## BEFORE THE METRO COUNCIL

AUTHORIZING THE CHIEF OPERATING OFFICER TO ENTER INTO A DESIGNATED FACILITY AGREEMENT WITH CEDAR GROVE COMPOSTING, INC.	<ul> <li>RESOLUTION NO. 05-3584</li> <li>Introduced by Michael Jordan, Chief</li> <li>Operating Officer with the concurrence of</li> <li>David Bragdon, Council President</li> </ul>
WHEREAS, Cedar Grove Composting, Inc Maple Valley, Washington and Everett, Washington	c., operates organic composting facilities located in on; and
	c. has requested that Metro name Cedar Grove set forth under the provisions of Metro Code Chapter
5.05.030, accordingly has designated Cedar Grove	considered the factors contained in Metro Code Section Composting, Inc. as a designated facility and has list of designated facilities in Metro Code 5.05.030; and
BE IT RESOLVED that the Metro Council with Cedar Grove Composting, Inc., a designated for separated organics at both of its composting facility facility agreement shall be in a form substantially seffective upon the effective date of Ordinance 05-3	similar to that set forth on the attached Exhibit A,
ADOPTED by the Metro Council this de	ay of <u>June</u> , 2005.
	David Bragdon, Council President
Approved as to Form:	Rex Bould
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METRO CONTRACT NO.	
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#### DESIGNATED FACILITY AGREEMENT

This Agreement is between Metro, a metropolitan service district organized under ORS Chapter 268 and the Metro Charter, located at 600 NE Grand Avenue, Portland, Oregon 97232-2736, ("Metro") and Cedar Grove Composting, Inc., doing business as Cedar Grove Composting – Maple Valley located at 17825 Cedar Grove Road Southeast, Maple Valley, Washington 98035 and Cedar Grove Composting - Everett, located at 3600 Frontage Road, Everett, Washington (collectively, "CGC") and is entered under the authority of ORS 268.317, and Metro Code section 5.05.030. CGC enters into this Agreement in recognition of the "Designated Facility" status conferred upon CGC by Metro Ordinance No. 05-1081.

In exchange for the promises set forth below, CGC and Metro agree as follows:

## 1. <u>Purpose and Authority.</u>

The purposes of this agreement are to manage effectively the composting of certain solid wastes from within the Metro region, thereby increasing material recovery by establishing the terms and conditions under which CGC may receive the wastes specified in Section 3 of this agreement.

# 2. <u>Duration.</u>

Unless terminated sooner as specified herein, this Agreement shall remain in effect for five years from the date of execution by both Parties.

### 3. Waste from the Metro Region that May be Accepted at CGC.

Provided that CGC has any required separate and appropriate legal authority, CGC may accept only the following types of materials generated from within the Metro region:

- a. Source-separated organic wastes suitable for composting; and
- b. Other waste as described in any future addendum to this Agreement or authorized by Metro's Chief Operating Officer ("the COO") under a non-system license.

### 4. Waste from the Metro Region that May Not be Accepted by CGC.

Except as provided in Section 3, above, CGC agrees that no other types of wastes generated or originating within the Metro region shall be accepted by CGC, including but not limited to mixed putrescible wastes and non-organic wastes.

## 5. Both Composting Sites Authorized to Receive Wastes.

The Cedar Grove Composting facilities in Maple Valley and Everett, Washington, and

only those facilities, are both authorized by this agreement to receive the wastes listed under Section 3, above.

## 6. <u>Facility Operating Plans.</u>

- a. CGC shall submit to Metro, for its review and approval, an operating plan for the management of solid wastes generated from within the Metro region. The plan shall address how CGC intends to comply with the requirements of this Agreement. CGC shall maintain a copy of the operating plan on the premises of each of its facilities and at a location where facility personnel and Metro representatives have ready access to it.
- b. The plan shall describe how incoming solid wastes from the Metro region will be identified as appropriate for CGC and the criteria used for such identification, including:
  - (1) Procedures for inspecting incoming loads for the presence of prohibited wastes;
  - (2) A set of objective criteria for accepting and rejecting loads;
  - (3) Procedures for establishing whether incoming waste was generated or originated within the Metro boundary; and
  - (4) The operating plan shall establish procedures for managing and transporting to appropriate facilities any unauthorized wastes discovered at CGC.
- c. Amendments to the operating plan shall be submitted to Metro for review and approval by the COO prior to implementation. Metro's review shall be limited to compliance with this Agreement and shall not be unreasonably withheld.
- d. CGC shall adhere to the policies and procedures contained in its operating plan. Failure to ensure such compliance with the operating plan shall be considered a default of this Agreement.

