

BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF GRANTING A)	RESOLUTION NO. 86-673
SOLID WASTE PROCESSING FACILITY)	
FRANCHISE TO THE EAST COUNTY)	Introduced by the
RECYCLING COMPANY, AND GRANTING)	Executive Officer
VARIANCES TO THE COLLECTION OF)	
METRO FEES AND THE REGULATION)	
OF DISPOSAL RATES)	

WHEREAS, Section 5.01.030 of the Metropolitan Service District (Metro) Code requires a Metro Franchise for any person to establish, operate, maintain or expand a disposal site, processing facility, transfer station or resource recovery facility within the District; and

WHEREAS, East County Recycling Company has applied for a non-exclusive franchise to operate a processing center at 12409 N. E. San Rafael Street, Portland, Oregon; and

WHEREAS, East County Recycling Company has submitted evidence of compliance with Metro Code Section 5.01.060 requirements for franchise applications and operational plans except in areas relating to rate regulation and collection of User Fees and Regional Transfer Charges as discussed in the August 4, 1986, staff report; and

WHEREAS, East County Recycling Company has applied for variances from Metro Code sections relating to rate regulation and collection of User Fees and Regional Transfer Charges pursuant to Metro Code Section 5.01.110; and

WHEREAS, East County Recycling Company has met the purpose and intent of Metro Code Sections 5.01.180, 5.02.045 and 5.02.050 and has met variance criterion under Metro Code Section 5.01.110 as

set out in its application for the variances and in the August 4, 1986, staff report; and

WHEREAS, The variances are granted subject to annual review by the Executive Officer; now, therefore,

BE IT RESOLVED,

1. That the Council of the Metropolitan Service District authorizes the District to enter into the attached Franchise Agreement with East County Recycling Company within ten (10) days of the adoption of the Resolution.

2. That the requested variances from the Metro Code are granted, but they shall be reviewed by the Executive Officer one year from the date of issuance of the Franchise. If, in the opinion of the Executive Officer, the variances warrant further review they shall be reconsidered by the Council.

ADOPTED by the Council of the Metropolitan Service District this 14th day of August, 1986.


Richard Waker, Presiding Officer

RM/gl
6031C/471-1
07/30/86

STAFF REPORT

Agenda Item No. 9.2

Meeting Date August 14, 1986

CONSIDERATION OF RESOLUTION NO. 86-673 FOR THE
PURPOSE OF GRANTING A SOLID WASTE PROCESSING
FACILITY FRANCHISE TO THE EAST COUNTY RECYCLING
COMPANY AND GRANTING VARIANCES TO THE COLLECTION
OF METRO FEES AND THE REGULATION OF DISPOSAL RATES

Date: August 4, 1986

Presented by: Rich McConaghy

FACTUAL BACKGROUND AND ANALYSIS

The purpose of this staff report is to introduce Resolution No. 86-673 which would grant a solid waste franchise to the East County Recycling Company to operate a waste processing center at 12409 N. E. San Rafael in Portland. A separate packet from the regular Council agenda has been provided to Metro Councilors for this agenda item which contains East County's Franchise Application and a draft franchise agreement. Interested individuals will be provided with this information upon request.

East County Recycling Company, which is owned by Ralph Gilbert and Bill Plew, currently operates a source-separated recycling drop center and yard debris processing facility. On June 25, 1986, the company initiated an application for a non-exclusive franchise to process loads of mixed waste from primarily public customers in order to recover materials. The applicants anticipated that up to 100,000 cubic yards per year (roughly 12,000 tons) of mixed waste can be processed through hand sorting on a tipping floor to recover up to 80 percent of this volume for recycling. A typical load to be received at East County would be a pickup truck filled with material from garage, attic or yard cleanups by individuals. Sorters will assist the public haulers in unloading their wastes, placing some materials directly in recycling bins. Other items will have to be sorted through, broken down or disassembled before they can be recycled. Aluminum and other metals are expected to comprise a little more than half of the volume of recoverable materials. Corrugated and kraft paper are also expected to be recoverable in significant quantities while lesser amounts of newspaper, ledger paper, glass and motor oil will be recovered. The operators have adopted a policy of informally educating customers about recycling so that their future loads will increasingly be source-separated and greater amounts of materials will be diverted from landfill disposal.

FRANCHISE

East County Recycling has furnished the necessary franchise application and attachments along with the \$200 application fee, and

provided additional information in a letter dated July 21, 1986, to fulfill the requirements for a complete franchise application. The information provided by the applicant is contained in Exhibit A of the packet for Resolution No. 86-673. Staff has reviewed the information provided and has drafted a franchise agreement, included as Exhibit B of the packet for Resolution No. 86-673, which will be issued to the applicant within 10 days following Council approval of the franchise request, and become effective pending the issuance of permits from the City of Portland and the Department of Environmental Quality.

In its evaluation of the requested franchise, staff considered the qualifications of the applicants, consistency with the goals and objectives of the District's Solid Waste Management Plan, the need for the facility and the ability of the applicant to comply with applicable regulatory requirements. Since an exclusive franchise is not requested, these are the primary considerations for franchise issuance (Metro Code Section 5.01.070). Appropriate operating conditions and restrictions necessary to protect the health, safety and welfare of the District's residents have been incorporated in the draft franchise agreement.

Ralph Gilbert and Bill Plew each own 50 percent of the East County Recycling Company. Mr. Gilbert has been in the materials handling business for over 22 years and has extensive experience in the sand and gravel and ready-mix concrete fields. He also has expertise as a heavy equipment contractor and owns the ten-acre parcel on which East County Recycling is located, having operated it in the past as a materials site and as a fill for inert debris (rocks, soils and concrete). Mr. Plew has been involved in the operation of 11 solid waste facilities in the Portland area and was in the drop box business for 26 years. He has experimented with different recycling operations since 1980. Both individuals are qualified to manage the proposed franchised operation and have developed a working knowledge and interest in waste processing technology and recyclables markets. They are committed to developing a cost-effective business which is also effective in reducing the amount of waste landfilled, and they recognize that their operation will be somewhat experimental in the Portland area and intend that the operational methods be those which seem to work best.

The District's Solid Waste Management Plan and Solid Waste Reduction Plan is supportive of materials recycling through privately operated waste processing and recovery facilities whenever possible. The proposed operation will be a first effort to thoroughly process and recover recyclable materials from the self-hauler. These loads will be diverted from primarily limited-use landfills and the residuals (about 20 percent of the volume) from processing will be disposed of in a limited-use landfill. The net result will be an extension in the expected life of the limited-use landfill capacity which could ultimately benefit the extension of the St. Johns Landfill. If East County attains the full volume and recovery which it expects, the Killingsworth

landfill may gain an additional two months of operating time over the next two years (East County may remove 10,000 tons of recyclables from the current 145,000 tons per year flowing to Killingsworth). At the expected volumes, the operation will impact the amount of public trips to the Killingsworth landfill but should not greatly affect the total flow of wastes to the site (which have been on the increase due to Metro actions to keep wastes out of St. Johns). The proposed operation may have a minor affect in reducing waste volumes at CTRC and St. Johns. A negligible impact on the volume of waste available for alternative technology would occur. Some drop box or commercial loads are expected to be processed at the site, and this might have some impact on volumes delivered to the Oregon Processing and Recovery Center's high-grade corrugated and mixed waste paper processing operation. However, there should not be a very great impact since the facilities are eight miles apart and will serve distinct geographic areas and types of loads. East County will accept drop boxes with yard debris and other types of wastes besides just the high-grade corrugate and waste paper loads which are accepted at OPRC.

The proposed franchise operation could be beneficial in accomplishing the objectives and purposes indicated above, however, it is not essential in that other disposal options are available. If the franchisee were to not do the operation, Metro would not be likely to operate the facility itself and this assumption has been used in establishing the amount of the required surety bond. The District has identified a need to preserve landfill space, reduce the amount of waste going to land disposal and increase the amount of materials recycled. The proposed operation is one possible means of fulfilling these needs. East County will allow for an evaluation of the feasibility of this type of facility and will have a role in informing the public of the need and means for recycling, both needed elements.

The operators have an understanding of the regulatory environment and have been very responsive in working with staff to assure that their operation fully complies with all requirements. Specific permits or approvals are required from the Department of Environmental Quality and from the City of Portland, and East County is in the process of obtaining these. DEQ must issue a solid waste disposal permit, and it is likely that this can be issued once Metro approval is provided. The City of Portland must issue a conditional use permit to authorize a recycling center in an area zoned for multiple family dwelling (but with a community service overlay) by Multnomah County (the area was recently annexed). A City hearing on the requested permit will probably occur in September and Metro's franchise will not become effective until both the City and the DEQ have issued their approvals.

VARIANCES

Along with the franchise application, East County Recycling has requested that variances be given from rate-setting and the collection of Metro User Fees and Regional Transfer Charges (Metro

Code Sections 5.01.180, 5.02.045 and 5.02.050). A variance may be granted under Metro Code Section 5.01.110 (Variances) when it is requested in writing and facts are presented to show why it should be granted. The Council may grant a variance to a section of the Metro Code if it "...finds that the purpose and intent of the particular requirement can be achieved without strict compliance and that strict compliance:

"(1) is inappropriate because of conditions beyond the control of person(s) requesting the variance; or

"(2) will be rendered extremely burdensome or highly impractical due to special physical conditions or causes; or

"(3) would result in substantial curtailment or closing down of a business, plant, or operation which furthers the objectives of the District."

Conditions may be placed on variances so that the public health, safety and welfare is protected.

Attachments "F" and "L" of the applicant's submittal (Exhibit A of the packet for Resolution No. 86-673) provide the rationale for requesting the variances. The request for a variance from rate-setting indicates that rate-setting is inappropriate (criteria 1) because prices in recycling markets may fluctuate and proprietary information would have to be disclosed. Also rate-setting is extremely burdensome (criteria 2) because prices for recyclable materials may fluctuate greatly and may be difficult to predict so that a substantial portion of the total revenue may be subject to frequent changes that would require rate adjustments several times each year. Having to set rates might also effect the viability of the business. East County believes that the Code's intent in requiring rate-setting can be met because the franchise will be non-exclusive, there are other disposal facilities available, rates will need to be kept low enough by the operator to attract desired waste volumes and because the facility will be better able to provide rate incentives to those with higher percentages or quality of recyclables. The Rate Review Committee has considered the request for a variance from rate-setting and recommends that the variance be granted for a year so that information can be obtained on whether rate-setting should be considered in the future. The Committee's full recommendation is provided at the close of this staff report.

The applicant has also provided rationale showing that the collection of Metro User Fees and Regional Transfer Charges at the facility would be inappropriate and burdensome because these fees are not collected on other recycled materials, they are assessed on non-recyclable residuals from the processing operation, accounting for them would increase the cost of operation and because their

imposition would increase the total rates to be collected and may make it difficult to attract waste. It has been established through the granting of similar variances from Metro fee collection at the OPRC, Marine Drop Box and Sunflower Recycling franchises that the Code did not intend to assess these fees on materials which are recycled. In the Solid Waste Reduction Plan, Metro has committed to amending the Code or issuing a single variance which would grant an exemption to all waste processing franchises from having to collect User Fees and Regional Transfer Charges on the wastes which they receive.

The criteria which allow for variances have been satisfied and conditions have been included in the franchise agreement which would allow for a review of the variance from rate-setting during the upcoming year. This is consistent with the Rate Review Committee recommendation. Adoption of Resolution No. 86-673 will authorize Metro to enter into the franchise agreement (Exhibit B of the packet for Resolution No. 86-673) with East County Recycling and will approve the indicated variances along with the conditions written into the franchise agreement.

RATE REVIEW COMMITTEE RECOMMENDATION

The Rate Review Committee has reviewed the information provided by East County Recycling and has given particular attention to the rationale provided in requesting a variance from rate regulation. The Committee recommends that the granting of a one year variance from rate regulation is an appropriate action to be taken with issuance of the franchise if certain conditions are met:

- After the franchisee has operated for six months, information will be provided to staff and the Committee which allows for a review and recommendation on whether the variance should be continued or whether rates should be regulated by Metro at the end of the year.
- The franchisee will maintain information and make quarterly reports to Metro on costs, revenues, rates, waste flows and other operating information which will assist in the future review of rates and the financial performance of the operation.
- In order to assure stability in the market place, rate changes will not occur more frequently than once per quarter and Metro should be informed of rate adjustments before they occur. It is recommended that, if they are necessary, rate adjustments be made October 1, January 1, April 1 and July 1.
- The rate schedule provided as Attachment "E" in the applicants request is reasonable and it is appropriate that these rates be applied at least until October 1, 1986.
- Posted rates at the facility shall be collected from all customers within a given class in a consistent and non-discriminatory manner.

The Committee believes that since the facility is to be somewhat novel and experimental in its operation, some time is needed before rate setting is considered or implemented to allow for flexibility during start-up. In undertaking the operation, which accomplishes Metro's waste reduction objectives, the applicant is taking certain risks which can be reduced by the ability to increase or decrease rates in response to disposal and recyclables markets. Since the franchise will be non-exclusive and disposers have the opportunity to use other options, there is sufficient pressure on the applicants to not set rates which are too high. Sufficient information should be obtained during the first six months of operation to allow the Committee to better evaluate the need for rate regulation at the site.

EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer recommends adoption of Resolution No. 86-673.

RM/gl
6031C/471-2
08/04/86

Franchise No. 6
Date Issued August 14, 1986
Expiration Date August 14, 1991

SOLID WASTE FRANCHISE
issued by the
METROPOLITAN SERVICE DISTRICT
2000 S. W. First Avenue
Portland, Oregon 97201-5398
(503) 221-1646

ISSUED TO: East County Recycling Company

NAME OF FACILITY: East County Recycling Company

ADDRESS: 12409 N. E. San Rafael Street, Portland, Oregon 97220

LEGAL DESCRIPTION: Lot 30, Hazelwood Addition

CITY, STATE, ZIP: Portland, Oregon 97220

NAME OF OPERATOR: East County Recycling Company

PERSON IN CHARGE: Ralph Gilbert, President

ADDRESS: P. O. Box 20096

CITY, STATE, ZIP: Portland, Oregon 97220

TELEPHONE NUMBER: (503) 252-0076

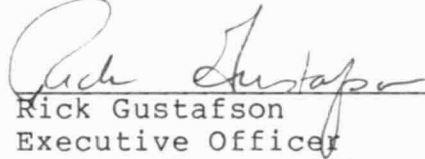
This Franchise Agreement shall not become effective until the City of Portland issues a Conditional Use Permit which is necessary for the intended use of the site, and until the Oregon Department of Environmental Quality issues a Solid Waste Disposal Permit which is necessary for the intended operation.

This Franchise will automatically terminate on the expiration date shown above, or upon modification or revocation, whichever occurs first. Until this Franchise terminates the East County Recycling Company is authorized to operate and maintain a solid waste processing facility located at 12409 N. E. San Rafael Street, Portland, Oregon 97220, for the purpose of accepting and processing solid waste in accordance with the Metro Code and the attached Schedules A, B, C, D and E, and in accordance with the provisions specified in the Solid Waste Disposal Site Permit to be issued by the State of Oregon, Department of Environmental Quality. This Franchise may be revoked at any time for any violation of the conditions of this Franchise or the Metro Code. This Franchise does

not relieve the Franchise Holder from responsibility for compliance with ORS Chapter 459 or other applicable federal, state or local laws, rules, regulations or standards.



Ralph Gilbert
President
East County Recycling Company



Rick Gustafson
Executive Officer
Metropolitan Service District

RM/gl
6034C/470-3

FRANCHISE CONDITIONS

Franchise Number: 6

Expiration Date: August 14, 1991

SCHEDULE A

AUTHORIZED AND PROHIBITED ACTIVITIES

- SA-1 The Franchise Holder is authorized to accept loads of mixed or source-separated non-putrescible solid waste for processing in order to recover recyclable materials. The franchisee is allowed to accept clean inert debris for land disposal as currently authorized. No other wastes shall be accepted unless specifically authorized in writing by Metro supplementary to this Franchise.
- SA-2 The following types of materials are specifically prohibited from being accepted at the processing facility:
- a. Putrescible food wastes;
 - b. Bulky combustible materials except processible stumps, car bodies, dead animals, sewage sludges, septic tank pumpings and hospital wastes.
 - c. All chemicals, liquids, explosives, infectious materials and other materials which may be hazardous or difficult to manage, unless specifically authorized by Metro.
- SA-3 Disposal of mixed non-food wastes by public haulers and by commercial solid waste haulers is allowed. No public or commercial hauler will be excluded from this site except when the load contains less than 30 percent, by weight, recyclables.
- SA-4 Salvaging and hand or mechanical sorting of mixed waste on a tipping floor to recover materials is authorized. Piles of mixed waste on the tipping floor shall be maintained to a reasonable size and shall be controlled so as to not create unsightly conditions or vector harborage. No wastes shall be allowed to remain on the tipping floor for longer than a 24-hour period.
- SA-5 Non-recoverable material shall be removed from the processing tip floor and shall be transported to a franchised or authorized disposal site on a weekly basis or more often if necessary. Storage and transportation shall be carried out to avoid vector production and bird attraction.
- SA-6 Materials separated and recovered for recycling (such as newsprint, waste paper, cardboard, glass, metals, yard debris, tires, appliances, and wood) shall be neatly stored in containers or areas provided for this purpose and shall be

transported off-site to materials markets as often as necessary.

- SA-7 In the operation of an approved landfill for inert debris, the Franchisee is prohibited from the burial of any materials other than: clean uncontaminated earth, rock, sand, soil and stone, hardened concrete, hardened asphaltic concrete, brick and other similar materials which are inert. The Franchisee shall assure that no woody waste, yard debris, food wastes, paper products, glass, metals or other material accepted as mixed solid waste become incorporated into the material used for landfilling.
- SA-8 Yard debris to be processed and the resulting product shall be stored in a sightly manner which minimizes leaching, vector production or harborage and the potential for incorporation into inert debris being landfilled. No yard debris shall remain on site for longer than thirty (30) days before being processed. No product created from the processing of yard debris shall remain on site for longer than ninety (90) days unless an adequate storage facility is provided.
- SA-9 The Franchise Holder shall perform litter patrols to keep the facility free of blowing paper and other material on at least a daily basis or more often if necessary.
- SA-10 The Franchise Holder shall operate the processing facility in accordance with the Application and Operation Plan dated June 26, 1986, and the supplemental data in the letter from Ralph Gilbert and William Plew to Rich McConaghy dated July 21, 1986. It is understood that the waste processing which the Franchisee will perform is being done on an experimental basis and that modifications to the operation plan may be required. The Franchisee shall provide notification and obtain prior approval before deviating from the operation which is outlined in the aforementioned application and letter or before constructing any additional facilities or structures on the site.
- SA-11 The Franchise Holder shall not, by act or omission, discriminate against, treat unequally or prefer any user of the processing facility in the fees or the operation of the facility. The Franchisee may accept no more than 100,000 cubic yards of mixed waste per year nor more than 500 cubic yards of mixed waste per day, on a monthly average, without amendment to this Franchise Agreement.
- SA-12 All solid waste transferring vehicles and devices using public roads shall be constructed, maintained, and operated so as to prevent leaking, sifting, spilling, or blowing of solid waste while in transit.

FRANCHISE CONDITIONS

Franchise Number: 6

Expiration Date: August 14, 1991

SCHEDULE B

MINIMUM MONITORING AND REPORTING REQUIREMENTS

SB-1 The Franchise Holder or his/her Contractor shall effectively monitor the processing facility operation and maintain records of the following required data to be submitted to Metro:

- a. Name and address of the Franchisee
- b. Month and year of each report

<u>Item or Parameter</u>	<u>Minimum Monitoring Frequency</u>
c. Tons or cubic yards of solid waste delivered by private vehicles and by commercial collection vehicles	Daily
d. Number of public and commercial collection vehicles	Daily
e. Unusual occurrences affecting processing facility operation	Each Occurrence
f. Tons or cubic yards of reject material disposed at an authorized disposal site	Monthly
g. Disposal rate charged for mixed solid waste	Daily
h. Tons or cubic yards of waste salvaged by type of material	Monthly
i. Signature and title of the Franchisee or its agent	

SB-2 Monitoring results shall be reported on approved forms. The reporting period is the calendar month. Reports must be submitted to Metro by the 20th day of the month following the end of each month.

SB-3 The Franchise Holder shall pay an annual franchise fee established by the Council within 30 days of the effective date of the Franchise Agreement and each year thereafter.

- SB-4 The Franchise Holder shall report to the District any changes in excess of five (5%) percent of ownership of the Franchisee's corporation or similar entity, or of the partners of a partnership within ten (10) days of such changes of ownership.
- SB-5 The Franchisee may contract with another person to operate the disposal facility only upon ninety (90) days prior written notice to the District and the written approval of the Executive Officer. If approved, the Franchisee shall remain responsible for compliance with this Franchise Agreement.
- SB-6 The Franchisee shall establish and follow procedures designed to give reasonable notice prior to refusing service to any person. Copies of notification and procedures for such action will be retained on file for three (3) years by each Franchisee for possible review by the District.
- SB-7 The Franchisee shall maintain during the term of the franchise public liability insurance in the amounts set forth in SC-1 and shall give thirty (30) days written notice to the District of any lapse or proposed cancellation of insurance coverage or performance bond.
- SB-8 The Franchisee shall file an Annual Operating Report detailing the operation as outlined in this Franchise on or before August 14 (anniversary date of Franchise) of each year for the preceeding year.
- SB-9 The Franchise Holder shall submit a duplicate copy to the District of any information submitted to, or required by the Department of Environmental Quality pertaining to the solid waste permit for this facility.
- SB-10 The Franchise Holder shall report to Metro the names of solid waste credit customers which are sixty (60) days or more past due in paying their disposal fees at the processing facility. Such report shall be submitted in writing each month on Metro approved forms. For the purposes of this section sixty (60) days past due means disposal charges due, but not paid on the first day of the second month following billing.
- SB-11 In the event a breakdown of equipment, fire or other occurrence causes a violation of any conditions of this Franchise Agreement or of the Metro Code, the Franchise Holder shall:
- a. Immediately take action to correct the unauthorized condition or operation.
 - b. Immediately notify Metro so that an investigation can be made to evaluate the impact and the corrective actions taken and determine additional action that must be taken.

- SB-12 In the event that the processing facility is to be closed permanently or for an indefinite period of time during the effective period of this Franchise, the Franchise Holder shall provide Metro with written notice, at least ninety (90) days prior to closure, of the proposed time schedule and closure procedures.
- SB-13 The Franchisee shall file a monthly report on forms approved by the District indicating the types (wood, paper, cardboard, metal, glass, etc.) and quantities (tonnage/cubic yards) of solid wastes accepted and recovered at the facility.
- SB-14 Authorized representatives of Metro shall be permitted to inspect recyclable quantity information during normal working hours or at other reasonable times with notice.

FRANCHISE CONDITIONS

Franchise Number: 6

Expiration Date: August 14, 1991

SCHEDULE C

GENERAL CONDITIONS AND COMPLIANCE SCHEDULES

- SC-1 The Franchise Holder shall furnish Metro with proof of public liability insurance, including automotive coverage, in the amounts of not less than \$300,000 for any number of claims arising out of a single accident or occurrence, \$50,000 to any claimant for any number of claims for damage to or destruction of property, and \$100,000 to any claimant for all other claims arising out of a single accident or occurrence, or such other amounts as may be required by State law for public contracts. The District shall be named as an additional insured in this insurance policy.
- SC-2 The Franchise Holder shall obtain a corporate surety bond in the amount of \$25,000 guaranteeing full and faithful performance during the term of this Franchise of the duties and obligations of the Franchisee under the Solid Waste Code, applicable federal, state and local laws, rules and regulations. In lieu of this surety bond, the Franchisee may elect to issue a lien on the franchise site property, which he owns, provided that the lien is in a form satisfactory to Metro and evidence is provided that the value of the land exceeds \$25,000.
- SC-3 The term processing facility is used in this Franchise as defined in Section 5.01.010(n) of the Metro Code.
- SC-4 The conditions of this Franchise shall be binding upon, and the Franchise Holder shall be responsible for all acts and omissions of, all contractors and agents of the Franchise Holder.
- SC-5 The processing facility operation shall be in strict compliance with the Metro Code regarding storage, collection, transportation, recycling and disposal of solid waste.
- SC-6 The Franchise Holder shall provide an adequate operating staff which is duly qualified to carry out the reporting functions required to ensure compliance with the conditions of this Franchise Agreement.
- SC-7 Metro may reasonably regulate the hours of site operation as it finds necessary to ensure compliance with this Franchise Agreement.

- SC-8 At least one sign shall be erected at the entrance to the processing facility. This sign shall be easily visible, legible, and shall contain at least the following:
- a. Name of facility;
 - b. Emergency phone number;
 - c. Operational hours during which material will be received;
 - d. Disposal rates;
 - e. Metro information phone number; and
 - f. Acceptable materials.
- SC-9 If the Executive Officer finds that there is a serious danger to the public health or safety as a result of the actions or inactions of a Franchisee, he/she may take whatever steps are necessary to abate the danger without notice to the Franchisee.
- SC-10 Authorized representatives of Metro shall be permitted access to the premises of the processing facility owned or operated by the Franchise Holder 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 notice;
 - c. at any time without notice where, at the discretion of the Metro Solid Waste Division Director, such notice would defeat the purpose of the entry.
- SC-11 This Franchise Agreement is subject to suspension, modification, revocation or nonrenewal upon finding that a Franchisee has:
- a. Violated the Disposal Franchise Ordinance, the Franchise Agreement, the Metro Code, ORS Chapter 459 or the rules promulgated thereunder or any other applicable law or regulation; or
 - b. Misrepresented material facts or information in the Franchise Application, Annual Operating Report, or other information required to be submitted to the District;
 - c. Refused to provide adequate service at the franchised site, facility or station, after written notification and reasonable opportunity to do so.

d. That there has been a significant change in the quantity or character of solid waste received or the method of solid waste processing.

SC-12 This Franchise Agreement, or a photocopy thereof, shall be displayed where it can be readily referred to by operating personnel.

