

BEFORE THE COUNCIL OF THE  
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF TERMINATING ) RESOLUTION NO. 89-1039-A  
THE PROCUREMENT PROCESS FOR A )  
SOLID WASTE INCINERATION PROJECT ) Introduced by Rena Cusma,  
 ) Executive Officer, and  
 ) Councilor Gary Hansen

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

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

WHEREAS, Metro's resource recovery negotiating team conducted preliminary negotiations with Combustion Engineering/Fluor/SEI, Riedel, DANO, and Schnitzer/Ogden from August 11-13, 1987, to request improvements in the various proposals; and

WHEREAS, Resolution No. 87-809 was adopted by the Council authorizing the entry into Memorandum of Understanding negotiations with systems contractors of mass composting and refuse-derived fuel, incineration systems; and

WHEREAS, Pursuant to Resolution No. 87-809 the District entered into Memorandum of Understanding negotiations with Combustion Engineering for a refuse-derived fuel facility capable

of processing 350,000 tons per year of solid waste to be located in St. Helens, Oregon; and

WHEREAS, Combustion Engineering failed to obtain site approval for its facility to be located in St. Helens, Oregon, and therefore the Memorandum of Understanding that had been negotiated with Combustion Engineering was never brought to the Council for approval; and

WHEREAS, Resolution No. 87-809 authorized the entry into negotiations with Schnitzer/Ogden in the event negotiations with Combustion Engineering were not fruitful; and

WHEREAS, Pursuant to federal law certain tax advantages available to the District for the construction and operation of a mass incineration facility will expire at the end of December 1989; and

WHEREAS, The process for regulatory approval of the Schnitzer/Ogden proposal will take too long to allow the project to take advantage of these federal tax advantages, and the proposal has accordingly been withdrawn; and

WHEREAS, Ordinance No. 86-201 requires that resource recovery project(s) not increase the disposal cost more than 20 percent over a landfill-based disposal system; and

WHEREAS, Without said tax advantages any incinerator project will, at present, increase the disposal cost more than 20 percent over a landfill-based disposal system; and

WHEREAS, Ordinance No. 89-283A restructured Solid Waste Department programs and revised the FY 1988-89 Budget, providing additional staff resources to fully implement waste reduction

projects contained in the Council-adopted regional Waste Reduction Program; and

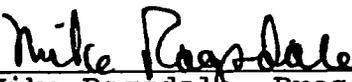
WHEREAS, Waste reduction programs in general require fundamental changes in public attitudes and practices, and therefore significant passage of time, before the programs' effectiveness can be measured; now, therefore,

BE IN RESOLVED,

1. That the Council of the Metropolitan Service District hereby terminates the procurement process for mass incineration, and refuse-derived fuel technology which was initiated by Ordinance No. 86-201.

2. That the Executive Officer shall conduct a technical and economic evaluation of then-existing alternative technology for waste to energy, making a report to the Council by July 1, 1994.

ADOPTED by the Council of the Metropolitan Service District this 9th day of March, 1989.

  
\_\_\_\_\_  
Mike Ragsdale, Presiding Officer

JG/amn  
R-1039A  
3/9/89



RESOLUTION NO. 89-1039A  
February 1, 1989  
Page 2

based disposal system. The resolution was further amended to provide that the Executive Officer shall conduct a technical and economic evaluation of current alternative technology for waste to energy, making a report to Council by July 1, 1991.

Vote

The Committee voted 4 to 0 to recommend Council adoption of Resolution No. 89-1039A as amended. Voting: Councilors Buchanan, Hansen, Ragsdale and Wyers. Absent: Councilor Kelley.  
This action taken January 31, 1989.

GH:RB:pa  
RAYB.036



**METRO**

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

# Memorandum

Agenda Item No. 8.1

Date: March 6, 1989

Meeting Date March 9, 1989

To: Metro Councilors

From: Jim Gardner *JG*

Regarding: Resolution No. 89-1039A terminating the garbage burner procurement

The purpose of this memo is to present amendments to Resolution 1039A. The intent of the amendments was explained in my letter to each of you a few weeks ago, and I'll not repeat those arguments here. A copy of the letter is attached. However, I do want to provide some factual information in support of points raised in my letter. The specific amendments will then be provided, in the order in which they come in the resolution.