## 7. Record Keeping and Audits.

- a. CGC shall maintain complete and accurate records regarding all solid waste received, composted, disposed, or otherwise processed pursuant to this Agreement. CGC shall make such records available to, or send copies to, the COO or his duly designated agents for inspection, auditing, and copying upon not less than seven (7) days written notice from Metro. Sequentially numbered tickets shall be used for all transactions and voided or canceled tickets shall be retained.
- b. At Metro's option, CGC shall have an independent audit conducted by a firm acceptable to Metro, no more than once a year, at Metro's expense. The audit report provided to Metro following an independent audit shall address matters reasonably

related to this Agreement, as specified in an audit program approved by Metro and provided to CGC prior to the audit.

## 8. <u>Reports and Information.</u>

- a. CGC shall report the following information to Metro on a monthly basis for waste originating in Washington, Clackamas and Multnomah counties of Oregon:
  - (1) Record numbers designating individual incoming loads;
  - (2) Customer account numbers (using separate account numbers to differentiate waste received from a person or facility authorized to perform material or resource recovery, transfer or reload as those terms are defined in Metro Code 5.01.010, pursuant to a Metro Solid Waste Franchise, Designated Facility Agreement, License or Non-System License);
  - (3) Date each load is received;
  - (4) Time each load is received;
  - (5) Net weight of each load;
  - (6) Designation of each load into one of the categories listed in Section 3, above;
  - (7) CGC shall submit to Metro a record of all unauthorized wastes initially received from within the Metro boundary but ultimately delivered to a solid waste disposal site. Such information shall include a copy of the disposal site's billing to CGC for such disposal. Such billing must include the tonnage of each load
- b. Records required under Section 8a. of this Agreement shall be reported to Metro no later than fifteen (15) days following the end of each month, via E-mail, electronic records encoded on 3.5" data diskettes or CD, and in a format prescribed by Metro that is compatible with Metro's data processing equipment.
- c. At the direction of Metro, CGC shall post a sign at the scalehouse directing all customers disposing of waste generated within the Metro boundary to declare the origin of the waste. CGC shall provide a map of the Metro region to any customer that requests one.
- d. CGC shall provide to Metro copies of all permits relating to operations at CGC, including any new land use applications, appeals or modifications. Copies of revisions to existing permits and newly issued permits shall be provided to Metro within seven (7) business days of receipt. CGC shall also provide, within ten (10) business days, a copy of any official enforcement action regarding CGC or its operation, including, but not limited to, a notice of violation or noncompliance with a statute, regulation, or permit condition.

- e. On a quarterly basis CGC shall provide Metro a listing of account numbers and material codes and corresponding material names for incoming loads covered by this Agreement.
- f. Each time CGC rejects a load that originated within the Metro region, CGC shall notify Metro by Fax [(503) 813-7544] as soon as is practicable but no later than 24 hours after the fact and shall provide to Metro the following information:
  - (1) Date and time the load entered CGC's facility;
  - (2) Name, address, and phone number of hauler;
  - (3) Name, address, and phone number of generator, if known;
  - (4) Weight of load;
  - (5) Reason load was rejected; and
  - (6) Where the hauler intended to dispose of the load, if known.

### 9. Regional System Fee and Excise Tax.

- a. Regional system fees and excise tax shall not be paid on acceptable source-separated organic wastes.
- b. CGC shall pay monthly to Metro an amount equal to the Regional System Fee for which provision is made in Metro Code Section 5.02.045 for each ton of waste accepted at CGC from within the Metro boundary that does not meet CGC's acceptance requirements and is ultimately disposed at a solid waste disposal facility. Such payment shall be made in accordance with Metro Code Section 5.02.055, and shall be in the form of check or cash or other payment method as approved by the COO.
- c. CGC shall also pay monthly to Metro an amount equal to the Excise Tax for which provision in made in Metro Code Section 7.01.020(e) for each ton of waste accepted at CGC from within the Metro boundary that does not meet CGC's acceptance requirements and is ultimately disposed at a solid waste disposal facility. Such payment shall be made in accordance with Metro Code Sections 7.01.070 and 7.01.080, and shall be in the form of check or cash or other payment method as approved by the COO.

