

BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF GRANTING A)	RESOLUTION NO. 86-674
VARIANCE TO AUTHORIZE COMMERCIAL)	
COLLECTION COMPANIES TO DISPOSE)	Introduced by the
AT THE FOREST GROVE TRANSFER)	Executive Officer
STATION, AMENDING AND RENEWING)	
THE FRANCHISE AGREEMENT, AND)	
ESTABLISHING TRANSFER RATES FOR)	
THE FOREST GROVE TRANSFER STATION)	

WHEREAS, The Forest Grove Transfer Station, owned by Ambrose Calcagno, Jr. has been issued Solid Waste Disposal Franchise No. 4 to accept and transfer solid waste from his own collection companies; and

WHEREAS, Ambrose Calcagno Jr. has requested a variance to Section 5.01.120(1) of the Metro Code so that other commercial collection companies, which he does not own, may be allowed to use the facility; and

WHEREAS, The franchisee's request and the attached staff report dated August 4, 1986, indicate that the purpose and intent of the variance criterion under Metro Code Section 5.01.110 for a variance from Section 5.01.120(1) have been met; and

WHEREAS, Variances may be granted subject to annual review by the Executive Officer pursuant to Metro Code Section 5.01.110; and

WHEREAS, Ambrose Calcagno Jr. has submitted a rate request in accordance with Metro Code provisions and adopted guidelines; and

WHEREAS, The Solid Waste Rate Review Committee and the Executive Officer have investigated the proposed rates as required by Section 5.01.180(d) of the Metro Code; and

WHEREAS, The conditions of the Franchise Agreement with the Forest Grove Transfer Station have been modified to reflect

changes in the operation which will result from granting of the requested variance; and

WHEREAS, Ambrose Calcagno, Jr. has requested a renewal of his franchise as allowed by Metro Code Section 5.01.080(b) and has met the criteria for franchise renewal as described in the August 4, 1986, staff report; now, therefore,

BE IT RESOLVED,

1. That the requested variance from Metro Code Section 5.01.120(1) be granted to Ambrose Calcagno Jr. This variance allows commercial collection companies not owned by Ambrose Calcagno Jr. as well as those which he does own to utilize the Forest Grove Transfer Station as described in the Franchise Agreement attached as Exhibit B.

2. That the variance be subject to an annual review by the Executive Officer and to the conditions of the amended Franchise Agreement attached as Exhibit B. If in the opinion of the Executive Officer, the variance or conditions of the variance warrant review they shall be considered by Council.

3. That rates be charged at the Forest Grove Transfer Station as detailed in Schedule E of the Franchise Agreement attached as Exhibit B. The transfer rate may be reduced below this amount with Metro's administrative approval as provided for in the Franchise Agreement. On the effective date of this resolution, a transfer rate of \$10.79 per ton may be charged.

4. That the term of Franchise No. 4 is renewed and shall expire on August 14, 1991.

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


Richard Waker, Presiding Officer

RM/gl
6018C/471
08/04/86

STAFF REPORT

Agenda Item No. 9.3

Meeting Date August 14, 1986

CONSIDERATION OF RESOLUTION NO. 86-674 GRANTING A
VARIANCE TO AUTHORIZE COMMERCIAL COLLECTION
COMPANIES TO DISPOSE AT THE FOREST GROVE TRANSFER
STATION, AMENDING AND RENEWING THE FRANCHISEE
AGREEMENT, AND ESTABLISHING TRANSFER RATES FOR
THE FOREST GROVE TRANSFER STATION

Date: August 4, 1986

Presented by: Rich McConaghy

FACTUAL BACKGROUND AND ANALYSIS

The purpose of this Staff Report is to introduce Resolution No. 86-674 which would grant a variance, amend and renew the franchise agreement, and establish transfer rates for the Forest Grove Transfer Station. A packet which contains the franchisee's variance and rate request, an amended franchise agreement, and comments from the city of Forest Grove has been provided Councilors separately from the regular Council agenda. Interested individuals will be provided with this information upon request.

NOTICE -- SITE TOUR

THE FRANCHISEE HAS OFFERED TO PROVIDE A
TOUR OF THE FOREST GROVE FACILITY FOR
COUNCILORS OR OTHERS WHO MAY BE INTERESTED.
TRANSPORTATION WOULD BE PROVIDED FROM METRO
TO THE SITE ON WEDNESDAY, AUGUST 13, 1986,
5:30 P.M. to 7:00 P.M. PLEASE CONTACT
MR. RICH McCONAGHY OF THE SOLID WASTE DEPART-
MENT IF YOU WOULD LIKE TO PARTICIPATE IN THE
TOUR BY 5:00 P.M. ON MONDAY, AUGUST 11.

A SLIDE PRESENTATION ON THE FACILITY WILL BE
MADE AT THE COUNCIL MEETING FOR THOSE WHO
CANNOT ATTEND THE TOUR.

Metro Solid Waste Franchise No. 4 was issued to Ambrose Calcagno, Jr. on March 22, 1984, to operate the Forest Grove Transfer Station (also known as A.C. Trucking). The franchisee began to operate the facility in October of 1985 for transferring waste from compactor trucks (operated by four collection companies which he owns) to transfer trailers which haul waste to the Riverbend Landfill near McMinnville in Yamhill County. A number of other solid waste collection companies operating in Washington County currently haul waste to the Riverbend Landfill but are not

authorized to utilize the Forest Grove Transfer Station due to conditions of the franchise and a prohibition in the Metro Disposal Franchise Ordinance.

Ambrose Calcagno, Jr. has requested that the Metro Council grant a variance to Code Section 5.01.120(1) which would allow the transfer station to accept wastes from other collection companies besides those which he owns. A request for transfer rates, which would be established by the Metro Council for the facility, has also been provided according to the prescribed format. In addition, a renewal of the current franchise has been requested which would extend the franchise expiration date from March 22, 1989, to August 14, 1991. The requests and other information submitted by the applicant are included in Exhibit A of the packet for Resolution No. 86-674.

This report provides an analysis for each of the three components of this issue: Franchise Renewal, Variance and Rates.

FRANCHISE RENEWAL

Under Metro Code Section 5.01.080, the term of solid waste franchises is generally for five years. The Forest Grove Transfer Station's current franchise is set to expire on March 22, 1989. Though the franchise was issued more than two years ago, the facility has only operated for about nine months. A franchisee may request a renewal of a franchise at any time prior to 120 days before the current franchise expires, so long as a statement of material changes in the operation is also included (5.01.080(b)). The franchisee has requested a renewal of the franchise to coincide with approval of the requested variance and rates. The description of changes in the operation which would result from an approval of the variance sufficiently updates the franchisee's original application information.

Conditions of the franchise have been reviewed by staff and certain modifications are suggested to accompany approval of the variance. The franchisee believes that a renewal of the franchise at this time would assist him in refinancing some of his debt so that a lower rate would be available for transfer customers. There are no adverse effects to Metro from renewing the franchise at this time. The franchise ordinance indicates that franchises shall be renewed so long as the franchisee remains qualified and complies with all applicable regulatory requirements and so long as the franchise is needed and complies with the District's Solid Waste Management Plan. Therefore, it is appropriate to renew the franchise for a five-year period.

VARIANCE

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.

Ambrose Calcagno Jr. has requested (through the letters and information contained in Exhibit A of the packet for Resolution No. 86-674) that a variance to Section 5.01.120(1) of the Metro Disposal Franchise Ordinance be granted to the Forest Grove Transfer Station. This section prohibits a transfer station franchisee from owning, operating or having an interest in the business of collecting solid wastes unless the franchised operation accepts only wastes which are collected by the franchisee. A variance would allow collection companies not owned by Ambrose Calcagno Jr. to dispose of wastes at the Forest Grove Transfer Station.

The Code's intent of not allowing individuals in the collection business to operate a franchised transfer station for use by other haulers is to prevent the development of a competitive advantage for a franchisee within the collection industry. A stated objective of the Disposal Franchise Ordinance is to prohibit rate preferences and other discriminatory practices.

The request indicates that it is highly impractical and wasteful for commercial collectors to haul wastes directly to the Riverbend Landfill while a transfer facility exists which could provide for the more efficient use of collection vehicles, highways and labor. A number of collection companies serving Washington County currently dispose at the Riverbend Landfill by making the hour to hour and a half round trip haul which takes them near the Forest Grove Transfer Station. The capacity of the facility is adequate to handle the entire waste volume which has been going to the Riverbend Landfill through primarily direct haul. Strict compliance with the code restriction on use of the facility by other collection companies is impractical since the facility is in a location which makes it convenient to other haulers and since it would allow for a cost savings and a reduction in highway trips by these collection companies.

The franchisee believes that the regulation of the facility's rates and other operational conditions by Metro and the regulation through franchising of the collection industry in Washington County would assure that the intent of Chapter 5.01 is met.

On the basis of this rationale presented in the franchisee's request, the criteria for allowing the requested variance have been satisfied. Staff has reviewed other aspects of the request including how operations of the facility might change with approval of the variance and the effect of the variance on the waste management system and the city of Forest Grove. As appropriate, conditions and language of the franchise agreement with Ambrose Calcagno Jr. have been modified to address identified concerns as indicated in Exhibit B of the packet for Resolution No. 86-674 (added language is underlined while language to be deleted is bracketed). Significant factors noted are presented below:

- Approval of the variance will require that Metro establish rates for the facility since it would be open to other companies who should expect to pay fair and reasonable rates. The requested rates are considered later in this report and Schedule E has been added to the franchise agreement specifying conditions of Metro rate regulation. Recommendations of the Solid Waste Rate Review Committee are included at the end of this Staff Report.
- One purpose of the Metro Disposal Franchise Ordinance is to provide for cooperation between cities and counties in the District with respect to regional franchising of transfer stations and other solid waste disposal facilities. The city of Forest Grove has provided favorable comment on the requested variance and this is included as Exhibit C of the packet for Resolution No. 86-674. The comments of the Department of Environmental Quality approving increased waste flows which would result from the variance have been provided by the franchisee in Exhibit A.
- A modified franchise agreement (Exhibit B) has been prepared which includes conditions necessary to protect the public health, safety and welfare as a result of the requested variance and to address concerns of the city of Forest Grove. Key conditions are rates to be charged and a restriction of 200 tons per day on the volumes to be received.
- Metro has a pending agreement with Yamhill County which authorizes certain regional waste volumes to be landfilled at Riverbend and encourages the use of transfer facilities for all wastes going there. Authorization of the variance to the Forest Grove Transfer Station would be consistent with the objectives of the agreement. Currently, less than 10,000 cubic yards of regional waste are disposed at Riverbend each month. The agreement would authorize up to 13,000 cubic yards per month. The Riverbend Landfill currently has plans to convert its method of waste measurement from volume to weight. With

the conversion to weight, both the rates charged at Riverbend and the agreement with Yamhill County will be modified.