SC-13 The granting of a Franchise shall not vest any right or privilege in the Franchisee to receive specific types or quantities of solid waste during the term of the Franchise.

a. To ensure a sufficient flow of solid waste to the District's resource recovery facilities, the Executive Officer may, at any time during the term of the Franchise, without hearing, direct solid wastes away from the Franchisee. In such case, the District shall make every reasonable effort to provide notice of such direction to affected haulers of solid waste.

b. To carry out any other purpose of the Metro Disposal Franchise Ordinance, the Executive Officer may, upon sixty (60) days prior written notice, direct solid wastes away from the Franchisee or limit the type of solid wastes which the Franchisee may receive.

Any Franchisee receiving said notice shall have the right to a contested case hearing pursuant to Code Chapter 2.05. A request for a hearing shall not stay action by the Executive Officer. Prior notice shall not be required if the Executive Officer finds that there is an immediate and serious danger to the public or that a health hazard or public nuisance would be created by a delay.

SC-14 All notices required to be given to the Franchisee under this Franchise Agreement shall be given to Ralph Gilbert, East County Recycling Company, P. O. Box 20096, Portland, OR 97220. All notices and correspondence required to be given to Metro under this Agreement shall be given to the Solid Waste Director, Solid Waste Department, Metropolitan Service District, 2000 S. W. First Avenue, Portland, OR 97201-5398..

FRANCHISE CONDITIONS

Franchise Number: 6

Expiration Date: August 14, 1991

SCHEDULE D

WASTE REDUCTION PLAN

SD-1 To fulfill the requirements for a Waste Reduction Plan as stated in Section 5.01.120(k) of the Metro Code and the guidelines adopted through Metro Resolution No. 81-272, the Franchisee shall provide the services described in Attachment K and shall perform other operational functions as described in the Franchise Application dated June 26, 1986. The Franchisee shall participate in an annual review with Metro of the facilities' performance in accomplishing waste reduction goals and shall complete annual objectives for waste reduction which may be mutually identified through the process.

FRANCHISE CONDITIONS

Franchise Number: 6

Expiration Date: August 14, 1991

SCHEDULE E

DISPOSAL RATES

- SE-1 In accordance with the variance granted by the Metro Council, the rates charged at this facility will be exempt from Metro rate-setting, Metro User Fee payments and Metro Regional Transfer Charge payments, except that the Executive Officer and the Rate Review Committee shall review the variance from rate-setting prior to August 14, 1987, and make a recommendation to the Council on the appropriateness of continuing the variance or the need to establish disposal rates for the facility.
- SE-2 Until Metro establishes rates which are to be charged at the facility, the Franchisee shall adhere to the following conditions in the disposal rates which are charged at East County Recycling Company:
- a. Between the effective date of this franchise and October 1, 1986, the rate schedule included as Attachment "E" of the June 26, 1986, franchise application is to be in effect.
 - b. The Franchisee may modify rates to be charged and rate schedules on a quarterly basis. Rates may be adjusted on October 1, January 1, April 1 and July 1. Rates will not change more frequently than on these dates. Metro shall be notified ten (10) days prior to any proposed rate changes.
 - c. Rates to be charged at the facility shall be posted on a sign near where fees are collected. All customers within a given disposal class shall receive equal, consistent and non-discriminatory treatment in the collection of fees.
 - d. The Franchisee shall maintain complete records of all costs, revenues, rates, waste flows and other information on the franchised operation which would be helpful to the Metro staff and Rate Review Committee for reviews of the operation's financial performance and for possible future rate-setting. These records shall be made available on request and summary reports shall be provided to Metro on a quarterly basis (4th quarter reports are due February 1, 1st quarter reports are due May 1, and so on).

- e. After the first two quarterly reports are provided, Metro staff and the Rate Review Committee will develop a recommendation on the appropriateness of further rate regulation under this Franchise Agreement.

RM/gl
6034C/470-3
08/15/86

SUPPLEMENTAL MATERIALS

RESOLUTION NO. 86-673

AGENDA ITEM NO. 9.2, COUNCIL MEETING OF 8/14/86

EXHIBITS A AND B

RE: EAST COUNTY RECYCLING CO.

EXHIBIT A
EAST COUNTY RECYCLING



P.O. BOX 20096 • PORTLAND, OR 97220

RECEIVED JUL 25 1986

July 21, 1986

Mr. Rich McConaghy
Analyst
Solid Waste Department
METRO
2000 S.W. First Avenue
Portland, Oregon 97201-5398

Dear Rich:

In reply to your letter of July 8, 1986 concerning the East County Recycling center's application for a METRO franchise, please consider the following information:

1. SUMMARY OF REQUEST

East County Recycling, Inc., located at NE 122nd Avenue and San Rafael Street, is requesting a METRO franchise for a processing center. This processing center is experimental with a goal of recovering up to 80% or more of mixed non-food loads as recyclables. Quality control is to be achieved by hand sorting materials to insure high quality recyclables. The operation involves the widest possible range of mixed non-food loads including traditional recyclables as well as yard debris, tires, appliances, dirt, concrete and other non-putrescible, non-hazardous wastes. Approximately 900 loads of mixed waste are expected weekly and, consistent with METRO Waste Reduction Plan goals, is expected to significantly reduce the impact upon landfills. The application also requests variances from having to collect METRO user and transfer charges. The site already has a permit for accepting inert materials and this is not a part of the subject METRO franchise application.

2. STATEMENT OF CLARIFICATION OF WASTES TO BE ACCEPTED

East County Recycling, an experimental waste recycling center, intends to accept and process mixed non-food wastes. This includes but is not limited to: newsprint, cardboard, glass, ferrous and non-ferrous metals, yard debris, tires, appliances, wood, concrete and other non-putrescible materials with salvage or recycling value. These materials will be accepted either mixed or source separated. The operation will have complete separation control and management through the full-time use of spotters and other trained East County Recycling personnel who will hand separate when necessary. Some mixed loads may have a large percentage of inert materials, for which East County Recycling already has a permit which was issued in 1979 by Multnomah County, and is not part of the METRO franchise application.



P.O. BOX 20096 • PORTLAND, OR 97220

Mr. Rich McConaghy
July 21, 1986
Page 2

East County Recycling will not accept or process hazardous wastes, sewage or industrial sludges, putrescibles, junk automobiles, food wastes or non-processible stumps (see Attachment "A" and item #15). These are the restrictions referred to on Page 4 of Attachment "B".

3. PERCENTAGES OF RECYCLED MATERIALS

The percent of recycled materials expressed as a percent of the total wastes (excluding inert materials not part of this franchise application) are as follows:

Glass	Less than 1%
Newspaper	4%
Corrugated/Kraft	29%
Aluminum and other metals	44%
Ledger	2%
Motor Oil	Less Than 1%

Total Recycled 80%*

Total non-recyclables to be hauled to METRO approved landfill 20%

*All calculated from existing records by cubic yards except for glass for which records are kept by weight.

It should be noted that the franchise request and East County Recycling's goal is to process 100,000 cubic yards annually. It is estimated that 80% of these wastes will be recycled or salvaged and 20% will be sent to an approved landfill. All figures do not include inert materials, not a part of this application.

4. SORTING AND STORAGE OF WASTES

Wastes will be sorted primarily by hand, although a loader and Cat are available for heavy work. Non-recyclable materials will be stored on-site on the concrete slab or drop boxes and removed daily.



P.O. BOX 20096 • PORTLAND, OR 97220

Mr. Rich McConaghy
July 21, 1986
Page 3

5. CITY OF PORTLAND CONDITIONAL USE PERMIT

We have been working with Mr. Doug Warren, Chief Planner, City of Portland. The City has not currently stated when the permit processing will be completed.

6. SURETY BOND

A letter indicating the commitment to provide a Surety Bond is enclosed.

7. OWNERSHIP

Mr. Ralph Gilbert and Mr. Bill Plew each own 50% of East County Recycling, Inc.

8. RATES

Rates listed are those to be charged for all loads, mixed and source separated. With time, source separated loads may be charged less. At the present time as the processing of loads is still experimental, these rates are proposed.

9. RATE VARIANCE, RATE SETTING

As submitted, East County Recycling has requested a variance from rates set by METRO. If this can not be granted and rates are to be set for East County Recycling by METRO, then East County Recycling requests that its rates be set in a way which can change with economic conditions. A rate indexed to non-recycling alternative waste disposal sites would insure competitive rates which change with conditions and do not penalize recycling efforts. East County Recycling therefore requests that METRO consider a rate variance, but if this is not possible, a rate should be no more than 125% of transfer station rates as set by METRO.

I hope this information is helpful in clarifying our request.

Sincerely,

Ralph Gilbert
President
East County Recycling

William Plew
Vice President
East County Recycling

DATE RECEIVED BY METRO
RECEIVED JUN 30 1986

MAIL THIS APPLICATION TO:

METROPOLITAN SERVICE DISTRICT
Attn: Solid Waste Department
~~327 S.W. Wall Street 2000 S.W. First~~
Portland, Oregon 97201
221-1646

SOLID WASTE FRANCHISE APPLICATION

Check one or more:

- TRANSFER STATION
 PROCESSING CENTER
 RESOURCE RECOVERY FACILITY

DATE OF APPLICATION June 26, 1986

1. NAME OF FACILITY East County Recycling Company
Facility Address 12409 N.E. San Rafael Street
P. O. Box 20096 Portland, Oregon 97220

2. PROSPECTIVE FRANCHISEE - Public Agency Private X
Name East County Recycling Company
Address P. O. Box 20096
Portland, Oregon 97220
Phone (503) 253-0867

3. OWNER(S) OF PROPERTY
Name Ralph Gilbert Name Western Pacific Enterprises
Address P. O. Box 20069 Address Lake Oswego, Oregon
Portland, OR 97220
Phone (503) 252-0076 Phone (503) 636-8161

4. SUBCONTRACTORS - Name, address and function of franchisee's site
operation subcontractors, if any NONE

5. SITE DESCRIPTION - Tax Lot(s) Lot 30, Hazelwood Addition
-
- Section 26 Township 1N Range 2E W.M.
6. ZONING - Present Land Use Zone MR-4 with C-S overlay which
Restrictions permits landfill for demolition, inert solids,
land clearing wastes, etc.
-
7. IS A CONDITIONAL USE PERMIT NECESSARY FOR THE PROPOSED FACILITY?
Yes X No
8. PUBLIC HEARING - Date(s) and nature of Public Hearing(s) held or
to be held, if any To be scheduled.
-
9. PERMITS ISSUED OR APPLIED FOR - List name and number of all
permits, (i.e., DEQ Solid Waste Disposal Permit, Conditional Use
Permit, Air Permit, etc.) plus name, address and contact person
at federal, state or local agency responsible for issuing
permit(s).
Permits Applied for Expansion of Community Service Classification
for a recycling center.
Permits Received February 1979, Multnomah County approved a
Community Service Classification for a solid waste landfill
operation. DEQ amended this to inert material only.
10. LICENSE OR FRANCHISE - Is the solid waste facility licensed or
franchised by a city or county? Yes No X.
Identify
-
11. POPULATION DATA - Estimated population to be served by site
250,000+
-
12. ESTIMATED QUANTITY OF SOLID WASTE TO BE ACCEPTED
Annually: 100,000 Cubic Yards Daily: 500 Cubic Yards
Annually: Tons Daily: Tons

13. TYPES OF SOLID WASTE TO BE ACCEPTED* (i.e., food waste or containers, construction/demolition waste, land clearing debris, stumps, sludges, inert rock, etc.)

a. Recyclables	<u>20%</u> of Total	c. Recyclables	<u>80%</u> of Total
b. Wastes**	<u>4%</u> of Total	d. Wastes**	<u>20%</u> of Total
c. Inert	<u>77%</u> of Total		<u> </u> % of Total

14. ESTIMATED ANNUAL QUANTITY OF MATERIAL TO BE RECYCLED FROM SOLID WASTE RECEIVED

Glass	<u>110</u> tons	<u>1</u>	% of total
Newspaper	<u>790 cu. yards</u> tons	<u>5</u>	% of total
Corrugated/Kraft	<u>6340 cu. ydstons</u>	<u>36</u>	% of total
Aluminum	_____ tons	_____	% of total
Other Metals	<u>9,500 cu. yards</u> tons	<u>55</u>	% of total
Ledger	<u>220 yards</u> tons	<u>2</u>	% of total
Motor Oil	<u>5,000</u> gallons	<u>1</u>	% of total
Other	_____	_____	% of total

15. MARK ITEMS WHICH ARE TO BE EXCLUDED

None	_____	All putrescible wastes	
Bulky combustible material (stump, etc.)	<u>•</u>	(i.e., food or food contaminated materials)	<u>X</u>
Waste oil	_____	Dead Animals	<u>X</u>
Junk Automobiles	<u>X</u>	Sewage or Industrial	
Demolition wastes	_____	Sludges	<u>X</u>
Hazardous materials	<u>X</u>	Large appliances	_____
		Tires	_____

Other items to be excluded: _____

* Calculated two ways. Subsections a, b, and c show the percent of all materials processed on site, including inert materials, not a part of franchise proposal. Subsections d and e reflect the percent of wastes to be processed under franchise.