#### 10. Compliance with Law.

CGC shall fully comply with all provisions of Metro Code Chapter 5.01 applicable to disposal sites, which provisions are incorporated by this reference as if set forth in full. CGC shall also fully comply with all applicable federal, state, regional, and local laws, rules, regulations, ordinances, orders, and permits, as amended. All conditions imposed on the operation of CGC, whether by federal, state, or local governments or agencies

having jurisdiction over CGC, are part of this Agreement by reference as if specifically set forth herein. Such conditions and permits include those attached as exhibits to this Agreement [are we attaching any? If not, then let's delete this part], as well as any existing at the time of issuance of this Agreement and not attached, and permits or conditions issued or modified during the term of this Agreement.

### 11. Right of Inspection; Enforcement of Metro Code.

- a. Authorized representatives of Metro shall be permitted access to CGC at all reasonable times for the purpose of making inspections and carrying out other necessary functions related to this Agreement. Access to inspect is authorized:
  - (1) During all regular working hours that CGC accepts waste deliveries, with 30 minutes advance notice;
  - (2) At other reasonable times if written notice is given during regular working hours that CGC accepts waste deliveries, which notice may be made via facsimile sent to CGC, attention Jerry Bartlett at (206) 832-3030; and
  - (3) At any time without notice when, in the reasonable opinion of the COO, such notice would defeat the purpose of the entry.
- b. If Metro asserts that CGC has violated any requirement of this agreement or any provision of the Metro Code applicable to disposal sites as applied to CGC under Paragraph 10 of this agreement, CGC hereby expressly agrees to submit to all enforcement proceedings that are applicable to disposal sites within Metro's boundaries and to accept the jurisdiction of Metro for the purpose of providing notice of, commencing and conducting enforcement proceedings as provided in Metro Code Chapters 2.03, 2.05, 5.01 and 7.01.
- c. Subject to the confidentiality provisions of this license, Metro's right to inspect and audit shall include the right to review all information from which all required reports are derived, adequate to ensure compliance with this agreement.

### 12. Indemnification.

CGC shall indemnify, defend, and hold Metro and Metro's agents, employees, and elected officials harmless from any and all claims, demands, damages, actions, losses, and expenses, including attorney's fees, arising out of, or in any way connected with, CGC's performance under this Agreement.

### 13. <u>Confidentiality.</u>

a. Metro recognizes and acknowledges the confidential and proprietary nature of the names of persons or entities generating or delivering waste to CGC and the types and quantities of waste generated or delivered by such persons or entities ("Confidential Information") which CGC is required to submit to Metro under Section 8a of this Agreement. Metro acknowledges that, although CGC is not obligated by law to

submit such information, CGC is voluntarily obligating itself to do so pursuant to this Agreement. Metro also recognizes that the Confidential Information specified herein is a "trade secret" and exempt from public disclosure under Oregon law because it is currently known only by CGC, is used by CGC in its business, has commercial value, and gives CGC a business advantage over competitors not possessing such information. The ability of competitors of CGC to obtain the Confidential Information specified herein is not in the public interest because it detracts from a relationship of trust that is necessary for Metro to effectively carry out its solid waste management functions. Metro hereby obligates itself in good faith not to disclose Confidential Information to any person outside of Metro except as specified herein. Access to, and use of, such information shall only be as specified in this section.

