

A G E N D A

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METRO

Agenda

MEETING: METRO COUNCIL REGULAR MEETING
DATE: July 21, 2005
DAY: Thursday
TIME: 2:00 PM
PLACE: Metro Council Chamber

CALL TO ORDER AND ROLL CALL

1. INTRODUCTIONS

2. CITIZEN COMMUNICATIONS

3. CONSENT AGENDA

3.1 Consideration of Minutes for the July 14, 2005 Metro Council Regular Meeting.

4. ORDINANCES – SECOND READING

4.1 **Ordinance No. 04-1063A**, For the Purpose of Denying a Solid Waste Facility Franchise Application of Columbia Environmental, LLC to Operate a Local Transfer Station Hosticka

5. RESOLUTIONS

5.1 **Resolution No. 05-3561**, For the Purpose of Authorizing Entry Into A Memorandum of Understanding With Portland State University, Branford P. Millar Library for Participation in the Oregon Sustainable Digital Library Collection (OSDLC). McLain

5.2 **Resolution No. 05-3596**, For the Purpose of Authorize the release of the call for grant applications for the Organic Waste Composting Capital Improvements Matching Grant program and authorize release of grant funds to qualifying applicants. McLain

5.3 **Resolution No. 05-3598**, For the Purpose of Authorizing a limited tax pension bond, series 2005 to satisfy Metro's Unfunded Public Employees Retirement System (PERS) Actuarial Liability. Hosticka

6. CONTRACT REVIEW BOARD

- 6.1 **Resolution No. 05-3601, Authorizing Issuance of Request for Proposals** Park
06-1154- SWR for Competitive Sealed Proposals to Provide Consulting
Services Regarding Disposal System Planning for Alternative Service
Delivery.

7. CHIEF OPERATING OFFICER COMMUNICATION

8. COUNCILOR COMMUNICATION

ADJOURN

Television schedule for July 21, 2005 Metro Council meeting

Clackamas, Multnomah and Washington counties, and Vancouver, Wash. Channel 11 -- Community Access Network www.yourtv.org -- (503) 629-8534 2 p.m. Thursday, July 21 (live)	Washington County Channel 30 -- TVTV www.yourtv.org -- (503) 629-8534 11 p.m. Saturday, July 23 11 p.m. Sunday, July 24 6 a.m. Tuesday, July 26 4 p.m. Wednesday, July 27
Oregon City, Gladstone Channel 28 -- Willamette Falls Television www.wftvaccess.com -- (503) 650-0275 Call or visit website for program times.	West Linn Channel 30 -- Willamette Falls Television www.wftvaccess.com -- (503) 650-0275 Call or visit website for program times.
Portland Channel 30 (CityNet 30) -- Portland Community Media www.pcatv.org -- (503) 288-1515 8:30 p.m. Sunday, July 24 2 p.m. Monday, July 25	

PLEASE NOTE: Show times are tentative and in some cases the entire meeting may not be shown due to length. Call or check your community access station web site to confirm program times.

Agenda items may not be considered in the exact order. For questions about the agenda, call Clerk of the Council, Chris Billington, (503) 797-1542. Public hearings are held on all ordinances second read and on resolutions upon request of the public. Documents for the record must be submitted to the Clerk of the Council to be considered included in the decision record. Documents can be submitted by e-mail, fax or mail or in person to the Clerk of the Council. For additional information about testifying before the Metro Council please go to the Metro website www.metro-region.org and click on public comment opportunities. For assistance per the American Disabilities Act (ADA), dial TDD 797-1804 or 797-1540 (Council Office).

Agenda Item Number 3.1

Consideration of Minutes of the July 14, 2005 Regular Council meeting.