- Consistent with Metro Resolution No. 81-271, the amount of the surety bond required for the facility if the variance is approved has been set at \$25,000. This is the same as the amount of the bond currently required. The proposed amendment to Resolution No. 81-271 to be considered on August 14 (Resolution No. 86-672) will not affect this bond but would allow for a comparable property lien if the franchisee desires in lieu of the bond.
- Section 5.02.050 (d) (Regional Transfer Charge) of the Metro Code authorizes the Solid Waste Director to exempt wastes disposed at transfer stations not operated by Metro from paying the RTC if: incentives are needed for diverting waste; the exemption is temporary; the waste management system is benefited and not adversely impacted financially; the facility accepts the full amount of waste which it can legally and operationally handle; other Metro fees are collected; and written authorization is given. If the variance is approved, all conditions for the exemption will be met and an agreement with the transfer station waiving the RTC can be issued. Under the current RTC rate of \$2.98 per ton, Metro would receive \$133,000 per year less in revenue if the facility experiences the full waste flow which it expects. This shortfall can be met through existing contingencies for the remainder of 1986 and can be incorporated in development of 1987 rates.
- The Metro Solid Waste Management Plan and the 1984 draft chapter on transfer stations recognizes the benefits of transfer stations to the waste management system from improved hauling efficiencies, an improved level of service and from a greater ability to control flows or divert waste to an ultimate disposal site. The transfer station chapter of the plan recognizes the potential need for satellite facilities such as the Forest Grove Transfer Station to improve disposal service for the periphery of the region, although no policies on the role of these facilities has been adopted. If the intent of the Code's ownership and joint-use exclusion provisions can be met, the issuance of the variance makes sense for the waste management system. Since the facility is in place and has available capacity, it is more efficient to haul waste the long distance to Riverbend in transfer trailers than in collection vehicles.

The original application for the franchise to serve just the four companies owned by Ambrose Calcagno was based on the restriction of the Code and there was no intention implied by the franchisee, Metro or the city of Forest Grove that other companies would ever use the facility. At the time, Metro staff cautioned the franchisee about the economics of constructing a facility which would only serve four companies. If all parties are supportive of increased use of the facility

to handle waste volumes currently passing near the station on their way to Riverbend, and the criteria for a variance have been met, it is appropriate under the plan that additional use be made of the facility.

Metro is currently in the process of site selection for its west transfer and recycling center which will serve both commercial and private waste disposers. Approval of the variance to allow other haulers to utilize the Forest Grove Transfer Station would not effect the need for the west transfer and recycling center as the majority of commercial wastes coming from Washington County cannot be handled at the Forest Grove facility, nor can any public wastes.

- Though the variance request listed five to six franchised waste haulers who might use the facility, there is no intention that these operators will be required to use the facility as a condition of the variance or that other commercial waste operators will not be allowed to use the facility. As a condition of the variance, the franchisee will be prohibited from contracting with any individuals or companies for delivery of waste or for the charging of a rate which is different than the one approved by Metro. Under conditions of the franchise, all potential users of the facility will be assured equal treatment.

- The request projects that about 45,000 tons of waste could pass through the facility each year. This is equivalent to about 3,750 tons per month or 175 tons per average week day. This is roughly equivalent to the amount of waste which is currently passing through the Forest Grove area on its way to Riverbend Landfill. About 35 percent of this flow from the region to Riverbend is already being transferred at the facility. The wastes collected by Ambrose Calcagno Jr's. collection companies and transferred at Forest Grove come from the Forest Grove, Beaverton, Raleigh Hills and Garden Home areas. Other wastes collected in the Aloha, Hillsboro, Cornelius and Banks (outside the region) areas pass through the city of Forest Grove as they are hauled directly to the Riverbend Landfill. Wastes from the North Plains and Rock Creek area are currently hauled to St. Johns. Waste collection within Washington County is divided into franchised collection areas with about eight companies operating west of 170th Avenue. About 25 percent of the commercially collected waste from Washington County is disposed at the Riverbend Landfill.

The city of Forest Grove has a concern that the opening up of the transfer station to other collection companies not lead to a large increase in the flow of waste passing through Forest Grove. Placing a limit of 200 tons per day on the amount of waste which the facility may accept, would allow for all the waste currently going to Riverbend to be transferred at the facility. Two hundred tons per day is roughly the same volume as Yamhill County has agreed to accept. An annual review of the variance would provide for an

evaluation of the appropriateness of this volume limit. As other conditions in the system change (such as a closure of the Hillsboro Landfill, the opening of WTRC or needed flow reductions at CTRC or St. Johns), the intent of limiting this waste may need to be met through alternative methods (possibly a restriction of the companies, types of waste, drop boxes, collection areas or the number of daily trips).

RATES

Under the current franchise the rates at the Forest Grove Transfer Station have not been regulated by Metro since only the operator's collection companies have used the facility. To ensure that rates charged to other collection companies allowed to use the facility through the variance are "...just, fair, reasonable and adequate to provide necessary public service" (as required by Metro Code Section 5.01.020(b)(3)), Metro must establish rates to be charged. Metro Code Section 5.01.180 and Executive Order No. 25, adopting Procedures for Processing Applications and Rate Adjustment Requests, provide the requirements and guidance upon which rate requests are to be made by franchisees and the basis for review and evaluation of rates by staff and the Rate Review Committee. Exhibit A of the packet for Resolution No. 86-674 contains the financial and supporting information which has been provided by the franchisee in fulfillment of the rate request guidelines.

The initial rate requested for the transfer service was \$14.51 per ton plus disposal fees, Yamhill County fees and Metro fees. Currently disposal at Riverbend Landfill is \$2.57 per cubic yard (compacted). A Yamhill County surcharge of \$.20 per cubic yard is added to this. When converted to a tonnage rate (based on an average density of 600 pounds per cubic yard) the disposal and county fees come to about \$9.23 per ton. Metro will waive its \$2.98/ton Regional Transfer Charge, as explained on p. 4, but would require that the transfer station collect the \$2.04/ton user fee. The total rate collected would be roughly \$25.78 per ton. It is expected that Yamhill County and Riverbend rates may be adjusted soon. In discussions with the Rate Review Committee, the franchisee agreed that a rate of \$13.98 per ton would be acceptable but he indicated that he would like some flexibility to be able to adjust this rate downward on short notice if an economic incentive is needed to attract waste to the facility.

Using the information provided in the rate request and the same rate calculation methodology, it appears that the cost currently paid by the franchisee just for transferring waste is probably about \$28 per ton. Without the increased costs of handling more flow, its estimated that the annual cost for the operation is about \$490,000 (\$190,000 for operating, \$70,000 for capital cost recovery and \$230,000 for return on rate base). By increasing waste flows 157 percent, as projected (from 17,340 to 44,640 tons per year), the annual cost increases by only about 32 percent (to \$647,782). Therefore the incremental cost to the franchisee of handling additional waste is \$5.74 per ton.

Clearly, from an economic standpoint, the unit cost becomes less when additional wastes pass through the facility to help pay for fixed costs. Since a fair uniform rate should be paid by all haulers using the facility it is appropriate to establish a maximum rate based on Metro's formula and guidelines. However, since the operator will be attempting to improve upon the distribution of total costs to his current tonnage by increasing waste flows it may be appropriate for there to be some flexibility in allowing for an administrative reduction in the rate if it is needed to attract flow. Schedule E of the proposed franchise amendments (Exhibit B), provides for limited reductions in rates to be authorized administratively so that the rates at the facility can be lowered in a timely fashion if needed to attract additional flows. Oversight of rate reductions by the Solid Waste Director would assure that inappropriate low rates are not charged. Initially, the franchisee has indicated that a transfer rate of \$10.79 per ton will be offered. This will produce a total rate of around \$22 or \$23 per ton (depending on the final rate for the Riverbend Landfill).

Staff has reviewed the reasonableness of the waste quantity projections, operating costs, capital cost recovery, rate base and rate of return calculations and the rate structure information provided with the rate request. An analysis of the requested rates in relation to market conditions and other waste management system factors has been made. Comments on these aspects of the rate review were provided to the Rate Review Committee and the Committee has considered them prior to making its recommendation. Rate conditions in the modified franchise agreement which would be approved through the adoption of Resolution No. 86-674 are consistent with recommendations of the Rate Review Committee except on the issue of required notice to haulers prior to rate adjustments (staff has recommended sixty (60) days notice in the franchise modification, while the Committee recommended thirty (30) days notice for rate increases).

RATE REVIEW COMMITTEE RECOMMENDATION

In its evaluation and review of the Forest Grove Transfer Station request for a variance, the Committee has limited its review to the appropriateness of rates to be charged and has not considered the appropriateness of the variance which would allow other commercial haulers to use the site. The Committee recommends authorizing the franchisee to collect a transfer rate of \$13.98 per ton. With the conditions listed below, it is recommended that the franchisee be authorized to charge a rate which is lower than this in order to attract the desired waste flows.

- Adjustments to rates will occur no more frequently than 90 days following the previous adjustment. This allows for some stability in pricing.
- The franchisee must notify the Metro Solid Waste Director at least ten (10) days before it implements plans to notify its customers of a rate adjustment rate. This affords staff an opportunity to review the adjustment if necessary.

- The franchisee must notify customers of rate increases at least thirty (30) days before they occur, but does not have to notify customers before rates decrease. (Suggested in Franchise condition E-7, as the Committee believes flexibility is needed to respond quickly to market requirements.)
- The franchisee has indicated that initially a transfer rate of \$10.79 per ton will be charged. This is reasonable under the assumption that transfer operations can be accomplished for a time with just two new trailers rather than four and that the owner can forego a return on equity. The franchisee recognizes that he won't be allowed to recover this lost return in future rates.

The Committee commends the franchisee and wishes to credit his accountant for a quality effort in preparing the rate request. The format prescribed by the Metro procedures was followed very closely and the financial statement which was provided was found to be useful. A need to review the Metro procedures for their applicability to unincorporated franchisees was noted as the Committee members had different views on the appropriate treatment of taxes and compensation to owner in establishing rates. However, for this particular request, all Committee members agreed that the rate which is recommended would result from either approach which might be favored. The Committee will clarify these concerns in the future.

