

**BEFORE THE METRO COUNCIL**

FOR THE PURPOSE OF AUTHORIZING CHANGE ) RESOLUTION NO. 96-2323  
ORDER NO. 19 TO THE CONTRACT FOR )  
OPERATING METRO CENTRAL STATION, )  
CHANGE ORDER NO. 19 TO THE CONTRACT ) Introduced by Mike Burton  
FOR OPERATING METRO SOUTH STATION, ) Executive Officer  
AND CHANGE ORDER NO. 20 TO THE CONTRACT )  
FOR WASTE TRANSPORT SERVICES )

WHEREAS, Metro wishes to conduct a pilot project to separate wood and other waste suitable for production into hog fuel from mixed solid waste at Metro South Transfer Station, transport it to Metro Central Transfer Station where it will be chipped into hog fuel and sold for energy recovery; and

WHEREAS, Metro wishes to increase the amount of waste that is recovered at Metro transfer stations by modifying the Metro Recycling Credit; and

WHEREAS, Metro wishes to allow commercial haulers to deliver transfer trailers of waste to Metro Central Transfer Station during off-hours to avoid traffic congestion; and

WHEREAS, It is necessary to amend the agreement between Metro and Trans Industries for the operation of Metro Central Station to modify the Metro Recycling Credit, establish a hog fuel disposal price, and change the Station hours of operation; and

WHEREAS, It is necessary to amend the agreement between Metro and Waste Management of Oregon for the operation of Metro South Station to provide for compaction and transfer of wood and other hog fuel waste into transfer trailers for delivery to Metro Central Station; and

WHEREAS, It is necessary to amend the agreement between Metro and Jack Gray Transport, Inc. entitled Waste Transport Services to establish the price and conditions under which Metro will pay for the transport of wood and other hog fuel waste from the Metro South Station to the Metro Central Station; and

WHEREAS, Change Order No. 19, attached as Exhibit "A," provides the necessary modifications to the contract for the operation of Metro Central Station; and

WHEREAS, Change Order No. 19, attached as Exhibit "B," provides the necessary modifications to the contract for the operation of Metro South Station; and

WHEREAS, Change Order No. 20, attached as Exhibit "C," provides the necessary modifications to the contract for Waste Transport Services; and

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

BE IT RESOLVED,

1. That the Metro Council approves Change Order No. 19 to the contract between Metro and Trans Industries for the operation of Metro Central Station attached as Exhibit "A."

2. That the Metro Council approves Change Order No. 19 to the contract between Metro and Waste Management of Oregon for the operation of Metro South Station attached as Exhibit "B."

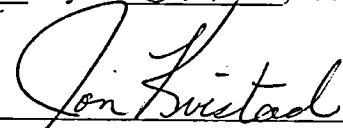
3. That the Metro Council approves Change Order No. 20 to the contract between Metro and Jack Gray Transport, Inc. for Waste Transport Services attached as Exhibit "C."

4. That the Metro Council authorizes the Executive Officer to execute Change Order No. 19 to the contract between Metro and Trans Industries for the operation of Metro Central Station.

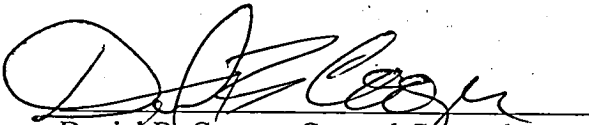
5. That the Metro Council authorizes the Executive Officer to execute Change Order No. 19 to the contract between Metro and Waste Management of Oregon for the operation of Metro south Station.

6. That the Metro Council authorizes the Executive Officer to execute Change Order No. 20 to the contract between Metro and Jack Gray Transport, Inc. for Waste Transport Services.

ADOPTED by the Metro Council this 13<sup>th</sup> day of June, 1996.

