A G E N D A

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METRO

Agenda

MEETING:	METRO COUNCIL WORK SESSION MEETING
DATE:	November 25, 2003
DAY:	Tuesday
TIME:	1:00 PM
PLACE:	Metro Council Chamber

CALL TO ORDER AND ROLL CALL

1:00 PM	**1.**	**FREIGHT MOBILITY DISCUSSION**	Cotugno
2:00 PM	**2.**	**ECO NORTHWEST CONTRACT AMENDMENT FOR ESEE ANALYSIS – PHASE 2**	Deffebach
2:15 PM	**3.**	**RENEWAL OF SOLID WASTE FACILITY FRANCHISES AND PUTRESIBLE WASTE NON-SYSTEM LICENSES**	Hoglund/ Brower
3:00 PM	**4.**	**CITIZEN COMMUNICATION**	
3:10 PM	**5.**	**CHIEF OPERATING OFFICER COMMUNICATION**	
3:20 PM	**6.**	**COUNCILOR COMMUNICATION**	

ADJOURN

Agenda Item Number 1.0

FREIGHT MOBILITY DISCUSSION

Metro Council Work Session
Tuesday, November 25, 2003
Metro Council Chamber

METRO COUNCIL

Work Session Worksheet

Presentation Date: 11/25/03 Time: 1 p.m. Length: 1 hour

Presentation Title: Freight Mobility and the Regional Economy

Department: Planning

Presenters: Bill Wyatt, Susie Lahsene, Mary Gibson, Lise Glancy (Port of Portland), Bridget Wieghart and Andy Cotugno (Metro), Tom Zelenka (Schnitzer Steel and Oregon Freight Advisory Committee). Mathew Garrett (ODOT).

ISSUE & BACKGROUND

Councilors have requested more information on the importance of freight mobility to the Portland Metropolitan economy. The agenda item will start with a presentation from the Port of Portland on the distribution and warehousing industry in the region. Metro staff will then provide a brief overview of Metro's role in freight and freight policies and network in the Regional Transportation Plan. Then there will be a briefing on funding for freight in the MTIP and the recent State transportation funding package known as OTIA III. Tom Zelenka of Schnitzer Steel will provide an overview of the Oregon Freight Advisory Committee's role in project prioritization and his views on the importance of freight mobility to the regional economy. A discussion will follow.

OPTIONS AVAILABLE

There are no specific options that are being presented for decision at this time. However, the Council periodically deals with issues affecting freight funding and policy. This session will provide background to future decisions. In particular, upcoming decisions about the designation of regionally significant industrial areas and potential UGB expansions for industry require an understanding of the linkage between distribution and warehousing and our regional economy. In addition, the Council will be acting on Regional Transportation Plan updates and OTIA III funding packages in the near future which will include funding recommendations on freight projects.

IMPLICATIONS AND SUGGESTIONS

The efficient movement of freight and the distribution and warehousing industries are important to the regional economy. Failure to adequately consider freight and distribution industries in upcoming decisions could have long-term negative effects on the regional economy.

QUESTION(S) PRESENTED FOR CONSIDERATION

No specific decisions are requested at this time. However, we will be seeking input on current work plans for freight related transportation and land use policies. Specific questions include:

1) What further information, if any, on the distribution and warehouse industries does the Council need in order to support upcoming land use decisions?

2) Does the Council have any specific suggestions or comments with respect to upcoming OTIA III freight funding project or process?

LEGISLATION WOULD BE REQUIRED FOR COUNCIL ACTION __Yes _xNo
DRAFT IS ATTACHED ___Yes _x_No

SCHEDULE FOR WORK SESSION

Department Director/Head Approval _______________
Chief Operating Officer Approval ___________________

Agenda Item Number 2.0

ECO NORTHWEST CONTRACT AMENDMENT FOR ESEE ANALYSIS – PHASE TWO

Metro Council Work Session
Tuesday, November 25, 2003
Metro Council Chamber

Instructions for completing form

METRO COUNCIL

METRO COUNCIL

Work Session Worksheet

Presentation Date: 11/25/03 Time: 1:00 Length: 15 min

Presentation Title: ECO Northwest Contract Amendment for ESEE Analysis Phase 2

Department: Planning

Presenters: Deffebach, Cotugno

ISSUE & BACKGROUND

Metro first contracted with ECONorthwest in July, 2002 for their assistance in the economics analysis in the Economic, Social, Environmental, Energy (ESEE) analysis required to satisfy State Land Use Planning Goal 5. The initial contract was for $60,000. Over the past 16 months, Metro has increased the original contract by an additional $25,000 in three additional change orders to reflect Metro's refinements to the approach to the ESEE analysis. The contract identified a Phase 1 and Phase 2 work. The work completed to date is all Phase 1.

On October 30, 2003, Metro Council directed staff, by Resolution 033376B, to revise Phase 1 of the ESEE analysis per comments received at the hearings and from Metro's committees, including the IEAB, and to initiate Phase 2 of the ESEE analysis. Eco Northwest's services are needed to respond to the economic issues in both of these tasks.

The attached staff report and scope of work respond to this additional work.

OPTIONS AVAILABLE

Metro staff could respond to the comments in general by the public and ETAC but not the detailed issues identified by the Independent Economic Advisory Board (IEAB). ECO Northwest's analysis of the economic consequences increases the credibility of the ESEE analysis.

IMPLICATIONS AND SUGGESTIONS

This analysis is a continuation of the ESEE analysis. The ECO Northwest contract and scope of work identified a Phase 1 and Phase 2 ESEE analysis, though budget for completing the Phase 2 analysis was not included. Amending ECO Northwest contract to complete Phase 2 of the ESEE analysis and to respond to comments on Phase 1 ESEE analysis brings continuity and efficiency to the analysis.

QUESTION(S) PRESENTED FOR CONSIDERATION

Do Councilors have questions regarding the ECO Northwest analysis for the ESEE? Will Council forward this contract amendment to the December 4 Council meeting for consideration?

LEGISLATION WOULD BE REQUIRED FOR COUNCIL ACTION _x_Yes __No
DRAFT IS ATTACHED _x_Yes ___No

SCHEDULE FOR WORK SESSION

Department Director/Head Approval ______________
Chief Operating Officer Approval __________________

Agenda Item Number 3.0

RENEWAL OF SOLID WASTE FACILITY FRANCHISES AND PUTRESIBLE WASTE NON-SYSTEM LICENSES

Metro Council Work Session
Tuesday, November 25, 2003
Metro Council Chamber

METRO COUNCIL

Work Session Worksheet

Presentation Date:	November 25, 2003	Time:	Length: 45 min.
Presentation Title:	Renewal of Solid Waste Facility Franchises and Putrescible Waste Non-System Licenses		
Department:	Solid Waste & Recycling		
Presenter:	Michael Hoglund & Roy Brower		

ISSUE & BACKGROUND

At the conclusion of solid waste policy discussions earlier this year, Council directed the Department to prepare renewals of expiring transfer station franchises and putrescible waste non-system licenses, indicating that the terms should be largely "status quo."

Ordinances, staff reports and draft franchises have been prepared for the following solid waste facilities:

- WRI, located in Wilsonville
- Pride Recycling, located in Sherwood, and
- Recycle America, located in Troutdale.

Resolutions and staff reports have also been prepared for putrescible waste non-system licenses.

- Five of the proposed NSLs are renewals of existing licenses
- One of the proposed NSLs is new.

Items that represent a departure from "status quo" in these renewals are summarized below.

Solid Waste Facility Franchises

1. Term of franchise. Although franchises are normally granted for five years, staff is recommending four-year franchises so that all transfer station franchises in the region expire at the same time (in 2007). This will allow Council to make a macro-decision about the allocation of tonnage, which would include the Forest Grove facility at that point in time.
2. Tonnage cap. Staff recommends that adding language for facilities accepting waste from outside the region (as part of their 65,000 tonnage cap) to require that they track and report to Metro in adequate detail if such waste is to be subject only to the excise tax, and not the regional system fee.
3. ODOT inspector access to scales. Staff recommends this new condition, which would allow ODOT inspectors to access the scalehouse at each private facility to ensure that overweight and unsafe trucks are not traveling the public roads. (ODOT currently performs these inspections only at Metro facilities.)

Putrescible Waste Non-System Licenses

1. Reporting to assure contract compliance. The sum of tonnage for four proposed NSLs involving delivery to non-Waste Management disposal sites is 9.9 percent of the ten

percent waste not obligated under Metro's disposal contract. In order to assure that waste delivered under the proposed NSLs does not exceed ten percent, staff has added new language to the licenses requiring reporting as frequently as daily if the tonnage approaches ten percent. Additional language authorizes Metro to redirect waste flow with a minimum of 24 hour's notice.

QUESTION PRESENTED FOR CONSIDERATION
Are staff recommendations for the proposed franchise and putrescible waste NSL terms (above) clear to Council?

If so, staff suggests the December 2nd work session be used to discuss any concerns expressed or alternatives proposed on these franchise and NSL renewals as written.

LEGISLATION WOULD BE REQUIRED FOR COUNCIL ACTION? Yes. Ordinances and resolutions pertaining to these franchises and non-system licenses have been filed.

DRAFT IS ATTACHED ___Yes _X_ No
Department Director/Head Approval M. Hoglund
Chief Operating Officer Approval ________________

Nation depends on our regional freight system

The existing transportation freight network efficiently handles more than two and a half times more international and national goods than are consumed in the region.

While the Portland area is only the 26th largest metropolitan area, it is

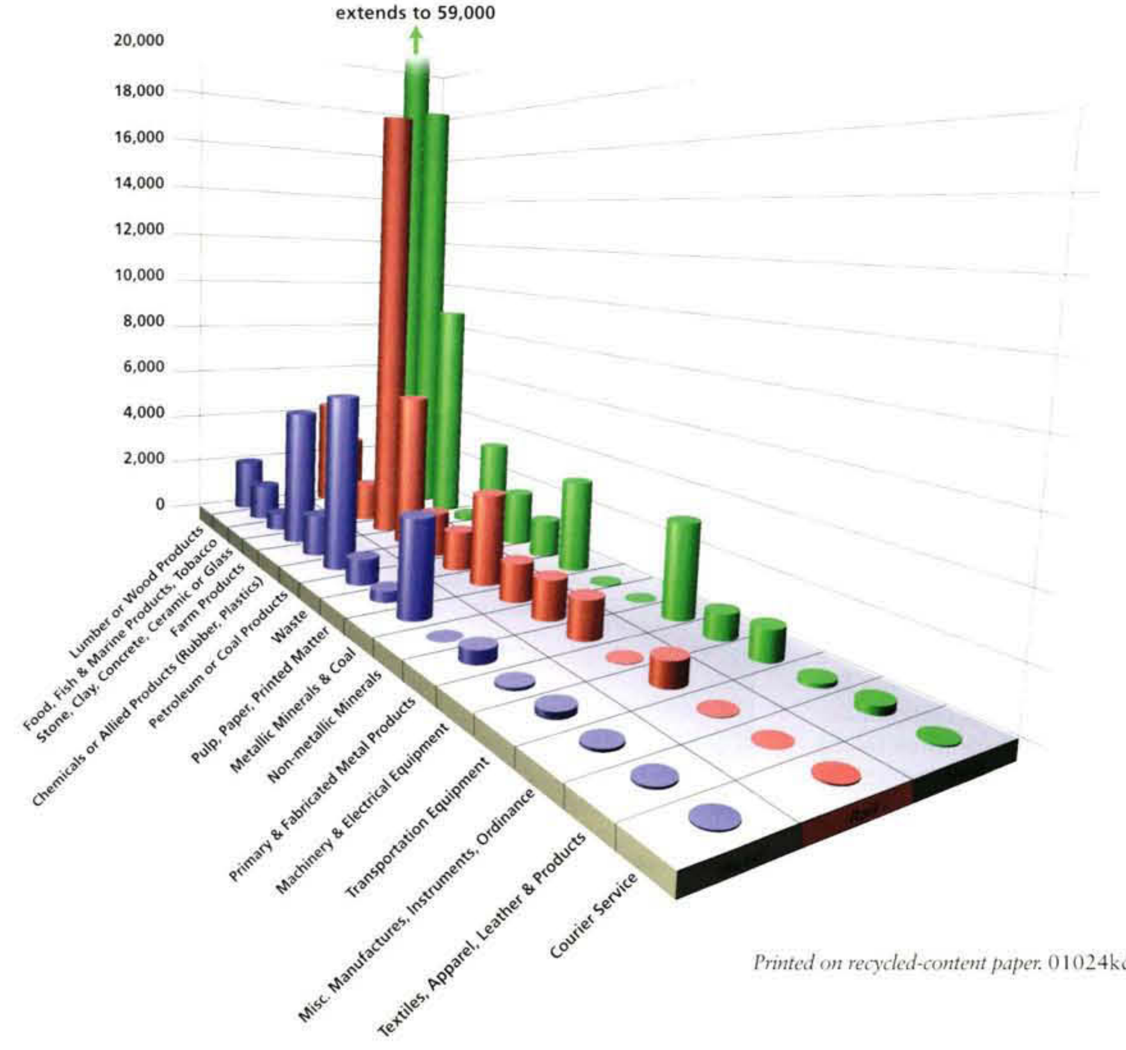
- the 20th largest industrial center
- the 15th largest wholesale distribution center
- the 13th largest international exporter in the nation.

A complex transportation system moves a broad mix of commodities to and through the region. This system includes the national and state roadway system; the ports of Portland and Vancouver marine and air facilities; the Burlington Northern, Santa Fe and Union Pacific railroads; the Olympia Pipeline and Northwest Natural Gas systems; and the combination of short line railroads, transfer sites and portions of the municipal road network.

A look at 16 major categories of goods illustrates the multi-modal nature of freight in the region. Bulk goods (grains and minerals) are generally transported on a combination of rail, barge and ocean vessels. Manufactured goods (machinery, wood products and chemicals) use the highway and rail networks. High-value/low-weight goods (computers, perishables and consumer/business packages) use a combination of air and road networks.

Figure 3 illustrates the share each transportation mode contributes to the movement of goods in the region by tonnage. The graph shows that lumber and wood products dominate the mixture of commodities. These goods use the road system predominately.

Figure 3 – 1996 commodity mix (hundreds of tons)



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Metro's Regional Transportation Plan
Fall 1999 to spring 2001
Facts Pack

Getting There newsletter,
The RTP in brief

Metro – Protecting the nature of our region

It's better to plan for growth than ignore it. Planning is Metro's top job. Metro provides a regional forum where cities, counties and citizens can resolve issues related to growth – things such as protecting streams and open spaces, transportation and land-use choices and increasing the region's recycling efforts. Open spaces, salmon runs and forests don't stop at city limits or county lines. Planning ahead for a healthy environment and stable economy supports livable communities now and protects the nature of our region for the future.

Metro serves 1.3 million people who live in Clackamas, Multnomah and Washington counties and the 24 cities in the Portland metropolitan area. Metro provides transportation and land-use planning services and oversees regional garbage disposal and recycling and waste reduction programs.

Metro manages regional parks and greenspaces and the Oregon Zoo. It also oversees operation of the Oregon Convention Center, the Portland Center for the Performing Arts and the Portland Metropolitan Exposition (Expo) Center, all managed by the Metropolitan Exposition-Recreation Commission.

For more information about Metro or to schedule a speaker for a community group, call (503) 797-1510 (public affairs) or (503) 797-1540 (council).

Metro's web site:
www.metro-region.org

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INSIDE

METRO
Regional Services
Creating livable communities

112503c-01

Getting There
Freight Service Strategy

Update on Regional Transportation Plan Projects

2001

Regional Freight Service Strategy for 2020

The annual value of freight in the region will increase to $267.6 billion in 20 years – an increase of 132 percent.

Freight impacts regional economy

Freight mobility is a key element in keeping the Portland metropolitan region's economy healthy. Every hour, $14 million worth of goods travel the region's highways, port, rail, air and pipeline facilities. Sixty percent of all jobs in the area are directly or indirectly associated with the movement of goods, including manufacturing, warehousing and distribution. The 2000 Regional Transportation Plan and the 2040 Growth Concept preserve industrial areas and support freight movement.

The Regional Transportation Plan recognizes the importance of freight movement throughout the region. Freight volumes are projected to grow 65 percent in the next 20 years (see figure 1). More than 100 individual transportation projects have been identified to help meet this demand. These projects will assure that the freight transportation infrastructure continues to work well to support the local economy and benefit the businesses and consumers that depend on moving products.

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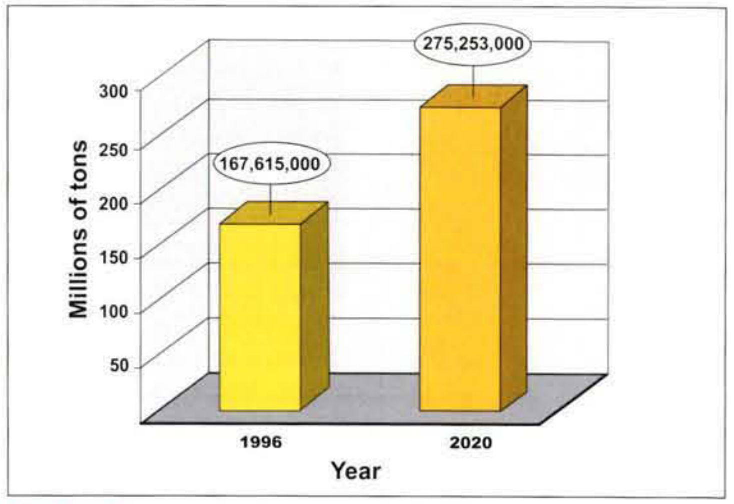


Figure 1 – Tons of commodity flowing through region

More than 100 individual transportation projects have been identified to help meet projected trade volumes.

Marine system

The ports of Portland and Vancouver are on the Columbia/Snake river system. This 460-mile river system provides barge access through a series of dams connecting major Western grain producing areas to deep-water ports. Marine locks along the river system allow the economic efficiencies of bulk commodities and container transportation systems. The barge transportation system is approximately 10 times more fuel-efficient than trucks and twice as fuel-efficient as rail systems.

In Portland and Vancouver, barge and rail freight are transferred to a series of international cargo vessels that navigate the 90-mile marine channel to and from the Pacific Ocean and then to their final destinations. Trucks also carry containers for international sea travel.