** Wastes to be collected and transported to a Metro approved landfill.

16. PUBLIC/COMMERCIAL OPERATIONS, TRAFFIC VOLUME, OPERATING HOURS
 Will the facility to be open to the public? Yes X No _____ ;
 Commercial solid waste collectors? Yes X No _____

	<u>Public</u>	<u>Commercial</u>
<u>Operating Hours</u>		
Hours per Day	<u>7am - 7pm</u>	<u>7am - 7pm</u>
Days per Week	<u>7</u>	<u>7</u>
Estimated Vehicles per Week	<u>840</u>	<u>30</u>

17. Does the owner or operator of this facility own, operate, maintain, have a proprietary interest in, or is the owner financially associated with or subcontracting the operation of the site to any individual, partnership, or corporation involved in the business of collecting residential, commercial, industrial or demolition refuse within the District?
 Yes _____ No X
18. Will the facility be open to any solid waste collection companies not wholly owned by the franchisee which collect refuse within the District? Yes X No _____
19. Will the facility be open to solid waste collection companies who collect outside the Service District other than the franchisee? Yes X No _____

With reservations - consistent with Metro Franchise Agreement restrictions on loads.

ATTACHMENT SECTION

20. Attach a description of the proposal for processing solid waste (i.e., composting, shredding, milling, pulverizing, hand sorting, other) or recovering solid waste (i.e., burning).

Attachment "A"

21. Attach a statement indicating the need for your proposed facility:

- Explain how the proposed facility will benefit and increase the efficiency of the current regional solid waste disposal system.
- Explain how the proposed facility will further recycling in the District.
- Explain what impact (positive, no effect, negative) the proposed facility will have on other solid waste disposal facilities within the Metro boundaries and why. (Other solid waste facilities include transfer stations, processing centers, energy recovery facilities, and landfills.)

Attachment "B"

22. Attach a letter demonstrating that the applicant can obtain public liability insurance, including automotive coverage, in the amounts of not less than \$300,000 for any number of claims arising out of a single accident or occurrence, \$50,000 to any claimant for any number of claims for damage to or destruction of property, and \$100,000 to any claimant for all other claims arising out of a single accident or occurrence or such other amounts as may be required by State law for public contracts.

Attachment "C"

23. If the applicant is not an individual, submit a list of stockholders holding more than five (5%) percent of a corporation or similar entity, or of the partners of a partnership.

Attachment "D"

24. If rates will be charged, attach a schedule of proposed rates, and fill out the attached financial information forms.
Attachment "E", Attachment "F"
25. Attach a map showing the estimated geographical service area of the proposed facility.
Attachment "G"
26. Attach list of equipment to be used, including:
Make and model number.
Equipment replacement schedule.
Value of equipment and equipment age.
Description of mobile equipment required to operate site.
Attachment "H"
27. Attach a facility layout plan including site boundaries.
Attachment "I"
28. Submit copy of the DEQ permit application and copies of all correspondence, plans, etc., submitted to DEQ in connection with the process of obtaining a DEQ permit to operate the site.
Attachment "J"
29. If the proposed solid waste facility will be open to the public and collection companies other than the franchisee attach a description of the operation and detailed plans and specifications demonstrating compliance with the attached Waste Reduction Guidelines. Include estimated quantities and types of materials to be recycled.
Attachment "K"

FRANCHISE APPLICANT

I hereby certify that the information contained in this application is true and correct to the best of my knowledge. I agree to notify Metro within 10 days of any change in the information submitted as a part of this application. I am enclosing the required \$200.00 non-refundable franchise application fee. (Make check payable to Metro.)

Signature and title of person completing form:

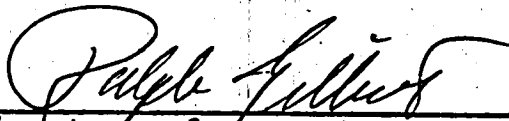
SIGNATURE *William J. P. [Signature]* TITLE Vice President
DATE June 26, 1986 PHONE 253-0867

TA/srb
7258B/322
01/17/83

PROPERTY OWNER AGREEMENT

I have read Section 20(5)(a) and (b) of the Disposal Franchise Ordinance and agree to be bound by the requirements of the Section if the applicant's franchise is revoked or renewal is denied. I consent to the prospective franchisee's proposed use of the property. The nature and terms of the property interest held between myself and the prospective franchisee is (example, lease, lease option, land contract, etc.) Property owner is partner in
franchise.

The duration of the property interest is _____



Signature of property owner
Date 6/28/86

Signature of property owner
Date _____

ATTACHMENT "A"

EAST COUNTY RECYCLING

PROPOSAL FOR

SOLID WASTE PROCESSING CENTER

East County Recycling is proposing an experimental recycling center located in eastern City limits of Portland on the northeast corner of 122nd Avenue and San Rafael (Attachment "I"). The property is currently zoned MR-4 with a Community Service approval which allows solid waste related activities (As the property has recently been annexed to the City of Portland, it currently still has Multnomah County zoning). The property is ten acres in size. In the 1960's and early 1970's, the site was used as a gravel pit and rock crushing and concrete mixing facility. As a result, the majority of the site is between 20 and 40 feet below the grade of adjacent properties and public streets. 122nd Avenue is a principle arterial with access to I-84 east and west and to I-205. San Rafael is a collector arterial and provides east-west accessibility. These factors, in addition to fencing and landscaping, make the site very suitable for processing solid waste.

In addition to the existing operation of receiving source separated ferrous and non-ferrous metal, cardboard, newsprint, tires, yard clippings, top soil, wood, and glass, East County Recycling will accept selected mixed recyclable

materials. Mixed solid waste will be received from commercial and industrial customers as well as the general public. The materials not salvaged will consist of hazardous wastes, sewage or industrial sludge, all putrescible wastes, junk automobiles, grit, and food wastes.

The commercial or industrial mixed materials will be received in commercial vehicles with self-dumping capability and unloading on our tipping floor. Mixed loads from commercial haulers or the general public will be sorted by East County Recycling personnel to select recyclable materials from inert non-recyclable fill materials. This will help insure that no hazardous or putrescible wastes get into the waste stream. All nonrecyclable materials will be temporarily stored in a transfer container and delivered to an approved solid waste disposal site. Staff will encourage the general public to source separate in the future.

ATTACHMENT. "B"

The Goal

One of Metro's highest priorities is to maximize the recovery of materials from solid waste and reduce dependency on landfills. East County Recycling is assisting in the achievement of this goal by receiving source separated metal, corrugated cardboard, newsprint, computer and ledger paper, and glass.

The Problem

Currently, a large amount of recyclable material is lost by landfilling because it is mixed with other types of materials. This mixing occurs because the generator of the waste, for various reasons, elects not to separate at the source or the hauler is not equipped to separate at the time of collection. According to Metro's regulations, once the material is mixed it must be taken to an authorized facility.

East County Recycling's Approach

East County Recycling is seeking to increase the recycling of all non-putrescible, non-hazardous recyclable materials by accepting select loads of mixed waste which are currently landfilled, extracting the recyclable materials and disposing of the remaining materials at an approved landfill. Depending upon markets and availability, a range

Attachment "B" Page 2

of non-hazardous, non-putrescible materials will be recycled. East County Recycling believes that it has the materials handling experience to make this mixed waste recycling and reuse project work. It is anticipated that approximately 100,000 cubic yards per year will be recovered initially and this could be increased two-fold or more in the future.

Impacts

The impacts of this proposal upon waste reduction are substantial and positive. First, the hauler will be able to dump mixed loads at a reasonable cost and on a hard surface. The fact that either the general public or commercial haulers can dispose of a wide range of nonputrescible and non hazardous materials at one location will make recycling more be able to dump convenient and attractive. Particularly with the general public, the type of discardables is not the issue - the issue is where can I take discards conveniently and at low cost? With East County Recycling, all nonhazardous and nonputrescible discards can be unloaded with one trip. The recyclables are sorted and recovered and other wastes disposed in an approved landfill.

Secondly, 100,000 cubic yards or more annually of recyclable materials will not be taking up space in

landfills. The recovery rate that East County Recycling is experiencing is 80 percent or better. If this rate were experienced metropolitan-wide, the sanitary landfill problem would be much more manageable.

Third, air pollution will be reduced through recycling yard clippings rather than burning. The goal of Metro is to reduce the amount of waste. However, with the ban on burning yard debris, the danger of additional waste being deposited in landfills exists. By providing a close, convenient and inexpensive place to dispose of yard debris, East County Recycling contributes to the efforts to reduce air pollution and waste reduction goals.

The East County Recycling effort is, in addition, an experimental effort to continue to expand the concept of recycling or reuse. For instance, scrap wood from various sources is being salvaged to be sold as fuel. Other materials which are nonhazardous and nonputrescible are being evaluated for their reuse or recycling potential. East County Recycling's goal is to find the physical and economic factors of each material to determine the feasibility of recycling. Obviously East County Recycling's goal is to turn a profit, but in doing so it also helps meet important community goals as well.

Nonfranchisee use

Metro's franchise ordinances prohibits discriminatory practices by the franchisee. This prohibition was necessary because of problems experienced by haulers at disposal facilities in the past. East County Recycling will be opened to all haulers but will be restrictive. This discrimination will be against the type of material received and not be against the hauler and will be similar to restrictions contained in previous permits and franchises granted by DEQ and Metro.

Effect Upon Other Facilities

The East County Recycling facility is intended to provide recycling services to Portland's eastside, with special emphasis to servicing the general public. Most of the waste to be processed will be wastes currently not provided or conveniently located in east Portland. Currently all facilities, KFD, Marine Drop Box, St. John's, Forest Grove, Hillsboro, Grabhorn, Newberg, Woodburn, Clackamas, Sandy and Genstar are located on the periphery of the urban area. East County, by virtue of it's unique site, is able to provide recycling and waste processing services with a minimum of impact upon adjacent uses at a more central and convenient location for the general public. The East County Recycling facility will not process the same

range of materials as most other facilities. It is therefore projected that the East County Recycling project will not compete directly with other facilities, but will fill a demand for convenient recycling services unmet until the opening of East County Recycling.

Conclusions

The East County Recycling Company's proposal meets the Findings and Purpose stated in Section 3 of Metro's Disposal Franchise Ordinance 81-111. In addition, the proposal will assist Metro to achieve both its short and long term goals as stated in the adopted Waste Reduction Plan and is consistent with elements 2, 3, 4, 6, and 7 of the adopted Waste Reduction Policy Statement.¹ Further, the proposal is also in keeping with the provisions and intent of SB 405, The Recycling Opportunity Act of 1983.

CORD CERTIFICATE OF INSURANCE

LET TAB STOP AT ARROWS

ISSUE DATE (MM/DD/YY)

6/24/86

PRODUCER

KBI INSURANCE, INC.
P.O. BOX 888
TUALATIN, OR 97062
(503) 692-1520

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

COMPANY LETTER A	SECURITY INSURANCE CO. OF HARTFORD
COMPANY LETTER B	
COMPANY LETTER C	
COMPANY LETTER D	
COMPANY LETTER E	

INSURED

EAST COUNTY RECYCLING CO.
P.O. BOX 20096
PORTLAND, OR 97220

COVERAGES

THIS IS TO CERTIFY THAT POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS, AND CONDITIONS OF SUCH POLICIES.

NO OR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIABILITY LIMITS IN THOUSANDS		
						EACH OCCURRENCE	AGGREGATE
A	GENERAL LIABILITY	SMP886729	5-05-86	5-05-76	BODILY INJURY	\$ 500,	\$ 500,
	<input checked="" type="checkbox"/> COMPREHENSIVE FORM				PROPERTY DAMAGE	\$ 100,	\$ 100,
	<input type="checkbox"/> PREMISES/OPERATIONS				BI & PD COMBINED	\$	\$
	<input type="checkbox"/> UNDERGROUND				PERSONAL INJURY		\$ 500,
	<input type="checkbox"/> EXPLOSION & COLLAPSE HAZARD						
	<input type="checkbox"/> PRODUCTS/COMPLETED OPERATIONS						
	<input type="checkbox"/> CONTRACTUAL						
A	AUTOMOBILE LIABILITY	BA886729	5-05-86	5-05-87	BODILY INJURY (PER PERSON)	\$	
	<input checked="" type="checkbox"/> ANY AUTO				BODILY INJURY (PER ACCIDENT)	\$	
	<input type="checkbox"/> ALL OWNED AUTOS (PRIV. PASS.)				PROPERTY DAMAGE	\$	
	<input checked="" type="checkbox"/> HIRED AUTOS				BI & PD COMBINED	\$ 500,	
	<input checked="" type="checkbox"/> NON-OWNED AUTOS						
	<input type="checkbox"/> GARAGE LIABILITY						
	EXCESS LIABILITY				BI & PD COMBINED	\$	\$
	<input type="checkbox"/> UMBRELLA FORM						
	<input type="checkbox"/> OTHER THAN UMBRELLA FORM						
	WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY				STATUTORY		
					\$	(EACH ACCIDENT)	
					\$	(DISEASE-POLICY LIMIT)	
					\$	(DISEASE-EACH EMPLOYEE)	
	OTHER						

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

CERTIFICATE HOLDER

METROPOLITAN SERVICE DISTRICT
2000 S.W. 1st Avenue
Portland, Or 97201

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Donald H May

DONALD H. MAY

RECEIVED JUL 29 1986



INSURANCE, INC.