- b. At any time during and after the term of this Agreement, Metro shall not, in any manner whatsoever, either directly or indirectly, divulge, disclose, or communicate Confidential Information to any person, partnership, firm, association, corporation, or other entity, or to any person at Metro who does not have a reasonable need to obtain Confidential Information for Metro's solid waste management purposes. Neither Metro nor any person at Metro shall use the Confidential Information specified in this section for personal benefit.
- c. Notwithstanding subsections 13a and 13b of this Agreement, Metro may use Confidential Information for solid waste management purposes, including solid waste tracking and forecasting, enforcement of the Metro Code, or assistance to other jurisdictions in regulatory enforcement or other law enforcement. Metro may also use Confidential Information in aggregations or summaries that may be released to the public, so long as it is not possible to identify from such aggregations or summaries the persons or other entities generating and delivering waste to CGC or the types and quantities of waste that specific persons or other entities generate or deliver to CGC. Metro shall notify CGC within six (6) business days of Metro's receipt of any other type of request for Confidential Information from a third party. If it becomes necessary for Metro to release Confidential Information to any person outside of Metro other than as provided above, Metro shall so notify CGC in writing at least ten (10) days prior to releasing such information.
- d. When submitting to Metro the Confidential Information specified herein, CGC shall mark such materials as confidential. If CGC provides Metro with information that is not marked as confidential, then Metro shall have no obligation to treat such information as Confidential Information. Metro shall keep Confidential Information separate from other records and materials such that it will not be available to members of the public or persons at Metro who do not have a reasonable need to obtain access to the information relative to Metro's solid waste management responsibilities.
- e. If Oregon law is modified such that the Confidential Information referenced in this section is no longer exempt from public disclosure, or if a court of competent jurisdiction requires release of such information, CGC shall no longer be required to submit such information to Metro. In such instance, upon request, CGC nevertheless agrees to provide to Metro the names of specific generators or transporters, and the

types and quantities of waste delivered by such persons or entities, for Metro's use in enforcing the Metro Code against such persons or entities, when Metro has a reasonable suspicion that a violation has occurred.

## 14. <u>Modification, Suspension, and Termination.</u>

- a. If CGC fails to fully and promptly comply with a term or condition of this Agreement, the COO shall issue to CGC a written notice of violation briefly describing such failure. The notice shall state that, within a period specified by the COO of at least twenty (20) days, CGC must demonstrate to the satisfaction of the COO either that CGC has not violated a term or condition of this Agreement, that the violation has been corrected, or that CGC is making diligent efforts to correct the violation and is likely to succeed in a reasonable period of time. CGC shall also, within the same twenty (20) day period, pay all fines owing as a result of violation per Metro Code section 5.05.070 or make arrangements for payment satisfactory to the COO. Failure to comply with the notice of violation shall be grounds for suspension of this Agreement by the COO, effective as of 5:00 p.m. on the last day of the compliance period specified by the COO, until such time as the COO issues a written finding to CGC that the violation has been cured. The COO may extend the compliance period to a total of no more than sixty (60) days from the date of the notice of violation, upon determining that CGC is making good faith efforts to comply and is capable of complying within the extended compliance period.
- b. The COO may suspend this Agreement without prior notice only as follows:
  - (1) If necessary in the reasonable opinion of the COO to protect the public health, safety, or welfare, and in the case of an emergency;
  - (2) If Metro discovers that CGC knowingly accepted prohibited wastes from within the Metro region or misrepresented the nature of wastes received from the Metro region; or
  - (3) If, due to a binding decision by an arbitrator or court of competent jurisdiction, Metro:
    - (a) May be liable for damages for allowing waste of a type specified in this Agreement to be disposed of at CGC; or
    - (b) May no longer allow such waste to be delivered to CGC.
- c. The Metro Council ("Council") may modify, suspend, or terminate this Agreement for good cause or substantial change of circumstances upon passage of a resolution specifying the action taken and the effective date. If this Agreement is modified by Council resolution, CGC shall have thirty (30) days from the date of the resolution to acknowledge the modification by signing a written instrument containing the terms of the modification. Failure of CGC to acknowledge the modification within the 30-day period, unless otherwise excused by the COO, shall result in suspension of the

- Agreement effective as of 5:00 p.m. on the 30th day, until the modification is acknowledged in writing by CGC.
- d. CGC may terminate this Agreement for good cause provided that such termination shall commence no sooner than thirty (30) days after CGC provides Metro with written notice of CGC's intent to terminate.