The Committee questioned the franchisee on the estimated amount of working capital, the service life and loan terms of the reload building, the calculation of rental payments for land, and the expenditure and cost recovery for new trailers. Satisfactory answers were provided on each of these questions and the Committee finds that appropriate calculations and information has been presented to justify the requested rate.

The loan on the reload building is currently financed at a 17 percent interest rate and the franchisee has indicated that he is attempting to refinance this at an 11 or 11.5 percent interest rate. The Committee recommends calculating the transfer rate on an assumed 14.5 percent return on debt rather than the 17.5 percent requested. This recognizes that there is some uncertainty in knowing whether lower or stable interest rates will be attainable and that other five-year loans may have higher interest rates. The 15 percent return requested on equity seems reasonable because of the risk associated with the new facility and the uncertainty of future waste flows. As indicated in Table 6 of the rate request, a transfer rate of \$13.98 per ton is appropriate with returns of 14.5 percent on debt and 15 percent on equity and the Committee recommends this as an acceptable rate. With the provisions already stated, it is appropriate to allow for a reduction in rates to be charged as this may be needed for a time to encourage utilization of the facility. The Committee recommends that approval of adjustments in rates below \$13.98 per ton be handled administratively under the stated provisions so that timely rate modifications can be accomplished.

In summary, the Committee recommends adoption of the Forest Grove Transfer Station rates as outlined in Schedule E of the franchise modifications prepared by staff, with the exception of the length of the required notification period prior to rate increases. The Committee recommends a 30-day notice to customers prior to rate increases rather than the 60-day notice recommended by staff.

EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer recommends adoption of Resolution
No. _____.

RM/gl
6018C/471-4
08/04/86

M E T R O

Recycling Information Center

Monthly Report

July 1986

RECYCLING INFORMATION CENTER
MONTHLY REPORT JULY 1986

	July '85	July '86	%chg
<u>TOTAL CALLS</u>	979	1,699	+ 74%
Average per day	47	77	+ 64%
REQUESTS FOR DROP CENTER	618	728	+ 18%
REQUESTS FOR COLLECTION	104	536	+415%
REQUESTS FOR MARKETS	79	124	+ 57%
REQUESTS FOR INFORMATION	178	298	+ 67%
REQUESTS FOR WRITTEN INFORMATION	107	54	- 50%
Handbooks	62	10	- 84%
General Information	16	36	+125%
Office Packet	6	2	- 67%
Market Lists	13	0	-100%
Special Projects	N/A	6	
 SOURCE OF CALLS:			
Multnomah County	836	1,333	+ 59%
Washington County	74	174	+135%
Clackamas County	66	175	+165%
Out of Region	N/A	17	
 MATERIALS REQUEST:			
Newspaper*	159	327	+106%
Glass*	163	383	+135%
Cardboard*	92	196	+113%
Office Paper	N/A	20	
Scrap Paper/Mag/Phone	64	96	+ 50%
Tin Cans/Aluminum*	85	254	+199%
Scrap Metal	40	65	+ 63%
Plastic	15	54	+260%
Tires	N/A	51	
Motor Oil*	40	92	+130%
Yard Debris	148	180	+ 22%
Misc	N/A	168	
Special Waste Permits	10	15	+ 50%

* Curbside Recycling Materials

100% recycled paper

MONTHLY STATISTICS
 JULY '86 / JUNE '86

	JUNE '86	JULY '86	%CHG
<u>TOTAL CALLS</u>	1,314	1,699	+ 29%
Average Per Day	63	77	+ 22%
REQUESTS FOR DROP CENTER	602	728	+ 21%
REQUESTS FOR PICK UP	264	536	+103%
REQUESTS FOR MARKET	112	124	+ 11%
REQUESTS FOR INFORMATION	358	298	- 17%
REQUESTS FOR WRITTEN INFORMATION	170	54	- 68%
Handbooks	146	10	- 93%
General Information	13	36	+177%
Office Packet	4	2	- 50%
Market Lists	3	0	-100%
Special Project	1	6	+500%
 SOURCE OF CALLS:			
Multnomah County	1,072	1,333	+ 24%
Washington County	89	174	+ 96%
Clackamas County	132	175	+ 33%
Out of Region	21	17	- 19%
 MATERIALS REQUEST:			
Newspaper	163	327	+101%
Glass	144	383	+166%
Cardboard	85	196	+131%
Office Paper	34	20	- 41%
Scrap Paper/Mag/Phone	66	96	+ 45%
Tin Cans/Aluminum	82	254	+210%
Scrap Metal	49	65	+ 33%
Plastic	36	54	+ 50%
Tires	41	51	+ 24%
Motor Oil	89	92	+ 3%
Yard Debris	371	180	- 51%
Misc	144	146	+ 1%
Special Waste Permits	3	15	+400%

MISCELLANOUS MATERIALS 146 (100%)

Appliance	17%
Furniture and Carpet	7%
Special/Haz Waste	10%
Fill Material	12%
Building Mat	10%
Reusable Wood	8%
Radiators/Car Parts	9%
Grease/Rags	3%
Buy Misc. Matl's	3%
Other Misc.	21%

Non-Landfill Referrrals	Approx. 71%
Landfill	29%

MARKET REPORT JULY 1986

	High	Low	Aug
Newspaper	30	25	26/ton
Cardboard	40	25	34/ton
Computer Paper	170	120	143/ton
Tab	60	30	43/ton
Col. Ledger	30	15	26/ton
Glass/Brown/Clear	40	10	25/ton
Glass/Green	30	10	20/ton
Tin Cans	21.50	10	17/ton
Aluminum	.40	.04	.19/ton
Scrap Metal	25	10	17/ton

COMMENTS ON STATISTICS

The RIC saw an increase in calls of 74% over the same period last year. Requests for curbside collection were up 400% with increases for curbside materials up no less than 100% during the same period.

A steady trend of the past has been a 7-2-1 ratio Drop Center-Pick Up - Markets. July saw the ratio close nearer to a 5-4-1 ratio Drop Center-Pickups-Markets. Even though total calls increased 29% in July '86 over the previous month, the closing of this ratio led to a 103% increase in curbside collection requests

COMMENTS ON AD CAMPAIGN

The RIC has received very favorable comments from callers about the Promotion/Education program.

- Wonderful - bags are great
- Terrific - good ads
- Job well done
- Best thing I ever saw

Callers are being asked how they were referred to the Metro RIC phone number. Responses show 3 out of 10 callers were prompted by the ad campaign materials.

COMING - EVENTS

The Far West Ag Show, sponsored by the Oregon Association of Nurserymen, will be held at the Colliseum on August 22 thru 24. Metro will have a Yard Debris Compost booth with information on yard debris products.

ANNOUNCEMENT

Pat Vernon is the new Program Coordinator for the Metro Recycling Information Center.

SUPPLEMENTAL MATERIALS

RESOLUTION NO. 86-674

AGENDA ITEM NO. 9.3, COUNCIL MEETING OF 8/14/86

EXHIBITS A AND B

RE: FOREST GROVE TRANSFER STATION

EXHIBIT A

VARIANCE REQUEST AND RATE REQUEST

PROVIDED BY FOREST GROVE TRANSFER STATION

RECEIVED JUN 9 1986



Engineers
Planners
Economists
Scientists

June 5, 1986

P18482.P1

Mr. Rich McConaghy
Solid Waste Department
Metropolitan Service District
2000 S.W. First Avenue
Portland, Oregon 97201

Dear Rich:

On behalf of Ambrose Calcagno, Jr., CH2M HILL submits the enclosed information to supplement Mr. Calcagno's transfer station variance request of March 26, 1982.

In response to the comments and questions in your May 5, 1986 letter, we have elaborated on our rationale and supporting justification for the variance request. We have also enclosed a revised rate request, an accountant's compilation report for calendar year 1985, and written authorization from the DEQ to accept solid waste at the transfer station from other haulers .

We trust this supplemental information responds to your concerns. We look forward to appearing before the Council and to meeting with its staff to discuss our variance request.

Sincerely,

A handwritten signature in cursive script that reads "Dan Saltzman".

Dan Saltzman
CH2M HILL

Enclosure

cc: City of Forest Grove



Engineers
 Planners
 Economists
 Scientists



RECEIVED JUL 25 1986

July 24, 1986

P18482.P1

Metropolitan Service District
 Members of the Council
 2000 S.W. First Avenue
 Portland, Oregon 97201

Attention: Mr. Richard Waker, Chairman

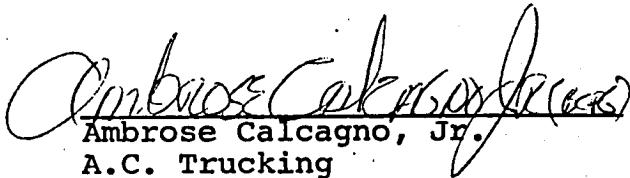
Dear Council Members:

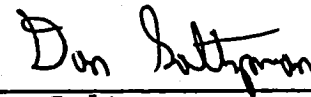
On March 26, 1986, Ambrose Calcagno, Jr., principal owner and operator of the Forest Grove Transfer Station, submitted a request for a variance from the ownership restrictions found in Section 5.01.120(1) of the District's Disposal Franchise Ordinance.

Pursuant to Section 5.01.080(b) of the Franchise Ordinance, we wish to formally request that the Council also consider and approve a renewal of Mr. Calcagno's franchise agreement with the District so that its expiration date would be identical to that of the requested five-year variance. This combined consideration and approval by the Council will facilitate private sector financing of equipment purchases to provide enhanced transfer station services at Forest Grove.

This request has been discussed with District staff.

Sincerely,


 Ambrose Calcagno, Jr.
 A.C. Trucking


 Dan Saltzman
 CH2M HILL

cc: Michael Solomon, City of Forest Grove



Engineers
Planners
Economists
Scientists

March 26, 1986

P18482.P1

Metropolitan Service District
Members of the Council
2000 S.W. First Avenue
Portland, Oregon 97201

Attention: Mr. Richard Waker, Chairman

Dear Council Members:

Ambrose Calcagno, Jr., principal owner and operator of the Forest Grove Transfer Station, respectfully requests that the Council consider and approve a modification to the March 22, 1984 franchise agreement between the Metropolitan Service District and Forest Grove Disposal, Inc.

Specifically, Forest Grove Disposal, Inc., requests that the Council grant a variance from the ownership restrictions found in Section 5.01.120(1) of the District's Disposal Franchise Ordinance. This variance would allow the franchisee the opportunity to provide transfer station services to additional collection companies doing business in western Washington County.