  
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Jon Kvistad, Presiding Officer

Approved as to Form:

  
\_\_\_\_\_  
Daniel B. Cooper, General Counsel

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## STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 96-2323 FOR THE PURPOSE OF AUTHORIZING CHANGE ORDER NO. 19 TO THE CONTRACT FOR OPERATING METRO CENTRAL STATION, CHANGE ORDER NO. 19 TO THE CONTRACT FOR OPERATING METRO SOUTH STATION, AND CHANGE ORDER NO. 20 TO THE CONTRACT FOR WASTE TRANSPORT SERVICES

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Date: May 6, 1996

Presented by: Terry Petersen

### PROPOSED ACTION

Adoption of Resolution No. 96-2323 would authorize Change Orders to the contracts for operating Metro Central and Metro South Transfer Stations and the contract for waste transport services in order to:

1. Conduct a pilot project to separate wood and other waste suitable for production into hog fuel;
2. Increase the amount of waste that is recovered at Metro transfer stations by modifying the Metro Recycling Credit; and
3. Allow commercial haulers to deliver transfer trailers of waste to Metro Central Station during off-hours to avoid traffic congestion.

### KEY POLICY ISSUES

The first action item listed above, the pilot project to recover wood waste as energy, raises several policy issues:

Management Hierarchy. ORS459.015 establishes the State policy that, after consideration of technical and economic feasibility, priority for managing solid waste will be in the following order: reduce, reuse, recycle, compost, energy recovery, and landfill.

Metro charges customers a disposal fee of \$54/ton for source-separated yard debris delivered to the transfer stations. For yard debris delivered to Metro South transfer station, it currently costs Metro about \$90/ton to pay contractors to transfer, transport, and dispose of yard debris at a compost facility. This compares to an estimated cost of \$24/ton to transport it to Metro Central and process it into hog fuel.

The amount of yard debris received at Metro South transfer station is relatively small. During 1995, 277 tons were delivered to Metro South. Total cost for transporting and disposing of the yard debris as compost was \$29,471.

Even though the tonnage and cost are relatively small, there is a policy issue of whether the \$66/ton difference between the compost and energy recovery management options is too much to pay for moving up one level on the state hierarchy.

The REM Department is developing proposals, such as modifications to the Metro South transfer station building, that may eventually reduce the cost for managing yard debris as compost. Until then, the REM Department needs policy guidance on how to manage yard debris that is delivered to Metro South transfer station.

There are several options:

1. Continue to manage yard debris for compost at the current contract price of \$90/ton even if doing so means that it will not be possible to recover wood waste because of operational limitations (such as not enough storage space for separate piles of yard debris and wood inside the transfer station).
2. Manage the yard debris for compost only if there are no operational limitations and it can be done in conjunction with the wood recovery pilot project. Otherwise, mix the yard debris with the wood and recover the combined waste as energy.
3. Manage the yard debris for energy recovery at a cost of \$24/ton regardless of whether or not it is operationally possible to manage it as compost.

Rates. Goal 16 of the Regional Solid Waste Management Plan includes the statement that "Charges to users of Metro-owned disposal facilities will be reasonably related to disposal services received". If projected costs are substantiated by the pilot project, there is a potential savings of \$19/ton for each ton of wood waste diverted from the Columbia Ridge Landfill.

The policy issue is whether or not any saving from future wood recovery operations at the transfer stations should be passed back to the ratepayer in the form of lower disposal fees. Doing so would require a change to the Metro Solid Waste rate ordinance and is not part of this Resolution. Depending on the outcome of the pilot project, this issue will be presented later to the Metro Council for a policy decision.

## FACTUAL BACKGROUND AND ANALYSIS

### ***Wood Recovery Pilot Project:***

Significant amounts of wood continue to be delivered to Metro South Transfer Station for disposal at the Columbia Ridge Landfill. Much of this material is suitable for processing into hog fuel for energy recovery. Currently there is no recovery of wood at Metro South Transfer Station.

A pilot project is proposed to separate wood and other waste suitable for production into hog fuel from mixed solid waste at Metro South Transfer Station. The material would be compacted and transported to Metro Central Transfer Station where it would be chipped into hog fuel and sold by the operator of the facility for energy recovery.

The pilot project would continue until the expiration of current transfer station contracts on October 1, or up to six months if the contracts are extended. In order to conduct the pilot project, it is necessary to amend the operating contracts for Metro Central and Metro South Stations and the contract for waste transport services.