First, regarding my contention that tremendous resources have been expended by Metro in the past four years on garbage burner procurement, please refer to Exhibit A. This was supplied by solid waste staff in response to my request, with the caveat that it represents the actual cost incurred within specific budget line items. The comment along the margin was added by Ray Barker after he talked with Bob Martin about the figures. This accounting does not include the time expended by solid waste staff not directly assigned to the project, such as Mr. Martin and his predecessors, clerical support persons, and other staff given temporary duties related to the project. It also of course does not include the significant amount of work done by Public Affairs staff, the promotional and informational materials they generated, the time spent setting up hearings, etc. Nor does this sheet account for the time devoted to this issue by the Executive Officer and her staff, and the Council and its staff. Given all this, I am fully comfortable in asserting that Metro has spent well over one million dollars on this pursuit in those four years.

Now, to the specific amendments, I want to assure you I have not been intentionally nit-picky but only interested that the resolution be factually accurate and grammatically correct. To serve that first goal, I propose deletion of the third "WHEREAS" paragraph. The Final Evaluation Report actually concluded that all of the incineration proposals would cost more than the 120% criterion. The final negotiated tip fee with CE turned out to be \$.38 per ton greater than 120% of the cost of a landfill based system. Thus the cost criterion was never met by any incineration proposal; close, maybe, but not quite there. The third "WHEREAS" paragraph in Exhibit B (highlited) illustrates this point.

Page 2.

In the second "WHEREAS" on page two, I propose deletion of the concluding words, "never approved by the Council" and substitution with "never brought to the Council for approval". This presents a clearer picture of the actual events, since the Council never did see the negotiated MOU nor were we ever fully informed of its details.

The fifth "WHEREAS" on page two needs "and" added to the end, after the semicolon.

After the final "WHEREAS" paragraph, delete "now, therefore," and insert "and". This allows for insertion of two additional paragraphs:

WHEREAS, Ordinance 89-283A restructured Solid Waste Department programs and revised the FY 1988-89 Budget, providing additional staff resources to fully implement waste reduction projects contained in the Council-adopted regional Waste Reduction Program; and

WHEREAS, Waste reduction programs in general require fundamental changes in public attitudes and practices, and therefore significant passage of time, before the programs' effectiveness can be measured; now, therefore,

The final amendment I propose is to paragraph number two in the "BE IT RESOLVED" section. On line two, I propose deleting "current" and inserting "then-existing". This makes it clear we are talking about technologies available at the time of the report, not those available now. Then, on line four of that paragraph, I propose changing the year to "1994".

My February 10 letter went into why I suggest waiting five years rather than two before we re-examine garbage burners. Let me close by adding one additional reason: a concern that in the Executive Officer race in 1990 the candidates will face political pressure from big unions and big-money vendors to revive the garbage burner proposal. A five year hiatus gives everyone a chance to concentrate on other approaches to solid waste disposal. It allows enough time for the technology to evolve and the economics to improve. We'll then all be able to look at this issue again and judge it on its merits, free of leftover perceptions and biases.

EXHIBIT A

FUNDS EXPENDED ON METRO'S RESOURCE RECOVERY PROJECT

(FY 1979 through FY 1988)

<u>Year - Actual Expenditures</u>	<u>Amount</u>
<u>1979-1982</u>	
Research and Development	\$ 1,567,957
Site Development	<u>2,381,868</u>
	\$ 3,949,825
<u>1982-1984</u>	
During these years an updated solid waste management plan was developed that included resource recovery. Expenses associated with this element of the system planning effort are not readily available.	
<u>FY 1985-1986</u>	
Research and Development	\$ 236,581
<u>FY 1986-1987</u>	
Personal Services	\$ 105,286
Contractual Services	303,000
Materials and Services	<u>10,250</u>
	\$ 418,536
<u>FY 1987-1988</u>	
Personal Services	\$ 104,725
Contractual Services	240,827
Materials and Services	<u>27,442</u>
	\$ 372,994
	<u>ACTUALS TOTAL</u>
	\$ 4,977,936
<u>Projected FY 1988-89 BUDGET</u>	
Personal Services	\$ 44,716
Contractual Services	250,000
Materials and Services	<u>28,500</u>
	\$ 323,216
TOTAL 1979-1989	\$ 5,301,152

*Note: Bob Martin estimates that about no more than 60% of these costs are for "Summer". The rest is more composting.*



# Contracts List

DATE: 03/20/87  
BUDGET CODE: 30-06  
ORGANIZATION: SOLID WASTE  
Facilities  
Development