A franchise expansion would benefit Washington County and the Metro region in several ways. It would:

- o Allow Forest Grove Disposal to increase the Forest Grove Transfer Station's operating efficiencies by using its excess capacity
- o Contribute to a sensible solution to the recycling and disposal of Washington County's solid waste
- o Reduce collection truck traffic between Forest Grove and McMinnville
- o Facilitate the flow of solid waste to other solid waste disposal sites, thus increasing the life of the St. Johns Landfill

Metropolitan Service District

Page 2

March 26, 1986

P18482.P1

At present, the facility in south Forest Grove serves as a recycling and transfer station for Forest Grove Disposal, Pacific Garbage Service, Lou and Chuck's Sanitary Service, and Eager Beaver Sanitary Service. These companies are all owned and operated by the franchisee.

Under the proposed franchise modifications, the franchisee could serve as the transfer station for six collection services in which the franchisee has no proprietary interest now serving Washington County west of 170th Avenue. On their trips to the Riverbend Landfill in Yamhill County these services currently pass within one-half mile of the Forest Grove Transfer Station. If these companies were allowed to use the transfer station, the 15 refuse truck trips now made to the landfill would be reduced to six or seven transfer travel trips per weekday. Currently at the Forest Grove Transfer Station, refuse from eight trucks is transferred into four trailer loads each weekday and hauled to Riverbend Landfill in Yamhill County. Traffic between Forest Grove and McMinnville could be significantly reduced should these companies be allowed to use the transfer station.

The transfer facility would require no modifications to handle this additional business. One additional tractor and four additional transfer trailers would be purchased and several new employees may be hired.

Forest Grove Disposal is committed to the clean and efficient operation of its transfer station and to fulfilling all other obligations under the current franchise agreement. This commitment will remain in effect under the new operational conditions that would be allowed by the proposed franchise modification.

We are also working closely with the City of Forest Grove to ensure that our variance request is one that the City can support. On March 10, Forest Grove Disposal appeared before the Forest Grove City Council to discuss the variance request and other related matters.

We have enclosed a rate request and relevant financial information concerning Forest Grove Disposal to assist the Council in establishing rates for the Forest Grove Transfer Station. In preparing the rate request and its supporting documents, we have made every effort to adhere to Metro's

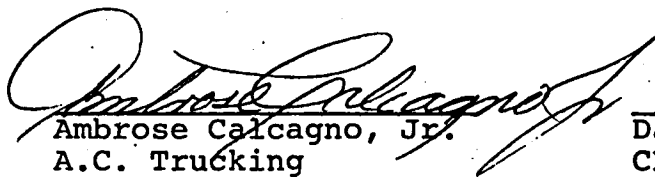
Metropolitan Service District
Page 3
March 26, 1986
P18482.P1

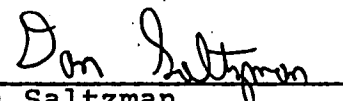
"Procedures for Processing Applications and Rate Adjustment
Request for Solid Waste Disposal Franchisees, February 1986."

Approval of the variance request would provide a more efficient system for transport and disposal of western Washington County's solid waste and would provide a new business opportunity for Forest Grove Disposal.

We are prepared to meet with the Council or its staff to discuss our variance request in more detail at your earliest convenience.

Sincerely,


Ambrose Calcagno, Jr.
A.C. Trucking


Dan Saltzman
CH2M HILL

Enclosures

five commercial haulers serving western Washington County; and the station's location on B Street, which is the route to Riverbend for the sixth hauler, constitute special physical conditions that render strict compliance with Section 5.01.120(1) impractical. Compliance also impedes the fulfillment of the District's objectives to achieve greater use of transfer trucks as the principal vehicles for trips to regional landfills and to reduce extensive hauls and mileage on public roads.

Ambrose Calcagno, Jr., believes the intent of the ownership restrictions of Section 5.01.120(1) is not compromised by granting the requested variance. Ambrose Calcagno, Jr., construes the underlying intent of the ownership restrictions of Section 5.01.120(1) to relate directly to the Findings and Purposes of the District's Disposal Franchise Ordinance found at Section 5.01.020. In particular, Ambrose Calcagno, Jr., believes that Section 5.01.120(1) is designed to ensure that franchisees do not engage in rate preferences or other discriminatory practices, as prohibited in Section 5.01.020(b)(4).

As indicated in the rate request document, Ambrose Calcagno, Jr., intends to charge one class of rates. Thus, the transfer station rates charged to companies owned by Ambrose Calcagno, Jr., will be identical to those charged other commercial haulers who choose to use the transfer station. The District's Rate Review Committee and the Council's extensive rate review process will further ensure that transfer station rates are uniform and nondiscriminatory.

In addition, Washington County's area franchise system for commercial haulers would render any attempt to engage in discriminatory or predatory practices moot. Area franchises make it virtually impossible for companies owned by Ambrose

RATIONALE AND SUPPORTING JUSTIFICATION FOR THE GRANTING OF A VARIANCE

Ambrose Calcagno, Jr., dba A.C. Trucking (hereinafter referred to as Ambrose Calcagno, Jr.) requests that the Metropolitan Service District Council grant a variance from the ownership restrictions found in Section 5.01.120(1) of the District's Disposal Franchise Ordinance. This variance would allow the franchisee the opportunity to provide transfer station services to additional collection companies doing business in the Service District. The variance is requested for the duration of the existing franchise agreement between the District and Ambrose Calcagno, Jr.

Metro's Disposal Franchise Ordinance, Section 5.01.110, 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 objectives of the District."

Ambrose Calcagno, Jr., requests a variance from Section 5.01.120(1) on the grounds that strict compliance is highly impractical and wasteful due to special physical conditions. The proximity of the transfer station to the Highway 47 bypass, which is the route to Riverbend Landfill for

Calcagno, Jr. to gain access to customers of other commercial haulers.

Ambrose Calcagno, Jr., requests this variance because he believes his transfer station affords certain commercial haulers an opportunity to reduce their overall disposal costs. Transferring solid waste at Forest Grove as opposed to hauling to Riverbend eliminates a 60-mile round trip. This roughly translates into a 1.5-hour savings in labor costs and a 6-gallon savings in diesel fuel consumption per trip. It also extends the service life of each hauler's truck. Estimates of potential savings to a hauler are provided under "Benefits to Other Haulers," on page 11.

If the transfer station is used by the six haulers currently serving western Washington County, the current eight truck trips per day to the transfer station would increase to 15 truck trips per day. Transfer trailer trips to Riverbend would correspondingly increase from four trips per day to seven trips per day. Overall, truck traffic between Forest Grove and Riverbend would be reduced from 15 potential daily round trips to seven.

The benefits of the variance to the customers of Forest Grove Disposal and the other hauling companies owned by Ambrose Calcagno, Jr., arise from the increase in the operating efficiency of the transfer station. The capital recovery element of hauling rates attributable to the transfer station will not increase as rapidly over time as it would without the variance request. The capital costs are amortized over a greater number of companies, or trips to the transfer station, thus reducing the unit capital recovery charge that is recouped through the hauling rates charged to customers.

OPERATING CONDITIONS AT FOREST GROVE TRANSFER STATION

In response to the Service District staff's request for additional details, the following information is provided. The information is presented in the order of the District's questions contained in correspondence dated May 5, 1986.

Wastes Accepted: Ambrose Calcagno, Jr., intends to accept all solid waste as defined in 5.01.010(s) of Metro's franchise ordinance with the following exceptions: discarded vehicles; sewage sludge, septic tank and cesspool pumpings, or other sludge; demolition and construction waste; asphalt, broken concrete, and bricks.

Access to Facility: Ambrose Calcagno, Jr., desires that any commercial hauler that finds it economically advantageous to use the transfer station be allowed to do so. It is not his intent to restrict the transfer station to only those commercial haulers operating west of 170th Avenue. No contractors or city parks departments, except possibly the Forest Grove Parks Department, would be allowed transfer station access. As with any private enterprise, delinquent payment of bills would be grounds for denying a hauler future access to the transfer station.

Recovery of Recyclables from Waste Stream: Forest Grove Disposal intends to continue to serve as a depot for the public to drop-off source separated recyclables. Currently there is no intent to conduct any recycling activities at the transfer station by either a drop and sort operation or receipt of sorted recyclables. Thus, haulers will not receive any credit for such items. Senate Bill 405 places the responsibility on each commercial hauler to provide for the recovery of recyclables from their waste streams. At present, only recyclables dropped-off at the Forest Grove Dis-

posal's Resource Recovery Station are recovered. The recovered quantity is approximately 3,000 pounds per month of glass, newspaper, cardboard, and tin. These recyclables are hauled by Forest Grove Disposal to buyback centers or industries using the recovered materials. Recyclables dropped off at the Forest Grove Disposal's Resource Recovery station are expected to decrease over time as residents take advantage of the opportunity provided by SB 405 to recycle through their commercial hauler.

Measurement of Waste Received: All solid waste received is weighed. The scale is equipped with a battery pack for operation in the event of a power failure. Should a scenario arise where it is necessary to bill on the basis of volume rather than weight, Ambrose Calcagno, Jr., would use a solid waste density factor provided by Metro for converting to cubic yards. If Metro does not have a factor available, Ambrose Calcagno, Jr., would use a density estimate in the range of 650 to 850 pounds per cubic yard.

Ambrose Calcagno, Jr., employs a computerized billing system, connected directly to the scale. No changes in current billing methods are necessary under the proposed variance request; nor are changes to the gatehouse or staging areas required. Haulers are provided with a receipt showing the gross and net weights of their vehicle. Net weight is the quantity of waste deposited at the transfer station and is the basis of billing. Monthly statements are provided to the haulers indicating the total quantity of waste deposited and the amount owed the transfer station for the services rendered.

Covered Loads and Route Control: All loads arriving at the transfer station and all loads anticipated under the variance request are in compactor trucks, which have enclosed

trailers. If putrescible wastes arrive in drop boxes, Ambrose Calcagno, Jr., will require that the loads be covered as a condition of acceptance and as a part of each hauler's contract. With the exception of SWATCO, all other commercial haulers that Ambrose Calcagno, Jr., expects to use the transfer station, use the Highway 47 bypass. Ambrose Calcagno, Jr., will make every effort to ensure that the bypass remains the route of choice for these haulers and any additional haulers that may desire to use the transfer station and can so require this by contract, if requested. As all loads arriving and departing at the transfer station will be covered, litter should not be a problem. Litter patrols will occur bimonthly on the stretch of road between the transfer station and the Highway 47 bypass.

Other Approvals: It is necessary for the Department of Environmental Quality to agree to the applicant's request to provide transfer station services to additional companies serving the Metro area. Schedule A, Article 2 of Ambrose Calcagno, Jr.'s, transfer station permit contains ownership restrictions similar to Section 5.01.120(1) of the District's Franchise Ordinance.