This project will recover wood waste at a lower cost than what Metro currently pays for transporting and disposing of the same material at the Columbia Ridge Landfill as shown below.

	Disposal at Columbia Ridge	Pilot Project
Transfer	\$4	\$8
Transport	\$13	\$3
Disposal	<u>\$25</u>	<u>\$13</u>
	\$42/ton	\$24/ton

The following three change orders are necessary to conduct this pilot project.

Change Order No. 19 - Metro Central Transfer Station

Change Order No. 19 to the Metro Central operating contract provides that Metro shall pay the Contractor, Trans Industries, \$13.00 per ton for each ton of suitable waste that is processed into hog fuel. The Contractor shall process into hog fuel all suitable waste that Metro delivers to the Metro Central Transfer Station. Suitable waste includes: (1) waste that Metro transfers from the Metro South Transfer Station to the Metro Central Transfer Station and (2) loads of waste received at Metro Central Transfer Station that arrive in commercial self-dumping vehicles that contain only suitable waste and can be processed into hog fuel without additional sorting to remove unsuitable materials.

Change Order No. 19 - Metro South Station

Change Order No. 19 to the Metro South operating contract provides that the Contractor, Waste Management of Oregon, compact and transfer wood and other hog fuel waste into Jack Gray Transport, Inc. transfer trailers for delivery to Metro Central Transfer Station. Metro shall pay the Contractor \$8.00 per ton for each ton transferred as hog fuel waste.

The Contractor shall store hog fuel waste that has been separated from other mixed solid waste on the receiving floor of the Station. The Contractor shall push the waste into the pit, run over the waste with the loader in the pit in order to break up the waste and make it suitable for compacting, and then push the waste into the compactor for loading.

Change Order No. 20 - Waste Transport Services

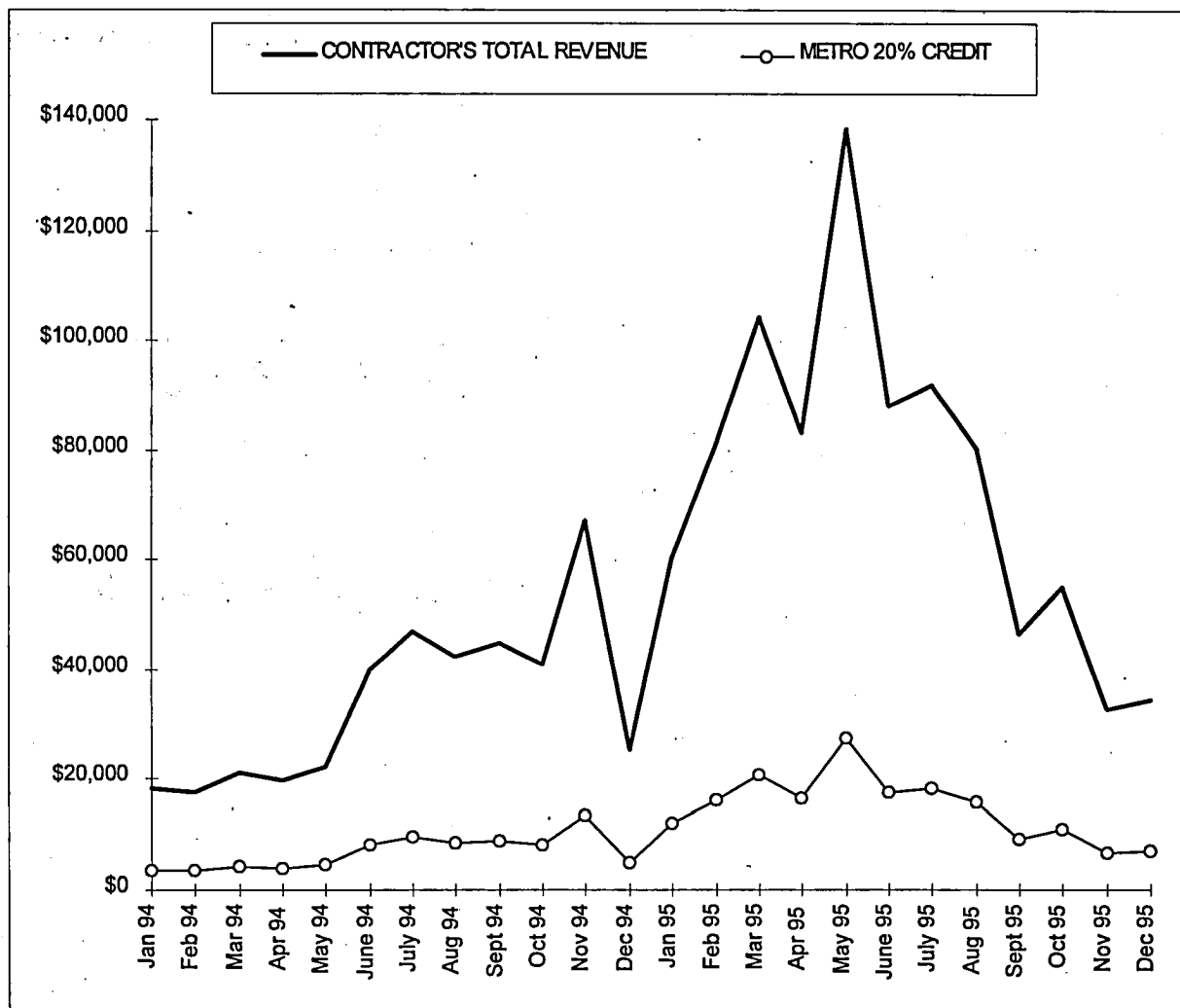
Change Order No. 20 to the contract with Jack Gray Transport, Inc. for waste transport services provides that the Contractor shall transport wood and other hog fuel waste from Metro South Transfer Station to Metro Central Transfer Station. Metro shall pay the Contractor \$62.00 per hour from the time the transfer trailer arrives at the compactor at Metro South Transfer Station until it is

