

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF SELECTING THE)
USE OF A REQUEST FOR PROPOSALS) RESOLUTION NO. 95-2118
AS THE PREFERRED APPROACH TO)
DETERMINE THE LONG TERM) Introduced by Mike Burton
DISPOSITION OF WASTE RECEIVED AT) Executive Officer
THE FOREST GROVE TRANSFER STATION)

WHEREAS, As described in the accompanying staff report, there are several long term options available to Metro regarding the transport and disposal of waste from the Forest Grove Transfer Station; and

WHEREAS, It is Metro policy to conduct competitive procurements whenever possible to maximize savings to Metro; and


WHEREAS, Of the long term options available, a request for proposals process appears to be the appropriate competitive procurement method available for the reasons described in the accompanying staff report; and

WHEREAS, In the short term transport and disposal of waste from the Forest Grove Transfer station can be accomplished through the existing franchise agreement; and

WHEREAS, The resolution was submitted to the Executive Officer for consideration and was forwarded to the Council for approval; now therefore,

BE IT RESOLVED, That the Metro Council endorses the use of a request for proposal process to determine the disposition of waste from the Forest Grove Transfer Station.

ADOPTED by the Metro Council this 22 day of March, 1995.


J. Ruth McFarland, Presiding Officer

STAFF REPORT

IN CONSIDERATION OR RESOLUTION NO. 95-2118 FOR THE PURPOSE
OF SELECTING THE USE OF A REQUEST FOR PROPOSALS AS THE
PREFERRED APPROACH TO DETERMINE THE LONG TERM
DISPOSITION OF WASTE RECEIVED AT THE FOREST GROVE
TRANSFER STATION

Date: March 13, 1995

Presented by: Jim Watkins

PROPOSED ACTION

Adopt Resolution No. 95-2118

Background

The Forest Grove Transfer Station (FGTS) is a privately owned and operated transfer station. The facility operates in accordance with a Metro franchise which expires in 1999. Operating parameters of the facility such as the rate charged and the transport and disposal arrangements of the waste received are controlled by Metro in the franchise agreement, and through the use of a non-system license and designated facilities agreements.

Until June of 1994, waste received at the facility was transported and disposed at the Riverbend Landfill in Yamhill County. The authority to dispose of waste at this landfill was granted by Metro to the franchisee through a non-system license.

From June 1994 until March 1995, waste was transported by the franchisee to the Metro Central Station. The operator of this transfer station loaded the waste into trailers supplied by Metro's Waste Transport Services contractor who transported the waste to the Columbia Ridge Landfill (CRL) in Gilliam Co., Oregon which is operated by Metro's Waste Disposal Services contractor. This arrangement was executed through a series of

amendments to the franchise agreement, the Waste Transport Services and Waste Disposal Services contracts. These amendments expire on March 31, 1995.

Several options are available to Metro regarding the disposition of waste received at FGTS. It should be remembered when comparing these options discussed below, that except for when waste from FGTS is taken to the CRL by our current transporter (option #3), that an option will have to avoid conflicting with our existing contractual arrangements. Both the Waste Disposal and Waste Transport Contracts have clauses entitling the contractor to "90% of all acceptable waste which Metro delivers to any general purpose landfill." If transport or disposal is provided by a party other than our current contractors, methods will need to be developed to deal with these restrictions. Possible solutions include limiting the amount of waste handled at the FGTS or utilizing our existing contractors for any amount over 10% which goes to the facility.

Another complication is that except for options #1 and #2, the outcome of an option will probably require installation of a compactor at the FGTS. The franchise for the facility requires the franchisee to install a compactor at its own expense if directed to do so by Metro. This will involve considerable expense and facility modifications at FGTS.

#1 Franchisee Transports and Disposes of Waste

A.C. Trucking (the franchisee) is responsible for transport and disposal of the waste received at the Forest Grove Transfer Station under the current terms of the franchise unless Metro exercises its option to assume such responsibility. Since the Franchisee is permitted under a non-system license to deliver waste to the Riverbend Landfill, the waste could be delivered there for disposal. Metro would receive the Metro excise tax and the regional user fee. Any savings available from reduced tipping fees at the Riverbend Landfill are kept by the franchisee. No compactor needs to be installed at FGTS.

#2 Negotiate Savings as Part of Disposal at the Riverbend Landfill

When the current Forest Grove Transfer Station franchise was negotiated with Metro, the disposal rate at the Riverbend Landfill was \$25.83 per ton. Since that time Sanifill, the owner of the Riverbend Landfill, has negotiated a new franchise agreement with Yamhill County, the jurisdiction in which the landfill is located, effective October 1, 1994. The new franchise allows the Riverbend Landfill to charge different rates for different customers.

As a result, A.C. Trucking may be able to negotiate a reduction in their past disposal rate at the Riverbend Landfill. Metro could attempt to negotiate a franchise amendment with A.C. Trucking to receive all or a portion of these savings. Alternatively, or if negotiations were unsuccessful, the rate charged at the station could be reduced through the rate review process. Under this scenario Metro or the firms using the facility will save money. No compactor needs to be installed.