The trend toward larger ocean vessels presents a series of challenges and opportunities to the existing maritime system. The current channel depth means that some ships leave Portland without full loads. As the international shipping fleet increases in size, even more ships would need to leave without full loads. This is one factor that can reduce the attractiveness of Portland/Vancouver ports. Dredging the Columbia River channel will be needed for the ports to remain competitive. The 2000 RTP identifies this dredging project and related improvements as part of the Priority 2020 regional transportation network.

Railroad system

The Union Pacific, and Burlington Northern Santa Fe railroads serve the region as part of a national system. This system provides bulk commodity, container, road/rail, general freight, specialized freight and contracted Amtrak passenger services. Unit trains, often composed of more than 100 individual cars, transport ore and grain to silos located along the Columbia River for transfer to ocean bound marine vessels.

Intermodal yards, where rail and road interface occurs, are located in Vancouver, Rivergate, Albina, Northwest Portland industrial districts and the Brooklyn Yards in Southeast Portland. Collectively, these transfer points handle more than 150,000 containers annually. The region's major rail service is supported by a number of short-line rail operators that provide service to local businesses.

Approximately 25 percent of all commodities transferring through or having an origin or destination in the region use the existing rail system annually. Without this system, much of the freight would be on the road network, increasing truck traffic as much as 40 percent and increasing highway congestion.

The existing rail system runs under a number of operational and physical constraints that directly affects productivity:

- trains are subject to limited yard operating speeds
- trackage is limited between the Brooklyn and Albina railroad yards
- trains are subject to clearance from multiple dispatchers
- intersection of both Class I railroads in North Portland limits capacity.

Approximately 25 percent of goods that move through our region are moved by rail.

The Columbia River rail bridge limits not only the movement of commodities and passengers using the mainline rail segment but also affects the flow of commodities on barges and the I-5 freeway. Rail, road and barge delays occur due to volume of commodities moving through the region and the constraints imposed by rail and Interstate Bridge clearances, lift frequency and regulations, and channel location.

The RTP includes a number of grade separations, expanded yards and overpass widenings that will increase railroad operation and production and reduce delays for truck traffic.

Air freight system

The region has four general aviation airports. The most important in terms of freight and passenger service is Portland International Airport. Operated by the Port of Portland, this airport is the intermodal link with the region's roadway network. Both the cost of operation and the relatively limited weight and size restriction of air cargo limit the airport's use to high-value/low-volume commodities. Virtually all first class and priority inter-city mail, seasonal perishable produce, precision manufactured equipment, computer components and a significant proportion of e-commerce sales use air freight and local delivery affiliates or independent freight companies.

Growth in air cargo tonnage has averaged 13 percent per year during the past 10 years. The growth in the air freight market is linked with the growth in the electronic and instrument manufacturing segments in the Portland area. Outbound shipments vastly exceed inbound freight movement. The international nature of the computer component industry relies on frequent air cargo service to international markets.

Since the Portland area is a relatively small passenger market (ranking 33rd in the nation), the demand for international air connections is low. Changes in air carrier schedules (due to this small revenue base, increased aircraft range and increased air carrier competition) result in local air freight using other West Coast airports, at least in the short term. Use of these intermediate routings places an even greater urgency on meeting local delivery schedules for air forwarding companies. Efforts will continue to establish permanent, direct connection flights to national and overseas final assembly and distribution points.

The Priority 2020 RTP includes roadway improvements (widening, new ramps, new air cargo connecting streets) that will increase access to air freight operations at Portland International Airport.

Pipeline system

Regional pipelines carry petroleum products from refineries in Washington and natural gas from production sites as far north as Alaska and Canada.

Petroleum storage tank farms are located primarily along the Willamette River adjacent to the Northwest Portland industrial area. Distribution to retail dealers is carried out by a combination of independent and major oil companies. These fuel trucks follow designated truck routes, usually a part of the regional intermodal roadway linking to the national/state system, and generally operate during off-peak travel periods. Only aviation fuel is directly piped from the regional tank farm to the Portland International Airport.

Many of the major regional natural gas lines are located adjacent to roadway and railroad rights-of-way. Storage tanks located on the edge of the metropolitan area offer extra gas for peak demand periods and to maintain uninterrupted customer service. Local distribution is managed through Northwest Natural Gas Co., which constructs and maintains individual customer service.

Pipeline and distribution safety is one of the major concerns in the pipeline network industry. Preventative maintenance, education and expeditious response will permit the existing system to serve the region for the next 20 years.

The RTP will reduce the potential for accidents through roadway improvements, grade separations and the development of an intelligent information system to provide advance warning of roadway incidents and delays.

Elements of the regional freight network

Goods move through the region on a wide variety of transportation systems. The regional freight system map (figure 4) illustrates the major transportation systems and distribution facilities. This combination of elements has evolved over a number of years. While one or more parts may be altered in the future, the transportation network in place today will remain the basic framework for commodity movement for the next 20 years.

The improvements in the RTP Priority Plan will help these time-sensitive and intermodal movements.

Shipper and carrier concerns

There are a number of concerns that relate to the need for fast, reliable freight movement in this region:

Just-in-time delivery
With the advent of sophisticated management systems, most companies have adopted a just-in-time delivery system. This system reduces the need to have inventory on site, thus increasing the efficient use of space and better managing productivity. Fast, reliable commodity movement has become central to corporate profitability by reducing inventory and the need for storage space and warehouse personnel.

Global markets
Trade is increasingly occuring in a global marketplace. The significance of reliable commodity movement will become more important in competing in national and global markets.

Highway congestion
Most regional freight transportation occurs from 10:30 a.m. to 3 p.m. Approximately 130 hours are lost each day to road congestion during the two-hour afternoon peak travel period (4 to 6 p.m.). By 2020, it is estimated that delays will account for more than 1,500 hours in the peak hours alone, without the new projects included in the RTP.

As peak hour congestion increases and spreads into the mid-day hours, truck delays will be more severe.

Advent of e-commerce
The growth of e-commerce could potentially increase the importance of air and road transportation systems. E-commerce especially increases the need for fast delivery systems.

Moving freight forward

In recognizing the importance of freight to the region's economy, the Priority 2020 RTP identifies two major guiding purposes. The following policies have been established:

- provide efficient, cost-effective and safe movement of freight in and through the region
- protect and enhance public and private investments in the freight network.

Metro estimates that approximately $1.32 billion of local, state and federal transportation funds may be available to be allocated to new roadway improvements in the next 20 years, after preserving and maintaining the existing roads.

Committed, traditional funding levels would provide only about 30 percent of the estimated cost of the Priority RTP network, resulting in a $3.025 billion shortfall and trucking delays.

Additional funding will need to be created through flexible and innovative revenue sources. Some suggested methods may include:

- toll way or peak period pricing
- targeted project financing through increased regional gas taxes and/or vehicle fees
- implementation of roadway maintenance fees.

The RTP encourages public and private sectors to develop and pursue a sustainable funding program to build the transportation infrastructure needed to support the region's economy.

Roadway system
More than 60 percent of all commodities shipped to, from or within the Portland area use the regional roadway system. Nearly all time-sensitive goods (such as horticultural products, computer components, foreign produce, express delivery services) use the roadway system in their origin or destination.

The combination of the national interstate system and the Oregon and Washington state highway systems provides the major portion of the roadway system. Municipal roadways link industries, business and consumer markets with the main roadway system. The number of truck miles traveled during the peak afternoon period are expected to nearly double in the next 20 years.

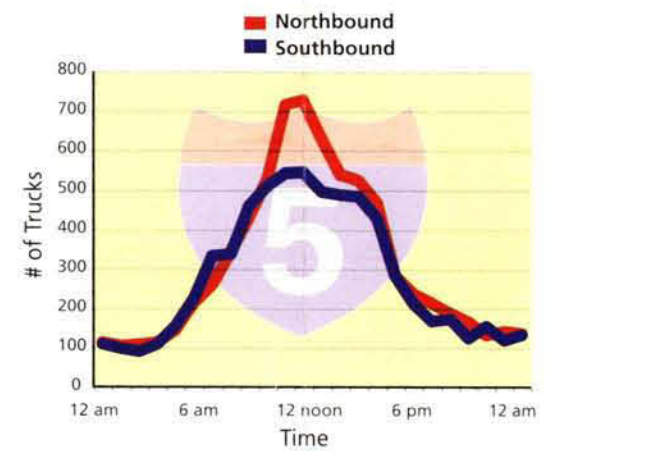
The interlinked nature of goods movement today increases the interdependence of each transportation mode. Containerized goods have critical time windows to meet shipping or rail departure schedules. Markets for express package delivery companies depend on meeting precise schedules. The improvements in the RTP Priority Plan will help these time-sensitive and intermodal movements.

Projects in the plan will improve commodity flow by decreasing the number of at-grade rail/roadway crossings, widening ramps and other roads, improving signal coordination and emergency and travel condition dispatch through implementation of intelligent transportation systems.

Traffic volume on the roadway system is anticipated to nearly double in the next 20 years. An analysis of the current truck traffic using Interstate 5 indicates that truck use is highest in the mid-day period. (See figure 5.) With the anticipated increase in all traffic, these mid-day freight movements will increasingly encounter more congestion and delays, including delays due to the increase in commuter rush hours.

The Priority Regional Transportation System in the RTP will increase capacity, reduce the conflicts between modes of transportation, increase safety at intersections and provide more information on roadway conditions.

Figure 5 – 24-hour truck volumes on I-5



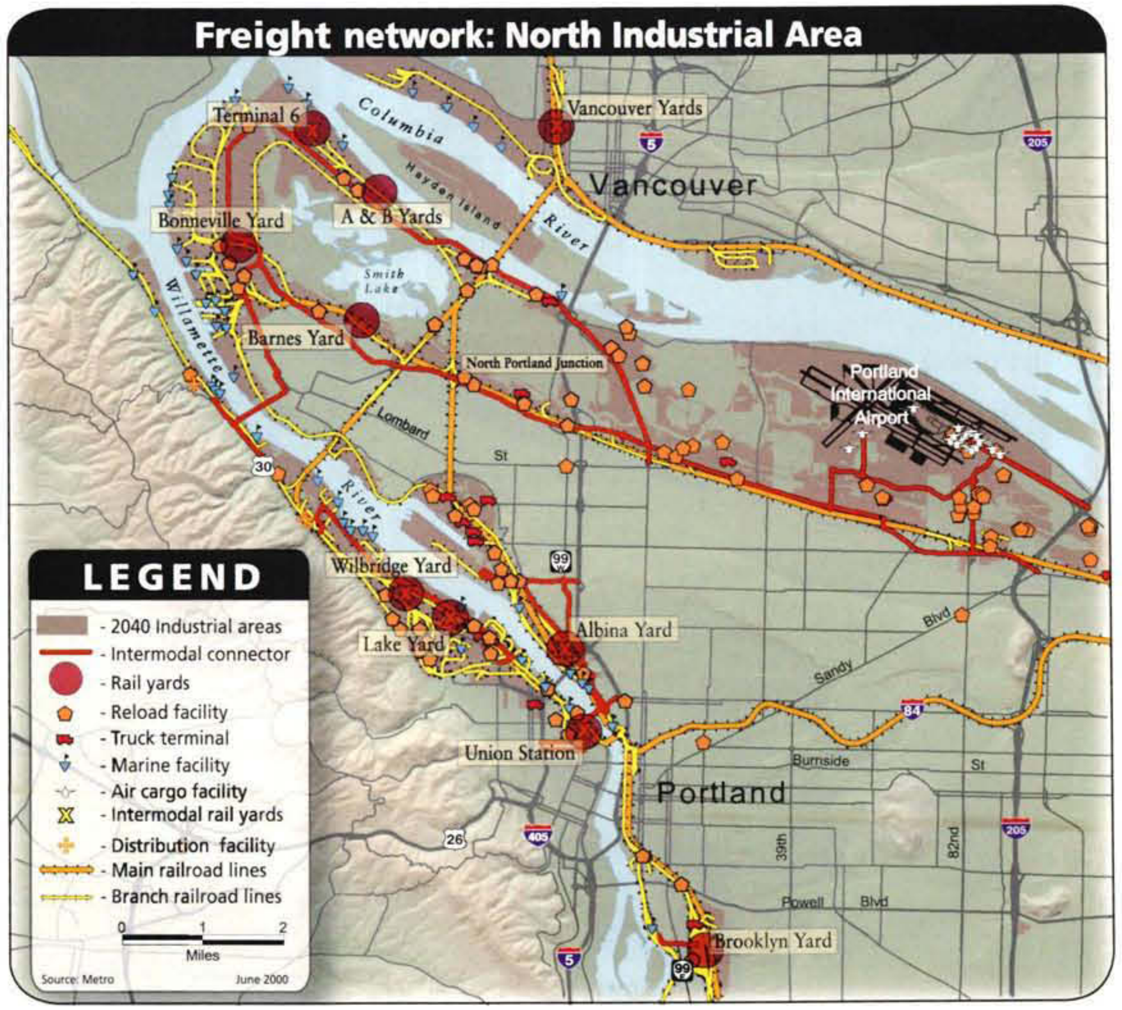


Figure 6 – freight network – *Our intermodal freight comes together in North Portland. Goods transfer from ship to rail to barge to truck to air.*

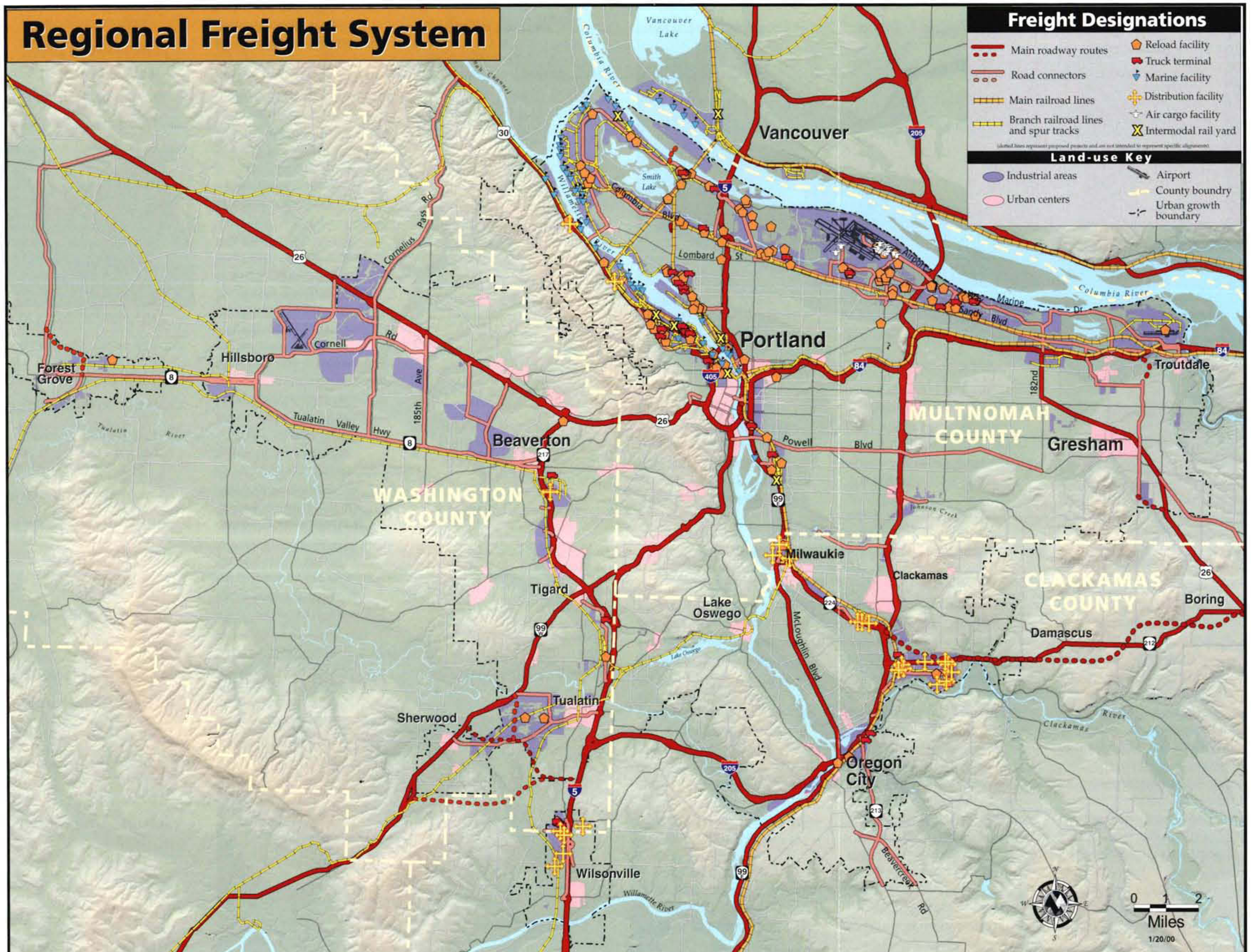


Figure 4 The regional freight system map

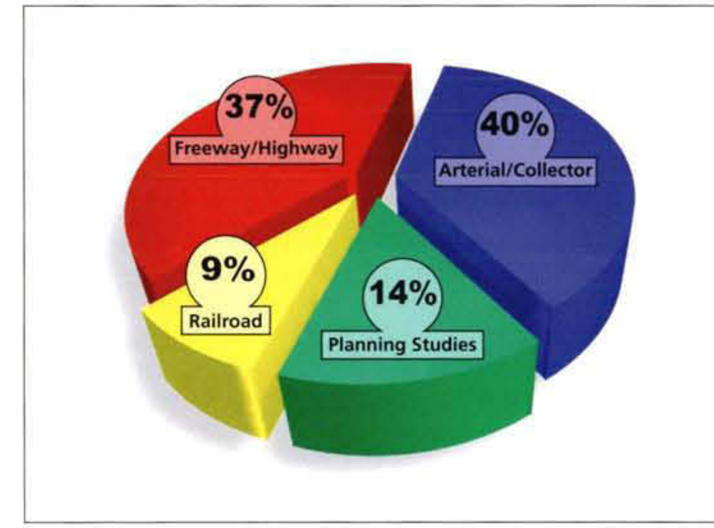


Figure 2 – Freight projects in the RTP

continued from front

Freight impacts regional economy

These transportation projects include the following:

- increasing the navigational depth in the Columbia/Willamette rivers
- separating rail and road crossing
- widening roads and improving intersections
- increasing airport road access
- funding intelligent transportation systems.

Projects that directly support freight constitute approximately 25 percent of the estimated $7.59 billion cost of the Priority 2020 regional transportation network in the RTP. Figure 2 shows the breakdown of freight related projects by percentage.