Fiscal Year 1987-88

CONTRACT #	CONTRACT (project/contractor name)	AMOUNT
New	Appraisals and other technical assistance in negotiation and landfill site purchase process and bond issue.	15,000
New	Legal services for landfill site purchase or condemnation and bond issue.	30,000
86-3-039SW	Management and technical consulting engineers for Resource Recovery Project (Gershman, Brickner and Bratton, Inc)	190,000
	General Management 50,000	
	Contract negotiation 140,000	
	Financial Consultant for Resource Recovery Project - Government Finance Associates	115,000
	General Management 15,000	
	Contract negotiation 100,000	
86-9-142SW	Legal Consultant for Resource Recovery Project - McEwen, Gisvold Rankin & Stewart	110,000
	General Management 50,000	
	Contract negotiation 60,000	
		<u>460,000</u>

EXHIBIT B

BEFORE THE COUNCIL OF THE  
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF SUSPENDING	)	RESOLUTION NO. 88-866A
MEMORANDUM OF UNDERSTANDING	)	
NEGOTIATIONS WITH COMBUSTION	)	Introduced by Rena Cusma,
ENGINEERING FOR A REFUSE-DERIVED	)	Executive Officer
FUEL FACILITY, PENDING APPROVAL	)	
OF A FACILITY SITE	)	

WHEREAS, The Metropolitan Service District has determined, as part of its Solid Waste Reduction Program adopted in Resolution No. 85-611, that up to 48 percent of the municipal solid waste in the Portland tri-county planning area could be allocated to alternative technology; and

WHEREAS, The two-part Request for Qualifications and Request for Proposals solicitation and selection process, followed by preliminary negotiations with the top systems contractors yielded Combustion Engineering as that firm with which to negotiate a Memorandum of Understanding for a refuse-derived fuel facility for disposal of 350,000 TPY; and

WHEREAS, The tip fee negotiated through the Memorandum of Understanding process is within 38 cents of 120 percent of a landfill based system cost, the Metropolitan Service District's contract with Oregon Waste Systems for services of an out-of-region landfill; and

WHEREAS, Elected officials from Columbia County have previously requested that the Metropolitan Service District cause a resource recovery plant to be located within Columbia County; and

WHEREAS, Columbia County has yet to make a final decision to approve the siting of a resource recovery facility within the County at any specific site; and

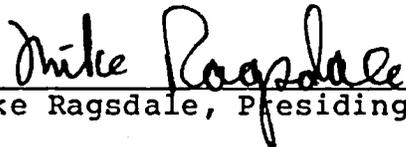
WHEREAS, Final contract negotiations with Combustion Engineering on the site now specified by Combustion Engineering in Clatskanie, Columbia County will include detailed cost and environmental impact information; and

WHEREAS, A different site, found acceptable according to the same criteria including economics, environment, transportation, and politics, may be needed if no site is available in Columbia County; now, therefore,

BE IT RESOLVED,

That the Council of the Metropolitan Service District requests the Executive Officer suspend the Memorandum of Understanding negotiations with Combustion Engineering, pending approval of a refuse-derived fuel facility site by Columbia County or another acceptable site outside Columbia County.

ADOPTED by the Council of the Metropolitan Service District this 12th day of May, 1988.

  
Mike Ragsdale, Presiding Officer

JM/sm  
9452C/540  
04/27/88

STAFF REPORT

Agenda Item No. \_\_\_\_\_

Meeting Date Jan. 17, 1989

CONSIDERATION OF RESOLUTION NO. 89-1039 FOR THE PURPOSE OF  
AUTHORIZING THE ENTRY INTO NETOTIATIONS FOR AN AGREEMENT WITH  
SCHITZER/OGDEN MARTIN FOR A MASS INCINERATION FACILITY FOR  
SOLID WASTE

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Date: January 17, 1989

Presented by: Bob Martin  
Debbie Gorham

FACTUAL BACKGROUND AND ANALYSIS

Pursuant to Resolution No. 87-809, Metro entered into "memorandum of understanding" (MOU) negotiations with Combustion Engineering of Windsor, Connecticut for a 350,000 ton per year refuse-derived fuel plant. That plant was to be sited in St. Helens (Columbia County), Oregon.

Metro staff negotiated an MOU with Combustion Engineering, however the MOU was never voted on by the Council because the company never attained site approval in St. Helens. A vote on the refuse-derived fuel plant in St. Helens in May, 1988 showed lack of community support for the project.

The last action taken by the Council on the Combustion Engineering project was Resolution No. 88-866A which stated that no further funds would be expended in support of the project by Metro and the memorandum of understanding would not be voted on until such time as the company obtained an approved site for the project.