Metro Council Meeting
Thursday, July 21, 2005
Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF DENYING A SOLID) ORDINANCE NO. 04-1063A
WASTE FACILITY FRANCHISE APPLICATION)
OF COLUMBIA ENVIRONMENTAL, LLC TO) Introduced by Michael Jordan, Chief
OPERATE A LOCAL TRANSFER STATION) Operating Officer, with the concurrence
of the Council President

WHEREAS, on July 30, 2004 Columbia Environmental, LLC submitted a solid waste facility franchise application to operate a local transfer station at 14041 NE Sandy Boulevard in Portland Oregon; and

WHEREAS, on August 11, 2004 Columbia Environmental representatives met with Metro staff for a pre-application conference, where the application was determined to be complete; and

WHEREAS, in accordance with Metro Code section 5.01.070(h)(3), the Chief Operating Officer and the applicant agreed to a 30-day extension to the application review process; and

WHEREAS, the Metro Council was required to approve or deny the application prior to January 8, 2005, or the franchise will be deemed granted (see Metro Code section 5.01.070(g)); and

WHEREAS, on December 16, 2004 the Metro Council extended the review period for its decision on the application for an additional 60-days, as allowed by Metro Code section 5.01.070(h)(1) to provide the applicant and Metro staff with more time to further analyze cost savings and evaluate the applicant's proposed recovery plan; and

WHEREAS, on February 22, 2005 Metro received a letter from the applicant substantially modifying its application for a transfer station franchise that included a request for authority to accept 38,000 tons of putrescible solid waste per year rather than authority to accept 55,000 tons of putrescible solid waste per year as originally requested, and

WHEREAS, on February 28, 2005 Metro notified the applicant that in accordance with Metro Code section 5.01.070(h)(2) which provides that should an applicant substantially modify its franchise application during the course of the review, the 120-day review period for Council to act shall be restarted as of the date Metro received the applicant's modifications; and

WHEREAS, the Metro Council must approve or deny the substantially modified application prior to June 22, 2005, or the franchise will be deemed granted (see Metro Code section 5.01.070(g)); and

WHEREAS, Metro Code section 5.01.070 requires the Chief Operating Officer to review the application and other evidence submitted, to investigate as he deems appropriate, and to formulate recommendations regarding whether the applicant is qualified, whether the proposed franchise complies with the Regional Solid Waste Management Plan (RSWMP), whether the proposed franchise meets the requirements of Metro Code section 5.01.060, and whether or not the applicant has complied or can comply with all other applicable regulatory requirements; and

WHEREAS, the Chief Operating Officer has concluded that the applicant is qualified and can comply with all other applicable regulatory requirements, but that the proposed franchise does not comply with the RSWMP and does not meet all of the requirements of Metro Code section 5.01.060; and

WHEREAS, on the basis of the application and the Chief Operating Officer's investigation, the Chief Operating Officer recommends denial of the Columbia Environmental application for a solid waste franchise to operate a local transfer station; and

WHEREAS, Columbia Environmental may contest the Council's decision in this matter as explained in the contested case notice attached to this ordinance as Exhibit A, a copy of which shall be provided to Columbia Environmental as provided in Metro Code chapter 2.05; now therefore

THE METRO COUNCIL ORDAINS AS FOLLOWS:

The solid waste facility franchise application of Columbia Environmental, L.L.C., is hereby denied. The Chief Operating Officer shall provide the applicant with contested case notice in a form substantially similar to that attached as Exhibit A. In the event that this decision is contested, a hearings officer shall conduct the initial contested case hearing as provided in Metro Code chapter 2.05.

ADOPTED by the Metro Council this ____ of _____, 2005.

David Bragdon, Council President

Attest:

Approved as to Form:

Christina Billington, Recording Secretary

Daniel B. Cooper, Metro Attorney

BEFORE THE METRO REGIONAL GOVERNMENT

IN THE MATTER OF THE METRO)	
COUNCIL'S DENIAL OF THE SOLID)	
WASTE FACILITY FRANCHISE)	CONTESTED CASE NOTICE
APPLICATION OF COLUMBIA)	
ENVIRONMENTAL, L.L.C.)	

TO COLUMBIA ENVIRONMENTAL, L.L.C., 14041 NE Sandy Blvd., Portland, OR 97230.

Pursuant to Metro Code § 2.05.005(c), Metro hereby provides Columbia Environmental, L.L.C. with contested case notice in the matter of the Metro Council's approval of Ordinance No. 04-1063 denying Columbia Environmental's solid waste facility franchise application seeking authority to operate a local transfer station. A copy of Ordinance No. 04-1063 is included with this notice.