RTP priority freight projects include:

- I-5 corridor improvements
- Columbia/Lombard "east end connector"
- Marine Drive widening
- I-205 truck climbing lane
- Tualatin-Sherwood connector
- US 26 improvements
- Air cargo access roads.

For more information

Call Metro at (503) 797-1757 or leave a message on the transportation hotline, (503) 797-1900 option 2.

112503c-02

I-5 Rail Capacity Study
Summary of Rail Freight Recommendations
February 2003

(a) The proposed Bi-State Coordination Committee should establish a public-private forum to implement these rail recommendations.

(b) The Bi-State Coordination Committee, through the Rail Forum, should initiate an aggressive program to:

i. Facilitate the efficient rail movement of freight;

ii. Coordinate the multi-modal transportation services and streamline the movement of freight;

iii. Coordinate with other freight movers to facilitate intermodal connections, minimize conflicts among modes, and maximize cooperation;

iv. Develop strategies to implement the findings of the I-5 Partnership Rail Capacity Study.

(c) Study and pursue the rail infrastructure improvements required to accommodate anticipated 20- year freight rail growth and frequent, efficient intercity passenger rail service between Seattle, Portland, and Eugene.

(d) The Bi-State Coordination Committee, through the Rail Forum, should also:

i. Negotiate the cost-allocation responsibilities between public and private stakeholders;

ii. Work collaboratively with regional governments and agencies to advocate for the funding and implementation of rail projects at federal, state, regional and local levels;

iii. Explore means to facilitate the operation of the BNSF Columbia River Rail Bridge by seeking funding for the replacement of the existing swing span with a lift span located closer to the center of the river channel;

iv. Coordinate with the Congressional delegations of both states, regional agencies, and railroads, to encourage the U.S. Coast Guard to recognize the hazard to navigation caused by the location of the existing BNSF Columbia River railroad bridge's swing span opening, and to award Truman-Hobbs Act funding to replace the existing swing span with a lift span.

Additional Rail Capacity Improvements

I-5 Transportation and Trade Partnership- Rail Capacity Analysis

No.	Proposed Additional Improvements	Est. Costs
11A.	"Undoing the X" (Option #1): Grade separate crossing movements of UPRR and BNSF at North Portland Junction.	$25.0M
11B.	"Undoing the X" (Option #2): Grade separate crossing movements of UPRR and BNSF at North Portland Junction.	$75.0M
12	North Columbia Blvd. grade separation at Penn Junction.	$21.53M

Rail capacity improvements needed beyond the next 10 to 20 years, following completion of the initial 10 incremental improvements. These additional improvements would be needed because all of the southbound UPRR freight trains must move across both BNSF freight mainline tracks at North Portland Junction. While much of the delay associated with this maneuver is initially mitigated by Project #3 and Project #5 of the incremental improvements, forecast growth in freight rail traffic through this area over the next 10 years will necessitate these more substantial grade-separation improvements in later years.

Incremental Rail Capacity Improvements

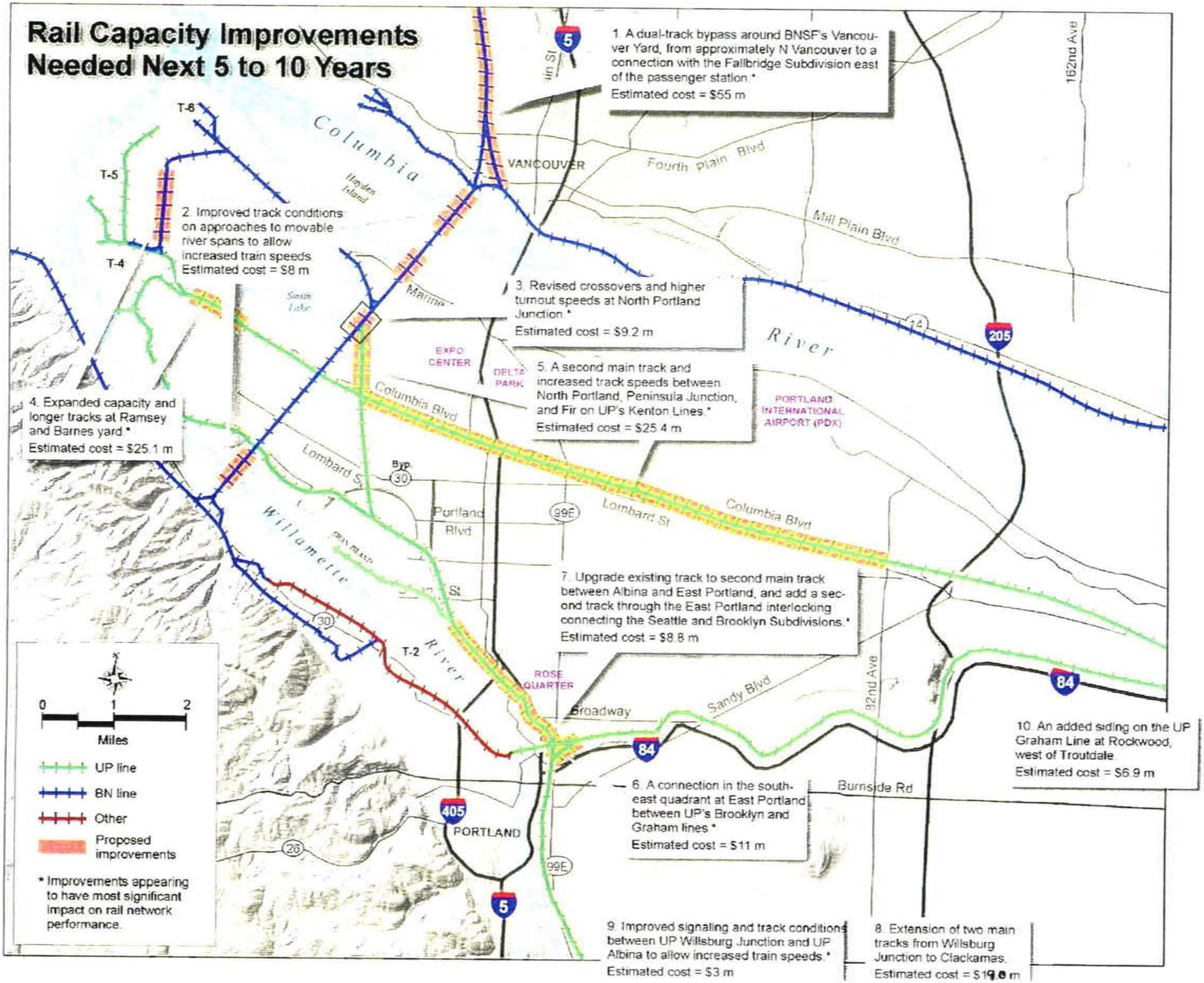
I-5 Transportation and Trade Partnership- Rail Capacity Analysis

(Revised)

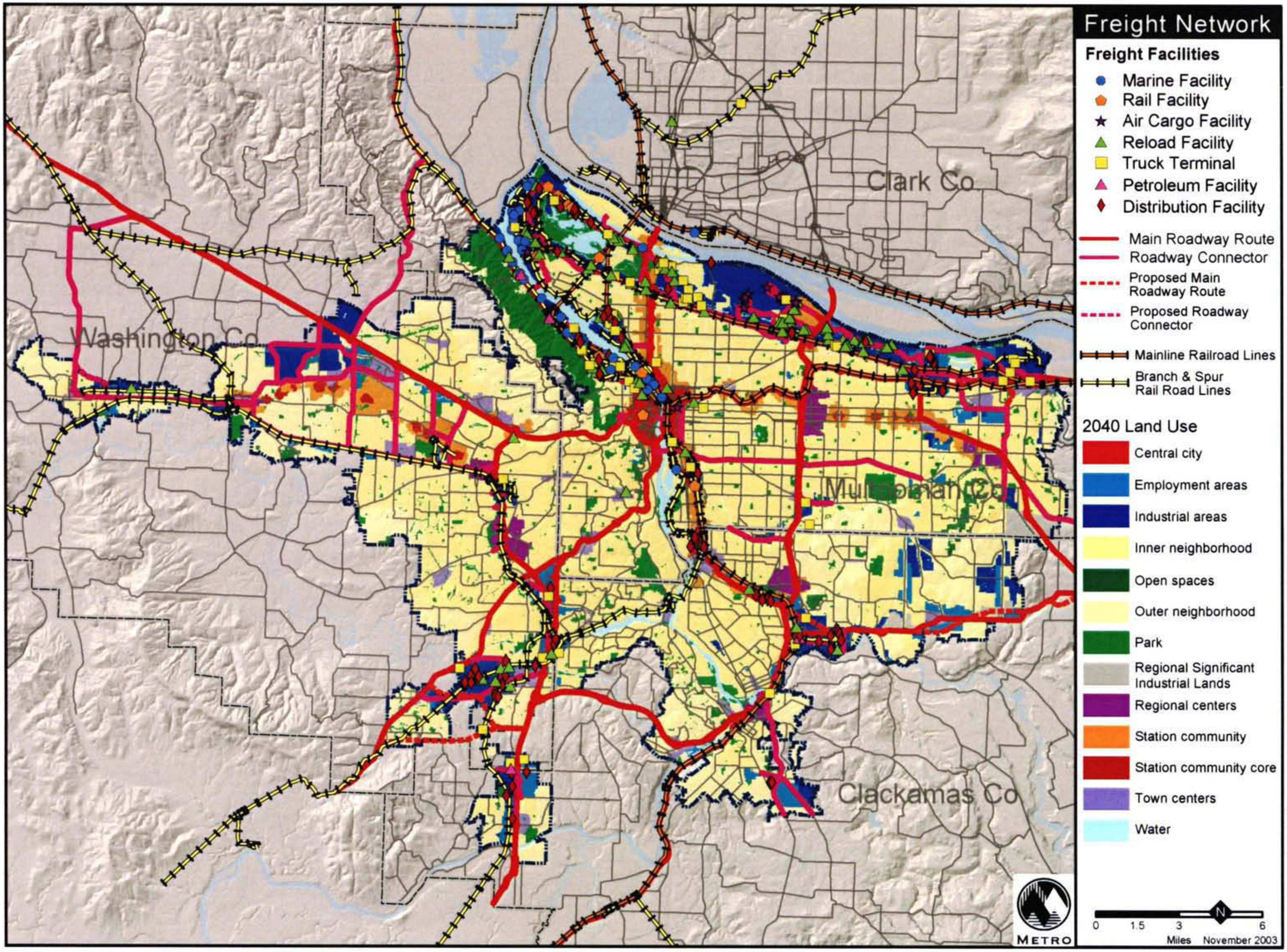
No.	Proposed Improvements	Est. Costs
1.*	A two-main track bypass around BNSF's Vancouver Yard, from approximately N. Vancouver to a connection with the Fallbridge Subdivision east of the passenger station.	$55.0M
2.	Increased track speeds on approaches to the movable river spans.	$8.0M
3.*	Revised crossovers and higher turnout speeds at North Portland.	$9.2M
4.*	Expanded capacity and longer tracks at Ramsey and Barnes yard.	$25.1M
5.*	A second main track and increased track speeds between North Portland, Peninsula Junction, and Fir, on UP's Kenton Line.	$25.4M
6.*	A connection in the southeast quadrant at East Portland between UP's Brooklyn and Graham lines.	$11.0M
7.*	Increased track speeds between UP Willsburg Junction and UP Albina.	$8.8M
8.	Extension of two main tracks from Willsburg Junction to Clackamas.	$19.0M
9.*	An upgraded "Runner" or River Lead between Albina and East Portland, and a second track through the East Portland interlocking connecting the Seattle and Brooklyn Subdivisions.	$3.0M
10.	An added controlled siding on the UP Graham Line at Rockwood, west of Troutdale.	$6.9M

Total estimated costs of proposed incremental rail improvements approximately $171.3M.

*Improvements that appear to have most significant impact on performance of rail network.



Rail Capacity Improvements
Needed Next 5 to 10 Years
1. A dual-track bypass around BNSF's Vancouver Yard, from approximately N Vancouver to a connection with the Fallbridge Subdivision east of the passenger station.*
Estimated cost = $55 m
2. Improved track conditions on approaches to movable river spans to allow increased train speeds
Estimated cost = $8 m
3. Revised crossovers and higher turnout speeds at North Portland Junction.*
Estimated cost = $9.2 m
4. Expanded capacity and longer tracks at Ramsey and Barnes yard.*
Estimated cost = $25.1 m
5. A second main track and increased track speeds between North Portland, Peninsula Junction, and Fir on UP's Kenton Lines.*
Estimated cost = $25.4 m
6. A connection in the southeast quadrant at East Portland between UP's Brooklyn and Graham lines.*
Estimated cost = $11 m
7. Upgrade existing track to second main track between Albina and East Portland, and add a second track through the East Portland interlocking connecting the Seattle and Brooklyn Subdivisions.*
Estimated cost = $8.8 m
8. Extension of two main tracks from Willsburg Junction to Clackamas.
Estimated cost = $19.0 m
9. Improved signaling and track conditions between UP Willsburg Junction and UP Albina to allow increased train speeds.*
Estimated cost = $3 m
10. An added siding on the UP Graham Line at Rockwood, west of Troutdale.
Estimated cost = $6.9 m
T-6
T-5
T-4
T-2
Columbia
River
Willamette
River
Hayden Island
Smith Lake
VANCOUVER
PORTLAND
Fourth Plain Blvd
Mill Plain Blvd
Marine
Columbia Blvd
Lombard St
Portland Blvd
Sandy Blvd
Broadway
Burnside Rd
92nd Ave
162nd Ave
EXPO CENTER
DELTA PARK
PORTLAND INTERNATIONAL AIRPORT (PDX)
ROSE QUARTER
Byp. 30
30
99E
26
14
5
205
84
405
0
1
2
Miles
UP line
BN line
Other
Proposed improvements
* Improvements appearing to have most significant impact on rail network performance.


Freight Network
Freight Facilities
Marine Facility
Rail Facility
Air Cargo Facility
Reload Facility
Truck Terminal
Petroleum Facility
Distribution Facility
Main Roadway Route
Roadway Connector
Proposed Main Roadway Route
Proposed Roadway Connector
Mainline Railroad Lines
Branch & Spur Rail Road Lines
2040 Land Use
Central city
Employment areas
Industrial areas
Inner neighborhood
Open spaces
Outer neighborhood
Park
Regional Significant Industrial Lands
Regional centers
Station community
Station community core
Town centers
Water
Clark Co
Washington Co
Multnomah Co
Clackamas Co
0 1.5 3 6
Miles November 2003
METRO

112503c-03

112503c-04

Importance of Freight Mobility in the Portland Region

Metro Council Informal
November 25, 2003

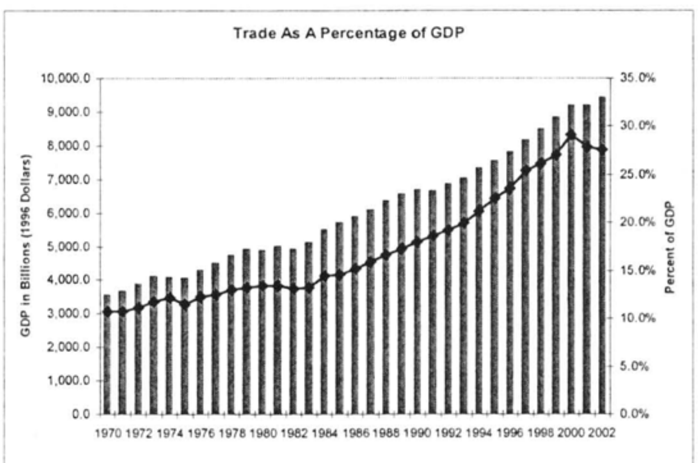
Trends Affecting Freight

- Globalization
  - Transportation deregulation
- Business Practices
  - Consumer demand
  - Logistics/supply chain management
- Urban development
  - Markets
  - Economic base
  - Urban land use
  - Transportation investment

Globalization

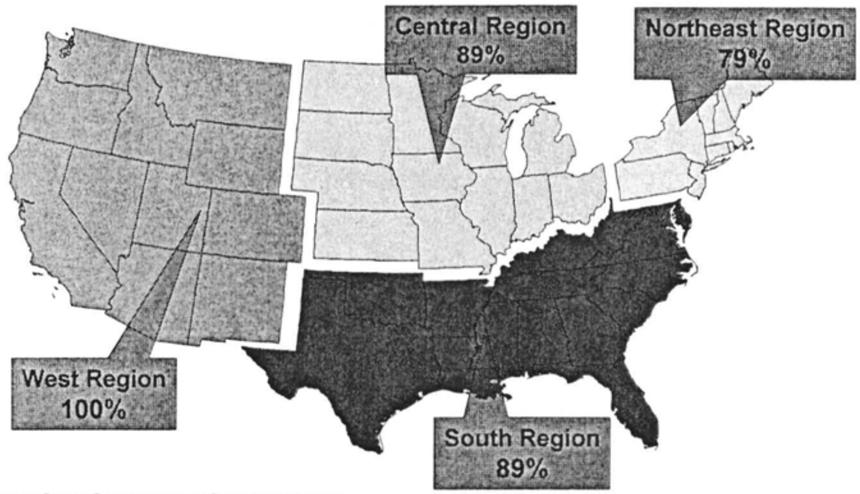
- Markets around the globe - products are moving longer distances with more frequency
- Freight mobility pressure at ports and transportation centers

U.S. Trade Increasing



Source: U.S. Department of Commerce and U.S. Bureau of Economic Analysis, 2003

West Coast Freight Tonnage to Double by 2020



Source: FHWA Freight Analysis Framework Project
Reebie Associates 1998 data (1st Approximation)
WEFA economic data and forecasts

History of Industrial Competitiveness

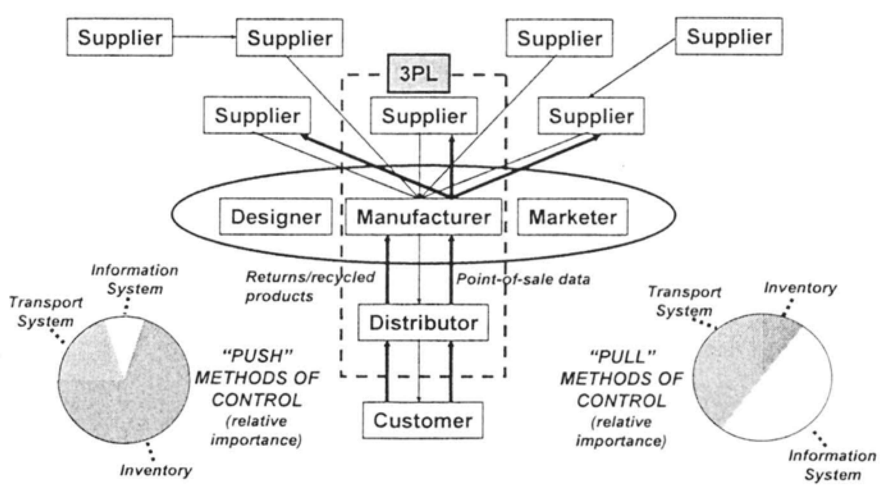
Emphasis on PRODUCTION	**Emphasis on SALES**	**Emphasis on LOGISTICS**
<u>1800s</u> Firms stressed ability to decrease cost of production of each unit	<u>Early 1900s</u> As production started to catch up with demand, businesses recognized the importance of sales	<u>Late 1900s & 2000</u> Sophistication of product offerings, globalization and increased customer expectations make logistics key to companies', regions' competitiveness

Distribution & Logistics: The New Business Model

The use of the transportation system, information technology, and distribution facilities to assemble and move raw materials and products cost effectively to regional, national and international markets

- Why ?
  - Increased competition for global markets
  - Increasing offshore production and movement of parts and goods
  - Business cost savings already realized through production efficiency
  - Supply chain management offers opportunity for additional cost savings

Logistics: from Push to Pull



How Do We Stack-up?