### 15. General Conditions.

- a. The power and right to regulate, in the public interest, the exercise of the privileges granted by this Agreement shall at all times be vested in Metro. Metro reserves the right to establish or amend rules, regulations, or standards regarding matters within Metro's authority, and to enforce all such legal requirements against CGC.
- b. CGC shall be responsible for ensuring that its contractors and agents operate in complete compliance with the terms and conditions of this Agreement.
- c. The granting of this Agreement shall not confer a property right to CGC, nor vest any right or privilege in CGC to receive specific quantities of solid waste during the term of this Agreement.
- d. This Agreement may not be transferred or assigned without the prior written approval of Metro. Consent to assignment or transfer shall not be unreasonably withheld.
- e. To be effective, a waiver of any term or condition of this Agreement must be in writing, signed by either the COO, if Metro is making the waiver, or by an authorized representative of CGC, if CGC is making the waiver. Waiver of a term or condition of this Agreement by either party shall neither waive nor prejudice that party's right otherwise to require performance of the same term or condition or any other term or condition.
- f. This Agreement shall be construed, applied, and enforced in accordance with the laws of the State of Oregon, without reference to any rules or laws governing conflicts of law, and CGC consents to the non-exclusive venue and jurisdiction of any state or federal court located in Multnomah County, Oregon, for the purposes of any suit, action or other court proceeding of any type whatsoever arising out of this Agreement. To the maximum extent permitted by applicable law, CGC hereby waives and agrees not to assert, by way of motion, as a defense or otherwise, in any such suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of the above named courts, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper, or that this Agreement, or the subject matter hereof, may not be enforced in or by such court.
- g. If any provision of this Agreement shall be invalid, illegal, or unenforceable in any respect, the validity of the remaining provisions contained in this Agreement shall not be affected

- h. If any deadline required to be computed under any provision of this Agreement falls on a Saturday, Sunday, or legal holiday, then the deadline shall be the next day which is not a Saturday, Sunday, or legal holiday. As used in this subsection, "legal holiday" means legal holiday as defined in Oregon Revised Statutes 187.010 and 187.020, as amended.
- i. Unless otherwise specified, all terms used in this Agreement are as defined in Metro Code Chapter 5.01.

j. This Agreement is the entire agreement between the Parties.

CEDAR GROVE COMPOSTING, INC.	METRO
By:	Ву:
Print name and title	Print name and title
Date:	Date:

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#### **STAFF REPORT**

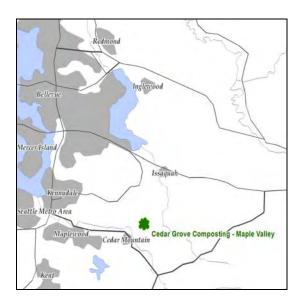
IN CONSIDERATION OF ORDINANCE NO. 05-1081, AMENDING METRO CODE CHAPTER 5.05 TO INCLUDE CEDAR GROVE COMPOSTING, INC. ON THE LIST OF METRO DESIGNATED FACILITIES, AND RESOLUTION NO. 05-3584, AUTHORIZING THE CHIEF OPERATING OFFICER TO ENTER INTO A DESIGNATED FACILITY AGREEMENT WITH CEDAR GROVE COMPOSTING, INC.

May 2, 2005 Prepared by: Steve Kraten

Designation of a new solid waste facility outside the Metro region requires an ordinance to amend the Code by the addition of the newly designated facility to the list of facilities described in Chapter 5.05.030. When it is proposed that the facility be authorized to accept putrescible waste, as is the case with Cedar Grove Composting, Inc. (CGC), a resolution is also required in order to authorize the COO to enter into the Designated Facility Agreement (DFA) on behalf of Metro. This staff report accompanies both the ordinance and the resolution.

#### **BACKGROUND**

CGC has requested Designated Facility status under the provisions of Metro Code section 5.05.030. CGC operates two food waste composting facilities; one located in Maple Valley, Washington and the other located in Everett, Washington. Both CGC facilities are presently receiving food waste from the Portland area under a contract with Metro.





Locations of Cedar Grove Composting Facilities

The purpose of the proposed Designated Facility Agreement (DFA) is to allow source-separated organic waste, and food waste in particular, generated from within the Metro region to be received at CGC's facilities for composting. This will allow those facilities to receive food waste from any generator or hauler within the Metro region without the need for such generators and haulers to obtain non-system licenses.



Receiving Building



Windrow Construction



Covered Windrow



Stormwater Weir

Metro Code section 5.05.030(a) contains a list of designated facilities. Metro Code section 5.05.030(b) states that, pursuant to a duly enacted ordinance, the Metro Council may add facilities to or remove them from the list. If approved, this will be the first designated facility that is not a landfill. In deciding whether to designate an additional facility, the Council shall consider several factors listed in the Code. Below are the factors that must be considered, followed by a brief analysis.