A contested case arises in this matter pursuant to Metro's authority under Article XI, Section 14 of the Oregon Constitution, the Metro Charter, ORS Chapter 268, including ORS 268.317 and ORS 268.318, and Metro Code Chapters 2.05 and 5.01, including sections 5.01.060 and 5.01.070. Pursuant to Metro Code Chapter 2.05, Columbia Environmental has a right to request a hearing within 60 days of the date of the mailing of this notice. A hearing, if requested, would concern the Metro Council's approval of Ordinance No. 04-1063 denying Columbia Environmental's solid waste facility franchise application seeking authority to operate a local transfer station. Columbia Environmental can be represented by legal counsel at the hearing, if it so desires.

DATED the 17th day of December 2004.

Michael Jordan
Chief Operating Officer

CERTIFICATE OF MAILING

I hereby certify that I served the foregoing CONTESTED CASE NOTICE on the following:

Bryan Engleson
Columbia Environmental, L.L.C.
14041 NE Sandy Blvd.
Portland, OR 97230

and

Anthony J. Motschenbacher
Registered Agent for Columbia Environmental, L.L.C.
117 SW Taylor St., Suite 200
Portland, OR 97204

on December 17, 2004, by mailing to said individuals a complete and correct copy thereof via certified mail, return receipt requested, contained in a sealed envelope, with postage prepaid, and deposited in the U.S. post office at Portland, Oregon.

Roy Brower
Regulatory Affairs Manager
Metro

Executive Summary
Ordinance No. 04-1063A

For the purpose of denying the solid waste facility franchise application of Columbia Environmental, LLC to operate a local transfer station

Background

On July 30, 2004, Columbia Environmental, LLC submitted a franchise application for a local transfer station to be located at 14041 NE Sandy Boulevard in Portland, Oregon (located in Metro Council District 1). The proposed facility is located on a 12.5-acre site zoned IG2, a General Industrial base zone with a Scenic Resources overlay zone. It has operated as a source-separated recyclable processing facility since 1996.

The proposed facility is owned by a partnership. According to the applicant, there are two equal investment partners in Columbia Environmental: KCDK, L.L.C., and Oregon Recycling Systems (ORS).

Council review period extended

On December 16, 2004, the Metro Council extended the review period for its decision on Columbia Environmental (Ordinance No. 04-1063) for an additional 60 days, as allowed by Code. The purpose of the extension was to provide Metro staff and the applicant with more time to further analyze cost savings and evaluate the applicant's proposed recovery plan and report back to Council by March 9, 2005.

Franchise application substantially modified

On February 22, 2005 Columbia Environmental notified Metro it was revising its franchise application. It would now seek authority to accept 38,000 tons of putrescible solid waste rather than the 55,000 tons of putrescible waste requested in its original franchise application. Other operational changes were described related to Phase 1 through Phase 3 (future). These changes constituted a substantial modification of its franchise application (Metro Code section 5.01.070(h)(2)). As a result, on February 28, 2005, Metro notified the applicant that the 120-day review period for Columbia Environmental's modified franchise application would commence on February 22, 2005 and will expire on June 22, 2005. The Council must approve or deny the application within 120 days of the date the modifications were submitted by the applicant.

In its modified application for Phase 1, Columbia Environmental states that its cost savings are divided into two main categories: 1) lower tip fees for dry waste (\$300,000), and 2) transportation savings (\$1million to \$1.6 million); and it would conduct recovery at an overall rate of 10% from putrescible waste and 45% from non-putrescible waste. The applicant states these benefits will grow as Phase 2 and Phase 3 of their operations plan are implemented.

Five Metro Code evaluation factors

Metro Code requires the Council to consider five criteria when deciding whether to grant or deny an application for a regional transfer station franchise, but the Code explicitly provides that the Council need not be limited by only those five criteria. The analysis in the report has addressed all of the issues that the Chief Operating Officer is required to analyze, as well as all five of the criteria the Council is required to consider.