unloaded at Metro Central Transfer Station with expected loads of 20 tons and transport time of one hour, per ton transport costs would be about \$3.00.

**Metro Recycling Credit:**

The current contract for the operation of the Metro Central Station requires the Contractor to credit Metro 20% of the net revenues from the sale of recovered materials during that month. When markets for recyclable materials are low, as they currently are, the Contractor recovers less material from the mixed waste delivered to the Station because of the low profit margins. In the past three months, the Contractor has laid off 18 employees that were working as sorters to recover recyclable materials from mixed waste.

The Contractor's total monthly revenue from recovered materials at Metro Central and the amount of the past recycling credits to Metro is shown below:



Change Order No. 19 modifies the recycling credit to the following:

Monthly Revenues	Metro Credit
\$0 to \$35,000	0%
\$35,001 to \$50,000	20% of the amount over \$35,000
\$50,001 to \$75,000	25% of the amount over \$35,000
\$75,001 to \$100,000	30% of the amount over \$35,000
\$100,001 to \$125,000	35% of the amount over \$35,000
\$125,001 and above	40% of the amount over \$35,000

When markets are high, Metro will receive a higher percentage of the revenues from the sale of recovered materials. When markets are low, Metro receives a lower percentage, allowing the Contractor to continue recovery operations.

***Hours of Operation:***

The operator of the Metro Central Station is not now required to accept waste outside the delivery hours as defined in the Operations Agreement. Some commercial haulers have requested that they be allowed to deliver transfer trailers of waste during off-hours to avoid traffic congestion.

Change Order No. 19 provides that the Contractor shall accept waste delivered in transfer trailers 24-hours per day upon request of any hauler delivering waste in transfer trailers. The Contractor is not entitled to additional payments for extension of the delivery hours for waste delivered in transfer trailers. Contractor will follow procedures to be established by Metro for recording weights of transfer trailers delivered during hours that the scalehouse is not staffed by Metro personnel.