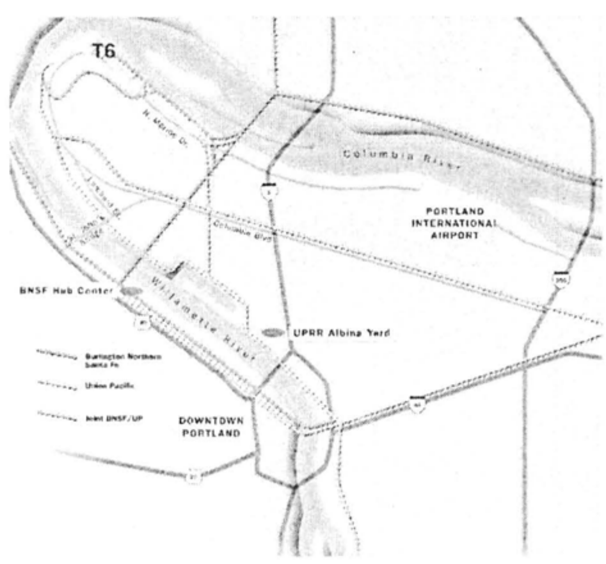
Manufacturing

Distribution

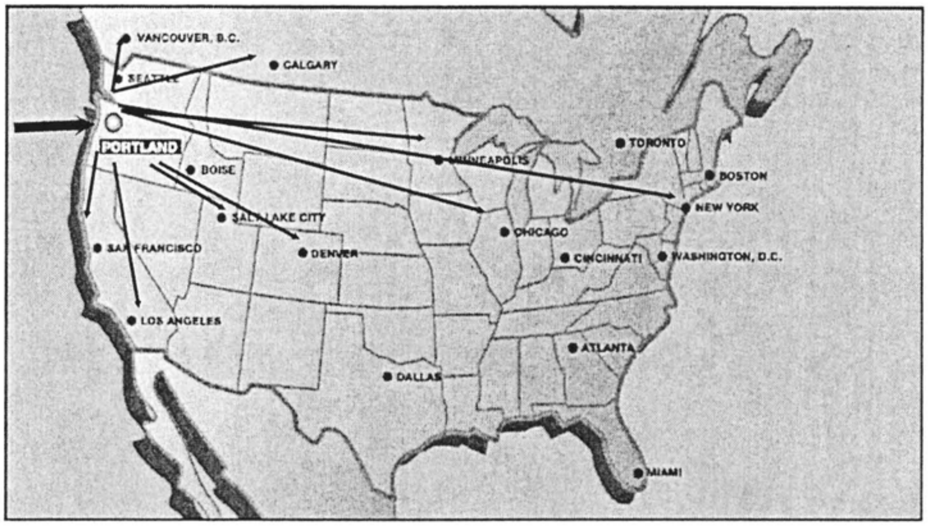
Trade (Import/Export)

Freight Centers

Strong Distribution System



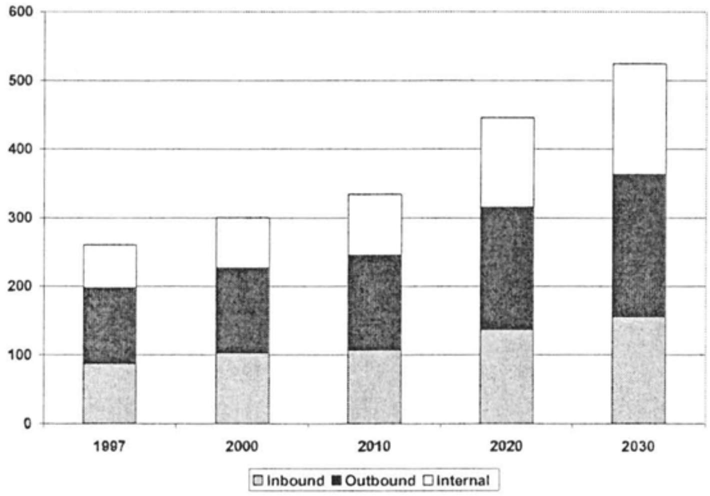
Domestic Distribution Gateway



International Distribution Gateway
($19 billion of trade in 2002)

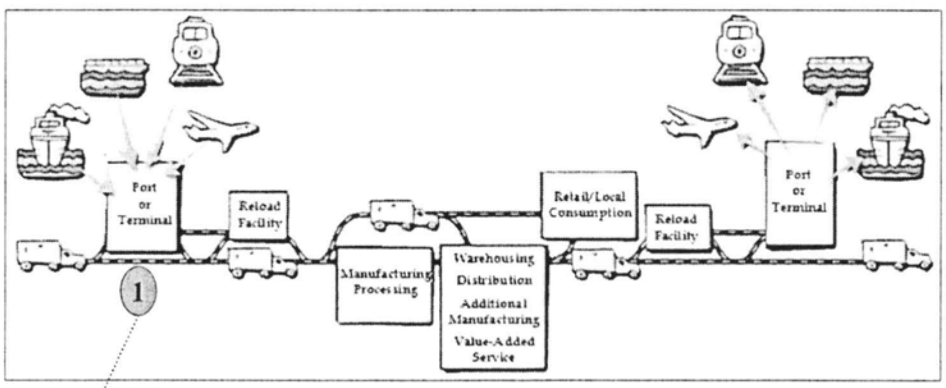
Source: U.S. Department of Commerce, Columbia-Snake River Customs District, 2003

Portland-Vancouver Freight Tonnage to Double by 2030



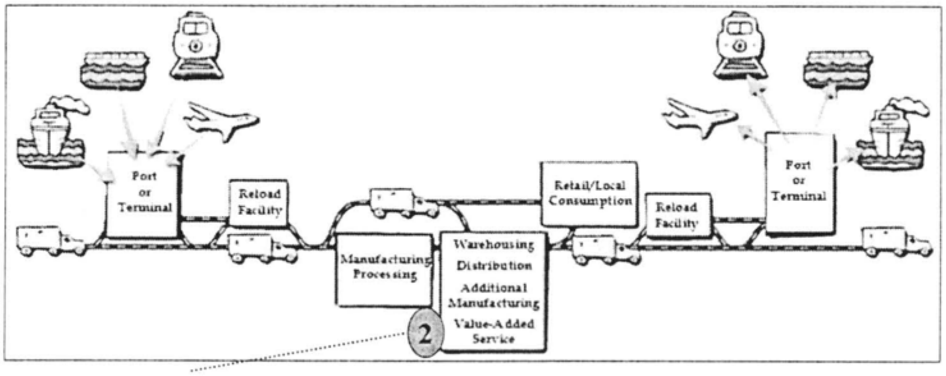
Source: Global Insight, 2002

Columbia Sportswear



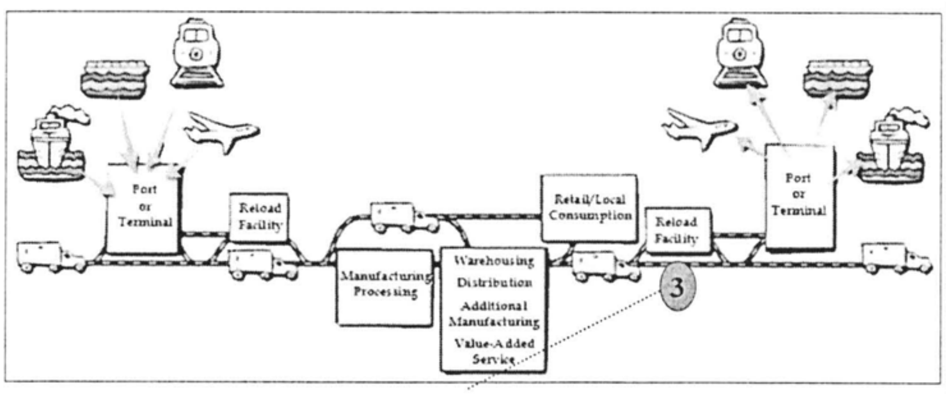
1. Inbound Movement
   - Apparel, footwear, and accessories arrive via ship from Asia at T6, transported by truck to the Rivergate DC; some move through Seattle and Tacoma
   - Air shipments arrive both at PDX and Sea-Tac
   - Ocean/air shipments arriving in Puget Sound transported by truck to Rivergate

Columbia Sportswear



2. Value Added Services
   - Ocean containers unstuffed; airfreight unpacked. Products sorted/stored by SKU
   - Once all SKUs for a customer's order arrive, shipment packed for delivery
   - Customers provide routing instructions; shipments prepared for truck or air shipment accordingly
   - The Rivergate DC also handles returns

Columbia Sportswear

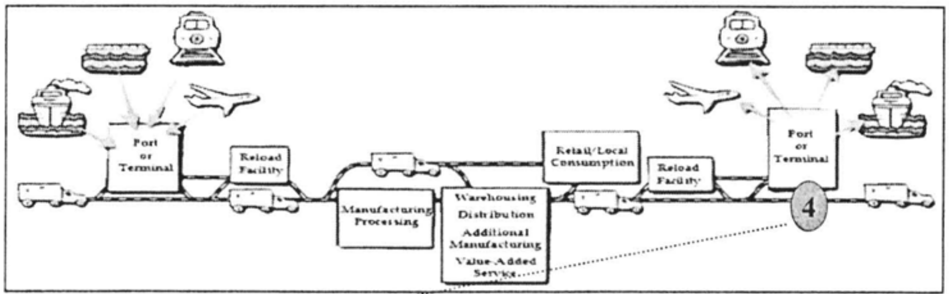


3. Reload Facility

   - Freight forwarders transport shipments by truck to reload facility for air shipment

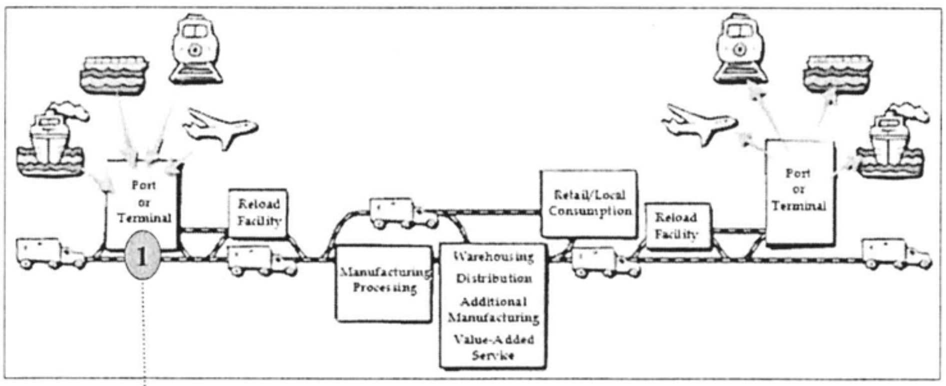
   - LTL carriers take shipments by truck from DC to the LTL's local hubs in Portland for consolidation with other loads to same cities

Columbia Sportswear



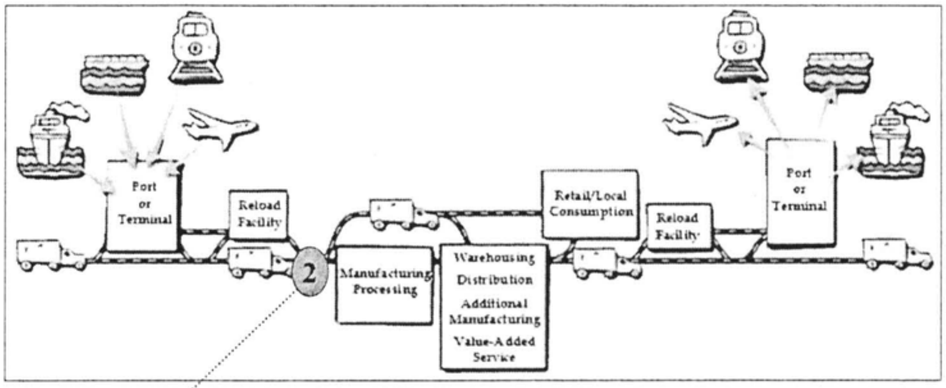
4. Outbound Movement
    - All three product lines (apparel, footwear, and accessories) shipped out by air or truck
        - ✓ Air cargo shipped out of PDX primarily using integrated carriers (such as FedEx, UPS, Emery, etc.) for domestic delivery
        - ✓ Once consolidated, LTL shipments move through carrier's hub and spoke network throughout North America
        - ✓ Full truckload shipments move directly from DC to customers' warehouses or stores

Intel



1. Inbound Movement
    - Raw materials and equipment arrive to Hillsboro from all over the world and all over the US:
        - ✓ via ocean (20 FEU of raw materials/month),
        - ✓ via air through PDX and San Francisco,
        - ✓ via truck

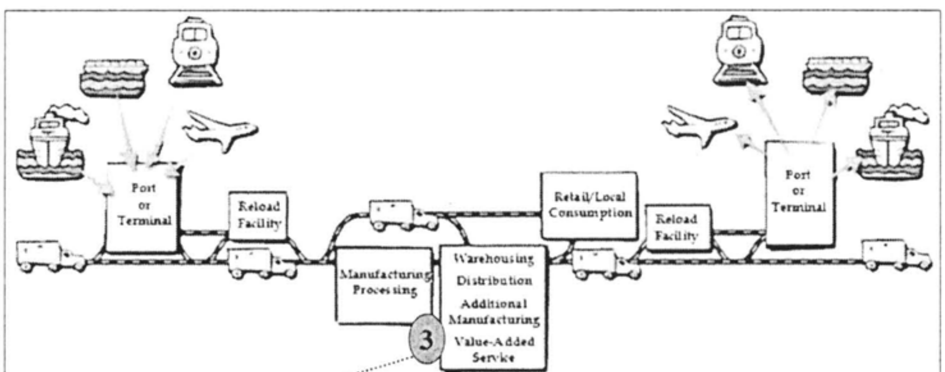
Intel



2. Manufacturing

- Wafers, chips and processors are produced in Hillsboro (at 2 fabrication sites)
- 3 new fabrication sites in Hillsboro are under construction/starting production.

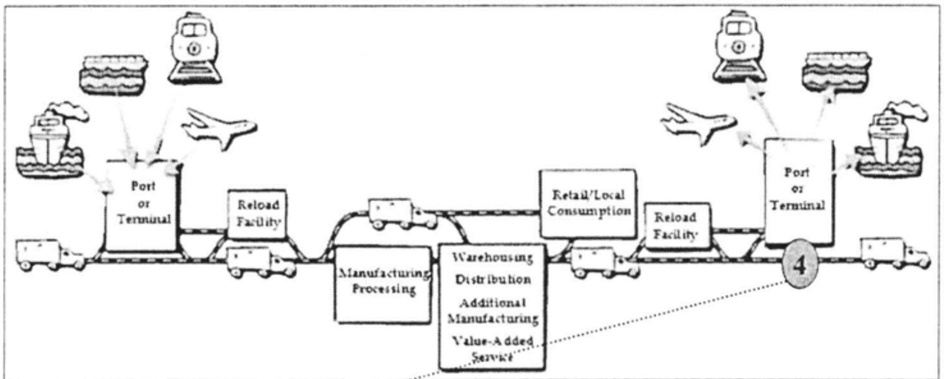
Intel



3. Distribution

- Distribution activities are handled on-site, but are outsourced to a 3rd party
- Some distribution occurs through Seattle distribution center

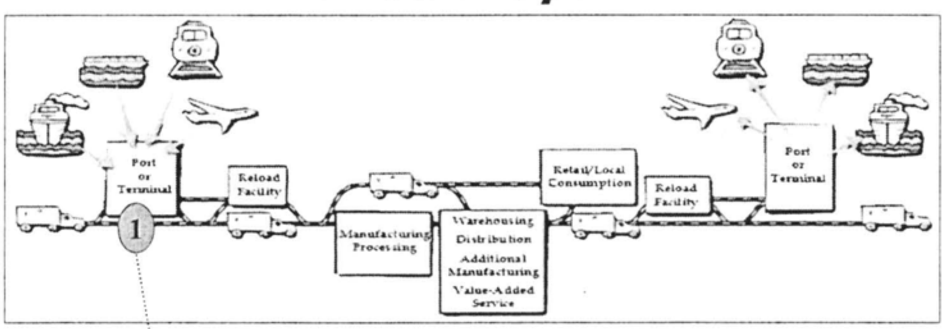
Intel



4. Outbound Movements

- Wafers and processors are shipped from Hillsboro via truck to PDX or San Francisco for worldwide distribution

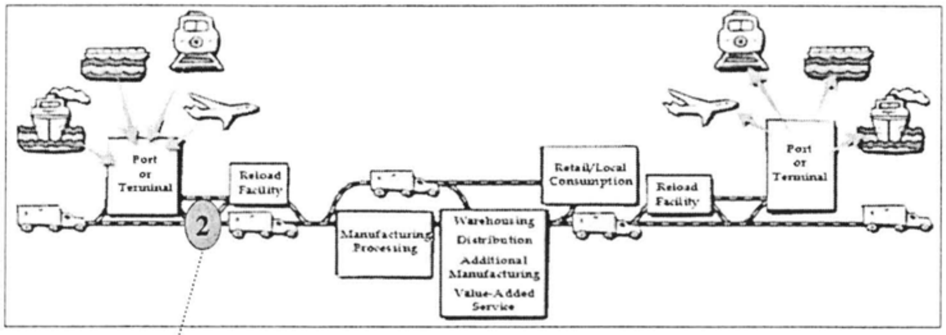
Fred Meyer



1. Inbound Movement

- Asian imports arrive predominantly through T-6 and are sent to Fred Meyer distribution centers in Chehalis, WA and Clackamas, OR
- Various grocery items and general merchandise arrive via truck and truck/rail intermodal from domestic suppliers
- Seasonal goods for Kroger Supermarkets arrives through T-6