Findings

- In the short-term, Columbia Environmental's Phase 1 operations would, on balance, increase costs for the region's ratepayers by about \$238,000 to \$618,000 annually.
- Potentially lower transportation and disposal costs for Columbia Environmental's haulers—some of which are likely to be passed through to ratepayers—would be more than offset by the increased tip fees regionwide.
- The additional recovery, beyond that which now occurs, would be between 6,000 and 8,000 tons per year. This would add about three-tenths of a point to the regional recovery rate.
- For the longer term, and if approved, Phase 3 of the applicant's proposal would increase ratepayer costs by between \$534,000 and \$1,353,000, depending on how much of the cost reductions are passed on to the ratepayers.

Assuming that some savings would be passed through to ratepayers, it must be recognized that granting a local transfer station franchise to Columbia Environmental would create both winners and losers. Tip fee increases at Metro transfer stations would result directly in a local rate increase; whereas, transportation cost reductions have only a slight chance of lowering local rates. In addition, it has historically been the case when Metro increases its tip fee; other privately operated transfer stations and dry waste material recovery facilities also increase their tip fees. Thus, the cost of solid waste disposal services for the region's citizens and businesses will likely increase even more.

COO recommendation

Based on the detailed analysis of the applicant's revised proposal against the required Code criteria, staff concludes that the proposed transfer station is not in the public interest. The COO recommends denial of the applicant's proposal and approval of Ordinance No. 04-1063A.

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 04-1063A FOR THE PURPOSE OF DENYING A SOLID WASTE FACILITY FRANCHISE APPLICATION OF COLUMBIA ENVIRONMENTAL, LLC TO OPERATE A LOCAL TRANSFER STATION

Date: November 2, 2004
Amended: May 4, 2005

Prepared by: Michael Hoglund

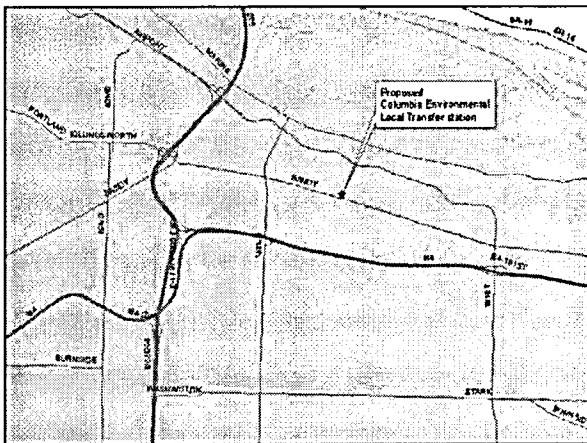
SUMMARY

Based on the criteria contained in Metro Code sections 5.01.060 and 5.01.070, the Chief Operating Officer recommends approval of Ordinance No. 04-1063A that would deny the solid waste facility franchise application of Columbia Environmental, LLC.

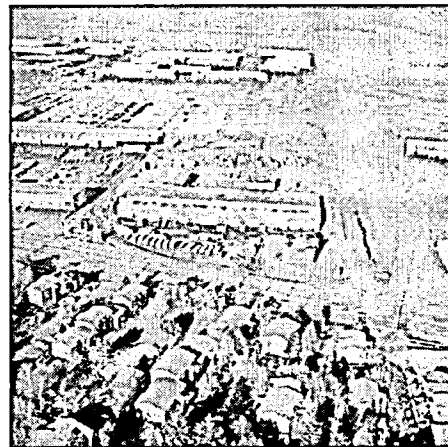
BACKGROUND

Columbia Environmental, LLC submitted a franchise application for a local transfer station to be located at 14041 NE Sandy Boulevard in Portland, Oregon (Site Location Map #1) and located in Metro Council District 1. The proposed facility is located on a 12.5-acre site zoned IG2, a General Industrial base zone with a Scenic Resources overlay zone. It has operated as a source-separated recyclable processing facility since 1996. The City of Portland has defined the impact area as a 60-acre trapezoid surrounding the site that includes some open channels and wetlands associated with the Columbia Slough. The nearest residential area to the site is south on NE Sandy Boulevard, approximately 200 feet from the proposed facility and separated by a parking area, a berm, the frequently-used Union Pacific rail line atop the berm, and NE Sandy Boulevard.