Other wastes can be accepted if "authorized in writing by the Department." On May 27, 1986, DEQ granted this authorization. It is attached to this supplemental information document.

No other formal government approvals are necessary.

Hours & Days of Operation: The transfer station will continue its normal hours of operation, 2 a.m. to 6 p.m., on weekdays, on Saturdays from 6 a.m. to 3 p.m., and other times as necessary. The facility is normally closed on Sundays, Christmas Day, and New Year's Day.

The maximum number of loads that could be accepted is 4 to 8 trucks per hour, assuming both transfer trailers are available at the transfer station.

No solid waste is left on the pad overnight. At day's end, all waste is either in the transfer trailer or it is off the site. The pad is cleaned every evening. The transfer station's truck wash facility is available to all trucks entering the premises. Use of other equipment or maintenance and storage areas would be available to commercial haulers in emergency situations, for a fee. Otherwise these facilities are dedicated to the service needs of companies owned by Ambrose Calcagno, Jr.

SUPPORTING INFORMATION FOR THE RATE REQUEST

In connection with the Rate Request submitted by Ambrose Calcagno, Jr., the following information is submitted.

Duration of Rates: The initial rate is requested for one year. It is the franchisee's intent to submit annual information in the format requested by Metro to support any changes in its transfer station rate. It is anticipated that the rate requests would be done as part of the annual financial statement preparation by Laventhol & Horwath, CPA's, and submitted in March. After review by Metro, it is hoped that new rates could then be established by June 1 each year.

Customer Class: There will be only one class of customer, commercial haulers. In addition it should be understood that all commercial haulers, whether owned or controlled by Ambrose Calcagno, Jr., or independent haulers allowed to use the transfer station, will be charged the same rate. Therefore, there is no need to make allocations between rate classes. Further, the financial information submitted by A.C. Trucking relates only to the transfer station activities and does not include any expenses of any solid waste collection activities conducted by Mr. Calcagno or related entities.

Waste Load Projections: The projection of 44,640 tons of waste per year is an estimate provided by the franchisee based on their own operations and observations of the number of trips per day to the dump of other haulers who might use the facility. The entities controlled by Ambrose Calcagno, Jr., currently deliver 1,400 to 1,500 tons per month to the transfer station or approximately 17,340 tons per year. It is estimated that Hillsboro Sanitary Service and Aloha Sani-

tary Service would each deliver approximately 10,400 tons per year and that the group of companies composed of A.C., Cornelius Sanitary Service, Valley West, and Washington County Drop Box would deliver 6,500 tons per year. If these other companies were to use the transfer station, the franchisee would expect to receive all their available waste flow except demolition materials. With the expected change in the Riverbend landfill's method of charging for tipping, from a per yard to a per ton basis, the franchisee believes he will be able to demonstrate a cost savings in using the transfer station to the haulers.

Audited Financial Statements: The Company has not had audited financial statement prepared. The compiled statement of the Company is included.

Cost of Dumping Clarification: The original rate request submitted included a typographical error in that dump fees were stated at \$4.30 per ton, when in fact the dump fees were actually computed at \$4.30 per yard. In the information resubmitted, the franchisee follows Metro staff's suggestion to submit a request for a rate based just on the cost of the transfer service. Therefore, the rate request will be the rate for the transfer service plus whatever the Riverbend disposal fee, Yamhill County fee, and Metro fees are.

Requested Rates of Return: In the rate request submitted herewith, the franchisee requests a transfer rate of \$14.51 per ton plus the above mentioned disposal fees. This rate is based on a 17.5 percent return on debt capital, a 15.0 percent return on equity capital, and an assumed tax rate of 37.1 percent.

Included in the rate request is a sensitivity analysis using rates of return on debt capital ranging from 13.5 percent to 17.5 percent, rates of return on equity capital, and an assumed tax rate of 37.1 percent.

As the analysis indicates, the transfer rate per ton varies approximately 18 cents per ton for each one percent variation in either factor.

Benefit to Other Haulers: The franchisee hopes to attract those haulers who are already passing near their facility (within one mile) on their way to the Riverbend Landfill. With the expected change in tipping fees from a per year basis to a tonnage basis, the franchisee believes haulers will save a substantial amount of money using the transfer station. The actual savings to a hauler will depend on the number of tons normally hauled each trip. An analysis of the potential savings to a hauler is as follows:

Number of Tons Hauled Per Load

	8	7	6
Cost at transfer station	<u>\$116.08</u>	<u>\$101.57</u>	<u>\$87.06</u>
Savings:			
Travel 60 miles @ \$1.50 per mile (a)	90.00	90.00	90.00
Dump fees @ \$2.98 per ton (b)	23.84	20.86	17.88
Labor 1.5 hours @ \$15 (c)	<u>22.50</u>	<u>22.50</u>	<u>22.50</u>
Total savings	<u>136.34</u>	<u>133.36</u>	<u>130.38</u>
Net savings	<u>\$ 20.26</u>	<u>\$ 31.79</u>	<u>\$ 43.32</u>

- (a) It is assumed that the cost of operating a garbage truck, excluding driver wages, is \$1.50 per mile, including replacement of the truck.
- (b) It is assumed that those using the transfer facility would save the \$2.98 per ton Metro Regional Transfer Charge if they hauled to the facility and would not save this charge if they hauled direct.
- (c) It currently takes approximately 1½ hours to travel from the transfer station to the Riverbend Landfill and return. It has been assumed that the payroll cost for a driver would be \$15.00 per hour, including all fringe benefits.



Department of Environmental Quality

522 S.W. FIFTH AVENUE, BOX 1760, PORTLAND, OREGON 97207 PHONE: (503) 229-5696

May 23, 1986

Ambrose Calcagno, Jr.
1525 B Street Box 8
Forest Grove, OR 97116

Re: SW - Washington County
Forest Grove Transfer Station
Permit No. 368

Dear Mr. Calcagno:

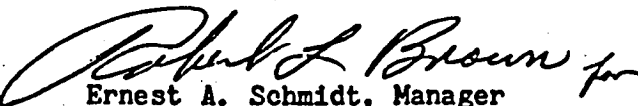
The Department is in receipt of your request to receive and transport solid waste from commercial collectors other than the four companies listed in the permit.

The Department has no objection to your request and hereby approves your acceptance of additional wastes with the following conditions:

1. Waste shall be received from only commercial collection vehicles, general public is not permitted.
2. Waste shall not be received in an amount over the design capacity of the facility (400 ton/day).
3. Expansion of permitted users shall be approved by the City of Forest Grove and Metro prior to acceptance of additional waste.

If you have any questions regarding the above, please contact Charles Gray of the Northwest Region at 229-5288 or Bob Brown of the Hazardous and Solid Waste Division at 229-6237.

Sincerely,


Ernest A. Schmidt, Manager
Solid Waste Section
Hazardous and Solid Waste Division

RLB:f
SF1073

cc: Metro
City of Forest Grove
Dan Saltzman/CH2M
Northwest Region, DEQ

AMBROSE CALCAGNO, JR.
dba AC TRUCKING, A PROPRIETORSHIP

METROPOLITAN SERVICE DISTRICT

RATE REQUEST

1986

Ambrose Calcagno, Jr.
dba AC Trucking, a Proprietorship
Forest Grove, Oregon

We have compiled in the accompanying prescribed form, forecasted financial information of AC Trucking, a proprietorship, for the year ended December 31, 1986 in accordance with standards established by the American Institute of Certified Public Accountants.

The accompanying forecast, in a prescribed form, and this report were prepared for Metropolitan Service District for the purpose of requesting a permit to transfer solid waste for other haulers and should not be used for any other purpose.

Our compilation was limited to presenting in the form prescribed by Metropolitan Service District information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying financial information or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The forecasted financial information referred to above on which we issued our compilation report dated March 24, 1986 has been revised and is being reissued. The main changes are as follows. Dump fees have been omitted from the forecasted operating expenses because the rate requested is for the transfer service and dump fees will be in addition to this rate. The return on equity has been changed from 12% to 15% and the effective tax rate has changed from 45% to 37.1%. A sensitivity analysis (Table 6) has also been added to the forecasted financial information.

Laventhol & Horwath

June 3, 1986

AMBROSE CALCAGNO, JR.
dba AC TRUCKING, A PROPRIETORSHIP

FORECASTED OPERATING EXPENSES

YEAR ENDED DECEMBER 31, 1986
(See Accountants' Compilation Report)

TABLE 1

Expenses (Note 2):	
Labor costs:	
Drivers	\$ 55,560
Yard worker	<u>27,780</u>
Total, labor	<u>83,340</u>
Operating costs of yard:	
Insurance	1,200
Property taxes	14,004
Utilities	6,000
Maintenance	1,200
Supplies	3,000
Land rent	<u>24,000</u>
Total, yard	<u>49,404</u>
Operating costs of tractors and trailors:	
Leasing expense	5,000
Diesel	24,336
PUC	9,887
Tires	12,168
Insurance	3,042
Maintenance	16,731
Utilities	13,689
Trailer maintenance	<u>36,000</u>
Total, tractors and trailors	<u>120,853</u>
Operating costs of backhoe and yard goat:	
Diesel	1,200
Tires	3,000
Insurance	96
Maintenance	<u>1,200</u>
Total, backhoe and goat	<u>5,496</u>
Office expenses:	
Labor and computer	13,200
Legal and accounting	7,800
Management	<u>12,000</u>
Total, office expenses	<u>33,000</u>
Total expenses	<u>\$292,093</u>

See notes and assumptions to financial information

AMBROSE CALCAGNO, JR.
dba AC TRUCKING, A PROPRIETORSHIP

CAPITAL COST RECOVERY SCHEDULE

JANUARY 1, 1986
(See Accountants' Compilation Report)

TABLE 2

Capital item:	<u>Cost new</u>	<u>Purchase date</u>	<u>Service life (years)</u>	<u>Residual value</u>	<u>Required capital recovery</u>	<u>Annual cost recovery</u>	<u>Year ended December 31, 1986</u>
Reload building	\$807,301	9/03/85	20	\$75,000	\$732,301	\$ 36,615	\$ 36,615
2 star trailers	101,389	3/14/85	5	10,139	91,250	18,250	18,250
Mack tractor	75,166	4/17/85	7	7,517	67,649	9,664	9,664
Backhoe	43,260	9/10/85	7	4,326	38,934	5,562	5,562
Yard equipment	6,174	11/05/85	5	617	5,557	1,111	1,111
4 star trailers	202,778	7/01/86	5	20,278	182,500	36,500	18,250
Mack tractor	75,166	7/01/86	7	7,517	67,649	9,664	4,832
Total capital cost recovery							<u>\$ 92,667</u>