(503) 692-1520

July 28, 1986

Mr. William Plew & Mr. Ralph Gilbert:
East County Recycling Co.
P.O. Box 20096
Portland, Oregon 97220

Re: Metro Franchise Bond, \$25,000

Dear Bill & Ralph:

I am in receipt of both your personal financial statements as requested. These statements have been reviewed and we are now awaiting your request for issuance of the \$25,000 bond for the metro franchise regarding East County Recycling Co.

I understand that you are attending a meeting on the 14th of August 1986. Hopefully you have everything from us that you might need to secure your requested franchise. If you should have any questions regarding the bond matter or any other insurance matters, please give me a call. If any further verification is requested by metro regarding your request, I would be more than happy to speak to their representative at their convenience.

Cordially,

A handwritten signature in cursive script that reads 'Donald H. May'.

Donald H. May

DHM/dn



ATTACHMENT "D"

East County Recycling Company, Inc., is a corporation, with officers Ralph Gilbert, President, and William Plew, Vice-President.

Attachment "E"

Current Rates for Eastside Recycling Center

Autos \$5.00

Pickup Trucks	\$ 7.00	minimum	(loads no higher than 18")
	10.00	for	" " " " 26"
	14.00	"	" " " " 34"
	17.50	"	" " " " 42"

Yard Debris and inert materials - \$7.00 minimum pickups and Trailers

Appliances \$2.00

Clean dirt or gravel \$1.00/cubic yard (\$7.00 minimum)

Concrete \$1.00 - 5.00/cubic yard (\$7.00 minimum)

Tires

Without wheels

\$1.75 and up

With wheels

\$2.50 and up

Senior Citizen Discount

Wednesdays 1-3 pm 25%

Attachment "F"

VARIANCE REQUEST

RATE SETTING

Request

East County Recycling requests a variance from Metro Code Section 5.01.180 (Determination of Rates). This will set aside the necessity for Metro to establish a disposal fee to be charged at the recycling facility.

Background

As part of the implementation of its Solid Waste Management Plan, Metro adopted the Disposal Franchise Ordinance in 1981. In the Ordinance's Findings and Purpose Statements (Section 3 [2]) the "...Council declares it to be in the public policy of the District and the purpose of this Ordinance to establish an exclusive franchise system for disposal of solid waste...in order to:

- (a) Provide a coordinated regional disposal program ...to benefit all citizens of the District.
- (c) Ensure that rates are just, fair, reasonable, and adequate to provide necessary public service.
- (h) Reduce the volume of waste that would otherwise be disposed of in a landfill through source reduction, recycling, reuse and resource recovery."

Under Metro's established definition, the East County Recycling facility is defined as a Processing Center as the primary purpose of the operation is to alter the content of solid waste. As part of the franchising process, Metro must establish the rate to be charged by East County Recycling for mixed solid waste. The rate is regulated by Metro to ensure that it is: "...just, fair, reasonable and adequate to provide necessary public service." The theory of franchise rate setting and the need to review detail financial information is to insure that the public is not overcharged for services provided by government approved monopolistic private business.

The rate setting policies and methodologies adopted by Metro to date have been established for facilities designed solely for solid waste disposal or transferring. Public facility rates have essentially been formulated according to an

average cost method, while private facility rates have been set using the marginal cost plus profit method. In both cases, the cost for solid waste disposal and transferring have been allocated to the appropriate user and converted into applicable rates, such as per ton, per yard, or per trip.

Application of the cost plus rate setting method to East County Recycling's operation cannot be done effectively. Major differences exist between disposal and processing/recycling operations that make previously used methods of setting rates inaccurate and cumbersome when applied to non-disposal facilities.

Facts

- FACT: East County Recycling is an experimental facility which is still evaluating the costs and revenues of handling various materials.
- FACT: The price of recyclables can vary greatly and change quickly as the market for a particular material responds to supply and demand.
- FACT: Precise prediction of recyclable commodities is not possible.
- FACT: If tipping fees cannot be changed rapidly to respond to large changes in prices for recycled materials, the facility will experience financial losses.
- FACT: Metro is instituting many ways to encourage and require recycling. With greater recycling, operational costs may be less, allowing a reasonable profit with lower tipping fees.
- FACT: Requests for other processing center franchises have received variances from rate setting.
- FACT: The majority of the business revenue is derived from the sale of secondary materials and not from disposal fees.
- FACT: East County Recycling's proficiency at generating greater revenues lies in its ability to negotiate the best purchasing contracts with the buyers of the recovered material.

FACT: Public disclosure of these contracts will damage East County Recycling's ability to maintain the proprietary value of such agreements. Further, buyers have prohibited such disclosures.

FACT: East County Recycling is not requesting a monopoly or an exclusive franchise. Competition exists to moderate prices.

Conclusion

In order to maximize the recovery of recyclables from the waste stream, East County Recycling must be able to offer a rate that is lower than conventional disposal, meets operational costs, is flexible enough to reward those haulers for loads with fewer contaminants, recognizes higher than anticipated recovery rates, and is able to quickly respond to the fluctuations in supply and demand of recycled and reused materials.

The distribution of costs and revenues between mixed waste and recyclables and source separated material that will occur appears to make marginal cost rate setting process difficult and speculative.

Given these important factors, it is clear that a full financial analysis of the operation and a marginal cost plus profit rate setting process would serve little or none of its intended purpose. Such an analysis and rate setting process would be technically difficult, potentially damaging to the business and would not be necessary to establish "just, fair, and reasonable" rates.

Metro's Disposal Franchise Ordinance, Section 12, provides that the Council may grant specific variances if they find that the "...purpose and intent...can be achieved without strict compliance, and that strict compliance:

- (a) Is inappropriate because of conditions beyond the control of person(s) requesting the variance; or
- (b) Will be rendered extremely burdensome or highly impractical due to special physical conditions or causes; or
- (c) Would result in substantial curtailment or closing down of a business, plant or operation which furthers the objections of the District."

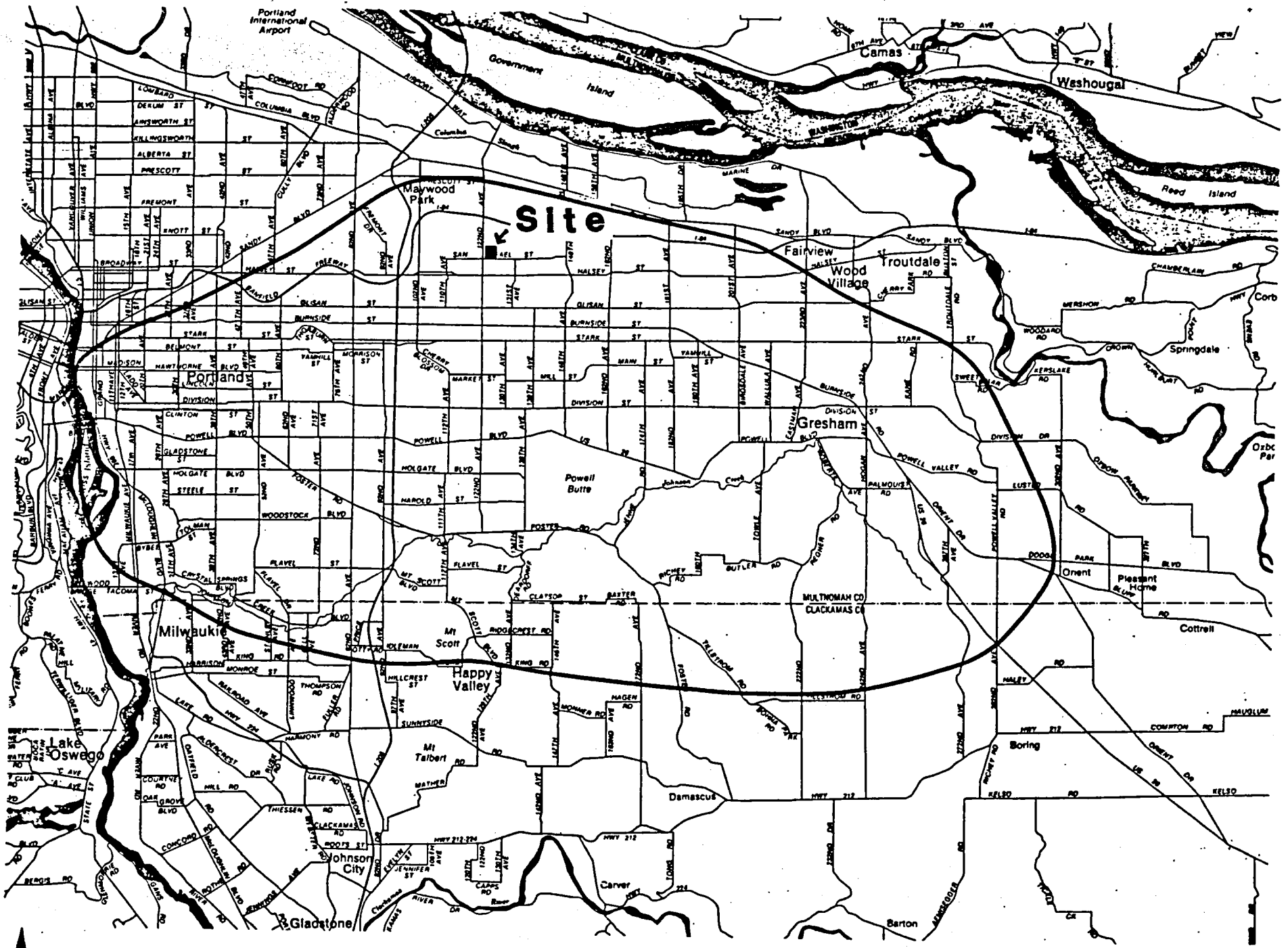
East County Recycling requests a variance to Metro Code Section 5.01.180 (Determination of Rates) for the following reasons:

- 1) Rate setting is inappropriate in this case as:
 - a) East County Recycling cannot control the prices of recycled materials which directly and significantly contribute to the profits and losses of the operation.
 - b) Disclosure of contracts involve other individuals and corporations with which East County Recycling does business with and who do not wish to make such information public.
- 2) Rate setting is extremely burdensome in this case as:
 - a) Rapid and large changes in recyclable commodity prices could not be responded to in a timely fashion.
 - b) Precise prediction of future commodity prices does not appear to be practical.

East County Recycling believes that the purpose and intent of Metro's Disposal Franchise Ordinance and Waste Reduction Policies will be met without rate setting.

Failure to grant this request for a variance will likely result in the financial failure of East County Recycling.

East County Recycling therefore respectfully requests Metro consider setting aside rate determination.



ATTACHMENT "G"

**Market Area
East County Recycling**

ATTACHMENT "H"

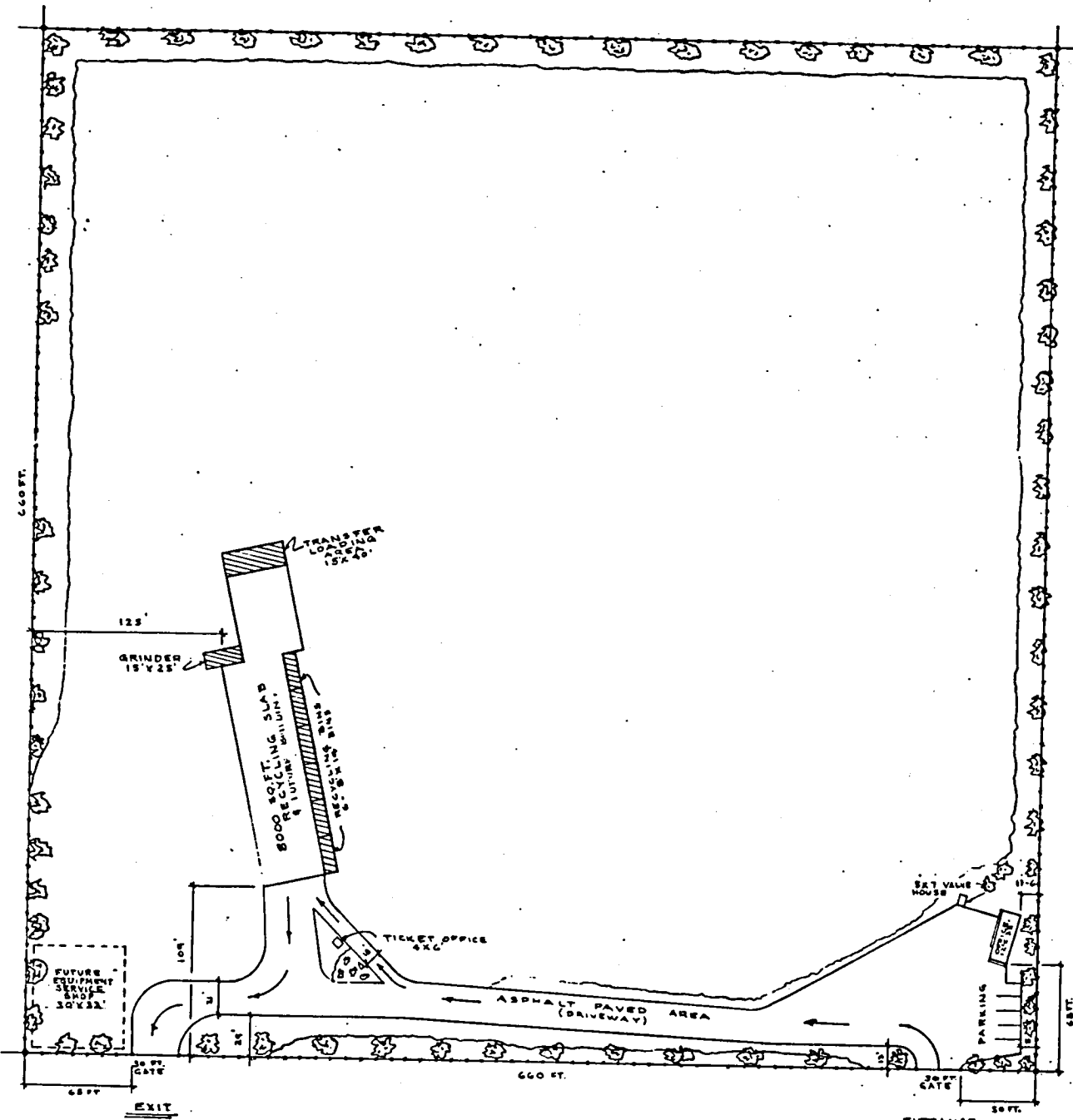
<u>Equipment</u>	<u>Age</u>	<u>Replacement Schedule</u>	<u>Value</u>
TD25C International Crawler Tractor	9 years	1995	\$250,000
TD500C Series Front End Loader	10 years	1990	\$ 41,000
Fling Solid Waste Demolisher	New	1990	\$ 90,000
John Deere Backhoe	9 years	1990	\$ 8,500
Hyster Forklift	6 years	1990	\$ 10,000
8 Recycling Drop Boxes	1-2 years	1990	\$ 2,500
1 - 2,500 Gallon Oil Tank	4 years	1990	\$ 3,500