**BUDGET IMPACT**

The pilot project to separate wood and other waste suitable for production into hog fuel will reduce Metro's costs for disposal of these materials. Metro's Recycling Credit from the sales of recovered materials should remain about the same over the long run, being less during downturns in the market for recyclables and more during good markets. The longer operating hours at Metro Central will have no budget impact.

**EXECUTIVE OFFICER RECOMMENDATION**

The Executive Officer recommends approval of Resolution No. 96-2323.

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CHANGE ORDER SUMMARY

EXHIBIT A

CONTRACTOR: Browning-Ferris Industries - Trans Industries

PROJECT: Metro Central Station - Operations

PURPOSE: Modify Metro's Recycling Credit, Extend Hours of Operation, Establish Price for Hog Fuel Material

CONTRACT NO.: 901584 BUDGET NO.: 531-310254-526610-75000

DEPARTMENT: Regional Environmental Management

ACCOUNT NAME: Operating

THIS REQUEST IS FOR APPROVAL OF CHANGE NUMBER: 19

1. The original contract sum was	\$33,264,000.00
2. Net change by previously authorized change order	<\$3,193,371.00>
3. The contract sum prior to this request was	\$30,070,629.00
4. Total amount of this change order request	\$0.00
5. The new contract sum, including this change order	\$30,070,629.00
6. The contract sum paid in FY 90-91	\$1,165,272.58
The contract sum paid in FY 91-92	\$3,637,397.12
The contract sum paid in FY 92-93	\$4,197,978.78
The contract sum paid in FY 93-94	\$4,338,893.83
The contract sum paid in FY 94-95	\$4,267,694.06
The contract sum paid in FY 95-96	\$2,881,632.88
7. Fiscal Year appropriation for FY 95-96	\$5,236,221.00
Line item name: Disposal Operations - Station Operations	
Estimated appropriation remaining as of 4/11/96	\$2,354,588.12
8. Start Date: 4/11/96	Expire Date: 10/1/96

REVIEW AND APPROVAL:

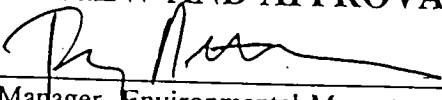

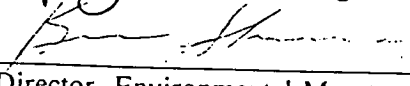
 _____ Manager, Environmental Mgmt.	4/12/96 _____ Date	 _____ Fiscal Review	4/16/96 _____ Date
 _____ Director, Environmental Mgmt.	4/11/96 _____ Date	_____ Budget Review	_____ Date
_____ Director, Administrative Services	_____ Date	_____ Legal Review	_____ Date

EXHIBIT A

CHANGE ORDER NO. 19  
METRO CONTRACT NO. 901584

MODIFICATION TO THE CONTRACT BETWEEN  
METRO AND TRANS INDUSTRIES  
FOR THE OPERATION OF METRO CENTRAL STATION

**METRO POC:** Terry Petersen, Environmental Services Manager

**CONTRACTOR POC:** Steve Miesen, District Manager

This Agreement is dated as of the last signature date below and is entered into between Metro and Trans Industries, referred to herein as "Contractor," pursuant to the Metro Transfer Station Operation Agreement made and entered into December 8, 1989.

**A. Purpose**

The primary purpose of this change order is to increase the amount of waste that is recovered at Metro transfer stations by:

1. Modifying the Metro Recycling Credit so that the Contractor is able to continue recovery operations during downturns in the markets for recyclables.
2. Establishing a disposal price for wood, and other suitable waste material that is separated from mixed waste and delivered to Metro Central Transfer Station for processing into hog fuel.

A secondary purpose is to improve service at the Metro Central Station by extending the hours of operation to 24-hours per day for haulers that deliver transfer trailers of waste to the Station.