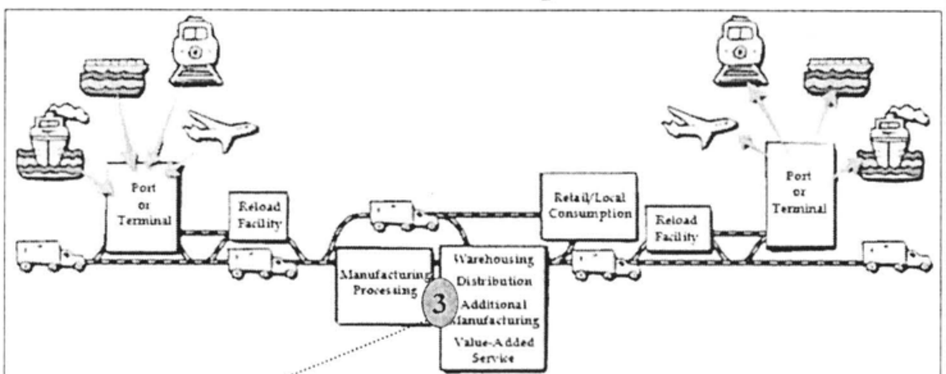
Fred Meyer



2. Reload Facility

- Kroger seasonal items are trucked to north Portland transload facility
- Containers are unstuffed and consolidated into domestic containers before being trucked to intermodal facility
- Goods are shipped via rail to Kroger's distribution center in Nashville, TN

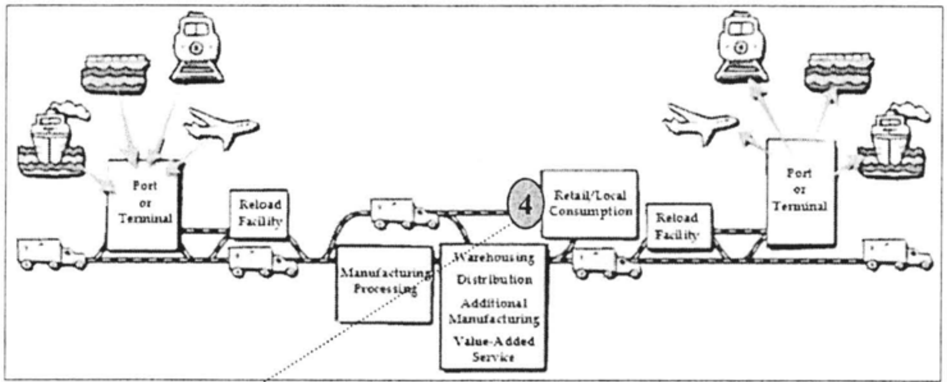
Fred Meyer



3. Warehousing/Distribution

- All food and nonfood items from international and domestic suppliers are sent to Clackamas distribution center for distribution to stores throughout the west (except WA and AK stores)

Fred Meyer



4. Retail/Local Consumption

   - Fred Meyer Stores operates a large fleet of trucks and trailers for distribution of goods to its retail stores

Distribution & Logistics Industry Sector Economic Benefit

- 2000 sector analysis in PDC Economic Development Strategy by EcoNorthwest
- Key employer in PMSA – more than 1 in 10 jobs
  - 109,700 jobs v. 967,900 jobs for all industries in PMSA
- Average wage
  - $46,113 v. $37,000 for all industries in PMSA
- D&L infrastructure for virtually all industry sectors
- Location of transportation service providers and cost competitive transportation rates

Major Employment Sector

Metropolitan Area	Transportation cluster's share of total employment	Location quotient
Miami	14.59%	1.744
Atlanta	13.35%	1.596
Portland	11.17%	1.335
Seattle	10.90%	1.303
Houston	10.71%	1.280
Cincinnati	10.63%	1.271
Kansas City	10.44%	1.247
Los Angeles	10.36%	1.238
Denver	10.11%	1.209
New Orleans	9.86%	1.178
Savannah	8.63%	1.032
San Francisco	8.47%	1.012
Detroit	8.42%	1.006
USA	8.37%	1.000
Pittsburgh	8.34%	0.997
New York City	8.01%	0.957
Baltimore	7.82%	0.934
Tampa	7.18%	0.859
San Jose	6.89%	0.824
Charleston	6.84%	0.817
Sacramento	5.46%	0.653

Based on 2000 data. Sources: State Employment Departments

- Exceeds Seattle, LA, SF and NYC in % of Workforce Employed in Distribution and Logistics

Average Wage by Industry Sector

PORTLAND METRO AREA	
Information	$54,477
Manufacturing	$49,682
Financial Activities	$46,288
Distribution and Logistics	*$46,113*
Construction	$44,656
Professional and Business Services	$42,156
Average Portland Annual Wage	*$37,000*
Trade, Transportation, Utilities	$35,655
Education and Health Services	$34,624
Other Services	$25,580
Natural Resource and Mining	$22,336
Leisure and Hospitality	$16,130

Freight Mobility Conclusions

- Competitive requirement of the national and global economy
- Increasingly important with new business model and growing freight volumes
- An advantage we may lose without a strategic focus on industries' logistics needs and investment in industrial land and transportation

What Action Is Needed?

- Adequate supply of industrial land near freight corridors
- Precise understanding of industry transport needs
- Strategic investments in the freight transportation system

112503c-05

Candidate Region 1 - High Priority Freight Projects being considered by the Oregon Advisory Committee

RTP Project Number	Project Name	Project Description
4003	I-5 Interstate Bridge and I-5 Widening	Improve the I-5/Columbia River bridge and I-5 from the bridge to Columbia Boulevard based on recommendations from the I-5 Trade and Transportation Partnership Study.
1025	I-5/North Macadam Access Improvements	Construct new off-ramp from I-5 northbound to Macadam Avenue northbound.
4005	I-5 North Improvements	Widen to six lanes between Lombard and the Expo Center.
4006	I-5/Columbia Boulevard Improvements	Construct full direction access interchange based on recommedations from the I-5 Trade and Transportation Partnership Study.
2005	I-84 Troutdale Interchange Improvement	Improve the Troutdale Interchange.
5199	I-205 Auxiliary Lanes, I-5 to Stafford Rd.	Construct permanent auxilliary lanes as part of I-5 to Willamette River Preservation project
3009	US 26 (Sunset Highway) Improvements	Widen US 26 to six lanes from Cornell Rd. to 185th Avenue.
2051	US 26 (Mt.Hood Hwy) Springwater Corridor Interchange (Hogan Corridor Improvements)	Element of Hogan Corridor Improvements. New interchange on US 26 proposed to access industrial lands in Springwater Corridor.
6141	I-5/99W Connection (Tualatin - Sherwood Hwy" Phase I Arterial Connection	Construct arterial connection From I-5 to 99W that protects through traffic movements between these state hwys, and that would provide for future expansion to Expressway or freeway.
5003	Sunrise Highway (Unit One)	Construct new four-lane facility and interchanges (I-205 to SE 135th).
5004	Sunrise Highway Right of Way Preservation (Unit Two)	Acquire right-of-way for new four-lane facility from Rock Creek to 242nd Avenue.
3001	OR 217 Improvements	Widen northbound OR 217 to three lanes between OR 8 and US 26 and make ramp improvements.
3023	OR 217 Interchange Improvements	Improve the highest priority interchange that comes out of the Hwy217 Corridor study
6138/6139	Wilsonville/I-5 Interchange Improvements (Phase 1 and 2)	Construct ramp improvements Town Center to Boones Ferry Road.
4022	East End Connector	Provide a free-flow connection from Columbia Boulevard/82nd Avenue to US 30 Bypass/I-205 interchange, and widen the southbound I-205 on-ramp at Columbia Boulevard.
2074	Sandy Boulevard Widening Revised	Widen to five lanes between NE 162nd to 238th Avenues.
4040	NE 47th Intersection and Roadway Improvements	Widen and channelize NW 47th Avenue/ NE Columbia Boulevard.
4063	North Lombard Access Improvements	Improve access and mobility of freight to Rivergate intermodal facilities and industrial areas.
4088	Terminal 4 Driveway Consolidation	Consolidate driveways.
4044	NE Columbia Boulevard/82nd Avenue	Signalize ramps and provide additional capacity.
2000	Hogan Corridor Improvements	Make interim capacity improvements and implement access controls from Stark Street to Burnside.
7000	SE 172nd Ave. Improvement	Extend to Hwy 212 and signalize intersection. Widen to 4 lanes with turn lanes from Hwy 212 to Sunnyside Rd.
Combines 4042 & 4055	Cornfoot Air Cargo Access Improvements	Widen/channelize/signalize intersections at NE Airtans Way/NE Cornfoot Rd., and NE Alderwood Rd./NE Cornfoot Blvd.
4087	Leadbetter Extension Overcrossing	Extend Leadbetter to Terminal 6/Marine Dr., including a rail overcrossing.
Combines 4041 & 4038	Alderwood Air Cargo Access Improvements	Widen/Channelize/signalize intersections @ NE Alderwood Rd./NE Columbia Blvd. and NE Alderwood Rd./82nd Avenue.
1039	Belmont Ramp Reconstruction	Reconstruct ramp to provide better access to the Central Eastside.
Not in RTP	Lake Yard, BNSF Hub Facility Access	Provide access road/drive and new signalization to relieve conflicts with US 30 traffic.

112503c-06

600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736
TEL 503 797 1700 | FAX 503 797 1797

METRO

DATE: October 9, 2003

TO: JPACT

FROM: Andrew Cotugno, Director
Bridget Wieghart, Manager

RE: Freight Project Priorities

Attached please find information relating to freight mobility project funding, House Bill 2041. The bill designates $100 million for projects that are to be recommended by the Oregon Freight Advisory Committee or that provide access to industrial lands or other job creating sites. The materials attached outline eligibility criteria, prioritization factors and a timeline adopted by the Oregon Freight Advisory Committee (OFAC) for determining its recommendations.

Under this process, OFAC intends to publish a list of high priority projects in October, solicit "nomination review forms" from interested parties through January 31 and make its recommendations to the Oregon Transportation Commission by March. The solicitation for input to OFAC will be distributed to MPOs, ACTs and members of the OFAC.

As a member of OFAC, Metro is proposing that the region develop a list of priorities and provide input to the OFAC between now and January 31. We propose that JPACT:

1) Notify local jurisdictions and business organizations of the OFAC process when it is published in late October.
2) Ask for entities seeking regional support of priority projects to submit draft nomination review forms to Metro by early December.
3) Utilize the same overall criteria as the OFAC, but give priority to projects that serve Regionally Significant Industrial Sites and intermodal facilities.
4) Seek approval from JPACT and the Metro Council on the region's final input to OFAC in January.

The Regional Freight Committee, which is comprised of staff from Washington, Multnomah, and Clackamas Counties, the Cities of Gresham, Portland, Vancouver and Tualatin, the Ports of Portland and Vancouver, ODOT and the RTC has been providing information to OFAC as it develops freight project listings. We propose that it operate as a technical advisory committee to TPAC and JPACT in the upcoming prioritization process.

Memorandum
September 11, 2003

To: Metro Regional Freight Committee

From: Steve Kale

Subject: Freight Project Identification and Prioritization

House Bill 3364 (2001) calls for the Oregon Freight Advisory Committee to advise the Oregon Transportation Commission and regionally based advisory groups about the Statewide Transportation Improvement Program (STIP) and its consideration and inclusion of high priority freight mobility projects in each Oregon Department of Transportation (ODOT) region.

House Bill 2041 (2003) expands on HB 3364 by authorizing $100 million in bonding for projects that a) are recommended by the Freight Advisory Committee, b) provide or improve access to industrial land sites, or c) provide or improve access to sites where jobs can be created.

The following page describes a process for developing a list of freight mobility projects per the provisions of House Bills 3364 (2001) and 2041 (2003). This includes describing:

- eligibility criteria for identifying a list of projects to consider for funding, and
- prioritizing factors for reducing the list of eligible projects to a shorter list for each ODOT region.

The Freight Advisory Committee approved this process at its meeting on September 9,2003.

Please note that the criteria and factors focus primarily on roadway projects, including those that facilitate movements on connectors to/from intermodal facilities as well as projects that support multimodal movements (e.g., grade-separated rail crossing improvements). Projects that would enhance movements of non-roadway modes will be considered in a separate memorandum to be developed later.

Freight Mobility Project Eligibility Criteria and Prioritization Factors

(Approved by the Freight Advisory Committee, September 9, 2003)

Eligibility Criteria	Prioritization Factors
Projects can be considered for funding if they • Are modernization projects[1] on freight routes of statewide or regional significance, including ✓ highways on the State Highway Freight System as designated in the 1999 *Oregon Highway Plan*, or ✓ highways or local roads designated as National Highway System intermodal connectors, or ✓ other highways with a high volume or percentage of trucks or which are important for regional or interstate freight movements, or ✓ local freight routes designated in a regional or local transportation plan • Are estimated to cost $1 million or more[2] • Have not previously been programmed for construction in a *Statewide Transportation Improvement Program* approved by the Oregon Transportation Commission[3] • Are consistent with the applicable acknowledged Transportation System Plan (TSP) or, in the absence of an applicable acknowledged TSP, the applicable acknowledged comprehensive plan and any applicable adopted TSP[4] • Support 1999 *Oregon Highway Plan* policies per the provisions identified in the process approved by the OTC for the selection of projects to be included in the STIP	Priority shall be given to projects that • Would remove identified barriers to the safe, reliable, and efficient movement of goods, • Would facilitate public and private investment that creates or sustains jobs[5] • Would support multimodal freight transportation movements • Are likely to be constructed within the time frame contemplated (project readiness)[6]

---

[1] Other types of projects (e.g., operations or safety) may be considered if they would accomplish purposes similar to those of modernization projects or would otherwise substantially support freight mobility.

[2] A project costing less than $1 million may be considered if it meets other eligibility criteria, is critical to removing barriers to goods movement, or would otherwise substantially support freight mobility.

[3] Multi-phased projects or STIP-listed projects that have been delayed and otherwise meet the eligibility criteria may be considered. Additionally, projects that are scheduled for construction during the latter two years of an approved STIP may be considered for inclusion in future STIPs or freight mobility project listings. Costs of planning, development, and design may be included in the identification of projects eligible for funding consideration.

[4] The FAC may consider projects that are not identified in an acknowledged or adopted plan if efforts to amend the applicable planning document are underway or expected to proceed within timelines for developing state or Metropolitan Planning Organization transportation improvement programs.

[5] Examples of investment leveraging would include, but not be limited to, additional federal funds, local matching funds, donation of project right-of-way, or private-sector contributions.

[6] Project readiness is dependent on an assessment of the remaining requirements that must be met before a project can be constructed, and the likelihood that the requirements can be met and construction started within the time frame anticipated. Assessment of project readiness includes assessment of the timing and likelihood of obtaining environmental approvals.

Timeline/Schedule for Implementing Provisions of HB 2041, Sections 11(a), 37, and 46

(Approved by the Freight Advisory Committee, September 9, 2003)

Shown below is an approximate timeline/schedule for implementing Sections 11(a), 37, and 46 of House Bill 2041 (see page 2). The actual timeline/schedule may differ depending on circumstances that arise during implementation efforts.

Sometimes referenced as the Oregon Transportation Investment Act (OTIA) III, HB 2041 was signed into law by Governor Kulongoski in late July 2003. Section 11 calls for the Freight Advisory Committee (FAC) to make recommendations to the Oregon Transportation Commission (OTC) on freight-related projects to be considered for funding from $100 million of new revenues. Section 37 defines freight mobility projects and directs the Department of Transportation to give priority to freight mobility projects in developing the Statewide Transportation Improvement Program (STIP). Section 46 authorizes the FAC to make recommendations for multimodal freight mobility projects to the OTC for consideration in developing the STIP.

August-September 2003: FAC

- develops draft eligibility criteria and prioritization factors for freight mobility projects*
- continues developing a master list of possible projects*
- receives update on work related to identifying high priority freight mobility projects at the September 9 FAC meeting
- approves draft eligibility and prioritization factors at the September 9 meeting
- approves implementation timeline/schedule at the September 9 meeting
- begins applying eligibility criteria and prioritization factors to the master list*

October 2003: FAC

- develops initial listing of highest rated projects based on eligibility criteria and prioritization factors*
- develops a project review form for interested parties to use in advocating for projects for the FAC to recommend to the OTC*
- circulates (beginning approximately October 15) a project review form and package of information to interested parties by January 31 on projects to recommend to the OTC per the following:
  - ✓ eligibility factors and prioritization criteria
  - ✓ initial listing of highest rated projects based on eligibility criteria and prioritization factors

November-December 2003: FAC

- continues updating the master list of possible projects as needed*
- refines prioritization criteria to assist with reviewing list of highest rated projects*
- reviews progress at its December 2 meeting

January 2004: FAC

- ends period on January 31 for receipt of project review forms from interested parties
- reviews materials received and develops additional information to support highest rated projects*
- prepares preliminary list of highest rated projects and supporting information for each*

February-March 2004: FAC

- holds meeting (third or fourth week in February) to
  - ✓ review list of highest rated projects and supporting information and adjust as needed
  - ✓ approve the list of highest rated projects or defer approval until later
- makes recommendations at the Oregon Transportation Commission's March meeting**

* This work will be primarily conducted through the FAC's Freight Projects Subcommittee.

**The date for making recommendations to the OTC will depend on when the FAC approves a list of projects.

Provisions of HB 2041 That Pertain Specifically to the Freight Advisory Committee and Freight Mobility Projects*

SECTION 11. (1) The Oregon Transportation Commission shall use $100 million of the net proceeds of bonds authorized under ORS 367.620 (3)(b):
(a) For the capitalizable cost of planning, development, design and construction of projects recommended by the Freight Advisory Committee created by section 2, chapter 240, Oregon Laws 2001.
(b) To provide or improve access to industrial land sites. In selecting sites under this paragraph, the commission shall consult with the Economic and Community Development Department and local governments and shall give preference to sites for which local matching moneys are available.
(c) To provide or improve access to sites where jobs can be created.
(2) Notwithstanding ORS 366.507 (4)(b), projects selected under this section need not be equitably distributed throughout the state.