Other equipment expected to be purchased if a franchise is granted and with an increase in the growth of the business are as follows:

- * A Baler
- * Conveyor belts
- * A covered structure to protect some recyclables from the weather and to insure year-round operations
- * A scale to weigh recyclable materials

It is estimated that this new equipment and other investments may exceed \$400,000. All equipment is on a 5 year replacement schedule unless otherwise noted.

N.E. 122 ND.



1" = 50'



SITE PLAN

AREA - 660 FT X 660 FT. ± 10 ACRES

FENCING

6 FT. HIGH OBTUSCURED
/ REDWOOD SLATS

LANDSCAPING

PERIMETER OF PROPERTY
4" TO 6" DIA. MAPLES 10' TO 20' HIGH
PLANTER BOXES TWO SIDES OF
OFFICE ANNUALS SOUTH & WEST SIDE
PLANTING AREA IN FRONT OF
TICKET OFFICE AZALEAS



RECYCLING

EAST COUNTY RECYCLING

PORTLAND, OREGON

SCALE 1/4" = 20 FT.

N.E. SAN RAFAEL

COAT CONTROL CONSTRUCTION 18178 SOUTH LERRAINE DRIVE OREGON CITY, OREGON 97048	503-631-2 RECYCLING 7
--	--------------------------

Attachment "J"

Mr. Charles Gray
Department of Environmental Quality
P. O. Box 1760
Portland, Oregon 97207

Dear Mr. Gray:

Attached please find an application for the East County Recycling Center, a processing center located on 122nd Avenue and San Rafael Street in Portland, Oregon.

The operational plan feature differences are as follows:

- * The facility will be opened from 7:00 AM to 7:00 PM, seven days a week.
- * Tin cans will not be shredded only stored and/or baled.
- * Yard debris will be shredded.
- * Energy recovery or fiber processing will not occur at this time.

For your information, I am enclosing pertinent sections from our application to Metro for a franchise to operate the mixed waste portions of the business. We are also in the process of securing the current permits from the City of Portland and would therefore request your approval be considered subject to City approval.

Since February, 1986, East County Recycling has operated a source separated recycling business. We have also experimented with select mixed loads. We believe that we can successfully recycle or reuse up to 80% of the loads we receive. This proposal meets the goals and objectives of Metro's Waste Reduction Plan and is in keeping with the intent of SB 405, The Recycling Opportunity Act of 1983.

If you have any questions regarding this application or if you need any information, please let me know.

Sincerely,

Ralph Gilbert
President
East County Recycling

1 2 Copies of this Application to:
DEPARTMENT OF ENVIRONMENTAL QUALITY
Box 1760
Portland, OR 97207

APPLICATION TO THE DEPARTMENT OF ENVIRONMENTAL QUALITY
FOR A SOLID WASTE DISPOSAL PERMIT

Applicant : East County Recycling Company Site Name: East County Recycling Company
Mailing Address: P.O. Box 20096 San Rafael St County : Multnomah
Portland, OR 97220 Location: Section 26, Twp 1N, Range 2E, W.M.
Telephone : (503) 253-0867 Disposal Site Telephone (if any): (503) 253-0867
Property Owner : Ralph Gilbert Western Pacific Site Operator: East County Recycling Co.
Mailing Address: P. O. BOX Ent. 20096 Address : 12409 NE San Rafael St.
Portland, OR Lake Oswego, OR P.O. Box 20096, Portland, OR
Telephone : 97220 252-0076 636-8161 Telephone : 97220 (503) 253-0867

APPLICATION FOR NEW OR MODIFIED SITE: (Attach the following)

Feasibility Study Report as required by OAR 340-61-030 evaluating the suitability of the site for disposal of solid waste and describing how the site will be operated to control the discharge of pollutants (leachate, methane, odors, dust, etc.) to the environment.

Detailed Plans and Specifications as required by OAR 340-61-035 for construction and operation of the site.

A statement from the applicable land use planning agency acknowledging that the site is compatible with local and state land use regulations.

Recommendation of the local government unit or units having jurisdiction over solid waste (i.e., governing board, solid waste advisory committee, health department or other appropriate unit).

APPLICATION FOR RENEWAL OF EXISTING PERMIT: (Attach the following)

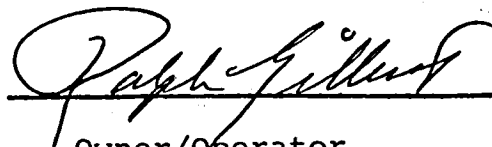
Updated Operational Plan including:

Site map showing areas previously filled and areas proposed to be filled.

Description of method of operating the site and controlling discharges (leachate, methane, odor, dust, etc.) to the environment if different than outlined in the previously approved operational plan.

I certify that the information contained in this application is true and correct to the best of my knowledge and belief.

Applicant's Signature



Title

Owner/Operator

Date

6/28/86

DEPARTMENT OF ENVIRONMENTAL QUALITY
922 SW FIFTH AVENUE
P.O. BOX 1760
PORTLAND, OR 97207



LAND USE COMPATIBILITY STATEMENT

APPLICANT NAME East County Recycling Company	ADDRESS 122nd & San Rafael P. O. Box 20096, Portland, OR	PHONE 253-0867
--	--	-------------------

DESCRIBE THE NATURE AND LOCATION OF THE PROPOSED NEW OR EXPANDED FACILITY SITE.
(INCLUDE APPROPRIATE LEGAL DESCRIPTION AND ZONING DESIGNATION)

FACILITY/SITE LOCATION (CHECK ONE)

INSIDE CITY INSIDE URBAN GROWTH BOUNDARY OUTSIDE URBAN GROWTH BOUNDARY
 OUTSIDE CITY LIMITS

STATEMENT OF COMPATIBILITY FROM APPROPRIATE LAND USE AUTHORITY
(An equivalent statement may be provided in lieu of this form)

IF THE COMPREHENSIVE PLAN is not ACKNOWLEDGED, CHECK ONE OF THE FOLLOWING:

THE PROPOSAL IS CONSISTENT WITH THE STATEWIDE PLANNING GOALS THE PROPOSAL IS NOT CONSISTENT WITH STATEWIDE PLANNING GOALS

ATTACH ADDITIONAL FINDINGS WHICH REFERENCE STATEWIDE PLANNING GOALS AND STATE HOW THE PROPOSED ACTIVITY IS COMPATIBLE WITH THEM

IF THE COMPREHENSIVE PLAN is ACKNOWLEDGED, CHECK ONE OR MORE OF THE FOLLOWING:

THE PROPOSED ACTIVITY:

IS ALLOWED OUTRIGHT BY THE PLAN IS ALLOWED BY THE PLAN BUT IS SUBJECT TO FUTURE GOAL CONSIDERATIONS BY AN AGENCY
 IS ALLOWED BY THE PLAN BUT SUBJECT TO STANDARDS IN SITING, DESIGN, CONSTRUCTION AND/OR OPERATION - Conditional Use approval is pending. IS NOT ADDRESSED OR CONTROLLED BY THE PLAN
 IS ALLOWED BY THE PLAN BUT SUBJECT TO FUTURE GOAL CONSIDERATIONS BY THE LOCAL JURISDICTION IS PROHIBITED BY THE PLAN

DURING THE PERIODIC REVIEW THE PLAN WAS NOT FOUND TO BE IN COMPLIANCE WITH THE STATEWIDE PLANNING GOALS

ATTACH ADDITIONAL FINDINGS WHICH REFERENCE THE SPECIFIC PLAN POLICIES, CRITERIA OR STANDARDS WHICH ARE RELIED ON AND STATE WHY THE COMPATIBILITY FINDING IS JUSTIFIED BASED ON PLAN POLICIES, CRITERIA OR STANDARDS AND WHETHER ALL NECESSARY LOCAL APPROVALS HAVE BEEN OBTAINED. IF THE ACTIVITY IS NOT ADDRESSED BY THE PLAN, ATTACH ADDITIONAL FINDINGS WHICH REFERENCE STATEWIDE PLANNING GOALS AND STATE HOW THE PROPOSED ACTIVITY IS COMPATIBLE WITH THEM.

(See attachment "A" - "F" and Noise and Traffic information.)

LAND USE AUTHORITY		
SIGNED	TITLE	DATE

USE THE FOLLOWING SIGNATURE BOX FOR CITY/COUNTY CONCURRENCE IF INSIDE URBAN GROWTH BOUNDARY AND OUTSIDE CITY LIMITS

LAND USE AUTHORITY		
SIGNED	TITLE	DATE

DEPARTMENT OF ENVIRONMENTAL QUALITY

LAND USE COMPATIBILITY STATEMENT REQUIREMENTS

FOR

AIR CONTAMINANT DISCHARGE PERMITS (ACDP)

INDIRECT SOURCE PERMITS (AIR)

STEP 1 SEWAGE FACILITIES PLANS REQUESTING GRANTS AND LOANS REQUIRING DEQ APPROVALS

SEWERAGE AND WASTEWATER INDUSTRIAL CONSTRUCTION PLANS

SOLID WASTE PERMITS AND LETTERS OF AUTHORIZATION

HAZARDOUS WASTE COLLECTION, TREATMENT AND DISPOSAL LICENSES

WATER POLLUTION CONTROL FACILITY PERMITS (WPCF)

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM PERMITS (NPDES)

NOTICES OF INTENT TO CONSTRUCT FOR AIR CONTAMINANT SOURCES AND
CONFINED ANIMAL FEEDING OR HOLDING OPERATIONS (NC)

A Statement of Compatibility with applicable local comprehensive land use plans and Statewide Planning Goals is required for new or expanded facilities/sites. The local statement must certify that proposals are compatible with LCDC-Acknowledged local comprehensive land use plans and implementing ordinances, or Statewide Planning Goals. The Department prefers that its Land Use Compatibility Statement form be used, however, it will accept an equivalent statement in lieu of the form.

In urbanizing areas between city limits and urban growth boundaries, applicants must provide evidence of both city and county concurrence as to the land use compatibility of the proposal. This evidence must be:

1. Sign-off by both jurisdictions on DEQ's Land Use Compatibility Statement form, or
2. A copy of the city/county management agreement included in the Urban Area Plan acknowledged by LCDC, or
3. A written statement covering the applicant's proposal.

If DEQ receives a negative local Statement of Compatibility, an application for a permit or approval will generally not be considered complete. DEQ would then expect the applicant to work with the local jurisdiction to obtain the needed plan or zone change, conditional use permit, variance, or other modification to produce compatibility with the Acknowledged Plan and ordinances or the Statewide Planning Goals.

Applicants must submit a completed Statement of Compatibility or an approved equivalent along with their application or request.

Attachment "K"

Waste Reduction Plan
Demonstration of Compliance

Metro adopted the Waste Reduction Guidelines to help insure that all disposal facilities provided the opportunity for recycling materials. The primary goal of East County Recycling is the experimental recovery of all recyclable or reuseable materials of the broadest defineable range, excepting only hazardous or putrescible materials.