CALCULATION OF UNRECOVERED INVESTMENT AT JANUARY 1, 1986

Total capital investments made to date (cost new - includes residual value)	\$1,286,068
Capital investment recovered through rates in previous years	32,090
Capital investment recovered through salvage of depreciated investments in previous years	<u>-0-</u>
Unrecovered capital investment (used in determination of rate base)	<u>\$1,253,978</u>

See notes and assumptions to financial information

AMBROSE CALCAGNO, JR.
dba AC TRUCKING, A PROPRIETORSHIP

DEBT SERVICE SCHEDULE FOR CALCULATING DEBT CAPITAL

AS OF JANUARY 1, 1986
(See Accountants' Compilation Report)

TABLE 3

	Terms of loan						Number of previous payments
	Capital investment	Amount of loan	Annual payment	Interest rate	Period years		
Capital item:							
Reload building	\$ 807,301	\$ 600,000	\$102,649	17.000%	30	9	\$599,485
2 star trailers	101,389	98,436	26,755	16.195	5	9	89,270
Mack tractor	75,166	72,977	19,835	16.271	5	8	66,824
Backhoe	43,260	42,000	11,416	16.138	5	3	40,645
Yard equipment	6,174						
4 star trailers	202,778	196,872	53,510	16.195	5		
Mack tractor	50,000	48,544	14,250	16.271	5		
	<u>\$1,286,068</u>	<u>\$1,058,829</u>					
						Debt capital	<u>796,224</u>
						Interest (to be paid)	<u>\$147,975</u>

See notes and assumptions to financial information

AMBROSE CALCAGNO, JR.
dba AC TRUCKING, A PROPRIETORSHIP

CALCULATION OF RATE BASE AND RETURN ON RATE BASE

JANUARY 1, 1986
(See Accountants' Compilation Report)

TABLE 4

Calculation of rate base:	
Unrecovered capital investment (Table 2)	\$1,253,978
Working capital (Estimated as 1/12th of annual operating expenses and annual dump fees)	<u>60,891</u>
Rate base	<u>1,314,869</u>
Calculation of equity capital:	
Rate base	1,314,869
Less debt capital (Table 3)	<u>796,224</u>
Equity capital	<u>518,645</u>
Calculation of return on equity capital:	
Equity capital	518,645
Suggested rate of return	<u>15%</u>
Return on equity capital	<u>77,797</u>
Calculation of return on debt capital:	
Debt capital (Table 3)	796,224
Suggested rate of return	<u>17.5%</u>
Return on debt capital	<u>139,339</u>
Calculation of income tax:	
Return on equity capital	77,797
Divided by 62.9% (100% - effective tax rate of 37.1%)	<u>62.9%</u>
Less return on equity capital	<u>77,797</u>
Income tax (Note 3)	<u>45,886</u>
Calculation of annual return on rate base:	
Income tax	45,886
Return on equity capital	77,797
Return on debt capital	<u>139,339</u>
Annual return on rate base	<u>\$ 263,022</u>

See notes and assumptions to financial information

AMBROSE CALCAGNO, JR.
dba AC TRUCKING, A PROPRIETORSHIP

WASTE FORECAST AND DISPOSAL RATE CALCULATIONS

JANUARY 1, 1986
(See Accountants' Compilation Report)

TABLE 5

Projected waste volume (tons)	<u>44,640</u>
Calculation of annual revenue requirement:	
Annual operating expenses (Table 1)	\$ 292,093
Annual total capital cost recovery (Table 2)	92,667
Annual return on rate base (Table 4)	<u>263,022</u>
Annual revenue requirement	<u>647,782</u>
Calculation of suggested rate:	
Annual revenue requirement	647,782
Projected waste volume	<u>44,640</u>
Rate per ton	<u>\$ 14.51</u>

See notes and assumptions to financial information

AMBROSE CALCAGNO, JR.
dba AC TRUCKING, A PROPRIETORSHIP

PRESENTATION OF DISPOSAL RATES UNDER ALTERNATIVE RATES OF RETURN

JANUARY 1, 1986
(See Accountants' Compilation Report)

TABLE 6

<u>Rate per ton (\$)</u>		<u>Percentage Return on Debt Capital</u>				
		<u>13.5</u>	<u>14.5</u>	<u>15.5</u>	<u>16.5</u>	<u>17.5</u>
Percentage return on equity capital	13.0	13.43	13.61	13.79	13.96	14.14
	14.0	13.61	13.79	13.97	14.15	14.33
	15.0	13.80	13.98	14.15	14.33	14.51
	16.0	13.98	14.16	14.34	14.52	14.70
	17.0	14.17	14.35	14.52	14.70	14.88

<u>Return on equity capital (x \$1000)</u>		<u>Percentage Return on Debt Capital</u>				
		<u>13.5</u>	<u>14.5</u>	<u>15.5</u>	<u>16.5</u>	<u>17.5</u>
Percentage return on equity capital	13.0	67	67	67	67	67
	14.0	73	73	73	73	73
	15.0	78	78	78	78	78
	16.0	83	83	83	83	83
	17.0	88	88	88	88	88

See notes and assumptions to financial information

AMBROSE CALCAGNO, JR.
dba AC TRUCKING, A PROPRIETORSHIP

NOTES AND ASSUMPTIONS TO FORECASTED FINANCIAL INFORMATION

JANUARY 1, 1986
(See Accountants' Compilation Report)

1. General:

The entity is a sole proprietorship formed by Ambrose Calcagno, Jr. to operate a solid waste transfer station facility. The facility is located in Forest Grove, Oregon and transfers solid waste for the following related companies:

Calcagno and Son, Inc. dba Pacific Garbage Service
Eager Beaver Sanitary Service, Inc.
Forest Grove Disposal Service, a sole proprietorship
Public Sanitary Service, Inc. dba Lou and Chuck's Sanitary Service

The period presented in this forecasted financial information is the year ended December 31, 1986.

2. Forecasted operating expenses:

Expenses have been forecasted based on an estimated solid waste transfer volume of 44,640 tons. Dump fees, including Yamhill County and Metro fees, will be passed on directly to the hauler and are thus not reflected as an operating expense.

Assumptions to forecasted operating expenses:

a. Number of tons to be hauled:	
Monthly	3,720
Annually	44,640
b. Labor:	
Number of drivers	2
Driver's salary, including employer's cost of payroll taxes and employee benefits (per driver):	
Monthly	\$ 2,315
Annually	27,780
Number of yard workers	1
Yard worker's salary, including employer's cost of payroll taxes and employee benefits:	
Monthly	\$ 2,315
Annually	27,780

AMBROSE CALCAGNO, JR.
dba AC TRUCKING, A PROPRIETORSHIP

NOTES AND ASSUMPTIONS TO FORECASTED FINANCIAL INFORMATION (CONTINUED)

JANUARY 1, 1986
(See Accountants' Compilation Report)

2. Forecasted operating expenses (continued):

	<u>Monthly</u>	<u>Annually</u>
c. Operating costs of yard:		
Insurance	\$ 100	\$ 1,200
Property taxes	1,167	14,004
Utilities	500	6,000
Maintenance	100	1,200
Supplies	250	3,000
Land rent	2,000	24,000
d. Operating costs of tractors and trailers (assuming 12,675 miles per month, or 152,100 miles per year):		
	<u>Cost per mile</u>	
Diesel	\$.160	
PUC	.065	
Tires	.080	
Insurance	.020	
Maintenance	.110	
Utilities	.090	
In addition, management has assumed that temporary leasing of a tractor will be required while one of its tractors is off-line for maintenance. This expense has been forecast at \$5,000.		
e. Tractor maintenance:		
Number of trailers		6
Cost of maintenance (per trailer):		
Monthly		\$ 500
Annually		6,000
f. Operating costs of backhoe and yard goat:		
	<u>Monthly</u>	<u>Annually</u>
Diesel	\$ 100	\$ 1,200
Tires	250	3,000
Insurance	8	96
Maintenance	100	1,200
Number of backhoes		1
Number of yard goats		1
g. Office expenses:		
Labor & computer	\$1,100	\$13,200
Legal & accounting	650	7,800
Management	1,000	12,000

AMBROSE CALCAGNO, JR.
dba AC TRUCKING, A PROPRIETORSHIP

NOTES AND ASSUMPTIONS TO FORECASTED FINANCIAL INFORMATION (CONTINUED)

JANUARY 1, 1986
(See Accountants' Compilation Report)

3. Income taxes:

Because the entity is a sole proprietorship, the tax cost will be recognized at Mr. Calcagno's effective tax rate on his individual income tax return. The effective rate has been set at 37.1 percent on the assumption that this is his only income as required by Metro's methodology.

AMBROSE CALCAGNO, JR.

dba AC TRUCKING, A PROPRIETORSHIP

DECEMBER 31, 1985

(See Accountants' Compilation Report)



Laventhol & Horwath

Certified Public Accountants

111 S.W. Fifth Avenue
Portland, OR 97204
(503) 221-0141

Ambrose Calcagno, Jr.
AC Trucking
Forest Grove, Oregon

We have compiled the balance sheet of Ambrose Calcagno, Jr. dba AC Trucking, a proprietorship, as of December 31, 1985, in accordance with standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a financial statement information that is the representation of the owner. We have not audited or reviewed the financial statement and, accordingly, we do not express an opinion or any other form of assurance on it.

The financial statement presents the financial position only of AC Trucking, and does not include the personal assets or liabilities of the owner or those of any other operation in which the owner is engaged.

Laventhol & Horwath

March 27, 1986

AMBROSE CALCAGNO, JR.
dba AC TRUCKING, A PROPRIETORSHIP

BALANCE SHEET

DECEMBER 31, 1985
(See Accountants' Compilation Report)

ASSETS

Current asset:

Cash \$ 2,658

Property and equipment (Notes 2 and 4):

Land 5,311
Machinery and equipment 6,175
Building 799,865
Leasehold improvements 7,436
Equipment under capital leases 219,815

1,038,602

Accumulated depreciation and
amortization

32,160

1,006,442

Other assets:

Loan fees, net of accumulated
amortization of \$2,672 13,363

Pre-opening costs, net of accumulated
amortization of \$480 6,725

Deposits 6,087

26,175

\$1,035,275

See notes to financial statement

AMBROSE CALCAGNO, JR.
dba AC TRUCKING, A PROPRIETORSHIP

BALANCE SHEET

DECEMBER 31, 1985
(See Accountants' Compilation Report)

LIABILITIES AND PROPRIETOR'S CAPITAL

Current liabilities:	
Current portion of long-term debt (Note 2)	\$ 796
Current portion of obligations under capital leases (Note 4)	28,147
Accounts payable	45,411
Accrued expenses	<u>8,493</u>
Total current liabilities	82,847
Long-term debt, less current portion (Note 2)	598,689
Obligations under capital leases, less current portion (Note 4)	168,593
Commitments (Note 5)	
Proprietor's equity	<u>185,146</u>
	<u>\$1,035,275</u>

See notes to financial statement

AMBROSE CALCAGNO, JR.
dba AC TRUCKING, A PROPRIETORSHIP

NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 1985
(See Accountants' Compilation Report)

1. Summary of significant accounting policies and line of business:

Line of business:

The Company operates a solid waste transfer station.