(1) The degree to which prior users of the facility and waste types accepted at the non-system facility are known and the degree to which such wastes pose a future risk of environmental contamination;

CGC has been operating its Maple Valley facility since 1989. The facility accepts approximately 190,000 tons annually of organic waste from the Puget Sound area. The Everett facility began operations in July, 2004. The facilities have accepted only organics for composting. Staff research has not uncovered any evidence of any wastes accepted at the facilities that are likely to pose a risk of environmental contamination.

(2) The record of regulatory compliance of the facility's owner and operator with federal, state and local requirements including but not limited to public health, safety and environmental rules and regulations;

CGC's Maple Valley facility operates under a Solid Waste Permit issued by Seattle-King County, a Puget Sound Clean Air Agency Permit, and a King County Industrial Waste Discharge Permit. The Everett facility's Solid Waste permit was issued by the Snohomish County Health Department. Both facilities are considered by their regulatory agencies to be well run and in compliance with all federal, state and local requirements including those related to public health, safety and environmental rules and regulations.

(3) The adequacy of operational practices and management controls at the facility;

Metro staff inspected both the Maple Valley and Everett facilities in the course of its evaluation of this application. The Everett facility exclusively utilizes the Gore system with computer-monitored windrows covered by semi-permeable membrane covers on a positive forced-air pad. The facility was clean and fully paved with a state of the art stormwater collection system. Waste is received within a building that controls odors with negative air pressure and a bio-filter. The Maple Valley facility uses a combination of Gore technology and uncovered, negatively aerated windrows. Both facilities use operational practices and management controls that are judged by Metro staff to be superior to systems currently used within the Metro region and adequate for the protection of health, safety, and the environment.

(4) The expected impact on the region's recycling and waste reduction efforts;

The waste authorized for composting under the proposed DFA includes only organic solid wastes that do not have any other potential for recycling, recovery or reuse. Such wastes consist primarily of food waste that would typically be disposed in a landfill. Thus, approval of the proposed DFA is anticipated to increase the region's recovery rate.

(5) The consistency of the designation with Metro's existing contractual arrangements;

The requested agreement does not conflict with Metro's disposal contract or any other of Metro's existing contractual arrangements.

(6) The record of the applicant regarding compliance with Metro ordinances and agreements or assistance to Metro in Metro ordinance enforcement and with federal, state and local requirements including but not limited to public health, safety and environmental rules and regulations; and

CGC has no previous regulatory history with Metro. The agencies that regulate CGC report that, under the current management, its facilities have been compliant and responsive to regulatory agencies.

(7) Such other factors as the Chief Operating Officer deems appropriate for purposes of making such determination.

The Chief Operating Officer is not aware of any additional factors that are appropriate for making such a determination.

#### ANALYSIS/INFORMATION

#### 1. Known Opposition

Staff is not aware of any opposition to the proposed DFA.

#### 2. Legal Antecedents

Metro Code Section 5.05.030(b) provides that the Metro Council may, from time to time, through a duly enacted ordinance, add a facility to the list of designated facilities described in Code Section 5.05.030(a).

#### 3. Anticipated Effects

- More efficient administration through the replacement of multiple non-system licenses issued to individual haulers and waste generatores with a single DFA;
- Enhanced regulatory authority by Metro at the facilities;
- Potential for increased materials recovery.

### 4. Budget Impacts

The budget impact of CGC's recovery of food waste that would otherwise have been disposed was already largely factored into budget projections when Metro negotiated its contract with CGC to accept source-separated food waste staged at the Metro Central Transfer Station. Though approval of a DFA that authorizes direct deliveries of source-separated food waste may, in the short-run, increase recovery tonnage beyond what it would be if transshipment via Metro Central Transfer Station (MCS) remained the sole option, there is no firm basis upon which to estimate the potential impact. However, CGC is obligated under its contract with Metro to site a facility locally when its Metro area volume reaches 10,000 tons annually, whether the waste is delivered from MCS or from private haulers. Once a facility is sited locally, it is unlikely that organic waste will continue to be delivered to the more distant Maple Valley and Everett Facilities. Thus, it is unlikely that approval of the proposed designated facility agreement will have a significant budget impact.

#### RECOMMENDATION

The Chief Operating Officer recommends adoption of Ordinance No. 05-1081.