East County Recycling believes that it can consistently recover 80 percent or more recyclables or reuseables from its select waste stream, by utilizing its recycling and materials handling expertise.

The subject site is a 10 acre parcel, square shaped, approximately 660 feet by 660 feet. The site is located on the northeast corner of 122nd Avenue and San Rafael Street, and is a former gravel pit. As a result, most of the site is between 20 and 40 feet below the grade of surrounding land uses and public streets. The site is surrounded by a 6 foot chain link fence with redwood slats to screen the site from view and help insure site security. Signs listing hours of operation are mounted on the fence at the entrance. Current hours of operation are 8:00 am to 5:00pm for the general public. For the convenience of commercial haulers,

Attachment "K" Page 2

the facility is open for large loads at 7:00 am. Under no conditions is the facility open before 7:00am or after 7:00pm.

Site access is via San Rafael Street, where patrons follow an asphaltic concrete road on a gradual slope down to a check station which has current prices posted. The patron is asked about the nature of the load to ascertain that the load is consistent with East County's materials goals and has no hazardous or putrescible materials. Fees are collected if the load is able to be accepted. Depending upon the type of load, the customer is directed to the recyclable commodity bins, if the load is source separated, or to the concrete slab, if the load is mixed and processing is necessary.

For source separated materials, the deposit is similiar to most recycling centers as follows:

Newsprint

A 40 cubic yard drop box is available for newsprint. Patrons throw the newsprint in, and when the drop box is full, they are hauled unbaled to a recycled newsprint dealer. If the franchise is approved, East County Recycling anticipates that with an increase in newsprint volume, a conveyor belt system to a baler. All newsprint recycling would then be under cover.

Cardboard

Cardboard is accepted from patrons and handled similarly to newsprint. A 40 cubic yard drop box is provided for patrons to deposit cardboard. Once full, the drop box is hauled away to a recycled cardboard dealer. Again, if the franchise is approved, and with an increase in volume, a baler will be installed to bundle the cardboard. It is anticipated that this activity would also ultimately be covered to insure material quality and all-weather operation.

Ledger/CPO

Currently East County Recycling does not have any significant volume of ledger/CPO paper. However, with a franchise, it could be expected that this could become a small portion of the materials to be recycled at the site.

Glass

A 40 cubic yard drop box, with separate color-coded compartments for brown, green and clear glass is provided for patrons. All drop boxes are of a height to easily throw in recycled materials. However, East County Recycling staff are available at all times to assist those who may need assistance.

Tires

Tires with and without wheels are accepted. Those without wheels are placed directly in a drop box. Those with wheels are "busted" by East County Recycling staff, with the tire placed in the drop box and the wheel in the recycled metals drop box.

Tin Cans

Tin cans received from the public are placed into a 20 cubic yard drop box and when full the box is dumped.

Ferrous Metal

Ferrous metal is received and placed into designated areas for each grade. These grades include #1, #2, cast and tin. When enough material of any grade has been purchased, it is loaded onto our truck and sold.

Non-Ferrous Metal

Non-ferrous metal is weighed on our small plant scales and placed into separate barrels, depending on grade. In order to maximize return, we upgrade the metal whenever possible. Aluminum cans are also purchased and baled.

The mixed load processing is conducted on a Portland cement slab. All materials are unloaded from the patron's vehicle and sorted according to type and grade by East County Recycling personnel. All recyclable or reuseable materials will be recovered to the extent feasible. All other materials will be placed into a drop box for disposal in an approved landfill.

East County Recycling will also accept yard debris and cuttings. These materials will be stockpiled until enough materials are available to start and run the Fling Solid Waste Demolisher which reduces the yard debris into a bedding or mulching material.

East County Recycling's goal is to find markets for both traditional and nontraditional components of the nonhazardous and nonputrescible waste stream. East County Recycling believes that it is economically feasible to find markets and outlets for many portions of the waste stream and strongly desires to experiment with a great many nonhazardous, nonputrescible materials. East County Recycling does so with the ultimate goal of a reasonable profit. However, in the process, many important community goals are also met.

Attachment "L"

VARIANCE REQUEST

USER FEE AND TRANSFER CHARGE

Request

East County Recycling requests a variance from Metro Code Section 5.02.045 (user fee) and Section 5.02.050 (transfer charge) deleting the Metro surcharges on recycled materials.

Background

The 63rd Oregon Legislative Assembly passed the Opportunity to Recycle Act (SB 405) which requires that the "opportunity to recycle" be made available to all Oregonians. The Act requires in ORS 459.170 (2)(a) through (g) that the following criteria be considered in developing the administrative rules:

1. The purposes and policy stated in ORS 459.015.
2. Systems and techniques available for recycling, including but not limited to existing recycling programs.
3. Availability of markets for recyclable material.
4. Cost of collecting, sorting, transporting and marketing recyclable material.
5. Avoided cost of disposal.
6. Density and characteristics of the population to be served.
7. Composition and quantity of solid waste generated and potential recyclable material found in each watershed.

The Act further states in ORS 459.0.15;

- (1) The Legislative Assembly finds and declares that:
 - (a) The planning and development and operation of recycling programs is a matter of state-wide concern.
 - (b) The opportunity to recycle should be provided to every person in Oregon.
 - (c) There is a shortage of appropriate sites for landfills in Oregon.
 - (d) It is in the best interests of the people of Oregon to extend the useful life of existing solid waste disposal sites by encouraging recycling and reuse of materials whenever recycling is economically feasible.

- (2) In the interest of the public health, safety and welfare and in order to conserve energy and natural resources, it is the policy of the State of Oregon to establish a comprehensive state-wide program for solid waste management which will:
- (a) After consideration of technical and economic feasibility, establish priority in methods of managing solid waste in Oregon as follows:
 - (A) First, to reduce the amount of solid waste generated;
 - (B) Second, to reuse material for the purpose which it was originally intended;
 - (C) Third, to recycle material that cannot be reused;
 - (D) Fourth, to recover energy from solid waste that cannot be reused or recycled, so long as the energy recovery facility preserves the quality of air, water and land resources; and
 - (E) Fifth, to dispose of solid waste that cannot be reused, recycled or from which energy cannot be recovered by land-filling or other method approved by the Department.
 - (j) Encourage utilization of the capabilities and expertise of private industry in accomplishing the purpose of ORS 459.005 to 459.105 and 459.205 to 459.285.

Metro's long term waste reduction goal as stated in the Waste Reduction Plan approved by the Council on January 8, 1981, is to "reduce the amount of solid waste disposed by 83 percent:

- * by assuring the handling, processing and reclamation of all separated yard debris;
- * by reducing the residential and commercial solid waste by 30 percent through the recovery of all available recyclable materials; and
- * by reducing the remaining residential and commercial processible solid waste by 75 percent through resource recovery." (emphasis added)

In addition, Metro's Waste Reduction Policy Statement states:

1. Waste generators possess the primary responsibility for waste reduction.
2. The resources of private industry and local governments should be utilized to reduce waste volumes.
3. The use of incentives for waste reduction is preferred over the use of regulations; if incentives are ineffective in reducing waste volumes, mandatory measures should be adopted.
4. The full costs of disposal should be the basis for disposal rates; the basis for incentives for waste reduction should be reduced landfill dependence and a positive economic impact.
5. The reduction in the amount of solid waste generated is the highest and best use of resources over other solid waste management options.
6. Waste recycling and reuse is the best use of waste over mechanical processing or land-filling of waste.
7. The mechanical processing of solid wastes for the recovery of energy and materials is a better use than disposal. (emphasis added)

Facts

- FACT: Any fees applied to recycled materials will act as a negative economic incentive to those who wish to recycle.
- FACT: Metro's Waste Reduction Plan recommends that economic incentives be used as a method of encouraging recycling.
- FACT: Fees collected at East County Recycling for wastes which are ultimately transported and disposed at Metro approved landfills such as Killingsworth or St. Johns, will result in double taxation.
- FACT: Additional costs such as double taxation will result in higher overall costs for the franchise, including the recycling operation.
- FACT: Other processing centers have had user fees and transfer charges waived.

FACT: As no exclusive franchises are granted, operations which cannot establish as low a cost basis as possible will not be able to provide the service at a similar price basis, all other factors equal.

Conclusions

The East County Recycling proposal is consistent with the State of Oregon's Opportunity to Recycle Act and in particular ORS 459.015 1(b), 1(d), 2(a)(B), 2(a)(C) and (j) and Metro's Waste Reduction Goals and Waste Reduction Policy Statement especially elements 2, 3, 4, 6 and 7.

If the Metro surcharge of user fees and transfer charges are imposed on the recycled material processed at the East County Recycling facility, the disposal fee that must be charged will be greater than that levied at the landfills. This is contrary to Metro's goal to encourage recycling, will eliminate the economic advantage necessary to operate the recycling center and will result in the closing of the business.

Metro's disposal franchise Ordinance, Section 12, provides that the Council may grant specific variances if they find that the "...purpose and intent...can be achieved without strict compliance and the that strict compliance:

- (a) Is inappropriate because of conditions beyond the control of person(s) requesting the variance; or
- (b) Will be rendered extremely burdensome or highly impractical due to special physical conditions or causes; or
- (c) Would result in substantial curtailment or closing down of a business, plant, or operation which furthers the objectives of the District.

East County Recycling respectfully requests that the Metro Council consider granting a variance from Section 5.02.045 and Section 5.02.050 of the Metro Code for the following reasons:

- 1) User fees and transfer charges are inappropriate in this case as:
 - a) They are inconsistent with the goals of Metro's Waste Reduction Plan.
 - b) They would constitute double charges or taxation
- 2) User fees and transfer charges are burdensome in this case as:

- a) They increase costs of operation.
- b) They make competition on an equal basis with other processing centers not possible.

By granting this request, the objectives of the State of Oregon's Opportunity to Recycle Act of 1983, Metro's Disposal Franchise Ordinance and Waste Reduction Plan will continue to be met.

Imposing the surcharges on recycled material creates an economic disincentive to recycling. In contrast, approval of this variance will allow a major recycling effort which would otherwise not be economically feasible.

EXHIBIT B
EAST COUNTY RECYCLING

Franchise No. 6
Date Issued August 14, 1986
Expiration Date August 14, 1991

SOLID WASTE FRANCHISE
issued by the
METROPOLITAN SERVICE DISTRICT
2000 S. W. First Avenue
Portland, Oregon 97201-5398
(503) 221-1646

ISSUED TO: East County Recycling Company
NAME OF FACILITY: East County Recycling Company
ADDRESS: 12409 N. E. San Rafael Street, Portland, Oregon 97220
LEGAL DESCRIPTION: Lot 30, Hazelwood Addition
CITY, STATE, ZIP: Portland, Oregon 97220
NAME OF OPERATOR: East County Recycling Company
PERSON IN CHARGE: Ralph Gilbert, President
ADDRESS: P. O. Box 20096
CITY, STATE, ZIP: Portland, Oregon 97220
TELEPHONE NUMBER: (503) 252-0076

This Franchise Agreement shall not become effective until the City of Portland issues a Conditional Use Permit which is necessary for the intended use of the site, and until the Oregon Department of Environmental Quality issues a Solid Waste Disposal Permit which is necessary for the intended operation.

This Franchise will automatically terminate on the expiration date shown above, or upon modification or revocation, whichever occurs first. Until this Franchise terminates the East County Recycling Company is authorized to operate and maintain a solid waste processing facility located at 12409 N. E. San Rafael Street, Portland, Oregon 97220, for the purpose of accepting and processing solid waste in accordance with the Metro Code and the attached Schedules A, B, C, D and E, and in accordance with the provisions specified in the Solid Waste Disposal Site Permit to be issued by the State of Oregon, Department of Environmental Quality. This Franchise may be revoked at any time for any violation of the conditions of this Franchise or the Metro Code. This Franchise does not relieve the Franchise Holder from responsibility for compliance

with ORS Chapter 459 or other applicable federal, state or local laws, rules, regulations or standards.

Ralph Gilbert
President
East County Recycling Company

Rick Gustafson
Executive Officer
Metropolitan Service District

RM/gl
6034C/470-2
08/04/86

FRANCHISE CONDITIONS

Franchise Number: 6

Expiration Date: August 14, 1991

SCHEDULE A

AUTHORIZED AND PROHIBITED ACTIVITIES

- SA-1 The Franchise Holder is authorized to accept loads of mixed or source-separated non-putrescible solid waste for processing in order to recover recyclable materials. The franchisee is allowed to accept clean inert debris for land disposal as currently authorized. No other wastes shall be accepted unless specifically authorized in writing by Metro supplementary to this Franchise.
- SA-2 The following types of materials are specifically prohibited from being accepted at the processing facility:
- a. Putrescible food wastes;
 - b. Bulky combustible materials except processible stumps, car bodies, dead animals, sewage sludges, septic tank pumpings and hospital wastes.
 - c. All chemicals, liquids, explosives, infectious materials and other materials which may be hazardous or difficult to manage, unless specifically authorized by Metro.
- SA-3 Disposal of mixed non-food wastes by public haulers and by commercial solid waste haulers is allowed. No public or commercial hauler will be excluded from this site except when the load contains less than 30 percent, by weight, recyclables.
- SA-4 Salvaging and hand or mechanical sorting of mixed waste on a tipping floor to recover materials is authorized. Piles of mixed waste on the tipping floor shall be maintained to a reasonable size and shall be controlled so as to not create unsightly conditions or vector harborage. No wastes shall be allowed to remain on the tipping floor for longer than a 24-hour period.
- SA-5 Non-recoverable material shall be removed from the processing tip floor and shall be transported to a franchised or authorized disposal site on a weekly basis or more often if necessary. Storage and transportation shall be carried out to avoid vector production and bird attraction.
- SA-6 Materials separated and recovered for recycling (such as newsprint waste paper, cardboard, glass, metals, yard debris, tires, appliances, and wood) shall be neatly stored in containers or areas provided for this purpose and shall be

transported off-site to materials markets as often as necessary.