**B. Terms**

1. Recycling Credit. Section 6.12.3 of the Operations Agreement which states that the "Contractor shall credit Metro for 20 percent (20%) of the Net Revenues from sales of Recovered Materials during that month" is changed to read as follows:

Contractor shall credit Metro for the Net Revenues from sales of Recovered Materials during that month according to the following schedule:

Monthly Revenues	Metro Credit
\$0 to \$35,000	0%
\$35,001 to \$50,000	20% of the amount over \$35,000
\$50,001 to \$75,000	25% of the amount over \$35,000
\$75,001 to \$100,000	30% of the amount over \$35,000
\$100,001 to \$125,000	35% of the amount over \$35,000
\$125,001 and above	40% of the amount over \$35,000

2. Hog Fuel Waste Disposal Price. The Contractor shall process into hog fuel all suitable waste that Metro delivers to the Metro Central Transfer Station. "Suitable waste" is defined as material suitable for processing into hog fuel. Suitable waste includes: (1) waste that Metro transfers from the Metro South Transfer Station to the Metro Central Transfer Station and (2) loads of waste received at Metro Central Transfer Station that arrive in commercial self-dumping vehicles that contain only suitable waste and can be processed into hog fuel without additional sorting to remove unsuitable materials. Metro shall pay the Contractor \$13.00 per ton for each ton of suitable waste that is processed into hog fuel.

3. Hours of Operation. The definition of "Delivery Hours" in the Operations Agreement is changed to read as follows: "Delivery Hours" for waste delivered in vehicles other than transfer trailers means 3:00 a.m. to 7:00 p.m., each Monday through Saturday, and 6:00 a.m. to 7:00 p.m. on Sunday (except for special holidays as determined by Metro). Contractor shall accept waste delivered in transfer trailers 24-hours per day upon request of any hauler delivering waste in transfer trailers. The Contractor is not entitled to additional payments for extension of the delivery hours for waste delivered in transfer trailers. Contractor will follow procedures to be established by Metro for recording weights of transfer trailers delivered during hours that the scalehouse is not staffed by Metro personnel.

4. Work Deleted. Metro may delete the work required under this Change Order without penalty upon thirty (30) days written notice to Contractor.

Except as modified herein, all terms and conditions of the original agreement and previous change orders remain in full force and effect.

**TRANS INDUSTRIES**

**METRO**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name and Title

\_\_\_\_\_  
Print Name and Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

EXHIBIT B

CHANGE ORDER NO. 19  
METRO CONTRACT NO. 901106

MODIFICATION TO THE CONTRACT BETWEEN  
METRO AND WASTE MANAGEMENT OF OREGON  
FOR THE OPERATION OF METRO SOUTH STATION

**Metro POC:** Terry Petersen, Environmental Services Manager

**Contractor POC:** Dan Dudley, Operations Manager

This agreement is dated as of the last signature date below and is entered into between Metro and Waste Management of Oregon, referred to herein as "Contractor," pursuant to Article 17, page V-20 of the Metro South Station operations contract dated October 1989.

**A. Purpose**

This change order is part of a pilot project to separate wood and other waste suitable for production into hog fuel from mixed solid waste at Metro South Transfer Station, transfer it into transfer trailers after compaction, and transport it to Metro Central Transfer Station where it will be chipped into hog fuel and sold by the operator of the Metro Central Transfer Station for energy recovery.

This change order establishes the price and conditions under which Metro will pay for the waste transfer portion of the project.

**B. Terms**

1. Contractor shall compact and transfer wood and other hog fuel waste into Jack Gray Transport, Inc. transfer trailers for delivery to Metro Central Transfer Station. Metro shall pay the Contractor \$8.00 per ton for each ton transferred as hog fuel waste.
2. Contractor shall notify Jack Gray Transport, Inc. before 11:00 a.m. and give at least six hours of advance notice of the time when a load of hog fuel waste will be ready for loading and transport from Metro South Transfer Station.
3. Contractor shall make every reasonable effort to load the transfer trailer within 15 minutes of the arrival of the trailer at the compactor at Metro South Transfer Station.
4. Contractor shall maintain and submit to Metro logs recording the time of load compaction and extrusion.
5. The Contractor shall store hog fuel waste that has been separated from other mixed solid waste on the receiving floor of the Metro South Transfer Station. The Contractor shall push the waste into the pit when at least 20 tons have accumulated, run over the waste with the loader in the pit in order to break up the waste and make it suitable for compacting, and then push the waste into the compactor for loading.

