

MINUTES OF THE METRO COUNCIL WORK SESSION MEETING

Tuesday, January 27, 2004
Metro Council Chamber

Councilors Present: David Bragdon (Council President), Susan McLain, Brian Newman, Carl Hosticka, Rod Park, Rod Monroe, Rex Burkholder

Councilors Absent:

Council President Bragdon convened the Metro Council Work Session Meeting at 1:04 p.m.

1. DISCUSSION OF AGENDA FOR COUNCIL REGULAR MEETING, JANUARY 29, 2004.

Council President Bragdon reviewed the upcoming Council agenda. He talked about the Urban Growth Management Functional Plan Compliance Report and public hearing. They had asked Clackamas County to come and speak about Oak Lodge. He asked Andy Cotugno, Planning Director, about Metro's recourse. Mr. Cotugno responded the Oak Lodge had never taken action on Title III. Dan Cooper, Metro Attorney, responded that in Title 8 there was an enforcement process that is set forth.

2. GOAL 5 PHASE 2 ESEE ANALYSIS

Chris Deffebach, Planning Department, said she would be talking about a preview of the Economic Social Energy and Environmental (ESEE) analysis. They weren't done but were trying to explain how these options were perceived. She reviewed the Social results. The Social issues were the ones they heard about most often. She spoke to social evaluation criteria (a copy of her presentation is included in the meeting record). She noted citizens' concerns about takings. Most were concerned about what they could do with their land. The last three social criteria were concerns about habitat for future generations, cultural heritage and sense of place as well as amenity value. Council President Bragdon asked for clarification on criterion and how they would be applied. Ms. Deffebach said these were important criteria in influencing allow, limit and protect options on a social basis. They were trying to understand what was different among the options. Council President Bragdon said criteria #1 cuts both ways. Councilor Hosticka noted that these were currently unweighted. In the end they will be value and policy decisions. Council would ultimately have to deal with those questions. Ms. Deffebach reminded Council this was just a preview; they were not done with the analysis. She noted questions that were raised by the social criterion. She then reviewed the Social Criterion #1: impact on households. Mr. Cotugno reminded Council of the six options and the baseline. He explained Figure 1. She said about a third of the habitat areas were impact areas. She said 1C was the least protective of the environment and 1A was the most protective. She then detailed some of the impacts on businesses and rural zoning.

She reviewed Social Criterion 2, impact on housing choices. She compared the treatment of vacant single-family habitat land versus treatment of vacant multi-family habitat land. She then covered job location and choices. You could see that the effect of applying the urban development values dramatically affects the lands. Social Criterion 3, 4 & 5 – resources for future generations, cultural heritage and sense of place and amenity value were reviewed. Council President Bragdon asked Ms. Deffebach to elaborate on "Habitats of Concern". Paul Ketcham, Planning Department, gave some examples of the habitats of concern. Councilor Hosticka asked

to what extent were these lands in public ownership. Ms. Deffebach said that amenity value was related to cultural heritage and sense of place. She again said this was a preview. They were trying to understand the difference in the options and what that meant. She said they were scheduled to report to the Council on February 24th prior to the March open houses. Council President Bragdon talked about overlap. The independent economic advisory board had also talked about the overlap. Councilor McLain talked about other entities and jurisdictions that were working on Goal 5. How we review these would be important as to how these entities relate to our results. Partners included City of Portland, Tualatin Basin and Clackamas County. Councilor McLain suggested a strategy for how this information will be helpful to our Metro Policy Advisory Committee (MPAC) partners. Mr. Ketcham talked about the City of Portland's work and suggested that they share that information with Metro. Councilor McLain suggested a strategy as to how our work could be utilized and that there isn't duplication of work. Mr. Cotugno talked about how he judged where each jurisdiction's work lands on our continuum. Mr. Ketcham said they had done a thorough review of local plans. There was a broad spectrum of practices applied by local jurisdictions. They had developed criterion to use in evaluating three local jurisdictions programs.

Councilor McLain said the questions that public will asked were how will this effect my land, how will this effect the Urban Growth Boundary (UGB) need and how quickly would this change my property as far as what I could do on it. Councilor Hosticka talked about a group in Tigard that was concerned about two pieces of property.

3. TRANSFER STATION REQUEST FOR PROPOSAL

Mike Hoglund, Solid Waste and Recycling Director, and Jim Watkins, Solid Waste and Recycling Department talked about the Transfer Station Request For Proposal (RFP). Mr. Hoglund spoke to features of the contract. They wanted also to talk about the possibility of an extension. He talked about the current schedule, which included a public hearing this Thursday. They had sent the RFP to about 120 entities. They were also doing some work with Port of Portland and Metropolitan Exposition Recreation Commission (MERC) about contracting.