Combustion Engineering subsequently began negotiations for a site in Cowlitz County, Washington. Those negotiations have not proved fruitful. Most importantly, the Washington Department of Ecology has ordered all counties to revise their solid waste management plans before it will approve incinerator projects. Whereas this plan revision would require approximately two years, it is no longer possible for Combustion Engineering to gain approval for its plant before December 31, 1989.

Metro's bond counsel advises that any incinerator project must be financed by that date if Metro is to take advantage of tax exempt bonds reserved for the project by the tax reform act passed in 1986. Any incinerator project would be substantially more costly without these tax exempt bonds.

If Metro is to entertain the possibility of constructing an incinerator in the near future, it must act quickly to take advantage of these tax exempt bonds. Given the Council's approval of this resolution, staff would review an updated proposal from Schnitzer/Ogden Martin. If

Schnitzer/Ogden Martin's updated proposal appears acceptable, staff would then return to the council with budget amendments to provide the resources to commence service agreement negotiations.

EXECUTIVE OFFICER RECOMMENDATIONS

Resolution No. 87-809 authorized the Executive Officer to move to the second ranked proposer -- Schnitzer/Ogden Martin -- if negotiations with Combustion Engineering were not fruitful.

However, because there are a significant number of new Councilors and it has been seven months since the Council last addressed the incineration issue, the Executive Officer will not initiate those negotiations without the support of the Council.

The Executive Officer recommends adoption of the Resolution No. 89-1039 so that Metro can continue to pursue the option of an incinerator while tax exempt financing is still available.

BEFORE THE COUNCIL OF THE  
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF AUTHORIZING	)	RESOLUTION NO. 89-1039
THE ENTRY INTO NEGOTIATIONS FOR	)	
AN AGREEMENT WITH SCHNITZER/OGDEN	)	Introduced by Rena Cusma,
MARTIN FOR A MASS INCINERATION	)	Executive Officer, and
FACILITY FOR SOLID WASTE	)	Councilor Gary Hansen

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

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

WHEREAS, The evaluation criteria have been met as evidence in the resource recovery project final evaluation report; and

WHEREAS, Metro's resource recovery negotiating team conducted preliminary negotiations with Combustion Engineering/Fluor/SEI, Riedel, DANO, and Schnitzer/Ogden from August 11-13, 1987, to request improvements in the various proposals; and

WHEREAS, Resolution No. 87-809 was adopted by the Council authorizing the entry into Memorandum of Understanding negotiations with systems contractors of mass composting and refuse-derived fuel, incineration systems; and

WHEREAS, Pursuant to Resolution No. 87-809 the District entered into Memorandum of Understanding negotiations with Combustion Engineering for a refuse-derived fuel facility capable of processing 350,000 tons per year of solid waste to be located in St. Helens, Oregon; and

WHEREAS, Combustion Engineering failed to obtain site approval for its facility to be located in St. Helens, Oregon, and therefore the Memorandum of Understanding that had been negotiated with Combustion Engineering was never approved by the Council; and

WHEREAS, Resolution No. 87-809 authorized the entry into negotiations with Schnitzer/Ogden in the event negotiations with Combustion Engineering were not fruitful; and

WHEREAS, Negotiations with Combustion Engineering were not fruitful; and

WHEREAS, Pursuant to federal law certain tax advantages available to the District for the construction and operation of a mass incineration facility will expire at the end of December 1989; and

WHEREAS, It is appropriate for the District to continue to pursue the development of a resource recovery system; now, therefore,

BE IT RESOLVED,

That the Council of the Metropolitan Service District authorizes the Executive Officer to commence negotiations of a long term service contract with Schnitzer/Ogden to be based on the Metropolitan Service District Request for Proposals,

Schnitzer/Ogden's response to that Request for Proposals, and other terms and conditions found appropriate by the Metropolitan Service District.

ADOPTED by the Council of the Metropolitan Service District this \_\_\_\_\_ day of \_\_\_\_\_, 1989.

Mike Ragsdale, Presiding Officer

DBC/gl

Proposed Amendments

BEFORE THE COUNCIL OF THE  
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF TERMINATING	)	RESOLUTION NO. 89-1039-A
THE PROCUREMENT PROCESS FOR A	)	
SOLID WASTE INCINERATION PROJECT	)	Introduced by Rena Cusma,
	)	Executive Officer, and
	)	Councilor Gary Hansen

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~~[WHEREAS, The evaluation criteria have been met as evidence in the resource recovery project final evaluation report; and]~~

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WHEREAS, Ordinance No. 86-201 requires that resource recovery project(s) not increase the disposal cost more than 20 percent over a landfill-based disposal system; and