There are two concerns over sending waste to the Riverbend Landfill. In the past, citizens of Yamhill County have opposed Metro sending waste to this landfill. This opposition has taken the form of direct communications to the Executive Officer and Metro Council, as well as the passage of two referendums directed toward limiting out-of-county waste. It is likely that such opposition will resurface if waste is once again delivered from the Forest Grove Transfer Station.

The second concern is over the environmental quality of the Riverbend Landfill in comparison to the Columbia Ridge Landfill (or other more recently constructed landfills) and Metro's responsibility in choosing the most environmentally sound methods of disposal. While both landfills are permitted by DEQ, the Columbia Ridge Landfill offers superior environmental protection due to its location. The rainfall in Eastern Oregon where the landfill is located, is only a fraction of that for the area where the Riverbend Landfill is located. In addition, since the Columbia Ridge Landfill is new, the entire

landfill is lined and has a leachate collection and disposal system, while only a portion of the Riverbend landfill is so equipped. Lastly, the Riverbend Landfill is located next to a river while the Columbia Ridge Landfill is located in a more arid part of the State, a considerable distance from both surface and groundwater. In choosing a disposition for this waste, consideration should be given to these political and environmental aspects.

#3. Transport and Disposal Under Existing Agreements

One of Metro's options is to arrange for the transport of solid waste directly from the Forest Grove Transfer Station (FGTS) to the Columbia Ridge Landfill (CRL). Metro negotiated with the Waste Disposal Contractor a reduction in disposal costs of approximately \$1.00 per ton for all waste from the region (Amendment No. 4), if the waste from the Forest Grove Transfer Station was sent to the Columbia Ridge Landfill. What is unknown is the associated per ton transport cost. It is probable that the \$7.50 per ton transport fee that A.C. Trucking must remit to Metro from the tip fee it collects at the FGTS will be insufficient to cover the transport cost to the Columbia Ridge Landfill. The current variable transport cost is \$12.89 per ton, which is from Metro transfer stations that are closer to CRL than the Forest Grove facility.

The existing Waste Transport Services Contract calls for negotiations between the Contractor and Metro for transport from new locations. Staff believes such negotiations would result in an increase of between \$1 and \$3 per ton for the Forest Grove tons over current transport costs. Past estimates of savings from Amendment #4 due to transporting waste from FGTS to CRL were up to \$6.5 million over the next 15 years. Such savings can only be achieved if the transport cost increase for waste from FGTS to CRL are in the \$1 per ton range.

If Metro chooses to pursue this option, two actions would be necessary. First, Metro would need to negotiate an amendment to the Waste Transport Contract and exercise its option to assume responsibility for the transport and disposal of waste under the FGTS

franchise. The latter action would include directing the Franchisee to install a compactor at the Franchisee's expense, and to remit to Metro a portion of fees collected to offset Metro's expense for transport and disposal costs.

#4 Transport and Disposal Through a Request for Proposals Process

As an alternative to the above approaches which involve existing agreements, Metro could solicit proposals for transport and disposal of the waste from FGTS. As currently envisioned, the RFP would solicit two basic proposals. One for only the transport of waste, and the other for both transport and disposal.

The transport only option assumes disposal at CRL for the reduced disposal price previously negotiated with the Waste Disposal Contractor under Amendment #4. This option, which provides competition, could result in a lower transport price than that obtained from the current transport contractor through the negotiation approach discussed above. It may also result in an additional transporter of waste through the Columbia Gorge and renew political debate over the appropriateness of trucking in this manner.

In addition, the RFP would solicit proposals for transport and disposal to any qualifying location. Since transport and disposal of waste is a sensitive community issue, as evidenced by our past experiences, the criteria used to evaluate such proposals should include more than just cost. Suggested additional criteria include the environmental quality of the facility, history of regulatory compliance and other factors that Metro has traditionally used in the review of franchised and other designated facilities. Since either of these options require nonmonetary evaluation in choosing the preferred supplier, a proposal process is more appropriate than the use of a bid process which only considers cost. Not considering these additional factors could result in an unsuccessful procurement or eventual increased costs as problems occur.

Proposals received for the transport only option would be evaluated in conjunction with the reduced disposal rate available under Amendment No. 4, for price comparison to proposals received for both transport and disposal. Numerous complications will need to be overcome in comparing proposals to the arrangement contemplated under Amendment #4, and in making sure that an arrangement that does not utilize existing contractors doesn't conflict with existing contract arrangements. This option does however offer the most competitive process for determining prices and in establishing a basis for comparison to Amendment #4.

It should be noted that under option #4, it is possible that the outcomes described under the previous three options could occur- option #1 or #2 where waste goes to the Riverbend Landfill, or option #3 where waste goes to the CRL by our current Waste Transport contractor.

Recommendation

The Executive Officer recommends that Council adopt Resolution No. 95-2118 and that the Request for Proposals be developed and forwarded to the Metro Council prior to release.

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