Mr. Watkins said the proposal was similar to the last one. The proposer could bid on one or both transfer stations. They could be awarded to one or more. He said they were trying to keep as much competition as possible in the process. Mr. Watkins said they could bid on one or both. Councilor McLain said a company could bid on both only. Councilor Park asked what were the criteria to choose one or two bidders. As a Council, how did they choose? Mr. Watkins said they would apply the evaluation criteria to every single bid. There were some opportunities for small companies. Councilor Hosticka asked what kind of incentives were in the proposal? Mr. Hoglund said the overall objective was to increase recovery rates. There were real financial incentives. Mr. Watkins said their financial decisions were based on what they could recover. Councilor Hosticka spoke to the structure of the bidder's company and what created internal incentives. Councilor Newman asked about the flow of waste to our facilities. Was there anything in the contract that encouraged companies to work with Metro to increase the flow to our facilities? Mr. Hoglund said there was nothing in the contract right now. Councilor McLain spoke in favor of this suggestion. Mr. Watkins talked about current practices to encourage waste flow to our facilities. Other Councilors supported this idea. Councilor Monroe asked if we have ever considered running the transfer station ourselves? Mr. Hoglund said they had discussed this and felt it was a bigger task than they were set up to do. He said when they were beginning to update the Regional Solid Waste Management Plan (RSWMP) that was part of the discussion, should we sell our facilities, run them ourselves or have a contractor run them. Mr. Hoglund said it could be three to five years before they were ready to make that decision. Mr. Cooper talked about the liability of

running a transfer stations. He talked about if a contract were three years or less or there was an extension of the contract, this allowed Metro to have an option to have flexibility. There were advantages to doing a longer-term contract.

Mr. Hogle said they would look at how they could encourage tonnage into our facilities. Mr. Watkins continued that the term was five years. He spoke to other criteria such as cost, material recovery guarantee, and operation and maintenance (a copy of this is included in the work session sheet) and the points assigned to each category. Council President Bragdon asked what happened if they received a bid that was too good to be true. Mr. Watkins said he expected that no company would want to lose money. Councilor Park talked about a trucking contract and a bid that was bid up. He wondered what would happen if they did have a bid that was too good to be true. Mr. Cooper explained public contracting law and what would happen if the contractor didn't fulfill their contract. Mr. Watkins talked about the new sustainability elements which included material recovery guarantee, bonus tons, 15% renewable energy, instituting the clean exhaust program, and 50% guarantee on payments.

Mr. Hogle said the comment period closes this week. Their idea was to make a decision on the RFP on February 5th but this could be extended until February 12th. He then talked about the contract extension idea. Mr. Cooper said this contract had already been extended once. The question was what would it cost to extend it and what would be the terms. Without knowing what the terms of the extension would be he couldn't advise as to whether to extend. Councilor McLain clarified that if the extension of the contract was similar to what was currently in place, then, the extension was possible. She felt that Council needed to decide if they wanted to extend, Council should have that conversation first before an RFP was released. Mr. Hogle said the Council had the option to reject all of the bids. Michael Jordan, Chief Operating Officer, said it was legitimate to say to staff that cost was one of the most important issues. They could construct the RFP to send signals to bidders as to what was important to Metro. He asked Mr. Cooper about the sustainability components in the RFP and could those elements be included in an extension. Staff needed clear direction from Council. Councilor Hosticka said he didn't understand how cost was an advantage to Metro as we were not a profit making entity. He wanted to know what our interest was in cost. Mr. Hogle responded by talking about tonnage and costs that went up. Mr. Cooper added that you as a Council set a policy that they wanted to be sensitive to the rate. The question of pressure of keeping costs low was a policy decision. He spoke to the limits on that policy. Council President Bragdon talked about the vendor maximizing their profits. Councilor Burkholder asked how this fit into the long range planning in solid waste. He spoke to the timeline that the Council had directed. He talked about extending the contract and the timing of this. Mr. Hogle said the RSWMP would be completed in 2005. RSWMP would provide the direction as to where we wanted to go. If you had an extension it allowed completion of the policy discussion. Councilor McLain said she thought there was a possibility to complete the RSWMP in 2005. If this was finished in 2005, we still had bond payoff after that in 2007 and 2009.

Councilor Park talked about evaluating the scores once the bids were in. He asked Council what was most important to them. They needed to know what were the rules. He spoke to weighting scores and the possibility of scores of being the same. Councilor McLain talked about the subjectivity of the bid. Mr. Hogle clarified the bidding process. Councilor Park asked about the possibilities of equal bidders. Mr. Cooper said an appeal process governed the selection process. If the scoring came out as a tie, the COO would make the decision as to what company the contract would be awarded to. Council was deciding whether they still wanted to enter into the contract. Councilor McLain talked about past practice. She asked were the points where they wanted to be? Councilor Monroe discouraged a two-track process, going out for an RFP as well

as still considering an extension. He suggested finding out what would happen with an extension and what kind of a price that they could get with an extension. Councilor Hosticka asked about the agenda this Thursday and were they listening to public comment only? Council President Bragdon said it was a public hearing only. If Councilors weren't supportive of the RFP, it wouldn't be put on the agenda. Councilor Hosticka talked about our current contract and the proposed RFP. Councilor Newman suggested continuing with the RFP process. Council President Bragdon said competition was generally a good thing. We hadn't been out in the market place for a while so he urged proceeding with the RFP.