- SA-7 In the operation of an approved landfill for inert debris, the Franchisee is prohibited from the burial of any materials other than: clean uncontaminated earth, rock, sand, soil and stone, hardened concrete, hardened asphaltic concrete, brick and other similar materials which are inert. The Franchisee shall assure that no woody waste, yard debris, food wastes, paper products, glass, metals or other material accepted as mixed solid waste become incorporated into the material used for landfilling.
- SA-8 Yard debris to be processed and the resulting product shall be stored in a sightly manner which minimizes leaching, vector production or harborage and the potential for incorporation into inert debris being landfilled. No yard debris shall remain on site for longer than thirty (30) days before being processed. No product created from the processing of yard debris shall remain on site for longer than ninety (90) days unless an adequate storage facility is provided.
- SA-9 The Franchise Holder shall perform litter patrols to keep the facility free of blowing paper and other material on at least a daily basis or more often if necessary.
- SA-10 The Franchise Holder shall operate the processing facility in accordance with the Application and Operation Plan dated June 26, 1986, and the supplemental data in the letter from Ralph Gilbert and William Plew to Rich McConaghy dated July 21, 1986. It is understood that the waste processing which the Franchisee will perform is being done on an experimental basis and that modifications to the operation plan may be required. The Franchisee shall provide notification and obtain prior approval before deviating from the operation which is outlined in the aforementioned application and letter or before constructing any additional facilities or structures on the site.
- SA-11 The Franchise Holder shall not, by act or omission, discriminate against, treat unequally or prefer any user of the processing facility in the fees or the operation of the facility. The Franchisee may accept no more than 100,000 cubic yards of mixed waste per year nor more than 500 cubic yards of mixed waste per day, on a monthly average, without amendment to this Franchise Agreement.
- SA-12 All solid waste transferring vehicles and devices using public roads shall be constructed, maintained, and operated so as to prevent leaking, sifting, spilling, or blowing of solid waste while in transit.

FRANCHISE CONDITIONS

Franchise Number: 6

Expiration Date: August 14, 1991

SCHEDULE B

MINIMUM MONITORING AND REPORTING REQUIREMENTS

SB-1 The Franchise Holder or his/her Contractor shall effectively monitor the processing facility operation and maintain records of the following required data to be submitted to Metro:

- a. Name and address of the Franchisee
- b. Month and year of each report

<u>Item or Parameter</u>	<u>Minimum Monitoring Frequency</u>
c. Tons or cubic yards of solid waste delivered by private vehicles and by commercial collection vehicles	Daily
d. Number of public and commercial collection vehicles	Daily
e. Unusual occurrences affecting processing facility operation	Each Occurrence
f. Tons or cubic yards of reject material disposed at an authorized disposal site	Monthly
g. Disposal rate charged for mixed solid waste	Daily
h. Tons or cubic yards of waste salvaged by type of material	Monthly
i. Signature and title of the Franchisee or its agent	

SB-2 Monitoring results shall be reported on approved forms. The reporting period is the calendar month. Reports must be submitted to Metro by the 20th day of the month following the end of each month.

SB-3 The Franchise Holder shall pay an annual franchise fee established by the Council within 30 days of the effective date of the Franchise Agreement and each year thereafter.

- SB-4 The Franchise Holder shall report to the District any changes in excess of five (5%) percent of ownership of the Franchisee's corporation or similar entity, or of the partners of a partnership within ten (10) days of such changes of ownership.
- SB-5 The Franchisee may contract with another person to operate the disposal facility only upon ninety (90) days prior written notice to the District and the written approval of the Executive Officer. If approved, the Franchisee shall remain responsible for compliance with this Franchise Agreement.
- SB-6 The Franchisee shall establish and follow procedures designed to give reasonable notice prior to refusing service to any person. Copies of notification and procedures for such action will be retained on file for three (3) years by each Franchisee for possible review by the District.
- SB-7 The Franchisee shall maintain during the term of the franchise public liability insurance in the amounts set forth in SC-1 and shall give thirty (30) days written notice to the District of any lapse or proposed cancellation of insurance coverage or performance bond.
- SB-8 The Franchisee shall file an Annual Operating Report detailing the operation as outlined in this Franchise on or before August 14 (anniversary date of Franchise) of each year for the preceeding year.
- SB-9 The Franchise Holder shall submit a duplicate copy to the District of any information submitted to, or required by the Department of Environmental Quality pertaining to the solid waste permit for this facility.
- SB-10 The Franchise Holder shall report to Metro the names of solid waste credit customers which are sixty (60) days or more past due in paying their disposal fees at the processing facility. Such report shall be submitted in writing each month on Metro approved forms. For the purposes of this section sixty (60) days past due means disposal charges due, but not paid on the first day of the second month following billing.
- SB-11 In the event a breakdown of equipment, fire or other occurrence causes a violation of any conditions of this Franchise Agreement or of the Metro Code, the Franchise Holder shall:
- a. Immediately take action to correct the unauthorized condition or operation.
 - b. Immediately notify Metro so that an investigation can be made to evaluate the impact and the corrective actions taken and determine additional action that must be taken.

- SB-12 In the event that the processing facility is to be closed permanently or for an indefinite period of time during the effective period of this Franchise, the Franchise Holder shall provide Metro with written notice, at least ninety (90) days prior to closure, of the proposed time schedule and closure procedures.
- SB-13 The Franchisee shall file a monthly report on forms approved by the District indicating the types (wood, paper, cardboard, metal, glass, etc.) and quantities (tonnage/cubic yards) of solid wastes accepted and recovered at the facility.
- SB-14 Authorized representatives of Metro shall be permitted to inspect recyclable quantity information during normal working hours or at other reasonable times with notice.

FRANCHISE CONDITIONS

Franchise Number: 6

Expiration Date: August 14, 1991

SCHEDULE C

GENERAL CONDITIONS AND COMPLIANCE SCHEDULES

- SC-1 The Franchise Holder shall furnish Metro with proof of public liability insurance, including automotive coverage, in the amounts of not less than \$300,000 for any number of claims arising out of a single accident or occurrence, \$50,000 to any claimant for any number of claims for damage to or destruction of property, and \$100,000 to any claimant for all other claims arising out of a single accident or occurrence, or such other amounts as may be required by State law for public contracts. The District shall be named as an additional insured in this insurance policy.
- SC-2 The Franchise Holder shall obtain a corporate surety bond in the amount of \$25,000 guaranteeing full and faithful performance during the term of this Franchise of the duties and obligations of the Franchisee under the Solid Waste Code, applicable federal, state and local laws, rules and regulations.
- SC-3 The term processing facility is used in this Franchise as defined in Section 5.01.010(n) of the Metro Code.
- SC-4 The conditions of this Franchise shall be binding upon, and the Franchise Holder shall be responsible for all acts and omissions of, all contractors and agents of the Franchise Holder.
- SC-5 The processing facility operation shall be in strict compliance with the Metro Code regarding storage, collection, transportation, recycling and disposal of solid waste.
- SC-6 The Franchise Holder shall provide an adequate operating staff which is duly qualified to carry out the reporting functions required to ensure compliance with the conditions of this Franchise Agreement.
- SC-7 Metro may reasonably regulate the hours of site operation as it finds necessary to ensure compliance with this Franchise Agreement.
- SC-8 At least one sign shall be erected at the entrance to the processing facility. This sign shall be easily visible, legible, and shall contain at least the following:

- a. Name of facility;
- b. Emergency phone number;
- c. Operational hours during which material will be received;
- d. Disposal rates;
- e. Metro information phone number; and
- f. Acceptable materials.

SC-9 If the Executive Officer finds that there is a serious danger to the public health or safety as a result of the actions or inactions of a Franchisee, he/she may take whatever steps necessary to abate the danger without notice to the Franchisee.

SC-10 Authorized representatives of Metro shall be permitted access to the premises of the processing facility owned or operated by the Franchise Holder 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 notice;
- c. at any time without notice where, at the discretion of the Metro Solid Waste Division Director, such notice would defeat the purpose of the entry.

SC-11 This Franchise Agreement is subject to suspension, modification, revocation or nonrenewal upon finding that a Franchisee has:

- a. Violated the Disposal Franchise Ordinance, the Franchise Agreement, the Metro Code, ORS Chapter 459 or the rules promulgated thereunder or any other applicable law or regulation; or
- b. Misrepresented material facts or information in the Franchise Application, Annual Operating Report, or other information required to be submitted to the District;
- c. Refused to provide adequate service at the franchised site, facility or station, after written notification and reasonable opportunity to do so.
- d. That there has been a significant change in the quantity or character of solid waste received or the method of solid waste processing.

SC-12 This Franchise Agreement, or a photocopy thereof, shall be displayed where it can be readily referred to by operating personnel.

SC-13 The granting of a Franchise shall not vest any right or privilege in the Franchisee to receive specific types or quantities of solid waste during the term of the Franchise.

- a. To ensure a sufficient flow of solid waste to the District's resource recovery facilities, the Executive Officer may, at any time during the term of the Franchise, without hearing, direct solid wastes away from the Franchisee. In such case, the District shall make every reasonable effort to provide notice of such direction to affected haulers of solid waste.
- b. To carry out any other purpose of the Metro Disposal Franchise Ordinance, the Executive Officer may, upon sixty (60) days prior written notice, direct solid wastes away from the Franchisee or limit the type of solid wastes which the Franchisee may receive.

Any Franchisee receiving said notice shall have the right to a contested case hearing pursuant to Code Chapter 2.05. A request for a hearing shall not stay action by the Executive Officer. Prior notice shall not be required if the Executive Officer finds that there is an immediate and serious danger to the public or that a health hazard or public nuisance would be created by a delay.

SC-14 All notices required to be given to the Franchisee under this Franchise Agreement shall be given to Ralph Gilbert, East County Recycling Company, P. O. Box 20096, Portland, OR 97220. All notices and correspondence required to be given to Metro under this Agreement shall be given to the Solid Waste Director, Solid Waste Department, Metropolitan Service District, 2000 S. W. First Avenue, Portland, OR 97201-5398..

FRANCHISE CONDITIONS

Franchise Number: 6

Expiration Date: August 14, 1991

SCHEDULE D

WASTE REDUCTION PLAN

SD-1 To fulfill the requirements for a Waste Reduction Plan as stated in Section 5.01.120(k) of the Metro Code and the guidelines adopted through Metro Resolution No. 81-272, the Franchisee shall provide the services described in Attachment K and shall perform other operational functions as described in the Franchise Application dated June 26, 1986. The Franchisee shall participate in an annual review with Metro of the facilities' performance in accomplishing waste reduction goals and shall complete annual objectives for waste reduction which may be mutually identified through the process.

FRANCHISE CONDITIONS

Franchise Number: 6

Expiration Date: August 14, 1991

SCHEDULE E

DISPOSAL RATES

- SE-1 In accordance with the variance granted by the Metro Council, the rates charged at this facility will be exempt from Metro rate-setting, Metro User Fee payments and Metro Regional Transfer Charge payments, except that the Executive Officer and the Rate Review Committee shall review the variance from rate-setting prior to August 14, 1987, and make a recommendation to the Council on the appropriateness of continuing the variance or the need to establish disposal rates for the facility.
- SE-2 Until Metro establishes rates which are to be charged at the facility, the Franchisee shall adhere to the following conditions in the disposal rates which are charged at East County Recycling Company:
- a. Between the effective date of this franchise and October 1, 1986, the rate schedule included as Attachment "E" of the June 26, 1986, franchise application is to be in effect.
 - b. The Franchisee may modify rates to be charged and rate schedules on a quarterly basis. Rates may be adjusted on October 1, January 1, April 1 and July 1. Rates will not change more frequently than on these dates. Metro shall be notified ten (10) days prior to any proposed rate changes.
 - c. Rates to be charged at the facility shall be posted on a sign near where fees are collected. All customers within a given disposal class shall receive equal, consistent and non-discriminatory treatment in the collection of fees.
 - d. The Franchisee shall maintain complete records of all cost, revenues, rates, waste flows and other information on the franchised operation which would be helpful to the Metro staff and Rate Review Committee for reviews of the operation's financial performance and for possible future rate-setting. These records shall be made available on request and summary reports shall be provided to Metro on a quarterly basis (4th quarter reports are due February 1, 1st quarter reports are due May 1, and so on).

- e. After the first two quarterly reports are provided, Metro staff and the Rate Review Committee will develop a recommendation on the appropriateness of further rate regulation under this Franchise Agreement.

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