WHEREAS, Without said tax advantages any incinerator project will, at present, increase the disposal cost more than 20

percent over a landfill-based disposal system; [~~now,--therefore,~~]  
and

WHEREAS, Ordinance No. 283A restructured Solid Waste Department programs and revised the FY 1988-89 Budget, providing additional staff resources to fully implement waste reduction projects contained in the Council-adopted regional Waste Reduction Program; and

WHEREAS, Waste reduction programs in general require fundamental changes in public attitudes and practices, and therefore significant passage of time, before the programs' effectiveness can be measured; now, therefore,

BE IN RESOLVED,

1. That the Council of the Metropolitan Service District hereby terminates the procurement process for mass incineration, and refuse-derived fuel technology which was initiated by Ordinance No. 86-201.

2. That the Executive Officer shall conduct a technical and economic evaluation of [~~current~~] then-existing alternative technology for waste to energy, making a report to the Council by July 1, [~~1991~~] 1994.

ADOPTED by the Council of the Metropolitan Service District this \_\_\_\_\_ day of \_\_\_\_\_, 1989.

Mike Ragsdale, Presiding Officer

JG/amn  
R-1039A  
3/6/89



# METRO

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

February 10, 1989

Because of a VA committment planned long ago, I had to spend last week in Fresno, CA. I was sorry to miss the 1/31 Solid Waste Committee meeting, having as most of you know a long interest in the garbage burner project. I support the Executive Officer's recommendation that we suspend the project and agree with her conclusion that, here and now, incineration of mixed solid waste is not economically feasible. But before we close the file, I'd like to try to clarify some issues related to the burner project and suggest a future course.

Jim Gardner  
Councilor  
District 3  
2930 SW 2nd Avenue  
Portland, OR 97201  
221-2444 (work)  
227-2096 (home)

Current Metro policy, adopted as part of the Solid Waste Reduction Program, is that we will include alternative technologies (AT) as part of our disposal system if the cost of such a system is no more than 20% higher than a landfill-only system. This is the "120% criterion," and it represented a balance between those councilors strongly opposed to burners and those (myself included) who wanted to continue evaluating their cost and environmental impact. The point I want to emphasize here, though, is that the policy applies to all types of AT, a broad term which includes composting, refuse-derived fuel, and mass burn facilities. The council task force (myself a member) which wrote the policy made it clear during our discussion that we committed to including some type of AT facility if the criterion were met. The policy was not a committment to build every AT project which met the 120% criterion. And this was true even if the initial project did not handle the full 48% of the wastestream identified as potentially available. In other words, our current composting project, alone, satisfies the committment to AT expressed in the waste reduction program.

I know I'm not alone on the Council in sensing that staff resources and focus these past two years were diverted from waste reduction and spent chasing a garbage burner. Our current chastisement by DEQ/EQC is the inevitable result of that neglect. Notice that AT, which is as much a part of the waste reduction program as recycling, is not an area where DEQ is prodding us to proceed. Where we have lagged behind schedule - in yard debris programs, rate incentives for recycling, certification of local plans, etc. - we now have an opportunity to refine our approach and perhaps accomplish more than the original goals. I think we on the Council need to make sure, though, that this refinement of programs and goals is done in short order, and that the Solid Waste Department gets on with the job of actually implementing these waste reduction programs.

2. (for those who care)

Which brings me (finally) to my specific reason for writing. Metro has researched and evaluated garbage burner proposals for over two years, not even including the earlier Oregon City venture. The technology is evolving, as is the regulatory environment in terms of emissions standards and ash disposal. The Executive Officer's recommendation, coming through the Solid Waste Committee, is that solid waste staff should report back in two years on incineration technology and its cost-effectiveness. I think this is far too soon! If they are to do a good job of it, solid waste staff would be starting next year in order to make their report in early 1991. I believe we need more of a pause, to get the various recycling programs in place and have a reasonable running time to measure their effectiveness.

I agree that incineration may have a place in a comprehensive solid waste system, if the technology can be developed to solve the emissions and ash disposal problems, and if the cost comes down dramatically. Neither of these things will happen overnight, nor in a mere two years. Let's give it five years, and in the meantime go all out with the comprehensive waste reduction program we just re-committed to. I will propose to amend the upcoming resolution, to provide a five year interval before the next garbage burner study. I'm asking for your support of that amendment. The Executive Officer and I have discussed this and she indicates she would not actively oppose it.

In short, let's not put the garbage burner on the back burner, where it will still be simmering and demanding attention. Let's put it up on the shelf and wait for the new, improved model.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jim".