and applying criteria to properly select a site for the Washington Transfer and Recycling Center which recognized surrounding land uses such as residential and schools. I believe that it is important to be consistent in the identification of a new transfer station site, especially when Metro is currently defending their process and criteria in court for the selection of the Washington Transfer and Recycling Center.

It is my recommendation that Metro follows the normal procurement process to select a transfer station to serve Multnomah County area and not just designate a site without consideration of alternatives. The OPRC site is properly zoned, permitted, strategically located and has a fourteen year established use as a solid waste processing facility. This operation is and will continue to be as major a participant in Metro's Solid Waste Plan. Unlike the current list of alternative technology vendors, OPRC was started without public subsidy or flow guarantees and I believe that it has done more than any other to assist Metro in minimizing the filling of the St. Johns Landfill. It is only fair and proper that Metro consider the OPRC site for use as a Metro transfer station. In addition, Metro should exercise care when allocating waste to the proposed Riedel Composting facility that it does not adversely effect existing facilities that incorporate processes higher on the Metro and State priority list.

Thank you for the opportunity to provide comments on Metro's alternative technology project. We are happy to be part of this region's solid waste management program and look forward to building on our good working relationships.

Very Truly Yours,



Merle L. Irvine
Executive Vice President

cc: Metro Council
Rena Cusma
Don Carlson

June 30, 1987

To Metropolitan Service District Councilors

The Tri-County Council has gone on record in support for continued negotiations with the Alternative Technology proposals.

We encourage the Metro Council and staff to study all the proposals and render no decisions until the landfill/disposal sites have been secured.

Sincerely,

Members of the
Tri-County Council

Submitted by:

*Maurice Ernst, Exec. Director
OSSI
1880 Lancaster Drive, NE
Suite 112
Salmon, OR. 97305
(503) 399-7784*



Port of Portland

Box 3529 Portland, Oregon 97208
503/231-5000
TWX: 910-464-5105

June 30, 1987

Richard Waker, Presiding Officer
Metropolitan Service District
200 S.W. First Avenue
Portland, OR 97201

Dear Dick:

The Port of Portland would like to express its support of the recommendations made by the Resource Recovery Review Committee and the Executive Officer regarding Metro's resource recovery project. After a thorough evaluation by the committee, Metro now has the opportunity to pursue both a composting operation in Portland and a mass incineration facility at the Port of St. Helens. This approach gives the region workable options to develop a balanced and comprehensive solid waste management system.

The resource recovery project(s) which are ultimately selected will be an important part of the solid waste system needed by the region. The region's overall solid waste problem remains a critical issue, and as appropriate, the Port is willing to be a productive part of the solution. We support Metro's efforts to develop a functional plan which will site the necessary solid waste facilities in a fair and practical manner.

Sincerely,

Lloyd Anderson
Executive Director

cc: Metro Council Members
Rena Cusma, Executive Officer

04F478

MEMORANDUM

DATE: June 23, 1987

TO: Members of the Metro Council

FROM: Rena Cusma, Executive Officer



REGARDING: Recommendation on best resource recovery system and firms selected for negotiation of Memoranda of Understanding

This document, Metro's Resource Recovery Project Final Evaluation Report, has been prepared to enable decision-making on Metro's Resource Recovery Project. The project was undertaken to procure a resource recovery system composed of one or more mass composting, refuse-derived fuel, and mass incineration facilities. The completion of the evaluation process, leading up to Council authorization to proceed into the first stage of negotiations, marks the conclusion of the "procurement planning" phase of the Resource Recovery Project, and prepares the way to enter the "procurement" phase.

Background

In pursuit of a balanced, technically feasible, economically sound solid waste disposal system, Metro issued requests for proposals in the Fall of 1986 to mass incineration, mass composting, and refuse-derived fuel systems contractors. Proposals were received January 30, 1987. Previously established evaluation criteria were then used to assess the relative merits of each proposal. A Review Committee was appointed by the Executive Officer to make a recommendation as to which firm(s) is top ranked for entry into preliminary negotiations.