SECTION 37. (1) As used in this section, "freight mobility project" means a project that supports the safe, reliable and efficient movement of goods between and among local, national and international markets.
(2) The Legislative Assembly finds that investment in freight mobility projects will yield a return on the state's investment in terms of improved economic opportunity and safety.
(3) In developing the STIP, the Department of Transportation shall give priority to freight mobility projects that:
(a) Are located on identified freight routes of statewide or regional significance;
(b) Remove identified barriers to the safe, reliable and efficient movement of goods; and
(c) Facilitate public and private investment that creates or sustains jobs.

SECTION 46. Section 2, chapter 240, Oregon Laws 2001, is amended to read:
Enrolled House Bill 2041 (HB 2041-C) Page 19
Sec. 2. (1) There is created the Freight Advisory Committee to be appointed by the Director of Transportation to advise the director and the Oregon Transportation Commission regarding issues, policies and programs that impact multimodal freight mobility in Oregon.
(2) The director shall have discretion to determine the number of committee members and the duration of membership. The committee membership shall include, but not be limited to, representatives from the shipping and carrier industries, the state, local governments and ports, including the Port of Portland.
(3) The committee shall:
(a) Elect a chairperson and a vice chairperson.
(b) Meet at least four times a year.
(c) Provide input on statewide and regional policies and actions that impact freight mobility.
(d) Provide input on the development of policy and planning documents that impact freight mobility.
[*(e) Define "freight mobility projects."*]
[*(f)*] **(e)** Advise the commission and regionally based advisory groups about the Statewide Transportation Improvement Program and the program's consideration and inclusion of highest priority multimodal freight mobility projects in each Department of Transportation region.
(4) The committee may make recommendations for freight mobility projects to the commission. In making the recommendations, the committee shall give priority to multimodal projects.
[*(4)*] **(5)** The Department of Transportation shall provide policy and support staff to the committee. The department shall also provide other personnel to assist the committee as requested by the chairperson and within the limits of available funds.
[*(5) The committee shall report to the Seventy-second Legislative Assembly on the committee□s progress and recommendations.*]

*New language is in bold font; existing language is in regular font, deleted language is in italics.

112503c-07

Tuesday, November 25, 2003

My name is Tom Zelenka, Vice President with Schnitzer Steel Industries, Inc., a leading national scrap metal recycler and steel manufacturer, as well as for the Schnitzer Group of Companies, involved in real estate development and investment, ocean shipping and industrial gas production and distribution. With our corporate offices located in Portland, Oregon, the efficient movement of people and goods and transportation is key to all these business endeavors.

I'm appearing today as Chairman of the Oregon Freight Advisory Committee, which is statutorily created to advise the Director of the Oregon Department of Transportation and the Oregon Transportation Commission on issues, policies and programs affecting multi-modal freight mobility. Our focus is on all modes of transportation, whether road, rail, air, water or pipeline and the committee's make-up includes representatives of truckers, railroads, barge operators, ocean carriers, shippers, manufacturers, governmental agencies and port districts.

In other words, we're interested in the multi-modal freight transportation system linking Oregon business with statewide, regional, national and global markets! And, it's important, whether we're talking about:

- the agricultural community in eastern Oregon
- the hi tech firm in Washington County
- the wood product manufacturer in Medford
- or the tourism or ocean resource based economy of the coastal community

Getting goods to or from these modal points affects our economic competitiveness…the connection is extremely important. Our state's economic viability rests with its ability to participate in the markets – regional and national trade routes must be preserved and enhanced.

The Freight Advisory Committee attempts to stay current on an array of things, from commodity forecasts, supply chain logistics, inventory control and "just in time" deliveries, port security requirements – to the needs for truck turn lanes, climbing lanes, and freight only dedicated lanes.

Portland's geographic area often serves as the gateway for all of Oregon to markets elsewhere.

There are also some "process" issues. One of the key concerns we have been grappling with is how to address the natural tension that sometimes exists between freight movement and freight transportation needs and local concerns about growth, density and livability. Recently our committee met with several federal highway administration officials discussing freight needs. It was most instructive to hear from them their awareness that around the nation the private sector has become much more focused on the national and global markets and the need for business investment strategies attentive to those markets, while in terms of planning and funding for roads, which is dependent on local government planning and authorization actions, have become increasingly focused on localized or neighborhood based solutions, often resulting in significant disconnects between the strategies of the business sector needing to invest for the national or global markets, while the local government is investing in infrastructure based on local impacts alone.

There is no easy solution to balancing this tension between neighborhood desires or getting goods and services to global markets. Nevertheless, we must come up with the means to provide the broad perspective needed to ensure appropriate transportation investment strategies are developed that meet the needs of all citizens.

The Portland-Vancouver metropolitan area has become a choke point for freight mobility, particularly along the I-5 corridor.

Perhaps the need for efficient transportation can be best illustrated by our 220 acre industrial park in Vancouver, the Columbia Business Center, on the north side of the Columbia River, in close proximity to the Interstate I-5 Bridge. Close-in to the Portland/Vancouver metropolitan area, the 100 plus tenants' transportation needs of the Columbia Business Center are served by both north/south and east/west roadways, rail and barge. The tenants range from the small mom and pop operations to the Fortune 500, with customer markets that are the local Vancouver market solely, to a customer base that is metropolitan region based, Pacific Northwest based, national or the global international market-place.

Yet, no matter which market is the ultimate goal for these tenants, I-5 plays an important role either directly or indirectly as it connects to other modes. Our area is the gateway and hub of transportation; key issues are the connectors between our major roadways, railways, port terminals and airport and manufacturers, producers or end users. Every day the challenge is to make the supply chain move seamlessly and without a delay or break. For every company the specific costs of delay may be different, but an average cost of a general delay for a truck is at least \$60 per hour and up to about \$375 per hour for unexpected delays due to traffic incidents. A few months back I tracked the business impact to our local scrap yard when there was a partial closure of the Fremont Bridge due to an accident. We saw a 40% loss in tonnage moving through our yard that day!!!

But, the cost of congestion isn't just hitting the freight move – it ripples through the economy – with a multiplier like effect – the net effect of congestion can mean not just a loss of a day's profit, but the ability to make a sale, stay in business - or loss of jobs.

While this area has benefited from good transportation investments in the past, that competitive advantage is fading fast. By the year 2020, freight tonnage in the western US is predicted to increase by 100%, outpacing all other regions in the US; congested lane miles on truck routes will increase by 58%, and the duration of congestion at the Interstate bridge will double from four hours today to nearly ten, increasing the cost of delay to trucks 140% from \$14 to \$34 million.

Trade is driving economic growth –

In 1970 trade was 12.4% of the US gross domestic product (GDP). Today, it's over 25%.

You've heard and your own studies point to a more than doubling of tonnage of commodities over the next 15-20 years. Nationally, containerized cargo imports/exports are expected to increase by well over 300% by 2020.

The tonnage – and traffic measured in vehicle miles traveled, is staggering. Yet, this growth is forecast on an infrastructure with a crumbling foundation.

- deteriorating highway connections
- rail line choke points
- at grade crossing congestion
- unexpected delays caused by traffic congestion and accidents

A critical component to our ability to move freight efficiently are the railways. The Portland-Vancouver area benefits from the service of two transcontinental railways, but significant improvements are needed to take advantage of the rail system's long haul capacity. We understand that at times the rail delay here is double that of Chicago's, the nation's largest rail hub. Railways are an important tool in moving freight for businesses along the Lower Columbia, such as our tenants at Columbia Business Center whom are provided access to rail spurs and switching services. **Can more goods be shipped by rail? Yes. Can we avoid the need for road investments if more is shipped by rail? No.** However, the critical component rail provides to the overall transportation infrastructure underscores the importance of evaluating the system as a whole, ensuring good connections between all modes, and investing in the viability of the entire network.

The west coast faces an enormous challenge in handling the growing volume of freight related to trade. Global supply chain logistics, just-in-time deliveries and heightened port security requirements are several of the factors.

Clearly, part of the challenge is the need for greater investments, both on the public side and by the private sector in optimizing existing capacity and improving productivity of freight operations.

Attached is background on the Oregon Freight Advisory Committee, its history, legislative and summary of its current work program and actions related to OTIA III.

Thank you for the opportunity to present a few remarks. I'd be pleased to answer any questions.

Oregon Freight Advisory Committee

November 25, 2003

Background

- committee first established in 1998
- committee legislatively authorized in 2001
- first biennial report on activities prepared in 2003 (available on the FAC Web page at: http://www.odot.state.or.us/intermodal-freight/OFAC/Report_to_Legislature_March2003.htm)

Legislation

House Bill 3364
http://www.leg.state.or.us/01orlaws/0240.pdf

- passed by the 2001 Legislature
- directs the FAC to
  - advise the director and the Oregon Transportation Commission (OTC) regarding issues, policies and programs that impact multimodal freight mobility in Oregon (Section 2[1])
  - provide input on the development of policy and planning documents that impact freight mobility (Section 2[3][d])
  - advise the commission and regionally based advisory groups about the Statewide Transportation Improvement Program (STIP) and the program's consideration and inclusion of highest priority multimodal freight mobility projects in each Department of Transportation region (Section 2[3[f])

House Bill 2041 (also known as the Oregon Transportation Investment Act III)
http://pub.das.state.or.us/LEG_BILLS/PDFs/EHB2041.pdf

- passed by the 2003 Legislature
- provides for $2.5 billion in transportation funding
- directs the OTC to
  - ✓ choose freight mobility projects to replace or repair bridges on state highways from $1.3 billion in new bonding (Section 10[1][a])
  - ✓ work with local governments to choose freight mobility projects to replace or repair bridges on county and city roads from $300 million of new bonding (Section 10[1][b])
- directs the FAC to identify projects to be considered for funding from $100 million of new bonding (Section 11[1][a])
- directs the Oregon Department of Transportation, when developing the STIP, to give priority to freight mobility projects that
  - ✓ are located on identified freight routes of statewide or regional significance,
  - ✓ remove identified barriers to the safe, reliable and efficient movement of goods, and
  - ✓ facilitate public and private investment that creates or sustains jobs (Section 37[3])
- directs that the OTC may not permanently reduce the vehicle-carrying capacity of an identified freight route when altering, relocating, changing or realigning a state highway unless
  - ✓ safety or access considerations require the reduction

  - ✓ the OTC grants an exemption requested by a local government if the exemption is in the best interest of the state and freight movement is not unreasonably impeded by the exemption (Section 38[2,3])
- provides that the FAC may make recommendations for freight mobility projects to the OTC, including giving priority to multimodal projects (Section 46)

Work Program/Action Items

- assist the Highway Bridge Repair and Rehabilitation (HBRR) committee with the prioritization of $300 million of OTIA III funding for county and city bridge improvements to enhance freight mobility (Web page at: http://www.odot.state.or.us/intermodal-freight/OFAC/OTIA_Local_Bridge.htm)
  - ✓ FAC has formed an ad hoc subcommittee to help prioritize improvements for about 220 bridges costing more than $500 million per applications submitted by local jurisdictions
  - ✓ schedule:
    - October 15, 2003: deadline for local jurisdictions to submit applications
    - October 16-November 18, 2003: HBRR committee, FAC, and others review applications and develop preliminary list of local bridge projects
    - November 18, 2003-January 15, 2004: FAC and Area Commissions on Transportation (ACTs) review and comment on preliminary list of projects
    - January 15-January 30, 2004: FAC works with ACTs and other groups to resolve conflicts/differences
    - January 30, 2004: FAC makes recommendations to the HBRR committee
    - March 2004: OTC approves local bridge projects for funding
  - ✓ criteria
    - "The commission shall choose projects under this paragraph that meet the criteria for freight mobility projects . . . . " (HB 2041, Section 10[1][b])
    - technical ranking score based on bridge sufficiency rating, load deficiency factor, truck miles traveled, and roadway functional classification

- develop a list of high priority freight mobility projects per provisions of HB 3364 and OTIA III provisions
  - ✓ FAC has formed a Freight Projects Subcommittee to help develop a list of high priority freight mobility projects for each ODOT Region
  - ✓ schedule (approximate):
    - ❑ September 9, 2003: FAC approves eligibility criteria and prioritization factors (see below)
    - ❑ September-November 2003: FAC Freight Projects Subcommittee develops "master" list of more than 200 projects based on eligibility criteria
    - ❑ October-November 2003: FAC Freight Projects Subcommittee develops "shortened" list of about 60 projects based on prioritization factors
    - ❑ December 2003-February 2004: FAC Freight Projects Subcommittee circulates shortened list to ACTs, Metropolitan Planning Organizations, full Freight Advisory Committee, and others for review and input
    - ❑ March 2004: FAC makes recommendations to the OTC
  - ✓ eligibility criteria: modernization projects that
    - ❑ are on freight routes
    - ❑ cost $1 million or more
    - ❑ are not programmed for construction in an approved STIP
    - ❑ are consistent with acknowledged and/or adopted plans
    - ❑ support Oregon Highway Plan policies
  - ✓ prioritization factors: project
    - ❑ removes identified barriers to safe, reliable, and efficient goods movement
    - ❑ facilitates public and private investments to create jobs
    - ❑ supports multimodal freight transportation movements
    - ❑ is likely to be constructed within the STIP time frame

- advise ODOT and the OTC on freight transportation issues and concerns of importance such as
  - ✓ highway segment designation; e.g., special transportation areas, urban business areas

- work with various ODOT committees such as the
  - ✓ STIP Stakeholders Committee
  - ✓ committees involved with updating the Oregon Transportation Plan

- monitor developments for federal TEA 21 reauthorization legislation and provide input where appropriate

- work with Legislative committees, the Governor's office, and others on freight transportation issues and concerns where appropriate

- maintain a FAC Web site at: http://www.odot.state.or.us/intermodal-freight/OFAC/OFAC_cover_page.htm

112503c-08

DRAFT

BEFORE THE METRO CONTRACT REVIEW BOARD

DRAFT

FOR THE PURPOSE OF AUTHORIZING AN AMENDMENT TO CONTRACT NO. 924275 WITH ECONORTHWEST TO PERFORM ECONOMIC ANALYSIS AS PART OF PHASE 2 OF METRO'S GOAL 5 ESEE ANALYSIS	))))))	RESOLUTION NO. 03- 03-3397 Introduced by Michael Jordan, Chief Operating Officer, with the concurrence of the Council President

WHEREAS, Metro executed Contract No. 924275 with ECONorthwest in July of 2002; and

WHEREAS, the RFP and contract scope of work identified two phases of economic analysis to be completed by the contractor as part of Metro's Goal 5 analysis of the economic, social, environmental, and energy impacts of allowing, limiting, or prohibiting conflicting uses on identified significant fish and wildlife habitat resources (the "ESEE analysis"); and

WHEREAS, ECONorthwest has completed Phase 1 of the economic analysis contemplated by the contract; and

WHEREAS, the Planning Department has determined that ECONorthwest has performed the work as specified and satisfactorily within the terms of the contract; and

WHEREAS, the initial contract for $60,000 was approved in the FY 02-03 budget, at which time the Council determined that this was not a significant impact contract; and

WHEREAS, the estimated cost of the services provided by ECONorthwest has increased as staff has refined Metro's approach to completing the ESEE analysis and Metro has already implemented three change orders to the original contract to reflect such refinements; and

WHEREAS, this contract amendment will provide the resources for ECONorthwest to complete additional economic analysis as part of Phase 2 of Metro's ESEE analysis; and

WHEREAS, the additional work and improvements contemplated by this contract amendment are directly related to the scope of work that was described in the RFP that awarded this contract; and

WHEREAS, funding has been appropriated in the FY 03-04 budget to pay for the additional work contemplated by this contract amendment; and

WHEREAS, Metro Code Section 2.04.058(a)(3) requires the Metro Contract Review Board to approve this amendment because it, along with previous contract amendments, amounts to an aggregate cost increase of more than 20 percent of the initial contract; now therefore,

BE IT RESOLVED:

The Metro Council, sitting as the Metro Contract Review Board, authorizes the Chief Operating Officer to execute Amendment No. 4 to Contract No. 924275 with ECONorthwest.

ADOPTED by the Metro Council this ___ day of _________________ 2003.

____

David Bragdon, Council President

Approved as to Form:

____

Dan Cooper, Metro Attorney

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AMENDMENT NO. 5
CONTRACT NO. 924275

MODIFICATION TO A PERSONAL SERVICES AGREEMENT FOR

This Agreement hereby amends the above titled contract between Metro, a metropolitan service district, and ECO Northwest, hereinafter referred to as "Contractor."

This amendment is a change order to the original Scope of Work as follows:

Scope of Work:

Phase 1.

1. ECO NW will revise the September 2003 ECONW Analysis to respond to IEAB and ETAC comments.

2. Revise tables, charts and text as necessary to reflect the changes to economic priorities established in Metro Council Resolution 03-3376 in the September 2003 ECONW Economic Analysis.

Phase 2.

3. Review Metro's proposed economic criteria and measures for evaluating the performance of Options 1 and 2 in comparison to the baseline.

4. Provide a technical memo comparing the economic tradeoffs of the Options 1 and 2 and baseline

5. Participate in at least two advisory committee meetings and two staff meetings during the course of the contract.

6. Respond to IEAB and other comments on economic tradeoffs.

See attached Scope of Work and Schedule for more detailed work assignments.

Contract 924275
Amendment #5

Cost of this work increases the agreement by Forty Thousand and 00/100th Dollars ($40,000.00) from Eighty-five Thousand Dollars to a total of One Hundred Twenty-five Thousand and 00/100ths Dollars ($125,000.00.)

Except for the above, all other conditions and covenants remain in full force and effect.

In Witness to the above, the following duly authorized representatives of the parties referenced have executed this agreement.