6. The Contractor shall make every reasonable effort to ensure that the hog fuel waste is not contaminated by other waste that may be in the pit.
7. The Contractor shall make modifications at the Metro South Transfer Station necessary to implement this Change Order, including the dismantling of the guard rails as needed to safely store the hog fuel waste and push it into the pit. Metro shall reimburse the Contractor for its Direct Costs of making these modifications, to the extent of Cost Substantiation, but not to exceed \$10,000.
8. The pilot project will commence on the effective date of this change order and continue for six months. This change order will be in effect for the duration of the project.
9. Metro may terminate this Change Order at any time, by providing written notice to Contractor. Upon termination, Metro shall reimburse Contractor for its Direct Costs incurred prior to termination, to the extent of Cost Substantiation.
10. As specified in Section 8.3 of the Contract, the Contractor maintains responsibility to load the compactors so it will function properly without jamming, puncturing the compactor or container walls, causing fire, explosion, or any other damage. The Contractor shall notify Metro if the Contractor believes that the transfer of waste as described in this Change Order is likely to result in damage to the compactor. If Metro concurs, this Change Order will be terminated.

Except as modified herein, all other terms and conditions of the original agreement and previous change orders remain in full force and effect.

WASTE MANAGEMENT OF OREGON

METRO

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name and Title

\_\_\_\_\_  
Print Name and Title

\_\_\_\_\_  
Date

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Date

EXHIBIT C

CHANGE ORDER NO. 20  
METRO CONTRACT NO. 900848

MODIFICATION TO THE CONTRACT BETWEEN  
METRO AND JACK GRAY TRANSPORT, INC.  
FOR WASTE TRANSPORT SERVICES

**Metro POC:** Terry Petersen, Environmental Services Manager

**Contractor POC:** Gary Goldberg, Executive Vice President

This Agreement is dated as of the last signature date below and is entered into between Metro and Jack Gray Transport, Inc., referred to herein as "Contractor," pursuant to the Waste Transport Services Agreement entered into March 1, 1989.

**A. Purpose**

This change order is part of a pilot project to separate wood and other waste suitable for production into hog fuel from mixed solid waste at Metro South Transfer Station, transfer it into transfer trailers after compaction, and transport it to Metro Central Transfer Station where it will be chipped into hog fuel and sold by the operator of the Metro Central Transfer Station for energy recovery.

This change order establishes the price and conditions under which Metro will pay for the waste transport portion of the project.

**B. Terms**

1. Contractor shall transport wood and other hog fuel waste from Metro South Transfer Station to Metro Central Transfer Station. Metro shall pay the Contractor \$62.00 per hour from the time the transfer trailer arrives at the compactor at Metro South Transfer Station until it is unloaded at Metro Central Transfer Station.
2. Contractor will be notified by 11:00 A.M. and given at least six hours of advance notice of when a load of waste will be ready for transport from Metro South Transfer Station. Contractor shall deliver an empty trailer to the Metro South Transfer Station and be ready for loading the compacted waste no later than 15 minutes after the time that was designated unless conditions beyond the control of the Contractor prevent the delivery of the trailer.
3. Contractor will maintain drivers logs adequate for documenting the arrival time at Metro South Transfer Station, the arrival time at Metro Central Transfer Station, and the time spent unloading at Metro Central Transfer Station.

4. The pilot project will commence on the effective date of this change order and continue for six months. This change order will be in effect for the duration of the project.
5. All transfer trailers used to transport dry waste shall be fully enclosed such that no waste leaves the container during transport. Contractor retains full responsibility for compliance with law and all other aspects of the transport operation.
6. Metro may terminate this Change Order at any time, by providing written notice to Contractor. Upon termination, Metro shall reimburse Contractor for its Direct Costs incurred prior to termination, to the extent of Cost Substantiation.

Except as modified herein, all other terms and conditions of the original agreement and previous change orders remain in full force and effect.

JACK GRAY TRANSPORT, INC.

METRO

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Signature

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Signature

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Print Name and Title

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