The Final Evaluation Report

The Final Evaluation Report presents the evaluation instrument and findings of Metro's Resource Recovery Project Team. The Metro Solid Waste Department staff was assisted by management and technical consultants Gershman, Brickner, and Bratton, Inc., legal advisor McEwen, Gisvold, Rankin and Stewart, bond counsel Stoel, Rives, Boley, Jones and Grey, financial advisor Government Finance Associates, Inc., and investment bankers Salomon Brothers, Shearson Lehman Brothers, and Alex. Brown and Sons, Inc. Three major categories, "Economic Impact", "Technical Feasibility", and "Responsiveness to State Hierarchy" are evaluated in the report.

Economic forecasts, which show tip fee ranges, have been performed for each proposal. Every effort has been made to "normalize" the forecasts, in order to make an "apples to apples" comparison. In addition, sensitivities were done to show the upscale and downscale (different volume size) scenarios, as well as public ownership, 30 year term, and current interest rate (100 basis points less than base case) variations.

The Reuter/Buhler-Miag proposal was eliminated from further consideration after receiving an "Unacceptable" rating in the Economic Impact category. The four remaining proposals were considered extremely competitive by the project team. Based on the evaluation instrument, the Schnitzer/Ogden and Combustion Engineering proposals were top ranked, and the Riedel/DANO and Fluor/SEI proposals a close second.

The Combustion Engineering proposal, though top ranked, is not recommended for further consideration due to the lack of redundancy in their technical proposal, which represents a greater risk to Metro than a two line system would. Additionally, the experience, or "track record" of both the Riley-Takuma and Ogden-Martin technologies exceeds that of the Combustion Engineering refuse derived fuel technology.

A System Cost Analysis is part of the Final Evaluation Report and was performed to determine if the projected resource recovery project system cost is within 20% of the projected landfill only system cost. The results of this analysis indicate that several resource recovery system options meet this important criterion. It is important to note that the analysis averages system costs over a 17 year time period. The life of resource recovery facilities can extend beyond 25 or 30 years. A different analysis plotting and averaging costs over a longer time period would result in projected system costs well within 20% of landfill only system cost.

The Review Committee recommendations are included in the report, and represent many hours of concentrated effort by the six people who volunteered to serve on the Committee. In order to render their decision the committee read reports, listened to four days of proposer interviews, heard public testimony in three public hearings, attended environmental impact forums sponsored by Metro, and studied numerous evaluation documents prepared by staff.

Executive Officer Recommendation

The Executive Officer recommends procurement of a resource recovery system which includes a 160,000 TPY mass composting facility and a 350,000 TPY mass incineration facility. Both technologies are recommended to assure a balanced system; not a composting facility without an incineration facility. Simultaneous negotiations are recommended to yield a Memorandum of Understanding (MOU) with both mass composting and mass incineration proposers.

The Riedel/DANO project is recommended for MOU negotiations. The facility is to be sized to process 160,000 TPY and to function as a regional transfer station, located on their primary site on N.E. Columbia Boulevard, in Portland. MOU negotiations are also recommended with both Fluor/SEI and Schnitzer/Ogden for a 350,000 TPY mass incineration facility to be located in St. Helens, Oregon.

The combination of mass composting and mass incineration is believed to be the most prudent, cost effective means of extending the life of the regional landfill(s), in accord with Metro waste disposal policy, as well as Federal and State law.

The selection process, or "procurement planning" for a resource recovery system began with a symposium on the subject, in August of 1985. It has been a comprehensive, rigorous, and equitable process. The proposals Metro received are of the highest caliber. The recommendation has been difficult to reach due to the competitiveness of the proposals. But the project team, review committee and executive officer concur that this is the best recommendation on how to proceed to procure the best resource recovery system for this metropolitan area.

AMENDMENT TO RESOLUTION NO. 87-780

Proposed by Councilor Gardner

6/30/87

Add the following language to the BE IT RESOLVED section of Resolution 87-780:

4. That entering Memorandum of Understanding negotiations ①
~~does not indicate Metro necessarily will complete~~
~~procurement of a resource recovery facility or facilities.~~
The Metro staff is requested to continue to define and
refine the projected costs of regional solid waste dis-
posal systems which both exclude and include resource
recovery facilities. Staff is also requested to obtain
the most reliable information possible on the costs of
contracting for eastern Oregon landfill disposal. ②

① indicates Metro's interest in proceeding with procurement of a resource recovery facility or facilities.
~~During these negotiations,~~
At the same time,

② The ultimate decision to complete resource recovery procurement will depend on Metro negotiating the lowest cost possible, compared to a ~~landfill-only disposal system.~~