Councilor McLain said the competition might not be equal. The information that they must asked staff was were there some red flags as far as the RFP the way it was written that would cause us to have hidden costs. We have integrated issues and businesses. She felt they shouldn't disadvantage certain bidders. Mr. Jordan suggested language in the criteria around responsiveness. It was all about the bottom line. Through your analysis of responsiveness, if in fact the cost was below to do the operation what Metro knew it would cost, you could determine if the bid was appropriate. He spoke to the necessity for fairness in the RFP process.

4. RATE REVIEW COMMITTEE STATUS REPORT

Councilor McLain commented on the good work that Doug Anderson had done.

Doug Anderson, Solid Waste and Recycling Department, said the Rate Review Committee hit a milestone last week. He wanted to report on where they were going. He spoke to what the Rate Review Committee was working on. He spoke to the current year's adopted solid waste rates (a copy of which is included in the meeting record). He talked about the Rate Review Committee charges. He then talked about the current year's operating budget. The first block showed the disposal charges. The second block was the costs that were recovered from the regional system fee. The Rate Review Committee agreed that the first block was appropriate. The last block where all the direct support such as salary, overhead, general administration costs were included, the Rate Review Committee questioned. He talked about covering these costs in a different way. Councilor Burkholder talked about assumptions made. Mr. Jordan spoke to issues around how we raise revenue. There had been questions about how you allocate costs. Mr. Cooper talked about the discussion of what goes into the regional system fee and what goes into the tonnage charges. Councilor Burkholder talked about decision making around what was important to the region. Councilor Park said the whole discussion revolves around who was paying what for what services. The principle was wherever you were disposing in the system; you should be paying the same fee. Mr. Anderson reiterated that there was not just one nexus. Councilor McLain said it was the Rate Review Committee's job to determine where the bond debt service fee should fall. Mr. Anderson reminded that that nexus was Council's choice. He spoke to balance. Councilor McLain said there were some issues as far as responsibilities to the public. Mr. Anderson said the Rate Review Committee's hypothesized that this be all recovered through the system fee. They were looking at programs and services and asking staff to take support costs and spread them across the system. He then spoke to what caused some of the support costs. He talked about costs recovered from disposal charges and costs recovered from the regional system fee. He gave an illustration of alternative FY 03-4 Metro Tip Fee. He said if this illustration were to be adopted, it would raise the price for small loads and decrease the price for large loads. User pay would be closer to costs covered. There were costs that we incur to facilities that we didn't own. Councilor McLain said the debate went both ways and explained that there were some costs that Metro incurred from non-Metro facilities. Councilor Park said as more tonnage moved away from our stations, there was a loss to our stations. He said there was a big economic disadvantage to Metro

as tonnage moved away from our stations. Mr. Anderson further explained the possible scenarios if they moved away from the current system.

Dean Kampfer, said it was important to note that industry was not raising the question. It was a person, Paul Matthews, who had expertise in utility rates that kept raising the question. Mr. Cooper spoke to the inception of the Rate Review Committee. It was to give advise to the Council about rates. He spoke to the changing role of the Rate Review Committee and their current advising capacity. Mr. Anderson then covered future processes in Committee. Mr. Matthews' intent was to raise the dialogue. He had no stake in the outcome. Councilor McLain noted the good work that Mr. Matthews had done.

5. CITIZEN COMMUNICATION

There were none.

6. CHIEF OPERATING OFFICER COMMUNICATION

Michael Jordan, COO, reminded that Council of their retreat tomorrow at 1:00pm.

7. COUNCILOR COMMUNICATION

Councilor Burkholder talked about the Smart Growth Conference last week. He felt it was a very successful conference.

Councilor McLain talked about industrial lands and the understandability of the public hearing. Council President Bragdon talked about the MPAC sub-committee on industrial lands.

Councilors suggested participating in this sub-committee conversation. Councilor Burkholder suggested posing question for MPAC to respond to. Councilor McLain said she felt we didn't have a game plan. Council President Bragdon said they had met with MERC Commissioners. They had come up with an agenda for the whole group to meet.

There being no further business Council President Bragdon adjourned the Work Session at 4:05 p.m.

Prepared by,

Chris Billington
Clerk of the Council

**ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF JANUARY 27,
2004**

Item	Topic	Doc Date	Document Description	Doc. Number
1	Agenda	1/29/04	Metro Council Regular Agenda for January 29,2004	012704c-01
2	Power Point Presentation	1/27/04	To: Metro Council From: Chris Deffebach, Planning Department Re: Preview of ESEE Phase 2 Results, Metro Fish and Wildlife Habitat Protection Results	012704c-02
4	Solid Waste Budget Information	1/27/04	To: Metro Council From: Doug Anderson, Solid Waste & Recycling Re: 03-04 Solid Waste Rates, Operating Budget Recovered from Rates	012704c-03