ECO Northwest		METRO	
SIGNATURE	DATE	SIGNATURE	DATE
NAME		NAME	
TITLE		TITLE	

ECONW Contract Amendment Outline
Scope of Work for Phase 1 and 2 of the ESEE Analysis
November 18, 2003

Task	Budget Allocation	Description	Metro will provide
Phase 1 Tasks			
1. Revise September 2003 ECONW Economic Analysis to respond to IEAB and ETAC comments.	$4,500	The November 7, 2003 memo prepared by ECONW identifies the revisions proposed for the report. In consultation with Metro staff, ECONW will revise the report. Additional comments received at Metro Council hearings may require responses to comments. *Timing: completed December 31.*	Provide original and summary of IEAB, ETAC comments by November 3. Staff will identify other comments by agencies and individuals directly relevant to economic analysis by December 5. Metro staff will address comments on the context of the ESEE analysis, such as background on 2040 hierarchy.
2. Revise tables, charts and text as necessary to reflect the changes to economic priorities established in Metro Council Resolution 03-3376 in the September 2003 ECONW Economic Analysis.	$2,500	Metro Council made several changes to the way economic priorities are established using the 2040 hierarchy, affecting the ranking of regionally significant industrial areas, other industrial areas, employment centers and residential lands. ECONW will use the new acreage data provided by Metro staff to revise their report. This revision will bring in alignment the ECONW Report and Metro's Phase 1 and 2 ESEE analyses. *Timing: completed December 31.*	Revised acreage data, tables and charts by December 5.
Phase 2 Tasks			
3. Review Metro's proposed economic criteria and	$3,000	Metro staff has proposed economic evaluation criteria and measures to assist in the economic	Draft criteria and measures, as revised by staff, will be provided

measures for evaluating the performance of Options 1 and 2 in comparison to the baseline.		tradeoff analysis of program options. ECONW will produce a technical memo reviewing proposed criteria, and recommend and amendments to the criteria and their measures. *Timing: completed December 12.*	to ECONW by December 5.
4. Provide a technical memo comparing the economic tradeoffs of the Options 1 and 2 and baseline.	$24,000	Metro staff will provide data tables and charts to ECONW for use in their technical analysis. This will be an interactive task and initial data tables and charts will be supplemented or new ones created to display economic tradeoffs associated with the various options and baseline. *Timing: completed January 7, 2004.*	Data, maps, and consultation as needed through the analysis period December 5-31.
5. Participate in at least two advisory committee meetings and two staff meetings during the course of the contract.	$4,000	These meetings include the December 19 and February 20, 2004 joint Goal 5 TAC, WRPAC, ETAC, and Social Committee meetings.	Metro staff will provide their presentation materials to ECONW by December 16, 2003. Metro will rely on any preliminary results from ECO NW economic analysis to include in the presentation materials.
6. Respond to IEAB and other comments on economic tradeoffs	$2,000	ECONW will review and provide feedback on Metro staff's revisions to the Phase 2 economic analysis by April 2, 2004.	Metro will provide a summary of comments and response on Phase 2 economic analysis to ECONW by March 15, 2004.

STAFF REPORT

FOR THE PURPOSE OF AUTHORIZING AN AMENDMENT TO CONTRACT NO. 924275 WITH ECONORTHWEST TO PERFORM ECONOMIC ANALYSIS AS PART OF PHASE 2 OF METRO'S GOAL 5 ESEE ANALYSIS

Date: November 25, 2003 Prepared by: Chris Deffebach

BACKGROUND

Metro first contracted with ECONorthwest in July, 2002 for their assistance in the economics analysis in the Economic, Social, Environmental, Energy (ESEE) analysis required to satisfy State Land Use Planning Goal 5. The initial contract was for $60,000. Over the past 16 months, Metro has increased the original contract by an additional $25,000 in three additional change orders to reflect Metro's refinements to the approach to and schedule for the ESEE analysis. The contract identified a Phase 1 and Phase 2 work. The work completed to date is all Phase 1.

On October 30, 2003, Metro Council directed staff, by Resolution No. 03-3376B, to revise Phase 1 of the ESEE analysis per comments received at the hearings and from Metro's committees, including the Independent Economics Advisory Board, and to initiate Phase 2 of the ESEE analysis. Eco Northwest's services are needed to respond to the economic issues in both of these tasks.

ANALYSIS/INFORMATION

1. **Known Opposition:** None

2. **Legal Antecedents:** This resolution amends the existing Personal Services Contract No. 924275 that Metro has with EcoNorthwest . This contract was listed and approved by the Council in Metro's Fiscal Year 2002-03 Budget. The Council did not designate this contract as a "significant impact" contract. Thus, under Metro Code Section 2.04.058, because this amendment will increase the cost of this contract by more than 20%, the Metro Contract Review Board must approve this amendment.
3. **Anticipated Effects**: Approval of this Personal Services Contract will bring a knowledge of economics that Metro staff are not able to provide for the ESEE analysis of the fish and wildlife habitat inventory lands.
4. **Budget Impacts:** The cost for ECO Northwest to complete the additional scope of work for the economic consequence analysis in the Phase 2 ESEE analysis is $40,000. These funds are available in the FY04 Planning Department Budget for this purpose.

RECOMMENDED ACTION

Approval of the Resolution to authorize the amendment to the Personal Services Contract No. 924275.

112503c-09

P★R★I★D★E
DISPOSAL COMPANY
P.O. Box 820 Sherwood, OR 97140 (503)625-6177

November 18, 2003

Hand Delivery
Council President Bragdon
Members of the Metro Council
Metro
600 NE Grand Avenue
Portland, Oregon 97232-2736

Re: Pride Disposal Company
Transfer Station Franchise Renewal
Ordinance No. 03-1026
First Reading on November 13, 2003

Ladies and Gentleman:

The proposed renewal transfer station franchise for Pride Recycling Company, effective January 1, 2004, changes the existing franchise contract into a license that can be revoked at any time. This and other dramatic and draconian changes make it impossible to thoroughly evaluate this document and give meaningful comment in the six days, including a weekend, that Pride Recycling was given to for comments before the proposal was presented to the Metro Council.

There has been no input on this proposed renewal franchise from any of the franchisees.

Our first request is for a six month extension to our existing franchise, to June 30, 2004, to give the Metro Council the opportunity to evaluate and discuss this change of management procedure. The proposed franchise agreement is not status quo, but a new way of doing business.

Term of Franchise

Section 1.4 sets a four year franchise. This short term does not fit a capital intensive, high investment business. The franchisee is constantly upgrading facilities to meet the needs of the region and investment is inhibited when there is an unsure future. There is nothing in Metro's future that indicates a short term need for these facilities. Investment should be encouraged and franchise terms should coordinate with the solid waste needs of the region.

Section 3.1 gives Metro the unilateral ability to end the franchise at any time. We agree the franchise has to be flexible because the needs of the region are dynamic. The franchisee wants to serve the region in the same manner as Metro. Metro's ability to make changes should be limited to the practical aspects of operation and regional service.

Section 11.2, while unchanged, further demonstrates Metro's ability to end the franchise by setting out several vague and subjective standards for violation. Metro should either develop regulations to define these standards or the Council should draft more specific standards of operation to judge the performance of the franchisee.

Reducing the Waste Stream

Section 3.9 should be revisited regarding the recycling goals of the region. If the objective is to maximize recycling and add organics and food waste, the 65,000 ton Cap for wet waste should be made flexible. Organics and food waste, as well as valuable dry waste is contained in so called wet waste and can easily be removed. The idea of 3.9 of using the term "easily extractable" as a limiting term is no longer relevant. All recyclables are easily extractable now. The transfer station is much more productive and efficient than the source separation of waste. As long as there is no interference with the regional benefit of the Metro Transfer Stations, the private transfer stations should be allowed maximum authority and ability to remove as much from the waste stream as possible. Metro does not have to be involved with the financial viability or the operation of the private transfer station in this regard. Recyclable material should not be counted in the 65,000 ton Cap and the franchisee should be encouraged to extract as much as possible from the waste stream.

Section 4.2 will add out of region generated waste to the 65,000 ton Cap. There is no logic to this addition. It's only result is to inhibit the franchisee from conducting a successful operation. Why should Metro care if a transfer station is processing out of region waste? All of the staff's projections, and evaluations of impacts to the regional transfer stations, do not consider out-of-region waste.

ODOT Weight Inspections

Section 5.18 adds an unfair burden to the transfer station operation. The stations are not set up for weight inspections. The facilities are set up for trucks to enter, unload and leave as quickly as possible. This efficiency is needed because of the size of the trucks, the size of the loads and the need to process the maximum amount of waste during the work day.

Also, the transfer stations are unsafe places and the employees are safety trained. Outside inspectors would become a hazard. In addition the transfer station does not enjoy the same limits on liability as a government agency, thus adding to the cost of operation.

Weight inspections can be conducted outside the facility. For example, drivers can be asked for their weight tickets as the leave the property.

This is an undue burden that does not serve the facility's mission to the region of efficient processing of solid waste and maximum recycling.

Confidentiality

The reporting requirements of section 8.2, 8.4, 12.4 and 12.5 will provide competitors needed information to take business away from the franchised solid waste haulers and the transfer stations. We do not argue that Metro needs information to carry out its mission in the region. We are only asking that we be allowed to have discussions with Metro to enable Metro to have the information it needs and protect ourselves and the franchised solid waste industry.

Source separated recyclables are not regulated. Customer and tipping information will allow competitors to locate the best generators of profitable material and skim the best sources. This is to the detriment of the solid waste industry and also defeats the ability of the region to track recycling material in order to meet state recycling goals.

Conclusion

These are a few examples showing dramatic changes suggested by the draft franchise agreement, and demonstrating this draft is not the status quo. For the good of the region and the ultimate benefit to both Metro and Metro's franchisees, we request an adequate opportunity for input and discussion so achieve the goals of Metro and the franchisees. We are requesting a 6 month extension of the existing franchise to complete discussions with the Metro staff and Metro Council.

Very Truly Yours,

Michael L Leichner

Michael Leichner

c: Mike Jordan, Metro Chief Operating Officer
Mike Hoglund, Metro Solid Waste & Recycling Director
Dean Kampfer, Waste Management, Inc.
Mike Huycke, Willamette Resources, Inc,
Ray Phelps, Willamette Resources, Inc.

Pride-4850\072\

Willamette Resources, Inc.
A waste management and recovery company

November 18, 2003

HAND DELIVERED

Council President David Bragdon and
Members of the Metro Council

Willamette Resources, Inc. (WRI) is in receipt of Metro's proposed changes to the current local transfer station franchise issued by Metro to WRI. The company's current franchise needs to be renewed on or before December 31, 2003. Ordinance No. 03-1025 received Council First Reading on November 13, 2003.

The report of your Solid Waste and Recycling Department staff accompanying Ordinance No. 03-1025 states in part:

> "Adoption of Ordinance No. 03-1025 would grant a renewed Solid Waste Facility Franchise for Willamette Resources, Inc. to continue to operate "status quo" as a local transfer station and perform material recovery for four years."

WRI disagrees with staff's "status quo" representation of Metro's proposed changes to the current franchises of the three (3) companies operating local transfer stations. Metro's proposed franchise document significantly alters the current franchises of these local transfer station operators. Several of the changes will result in substantial negative impacts on the financial and operational capabilities of these companies. WRI will discuss below its specific concerns with the changes proposed that significantly alter WRI's current franchise agreement with Metro.

<u>Section 1.4</u> "<u>Inception Date: December 31, 2003. Expiration Date: December 31, 2007</u>."
(Page 3 of 18, Ordinance No. 03-1025)

Metro's change reduces the duration of WRI's current franchise agreement from five (5) years to four (4) years.

Metro Code 5.01.070 (k), formerly provided "[T] he term of a new or renewed Franchise shall be five years." This Code provision controlled the duration of WRI's current franchise. Recent Council action amended this Code provision, providing "[T] he term of a new or renewed Franchise shall be not more than five years."

10295 S.W. Ridder Road • Wilsonville, Oregon 97070
Telephone (503)570-0626 • Fax (503)570-0523

WRI testified on September 18, 2003 before the Council in opposition to this Code change. It was our belief at the time we made our objection that this Code change would result in a reduction in the duration of franchises for local transfer station operators. Metro's proposed franchise document has confirmed this concern, notwithstanding the assurances by the Council when we testified that this amendment did not mandate duration of less than five years for a franchise.

One very troubling aspect with Metro's proposed franchise change is the comments by Metro Solid Waste and Recycling Department's staff supporting the Code change. "Staff is concerned that Council have greater discretion to issue shorter term licenses (sic) if policy or franchise factors indicate a need." This comment suggests a lack of interest in the needs of private solid waste businesses operating in the metro region. It also suggests there is a lack of understanding of how important it is for private businesspersons to find clarity and certainty in the laws and regulations governing business operations.

Operationally, this change would create an economic hardship for our company. WRI's business plan, financial commitments and cost structure are based on a minimum five-year timeline. In fact, our equipment depreciation schedules for capital investments currently run beyond five years. WRI would find it very difficult, if not impossible, to attract funds at reasonable interest rates to meet it's financial needs with a four-year timeline. This situation will inflict costs on our business that will be greater than otherwise needed to operate successfully.

Most franchises for solid waste operations in the metro region as well as across Oregon are for a rolling period of time, many for 10 years. WRI and another private transfer station operator have previously proposed, as an alternative to Metro's proposed change, rolling timelines for the franchises Metro will be renewing with the private business operators of local transfer stations.

A rolling-term franchise is mutually beneficial to both parties since it encourages private long-term continuous reinvestment in privately financed facilities and equipment now serving the metro region. We also recognize the importance that rolling-term franchises include trigger points and evaluation periods for regulators (ie. Metro) to assess compliance and performance of operators.

WRI and the other local transfer station operators recognize that a planning process for updating Metro's Regional Solid Waste Management Plan is driving Metro's desire to change the duration of their franchises. The "Timing of Milestones," presented in chart form to the Council on September 16, 2003, provides only one of many timing sequences for the Council to achieve its objectives for the "Long-Range System Planning for Wet Waste Disposal."

In the case of renewal of local transfer station franchisees, Metro's change sets the duration of the renewed franchises to coincide with the expiration date of December 2007 for one of four (4) privately owned transfer stations. An alternative solution would be to extend the Forest Grove Transfer Station franchise for two years and renew the existing three franchises for a period of six years, aligning all franchises expiration dates for 2009.

A milestone date of 2009 is shown on the "Timing of Milestones" chart. This milestone date relates to Metro's timing of its decision regarding whether or not to continue operating transfer stations. A franchise duration of six (6) years is acceptable to WRI, notwithstanding that our company's primary recommendation in this matter is a rolling-time franchise.

Section 2.13 "Unless otherwise specified, all other terms are as defined in Metro Code 5.01. In the event that the Metro Code is amended, the latest amended version shall apply to this franchise. (Page 5 of 18, Ordinance No. 03-1025)

WRI believes that this proposed change would make every provision of the amended franchise meaningless.

WRI requests, without change, reinstatement in Metro's proposed franchise document the provisions of section 2.14 in the company's current franchise. If the change proposed in new section 2.13 of Ordinance No. 03-1025 is adopted, Metro will be able to unilaterally amend the company's franchise without the agreement of WRI.

This is a significant departure from traditional contractual agreements that require **both** parties of a contract to agree with new contract terms **before** a change is binding on the parties.

[Section 3.9 "Direct Haul – The franchisee is authorized to deliver putrescible waste directly from the facility to Metro's contract operator for disposal of putrescible waste, subject to any conditions, limitations or performance standards specified in this franchise document, in Metro Code or in administrative procedures adopted pursuant to Metro Code Chapter 5.10.] (Previously p. 6 of 21, WRI's current franchise. This language not a part of Ordinance No. 03-1025.)

WRI is unsure of the effect of this change. The company may decide at a future time that it wants to deliver putrescible waste to Columbia Ridge Landfill & Recycling Center, Metro's contract landfill operator.

If this change precludes this possibility, WRI request that this provision be reinstated. If, however, this change does not prevent WRI from delivering putrescible waste to Metro's contract operator, then the company has no problem with the deletion of this language from its current franchise. We are looking to Metro for guidance and interpretation on the effect of this change.

WRI, as you know, delivers to Coffin Butte and Riverbend Landfills the putrescible waste now received at its local transfer station.

[Section 3.11 "Deliveries not limited – This franchise does not limit the quantity of authorized solid waste or other materials that may be accepted at the facility.] (Previously p. 6 of 21, WRI's current franchise. This language not part of Ordinance No. 03-1025.)

Section 4.2 "Limit on [disposal] waste accepted – [The franchisee shall dispose of no more that 50,000 tons of putrescible waste and processing residue, as a combined total, within each calendar year.] The Franchisee shall accept no more than 65,000 tons of putrescible waste within each Metro fiscal year irrespective of whether the waste originated inside or outside the Metro region. (P. 6 of 18, Ordinance No. 03-1025) [1]

This change is an unreasonable restriction by Metro on the ability of WRI to grow its business by competing in the solid waste market place. It is economic reality that a private business must constantly grow or it will go out of business.

Metro's current regulatory restrictions on WRI do not allow the company to compete and thus grow in the metro region's solid waste market. As a business strategy to offset restrictive regulations, one reason WRI chose the current site and size of its local transfer station was to enable the company to compete effectively in its service area, part of which is beyond the Metro boundary.

The City of Wilsonville and Oregon Department of Environmental Quality have permitted WRI's local transfer station to accept annually 196,000 tons of solid waste. Consequently, with the 65,000 wet waste tonnage cap, WRI is operating at little more than 50 percent of its total permitted capacity. Effectively, Metro is controlling the flow of solid waste generated outside Metro by requiring that all putrescible waste received at WRI can not exceed 65,000 tons annually.

A review of Ordinance No. 01-916C does not support this conclusion. Metro Council increased from 50,000 tons to 65,000 tons the quantity of solid waste a local transfer station could accept annually. This action was taken in conjunction with Council "establishing Service Areas and the Demand for Disposal Services."

The definition of service area is provided in Metro Code 5.01.010 (ss). " "Service Area" means the geographic local around a solid waste facility that is defined by the characteristics that every point within such area is closer in distance to the solid waste facility contained in such area than to any other solid waste facility or disposal site. As used in this definition, "distance" shall be measured over improved roads in public right-of-way."

A report by the Metro Solid Waste and Recycling Department's staff was attached and adopted as "finding and conclusion" by the Council in their support of this ordinance.

[1] Ordinance No. 01-916C, adopted 10/25/01, amended tonnage limits and the change from calendar year to fiscal year.

One part of the report was a map that clearly shows that Metro's "service area" is limited to the boundary of Metro.

Section 5.18 "The Franchisee shall allow Oregon Department of Transportation (ODOT) inspectors periodic access to the facility for the purpose of conducting truck weight compliance checks. (P. 10 of 18, Ordinance No. 03-1025.)

WRI objects to this Metro change proposed for local transfer station operators. The lack of specificity in this proposal will permit Metro to authorize ODOT unlimited access and use of the company's private property. This change has the real potential of causing the company legal problems as well as creating safety hazards for our employees and customers.