Property and equipment and depreciation and amortization:

Property and equipment are stated at cost and are being depreciated using the straight-line and accelerated methods over the estimated useful lives of the assets. Capitalized leases are being amortized over the estimated lives of the related assets.

Loan fees and pre-opening costs:

Loan fees are being amortized using the straight-line method over the life of the loan. Pre-opening costs are being amortized using the straight-line method over five years.

2. Long-term debt:

17% note payable, collateralized by property and equipment, payable in monthly installments of \$8,554 including interest, due or renewable 1990

\$ 599,485

Less current portion

796

\$ 598,689

It is management's intent to exercise the option to renew this note at maturity. Therefore long-term debt maturities have been classified as if the note had been renewed.

Long-term debt matures as follows:

<u>Years ended December 31,</u>	<u>Amount</u>
1986	\$ 796
1987	943
1988	1,116
1989	1,321
1990	<u>1,564</u>
	<u>\$5,740</u>

3. Income taxes:

No provision has been made for income taxes since such taxes, if any, are the liability of the sole proprietor.

AMBROSE CALCAGNO, JR.
dba AC TRUCKING, A PROPRIETORSHIP

NOTES TO FINANCIAL STATEMENT (CONTINUED)

DECEMBER 31, 1985
(See Accountants' Compilation Report)

4. Obligations under capital leases:

The Company has adopted the policy of capitalizing financing leases by recording the asset and the related lease obligation in accordance with the provisions of Statement No. 13 of the Financial Accounting Standards Board.

Capital leases included in equipment at December 31, 1985 are as follows:

Equipment under capital leases	\$ 219,815
Less accumulated amortization	<u>18,563</u>
	<u>\$ 201,252</u>

The Company is obligated for minimum lease payments, including payments required under bargain purchase options, for capital leases of equipment expiring on various dates through 1990 as follows:

<u>Year ending December 31,</u>	
1986	\$ 58,006
1987	58,006
1988	58,006
1989	58,006
1990	<u>53,873</u>
	285,897
Less amount representing interest	<u>89,157</u>
Present value of net minimum lease payments	196,740
Less current portion	<u>28,147</u>
Long-term portion of capitalized lease obligations	<u>\$168,593</u>

The interest rate used for capitalizing leases varies from 16.138% to 16.271%.

5. Related party transactions:

The Company rents its facilities on a month-to-month basis from the owner of the Company.

This Company and four other companies are under the control of Ambrose Calcagno, Jr. Certain overhead expenses are shared among the companies. The receivables or liabilities arising from these inter-company expenses are reflected directly in proprietor's equity rather than in separate receivable or liability accounts.

EXHIBIT B

PROPOSED AMMENDMENTS TO THE

FOREST GROVE TRANSFER STATION

FRANCHISE AGREEMENT

FRANCHISE NO.: 4
DATE ISSUED: March 22, 1984
Renewal Date: 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: Forest Grove Transfer Station
NAME OF FRANCHISEE: Ambrose Calcagno, Jr.
ADDRESS: 1525 "B" Street
P. O. Box 8
CITY, STATE, ZIP: Forest Grove, Oregon 97116
NAME OF OPERATOR: Ambrose Calcagno, Jr.
PERSON IN CHARGE: Ambrose Calcagno, Jr.
ADDRESS: 1525 "B" Street
CITY, STATE, ZIP: Forest Grove, Oregon 97116
TELEPHONE NUMBER: (503) 357-9222

[This Franchise agreement shall not become effective until the proposed transfer station property is annexed to the city of Forest Grove and this annexation is approved by the Portland Area Boundary Commission.]

This Franchise will automatically terminate on the expiration date shown above, or upon modification, revocation or suspension, whichever occurs first. Until this Franchise terminates, Ambrose Calcagno, Jr. is authorized to operate and maintain a transfer station located at 1525 "B" Street, Forest Grove, Oregon 97116, for the purpose of accepting and transferring solid waste in accordance with the Metro Code and the attached Schedules A, B, C, [and] D and E. 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.

Ambrose Calcagno, Jr.

Presiding Officer, Council
Metropolitan Service District

FRANCHISE CONDITIONS

Franchise Number: 04

Expiration Date: August 14, 1991

SCHEDULE A

AUTHORIZED AND PROHIBITED ACTIVITIES

- SA-1 The Franchise Holder is authorized to accept solid wastes as defined in Metro Code Chapter 5.01 from [his own] commercial collection vehicles, in order to consolidate waste in drop boxes or transfer trailers for delivery to a Metro franchised or authorized disposal facility and to separate out recyclable materials such as wastepaper, cardboard and newspaper. Discarded vehicles, sewage sludge, septic tank and cesspool pumpings, or other sludge; demolition and construction waste; asphalt, broken concrete and bricks shall not be accepted at the facility.
- SA-2 [The Franchise Holder may accept solid waste as defined in Metro Code Chapter 5.01 only from businesses owned or controlled by the franchisee. These businesses include Forest Grove Disposal, Eager Beaver Sanitary Service, Ambrose Calcagno and Son dba Pacific Garbage Service and Public Sanitary Service Inc. dba Lou and Chuck's Sanitary Service, all of which are owned and controlled by Ambrose Calcagno, Jr.] The Franchisee may not exclude any commercial hauler from using the facility except for grounds considered reasonable by Metro. All commercial haulers using the facility shall receive equal treatment and service in transfer operations. The Franchisee shall not enter into any contracts or agreements with other haulers for the delivery of waste or on rates to be charged except as allowed in this Franchise Agreement.
- SA-3 The Franchise Holder may not accept mixed solid waste from the public [including the franchise holders solid waste collection customers at the transfer facility].
- SA-4 The Franchise Holder may accept source separated solid waste from the public for recycling.
- SA-5 The Franchisee may accept no more than 200 tons of waste per operating day on a monthly average.

FRANCHISE CONDITIONS

Franchise Number: 04

Expiration Date: August 14, 1991

SCHEDULE B

MINIMUM MONITORING [AND], REPORTING AND FEE SUBMISSION REQUIREMENTS

SB-1 The Franchise Holder shall effectively monitor the transfer station operation and maintain records of the following required data to be submitted to Metro:

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

<u>Item</u>	<u>Minimum Monitoring Frequency</u>
a) Cubic yards or tons of solid waste deposited at the transfer station by the Franchise Holder's collection vehicles <u>and other commercial vehicles</u> classified among compacted, noncompactd, and special loads	Daily
b) Number of truck loads received at the transfer station <u>from the Franchise Holder's company and from other companies.</u>	Daily
c) Detailed explanation of any adjustments made to the amount of fees pursuant to SB-3 below.	Each Occurance

Signature and title of the Franchise Holder or his 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 In accordance with the provisions of Metro Code 5.01.150 and Metro Code 5.02.045 (user fee) and 5.02.050 (transfer charge), the Franchise Holder shall submit to Metro on an approved form a monthly User Fee statement and payment. The Franchise Holder shall pay Metro user fee for all mixed solid wastes which are not separated at the source and which are accepted by the franchisee at the facility. The statement and payment shall be submitted on or before the 20th day of each month following the preceeding month of operation. User fee schedules are subject to revisions in accordance with Metro ordinances, rules and regulations promulgated after the date of this franchise agreement.

- SB-4 [From the total user fee discussed in SB-3 the Franchise Holder may deduct user fees paid by the Franchise Holder to District approved disposal sites for solid wastes delivered by the Franchise Holder. Such deductions shall be supported by proof acceptable to Metro.] 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 disposal site. 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. Uncollectable User Fees may be deducted from payments submitted to Metro when an affidavit explaining the status of the account is provided.
- SB-5 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-6 The Franchise Holder shall report to the District any changes in excess of five (5%) percent of ownership of the Franchise Holder's corporation or similar entity, or of the partners of a partnership within ten days of such changes of ownership.
- SB-7 The Franchise Holder will file [monthly] quarterly with Metro a report indicating the types (wood, paper, cardboard, metal, glass, etc.) quantities (tonnage/cubic yards) and selling price of source separated and non-source separated solid wastes accepted at the facility and not disposed of at a District approved site.
- SB-8 The Franchise Holder shall file an annual report on forms provided by the District on or before March 1 of each year for the preceding year.

FRANCHISE CONDITIONS

Franchise Number: 04

Expiration Date: August 14, 1991

SCHEDULE C

COMPLIANCE CONDITIONS AND SCHEDULES

- SC-1 The Franchise Holder shall furnish Metro with proof of public liability insurance including automotive coverage within ten (10) days after receipt of the order granting this franchise. Said insurance shall be 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 the policy.
- SC-2 The franchise insurance set forth in SC-1 shall be maintained during the term of the franchise. The Franchise Holder shall give thirty (30) days prior written notice to the District of any lapse or proposed cancellation of insurance coverage.
- SC-3 The Franchise Holder shall obtain a corporate surety bond in the amount of \$25,000.00 within ten (10) days after receipt of the order granting this franchise. Said bond shall guarantee full and faithful performance by the franchisee during the term of this franchise of the duties and obligations of this franchise agreement.
- SC-4 The franchise corporate surety bond in the amount set forth in SC-3 shall be maintained by the Franchise Holder during the term of the franchise. The Franchise Holder shall give thirty (30) days written prior notice to the District of any lapse or proposed cancellation of the bond.
- SC-5 All [non-putrescible] solid wastes accepted by the Franchise Holder at the facility and not recovered for reuse or recycling shall be delivered at the end of each work day or during the following work day to a Metro approved or franchised solid waste facility.
- SC-6 The Franchise Holder shall not stockpile mixed loads of food waste, food containers, or material contaminated by putrescible waste for more than one working day. Mixed waste from commercial vehicles temporarily stored at the site shall be delivered at the end of each working day or during the following work day to a Metro approved or franchised general purpose solid waste facility. For the purpose of this regulation, waste from compactor trucks shall be assumed to contain putrescible solid waste.