Metro is completely insulated from bearing any burden for cost increases, legal problems and safety hazards incurred by WRI as a result of this change. The provisions of Metro's proposed franchise document in sections 2.4, No recourse, and 2.5, Release of liability, enables Metro to "authorize" ODOT to use WRI's private property without Metro bearing any responsibility for what may occur as a result of ODOT's activities.

ODOT has limited financial liability under the state's Tort Claims Act for actions by ODOT that result in monetary claims made against the agency. WRI is unwilling to bear part or all of the financial responsibility for the actions of ODOT.

In summary, this change by Metro will cause nothing but negative problems for the company's business operation that the company will be unable to control.

Section 8.4 "On a semi-annual basis, Franchisee shall provide Metro with a computer listing that cross references the Incoming Hauler Account Number with the hauling company's name and address." (P.13 of 18, Ordinance No. 03-1025)

WRI continues to be concerned with the disclosure of proprietary information to a public agency. Submitting to Metro the names of WRI's customers can jeopardize the continued survival of WRI as a profitable business operation.

New provisions in Metro's proposed franchise document regarding "Confidential Information" offers WRI no assurance that Metro can or will protect its business interests. (Section 12.5, Ordinance No. 03-1025, pp. 17 & 18)

WRI understands that Metro has committed to "treat as confidential any information so marked ("Confidential") and will make a good faith effort not to disclose such information unless Metro's refusal to disclose such information would be contrary to applicable Oregon law, including, without limitation, ORS Chapter 192." However, the following questions remain:

- Who will determine if Metro made a "good faith" effort before disclosing to the public information marked "Confidential" by WRI?

- What assurances can Metro actually provide WRI that its business interests are being vigorously represented and protected by Metro?

It seems to me that resolution of several concerns may take more than the few weeks allowed by Council for approval. Consequently, WRI would support an extension of the current franchise termination date for a reasonable period so that a mutually beneficial franchise document can be developed.

As always, WRI appreciates the opportunity to comment on Metro's proposed changes to its local transfer station franchise.

If you have any questions or comments please feel free to call me.

Sincerely,

Mike Huycke
General Manager

cc: Mike Jordan, Metro Chief Operating Officer
Mike Hoglund, Metro Solid Waste & Recycling Director
Dean Kampfer, Waste Management Inc.
Mike Leichner, Pride Disposal Services, Inc.
Ray Phelps, WRI

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November 17, 2003

Council President David Bragdon *Hand Delivery*
Metro Council Members
Metro
600 NE Grand Avenue
Portland OR 97232

Re: Franchise Renewal for Troutdale Transfer Station
Metro Ordinance No. 03-1027

Dear President Bragdon & Metro Councilors:

Waste Management of Oregon, Inc. ("WMO"), which owns and operates the Troutdale Transfer Station (aka Recycle America) ("TTS"), asked me to set out its comments on proposed Ordinance No. 03-1027 (the "Ordinance") and the form of franchise attached to that ordinance as Exhibit A (the "Proposed Franchise"). Please include this letter as testimony of WMO in the record of your hearings on the Ordinance, and thank you for this opportunity to testify.

WMO currently holds a franchise from Metro to operate TTS pursuant to the Metro Code (the "Existing Franchise"). The Existing Franchise is set to expire on December 31, 2003. Accordingly, WMO submitted an application for renewal of the franchise last summer. In response to WMO's application, the Chief Operating Officer has prepared the Ordinance and the Proposed Franchise. Although the Proposed Franchise in many ways is similar to the Existing Franchise, it is also ***very*** different in many respects. WMO has some significant concerns about these changes and hopes that you will consider several amendments, presented below.

1. FRANCHISE TERM

WMO has two comments on Section 1.4 of the Proposed Franchise. First, Section 1.4 has the franchise term beginning on December 31, 2003. Technically, though, the Existing Franchise will still be in force through that date. The Proposed Franchise should therefore begin on January 1, 2004.

More significantly, WMO feels that a four-year term for the franchise is way too short. Operating TTS requires significant capital investments and planning. (For example, WMO is on the verge of investing $150,000 in the facility for new concrete.) One purpose of a franchise is to allow the franchisee to make such investments and plans in an atmosphere of relative certainty. Another purpose is to give the franchisee an opportunity to attract capital at reasonable rates. Four years does not allow for amortization of the necessary investments, nor does it allow the opportunity to attract capital. A four-year franchise also would not provide a sufficient planning horizon for such a high capital facility. Metro should agree to at least a five year franchise, as it has in the past.

The four-year franchise proposed appears to be tagged to expiration of the Forest Grove franchise. But, considering the difficulties involved with a four year franchise, it would make more sense to grant a two year extension of the Forest Grove franchise and consider a code amendment allowing a six year term for the TTS franchise, lasting until the Metro bonds become due. That would be the appropriate time to consider any modifications to the solid waste system, which WMO understands to be the purpose of the limited franchise term.

As a preferred alternative, WMO joins in the comments of WRI recommending a rolling franchise term.

The franchise should also establish clear and objective criteria for renewal. Currently the franchise (and the Code) do not provide such criteria, which introduces an unnecessary and potentially damaging amount of discretion and, hence, uncertainty into the franchising of TTS and other similarly situated facilities. WMO would welcome the opportunity to work with Metro to develop the needed clear and objective standards.

2. DEFINITIONS

Section 2.13 of the Proposed Franchise incorporates the definitions found in the Metro Code, but this version of the franchise adds the following: "In the event that the Metro Code is amended, the latest amended version shall apply to this franchise." WMO believes very strongly that this addition is unwarranted and illegal. We urge you not to accept it.

Under Oregon law, a franchise is a contract. Rose City Transit Co. v. City of Portland, 18 Or. App. 369, 380, 525 P.2d 1325, 1331 (1974), modified on other grounds, 271 Or. 588, 533 P.2d 339 (1975). This means that the franchise must state the agreement of the parties at the time of contracting. The minds of both parties to the contract must meet as to all its essential terms. But the proposed addition would allow Metro to change the contract through legislation and cram the changes down without first getting WMO's agreement. Such a result would violate basic contract law, which requires mutual agreement. Furthermore, one key purpose of a franchise is to provide the franchisee with certainty through the binding nature of a contract. This allows the franchisee to make necessary investments in this highly capital-intensive business, as well as attract capital. The proposed addition would remove that certainty and, as a practical matter, eviscerate the protections of the contract. Metro could at any time, and over the franchisee's objection, change the obligations of the contract. You should reject such an approach. Instead, if Metro desires changes in the future, Metro should do what any party must do to make changes to a contract: negotiate amendments that are mutually agreeable to both parties. Besides, Metro can seek to make changes at the time of franchise renewal. Until then, the terms of the franchise should be kept stable.

3. AUTHORIZATIONS

Section 3.9 of the Proposed Franchise would allow the facility to accept source-separated organic materials suitable for composting, but it is ambiguous in that it does not limit the amount of contaminants that would be permissible in such materials. But organic materials with more than five percent contamination by weight should not be considered source-separated. Accordingly, WMO proposes the following amendment:

> The Franchisee is authorized to accept organic materials for the purpose of transfer to a DEQ-permitted composting facility or other DEQ-permitted processing facility. Organic materials may be accepted only if they (a) have been separated from other solid waste by the generator prior to delivery to the facility and contain no more that five (5) percent non-organic materials by weight, and (b) are suitable for controlled biological decomposition ~~such as~~ for making compost. The Franchisee shall keep source-separated organic material separate from other solid waste at the facility and shall provide records showing that the source-separated organic materials are delivered to a composting or processing facility, and not disposed of.

4. LIMITATIONS AND PROHIBITIONS

Section 4.5 of the Proposed Franchise is ambiguous and should be amended. First, it does not define "organic materials." Second, it does not make clear that it only applies to source separated organic materials that are suitable for composting. Third, it does not specify what residual is allowed in source-separated organics. Accordingly, WMO proposes the following amendment:

> The Franchisee shall not mix any (i) source-separated recyclable materials, (ii) source-separated yard debris or (iii) source-separated compostable organic materials containing no more than five percent residual by weight brought to the facility with any other solid wastes.

Section 4.6 of the Proposed Franchise prohibits the disposal of '[s]ource-separated recyclable materials, yard debris or organic materials." Although this language is part of the Existing Franchise, you should clarify the section, which now may be ambiguous. First, neither the franchise nor the code defines "organic materials." Second, the section does not make clear that the prohibition only addresses source-separated organic materials. Accordingly, WMO proposes the following amendment:

> Source-separated recyclable materials, <u>source-separated</u> yard debris or <u>source-separated</u> organic materials <u>containing no more than five percent residual by weight that are intended for composting</u> accepted at the facility may not be disposed of by landfilling or incineration.

5. OPERATING CONDITIONS

A. Section 5.2 Knowledge of Franchise

The Proposed Franchise adds the following to Section 5.2: "Facility personnel shall be familiar with the provisions of this franchise and the procedures contained within the facility's operating plan." WMO does not object to this provision, but it does not believe that every worker at the facility, no matter how limited his or her job responsibilities, should have to know every detail of the franchise. Nor is it realistic to believe that all workers, no matter how lowly their position, will learn all elements of the franchise and plan. Instead, WMO suggests the following revision:

> Facility personnel shall, <u>as relevant to their job duties and responsibilities</u>, be familiar with the <u>relevant</u> provisions of this franchise and the <u>relevant</u> procedures contained within the facility's operating plan.

B. Section 5.18 Access of ODOT

Section 5.18 would require WMO to allow ODOT inspectors access to the facility for the purpose of conducting weight checks. WMO strongly disagrees with this provision. The presence of the ODOT inspectors at the facility will cause a serious safety concern, in that they will be exposed to traffic and other hazards on the site. Indeed, WMO will face this liability exposure alone in that the franchise would not allow recourse against Metro and ODOT is protected by the tort claim limitation. Furthermore, the steps necessary to protect and supervise the inspectors will be very disruptive to operations, imposing a significant cost on the facility that is not compensated in the franchise. Metro does not have the regulatory authority to impose this requirement on WMO. Neither the Metro Charter nor ORS give Metro authority to regulate truck weights,[1] and WMO will not agree to this provision. Hence, Section 5.18 should be removed from the franchise.

6. OPERATING PLAN

Section 6.6 requires the franchisee to adopt procedures "for preventing all odors." This is not a realistic requirement. Some odors are inevitable with a putrescible waste transfer station, at least near where the waste is being handled. The odors to be prevented should only be objectionable odors and then only those that are detectable at the property line. Accordingly, WMO proposes the following amendment: "The operating plan shall establish procedures for preventing all objectionable odors from being detected off the premises of the facility."

7. RECORD KEEPING AND RECORDING

A. Section 8.2

Section 8.2 of the Proposed Franchise, subsection a, requires ticket numbers to be the same as the numbers given to weight slips. But WMO's recording system does not allow for the numbers to be the same. And WMO in the past has been able to detect misappropriation and theft by using different numbers. Metro should not require the numbers to be identical.

B. Section 8.3

Section 8.3 requires the submission of records within fifteen days following the end of the month, but the Proposed Franchise places substantially more reporting requirements on franchisees than does the Existing Franchise. Because of these more demanding reporting requirements, Section 8.3 should be amended to allow 20 days in which to submit the required information.

C. Section 8.4

Section 8.4 would require WMO to periodically turn over its customer list to Metro. WMO is deeply troubled about this requirement. For the reasons set out in WRI's comments, WMO does not believe that the information will stay confidential. Oregon's public records law is very liberal and protection from disclosure is very uncertain. Before proceeding with the franchise, Metro should provide strong assurances that the information *will* remain confidential, not just that Metro will *try* to keep it confidential.

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[1] Metro is an agency of limited jurisdiction. Metro does not possess the general police power to regulate generally for health and safety. Instead, Metro has only those powers granted by statute.

D. Section 8.6

Section 8.6 is wholly new and requires the submission to Metro of copies of enforcement actions by other agencies. Section 8.6 is ambiguous in that it requires submission of certain specific notices and then "any other similar enforcement actions." Metro should specify what it wants the franchisee to submit, not leave it to guess work at the peril of violating the franchise. If Metro does not remove this clause, it will be WMO's understanding that Metro is demanding only notices of non-compliance and of violations and citations relating to the operation of the facility. WMO would not under this understanding, for example, believe that Metro would want copies of traffic citations that might be issued to its employees during the scope of their employment.

E. Section 8.7

This section requires the franchisee to notify Metro of facility fires, accidents, emergencies and "other significant incidents." WMO understands that in applying this clause, Metro is not interested in insubstantial events. For example, WMO would not be required to report every minor scrape or cut its employees might experience. WMO is not, however, certain what Metro means in saying "other significant incidents." Please ask Metro staff to give more guidance on this point so that WMO can formulate a response.

WMO also does not believe it is reasonable for Metro to demand notice of such events within 12 hours of their occurrence. During that time the facility will be dealing with the first responders to the emergency. Metro should allow 48 hours for the reporting of incidents falling within the scope of Section 8.7

F. Section 8.8

This section concerns the handling of nuisance complaints. Although WMO has no comments on the substance of this section, WMO suggests moving this provision to the section governing the operating plan. This will put it with similar provisions governing odor, and that will make it easier for franchisees to track compliance with the franchise.

8. INSPECTIONS

Section 12.4 gives Metro the right to inspect and audit the facility. WMO will accept this provision, but believes Section 12.4 should more clearly provide the procedure for such inspections. WMO has serious safety concerns with the idea of an inspector wandering around its facility without an escort, and managers are the appropriate escorts in almost all events. Section 12.4 should therefore provide that in all but emergency inspections, Metro will give the facility one hour's notice before an inspection. This will allow the appropriate personnel to be available to assist the inspector and insure his or her safety.

9. CONCLUSION

Thank you for you consideration of this testimony. WMO looks forward to working with Metro and other interested parties to reach agreement on the final form of the franchise.

Very truly yours,

G. Frank Hammond

G. Frank Hammond

cc: Mike Jordan, Metro (hand delivery)
Mike Hoglund, Metro (hand delivery)
Marvin Fjordbeck, esq., Metro (email)
Jon Angin, Waste Management of Oregon, Inc. (email)
Dave Jappert, Waste Management of Oregon, Inc. (email)
Dan Wilson, Waste Management of Oregon, Inc. (email)
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Mike Dewey, Legislative Advocates (email)

GFH:ls

112503c-10

10% Tonnage Authorization Allocation

Company	Parent	Non-system Disposal Site	CY2003 Authorization	CY2003 Actual (Projected)	CY2004 Requested Authorization	CY2004/05 Recommendation	Comments
American Sanitary	Waste Connections	West Van/Central Transfer Stations	7,000	5,155	5,450	5,450	Authorized tonnage requested by applicant is close to actual.
Arrow Sanitary	Waste Connections	West Van/Central Transfer Stations	30,000	25,573	31,500	31,500	Arrow's tonnage reduced voluntarily by 3,000 tons by company to reflect actuals but increased by 4,500 tons to reflect tonnage on new acquisition Mountain View Disposal.
WRI	Allied	Coffin Butte LF	45,000	47,718	45,000	45,000	
Crown Point	NA	Wasco County LF	0	0	324	324	Routing of trucks between Sandy River and Metro boundary make it more cost effective for hauler to send waste directly to Wasco County LF.
Total			82,000	78,446	82,274	82,274	

827,794	Amount of waste subject to 10% based on CY 2004 SWIS projection
9.9%	

112503c-11

Willamette Resources, Inc.

A waste management and recovery company

METRO COUNCIL WORK SESSION
ORDINANCE NO. 03-1025

November 25, 2003

Willamette Resources, Inc. (WRI) appreciates this opportunity to comment regarding the changes proposed by Metro to the company's local transfer station franchise. Our comments will reflect the information we provided to each Councilor and several Metro staff persons in a letter hand delivered on November 18, 2003.

A. Reduce duration of franchise from five (5) years to (4) years. (Section 1.4)

- WRI is on record at Council's Regular Meeting on September 18, 2003 opposing this change.
- This change would create an economic hardship for our company. Our business plan, financial commitments and cost structure are based on a minimum five-year timeline.
- WRI would find it very difficult, if not impossible, to attract funds at reasonable interest rates to meet it's financial needs.
- A planning process for updating the Regional Solid Waste Management Plan is driving Metro's desire to change the duration of local transfer station franchisees.
- Forest Grove's regional transfer station franchise is scheduled to expire on December 2007. A duration extension of this franchise is an alternative if the Council is seeking date alignment for the franchises of the four privately owned transfer stations.
- WRI has proposed as alternative franchise duration the implementation of a rolling-term franchise. This change would be mutually beneficial to Metro and the operators of local transfer stations.
  - Encourages private long-term continuous reinvestment in privately financed facilities and equipment now used in the metro region.
  - Provides trigger points and evaluation periods for Metro to assess the compliance and performance of operators.

B. Ordinance amendments will apply to WRI's franchise. (Section 2.13)

- Change would make all provisions of the proposed franchise meaningless.
- This is a significant departure from traditional contractual agreements that require **both** parties to a contract to agree with new contract terms **before** a change is binding on the parties.

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C. The 65,000-ton limitation of putrescible waste WRI can accept annually to include solid waste generated **both** inside and outside the metro region. (Section 4.2)

- This is an unreasonable restriction by Metro on WRI's ability to grow its business.
- It is economic reality that a private business must constantly grow or it will go out of business.
- WRI chose the current site and size of its local transfer station to compete effectively in its service area, part of which is beyond the Metro boundary.
- The City of Wilsonville and Oregon Department of Environmental Quality have issued permits to WRI to accept annually 196,000 tons of solid waste.
- The 65,000-ton restriction and Metro's dry waste regulations causes WRI to operate at a little over 50 percent of the company's authorized capacity.
- The Council has never discussed this limitation, until now. Council's legislative history shows that the 65,000-ton limitation only applied to waste generated inside the metro region.

D. Oregon Department of Transportation (ODOT) inspectors authorized under a Metro franchise access to WRI private facility. (Section 5.18)

- If ODOT wants access to WRI's facility then it should contact the company's site manager and workout how this can be accomplished.
- Metro has no business requiring a private businessperson to allow second-party people access to the business's property, especially since Metro will not accept any responsibility for safety liability and costs that may results from this access.

E. Metro will require that WRI send to Metro on a semi-annual basis a computer listing of its customers. (Section 8.4)

- WRI objects to having its customer list placed in the public domain. This will undermine the future profitability of our company by exposing our customer information to our competitors.
- Metro's offer of confidentially is in no way a comfort to WRI that its customer list will not be made public. This is particularly the case when Metro indicates that it will make its "confidential" records available to other public bodies.