- SC-7 The Franchise Holder may not lease, assign, mortgage, sell or otherwise transfer, either in whole or in part, its franchise to another person without prior approval by the District.
- SC-8 The Franchise Holder may contract with another person to operate the processing center 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.
- SC-9 The Franchise Holder 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 for possible review by the District.
- SC-10 By October 1, 1986, the Franchise Holder shall designate and implement procedures for waste reduction which will enable commercial haulers using the site to store a reasonable volume of source separated recyclable material on the site or receive credit for the value of significant quantities of recyclable materials which they deliver to the Franchise Holder's drop off depot. Haulers using the facility shall be made aware of these procedures and the Franchise Holder shall make reasonable efforts to assure that source separated materials remain segregated from mixed wastes being transferred for disposal.

FRANCHISE CONDITIONS

Franchise Number: 04

Expiration Date: August 14, 1991

SCHEDULE D

GENERAL CONDITIONS

- SD-1 All notices required to be given to the franchisee under this franchise agreement shall be given to Ambrose Calcagno, Jr., Forest Grove Disposal, 1525 "B" Street, P. O. Box 8, Forest Grove, Oregon 97116. All notices and correspondence required to be given to Metro under this franchise shall be given to the Solid Waste Director, Solid Waste Department, Metro, 2000 S.W. First Avenue, Portland, Oregon 97201-5398.
- SD-2 The conditions of this Franchise agreement shall be binding upon the Franchise Holder, and the Franchise Holder shall be responsible for all acts and omissions of all contractors and agents of the Franchise Holder.
- SD-3 In the event that the transfer station 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.
- SD-4 The Franchise Holder shall submit a duplicate copy to the District of any information required by the Department of Environmental Quality (DEQ) pertaining to the processing facility during the term of the Franchise. Such information shall be forwarded to the District within two (2) working days of their submission to DEQ.
- SD-5 In the event a breakdown of equipment, flooding, fire, sliding 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.
- SD-6 The disposal site operation shall be in strict compliance with the Metro Code regarding storage, collection, transportation, recycling and disposal of solid waste.
- SD-7 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.

SD-8 Metro may reasonably regulate the hours of site operation as it finds necessary to ensure compliance with this Franchise Agreement. Metro will attempt to provide ninety (90) days written notice prior to regulating hours of operation.

SD-9 At least one sign shall be erected at the entrance to the disposal site. 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 wastes will be received for disposal;
- d. Disposal rates and fees;
- e. Metro information phone number; and
- f. Acceptable materials.

SD-10 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.

SD-11 Authorized representatives of Metro shall be permitted access to the premises of the waste disposal facility owned or operated by the Franchise Holder at all reasonable times for the purpose of making inspections, surveys; collecting samples; obtaining data; examining books, papers, records and equipment; performing any investigation as may be necessary to verify the accuracy of any return made, or if no return is made by the franchisee, to ascertain and determine the amount required to be paid; and carrying out other necessary functions related to this Franchise and the Metro Code. 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, when such notice would defeat the purpose of the entry.

SD-12 This Franchise Agreement is subject to suspension, modification, revocation or nonrenewal upon finding that a franchisee has:

- a. Violated the Disposal Franchise Ordinance, 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 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;
- [c.] d. Misrepresented the gross receipts from the operation of the franchised site, facility or station; [or]
- [d.] e. Failed to pay when due the fees required to be paid under this Ordinance[.] ; or
- f. That there has been a significant change in the quantity or character of solid waste received or the method of solid waste disposal.

SD-13 This Franchise Agreement, or a photocopy thereof, shall be displayed where it can be readily referred to by operating personnel.

SD-14 The granting of this 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.

FRANCHISE CONDITIONS

Franchise Number: 04

Expiration Date: August 14, 1991

SCHEDULE E

TRANSFER RATES

- SE-1 The Franchise Holder shall collect a Transfer Fee, a Disposal Fee and a Metro Fee on each ton of waste delivered to the facility by commercial haulers for transfer. All wastes delivered shall be charged the same rates. The Franchise Holder shall maintain accounts on wastes received and amounts billed to each commercial hauler as required by Metro Code Section 5.01.130.
- SE-2 In the event that the scales for weighing incoming waste cannot be used, tonnage rates are to be converted to yardage rates on the assumption that compacted waste has a density of 600 pounds per cubic yard and that non-compacted waste has a density of 250 pounds per cubic yard.
- SE-3 Fees for disposal (including any fees assessed by local jurisdictions in which the disposal facility is located) and Metro Fees shall be collected by the Franchise Holder on all waste received and shall be paid to the disposal site or Metro as required. In calculating the total charges to be paid on each load or each account, the amount of the charge which is passed through to Metro or to the disposal site shall be itemized. Any changes in the amount of fees for disposal or in Metro Fees to be collected shall result in appropriate adjustments to the total charges collected.
- SE-4 As set forth in SB-3, required User Fee and Regional Transfer Charges shall be paid to Metro. As allowed by Metro Code Section 5.02.050(d), the Franchise Holder may be exempted from collecting and paying the Regional Transfer Charge when a written authorization to do so has been issued by the Solid Waste Director.
- SE-5 As of August 14, 1986, the Franchisee is authorized to charge a transfer fee of \$13.98 per ton.
- SE-6 The transfer fee shall not increase above the amount set forth in SE-5 without a detailed rate request from the Franchisee and the approval of the Metro Council.
- SE-7 The transfer fee may be adjusted so long as it remains below the amount set forth in SE-5 or the rate currently approved. The Franchisee must notify, in writing, the Solid Waste Director of his intent to adjust the transfer rate at least ten (10) days before he implements plans to adjust the rate. The adjusted transfer rate shall take effect if the Solid

Waste Director has not notified, in writing, the Franchisee of his/her disapproval of the proposed adjustment prior to its scheduled effective date. Adjustments in the transfer fee shall not be requested more frequently than once every ninety (90) days. Customers of the Forest Grove Transfer Station shall be provided with sixty (60) days notice prior to any increases in the transfer fee. The purpose in allowing for an administrative adjustment in the approved rate is to allow the operator an opportunity to respond to market conditions and attract needed waste in a timely manner.

RM/gl
5977C/470
08/04/86

EXHIBIT C

CITY OF FOREST GROVE COMMENTS

forest grove

RECEIVED AUG 4 1986

August 1, 1986

Mr. Richard D. McConaghy, Senior Analyst
Solid Waste Department
Metropolitan Service District
2000 S.W. First Avenue
Portland, Oregon 97201-5398

RE: Request from Forest Grove Disposal Transfer Station
for a variance to the Metro Code

Dear Rich:

City Attorney David Frost and I have reviewed material which you sent regarding the above referenced variance request. This review has included information submitted to Metro by the applicant, Forest Grove Disposal. In addition, the Forest Grove City Council was made aware of Forest Grove Disposal's desire for a variance by both Metro's staff and representatives of Forest Grove Disposal at a March 1986 City Council meeting. The City Council indicated support for Forest Grove Disposal's plans as they were presented at that time, i.e., that the Forest Grove Transfer Station was desirous of opening its facility to use by companies other than those owned by Forest Grove Disposal. It was indicated that those companies already passed by Forest Grove on the way to McMinnville. It was also noted that Forest Grove Disposal's plans would not require any expansion of the transfer station.

After reviewing the proposed variance materials and Metro's staff analysis, the stance of Forest Grove officials remains unchanged as long as the following considerations become a formal part of any variance approval granted by Metro:

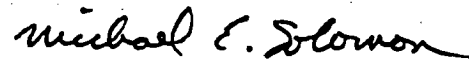
1. that any variance granted by subject to an annual review;
2. that a limit of 200 tons per operating day on a monthly average be placed on the amount of waste which the facility would accept;
3. that the other conditions recommended in the July 1986 preliminary Metro staff analysis become a formal part of any variance approved by the Metropolitan Service District;
4. that it is understood that Forest Grove officials will monitor the situation to assure that no adverse impact upon traffic flow and the operation of the transfer station arises from the granting of this variance. I should re-emphasize that Forest Grove officials are not desirous of seeing this expansion exceed the parameters that were outlined in the March 1986 presentation to the City Council by Forest Grove Disposal staff and representatives.

Rich McConaghy
August 1, 1986
Page 2

In closing, I would like to commend both the Metro staff and Forest Grove Disposal's staff and representatives for their cooperativeness in working with the City of Forest Grove during the development of this variance request.

If there are any questions, please feel free to contact me.

Sincerely,



Michael E. Solomon
City Manager

cc: Forest Grove Mayor and City Council
City Attorney David Frost
Ambrose Calcagno, Jr., Forest Grove Disposal
Dan Saltzman, CH2M Hill

Vote: A vote on the motion resulted in:

Ayes: Councilors Collier, DeJardin, Frewing, Gardner,
Hansen, Kirkpatrick and Van Bergen

Absent: Councilors Cooper, Kafoury, Kelley, Oleson and Waker

The motion carried and the Resolution was adopted.

9.3 Consideration of Resolution No. 86-674, for the Purpose of Granting a Variance to Authorize Commercial Collection Companies to Dispose at the Forest Grove Transfer Station, Amending and Renewing the Franchise Agreement, and Establishing Transfer Rates for the Forest Grove Transfer Station

Mr. McConaghy reviewed information contained in the staff report, including the rationale for the variance request, and presented a series of slides illustrating the Forest Grove Transfer Station Operation.

Dan Saltzman, representing Ambrose Calcagno, the owner of the Forest Grove Transfer Station, indicated the working relationship with Metro staff had been productive. He requested the following changes be made to the Resolution: 1) the maximum allowable waste received be changed from 200 tons per day to 250 tons per day; and 2) the advance notice required to haulers in the event of a rate increase be changed from 60 days to 30 days. Regarding the first change, Mr. Saltzman said the transfer station could soon be in violation of the franchise agreement because population forecasts projected much greater volumes would be generated.

A discussion followed regarding the requested changes. Mr. McConaghy said staff's volume and density projections had been carefully calculated and he did not recommend volume limits be amended. He also thought 60 days notice to haulers was reasonable since haulers, in turn, had to notify customers of rate changes.

Councilor Kafoury asked why the Solid Waste Rate Review Committee (RRC) had recommended a 30 day notice period and staff had recommended 60 days. George Hubbel, RRC Chair, explained the Committee believed 30 days would allow for sufficient notification and would also allow the franchisee the flexibility needed to respond quickly to market conditions.

Main Motion: Councilor Van Bergen moved Resolution No. 86-674 be adopted and Councilor Gardner seconded the motion.