Site Location - Map #1



Aerial Photo of Subject Site



The proposed facility is owned by a partnership. The partnership includes independent haulers that also own Oregon Recycling Systems (ORS), which is a recycling business

operating on the site that is currently limited to accepting source-separated recyclable materials. According to the applicant, there are two equal investment partners in Columbia Environmental that contribute equally to a six-member board of managers. The board consists of members from each of the two equal ownership partners KCDK, L.L.C., and ORS. The three ORS members on the board are Mike Miller, David McMahon, and Richard Cereghino. The names of three of the members associated with KCDK are David Ross, Kirk Ross and Ty Ross. No other information was submitted regarding KCDK, LLC.

The aerial photo shows the location of ORS, the existing 96,000 square-foot building in the center of the photo. This building presently serves as a recycling processing business for residential source separated recyclables. The proposed transfer station would be housed in a new 36,000 square-foot building to be located in the center of the site, north of the exiting building.

The application process

Columbia Environmental submitted its local transfer station franchise application to Metro on July 30, 2004. Columbia Environmental representatives met with Metro staff for a pre-application conference on August 11, 2004, where upon providing additional information requested by Metro and proof of insurance, the application was determined to be complete and the 120-day review period was initiated. However, in accordance with Metro Code section 5.01.070(h)(3), the COO and the applicant agreed to a 30-day extension to the application review process.

On December 16, 2004, the Metro Council extended the review period for its decision on Columbia Environmental (Ordinance No. 04-1063) for an additional 60 days, as allowed by Code. The purpose of the extension was to provide Metro staff and the applicant with more time to further analyze fiscal impacts and evaluate the applicant's proposed recovery plan and report back to Council by March 9, 2005 (see **Attachment 1**, Agenda Item #5.1).

In addition to the five Metro Code evaluation criteria, at the December 16, 2004 Council hearing, a Metro Councilor introduced five additional evaluation factors for Council consideration in its review of the Columbia Environmental proposal. These included:

- 1) The ability for a significant number of remaining small independent haulers to compete in this region and ensure their competitiveness in the ever increasing vertically integrated system.
- 2) An innovative approach to increasing recycling through enhanced mechanization and by going after the significant amount of recyclable materials mingled in with multi-family putrescible waste.
- 3) A significant reduction in truck Vehicle Miles Traveled (VMT) given Columbia Environmental's proximity to their customers.
- 4) Potential cost savings to ratepayers on the east side.

- 5) The facility would provide a second transfer station in a watershed that currently generates about 130,000 tons a year.

These evaluation factors were discussed at the February 22, 2005 Council work session. Council provided no direction to the COO to incorporate the factors into the staff analysis. Therefore, each Councilor may consider these additional factors as he or she deems appropriate.

Metro staff met with Columbia Environmental representatives on December 21, 2004 to discuss the information that Metro required, including information requested by the Metro Council. In a letter from Columbia Environmental dated January 19, 2005, the applicant provided Metro staff with some of the information that was previously requested (see **Attachment 2**). This was followed up with a fax on February 8, 2005 from the applicant containing more information (see **Attachment 3**).

On February 10, 2005, Metro staff sent a letter to the applicant requesting the balance of the information that was necessary to evaluate the application as requested by the Metro Council at its December 16, 2004 meeting and at the follow up meeting between the applicant and Metro staff on December 21, 2004 (see **Attachment 4**).

On February 22, 2005 Metro received a letter from Winterbrook Planning on behalf of Columbia Environmental regarding its application for a transfer station franchise (see **Attachment 5**). In that letter the applicant stated that it was revising its application to seek authority to accept 38,000 tons of putrescible solid waste rather than the 55,000 tons of putrescible waste requested in Columbia Environmental's original franchise application. In addition, other operational changes were described related to phases for the material recovery system installation.

Metro considered these changes to constitute a substantial modification of Columbia Environmental's franchise application. In accordance with Metro Code section 5.01.070(h)(2) which provides that should an applicant substantially modify its franchise application during the course of the review, the 120-day review period for the Council to act shall be restarted as of the date Metro received the applicant's modifications. As a result, on February 28, 2005, Metro notified the applicant that the 120-day review period for Columbia Environmental's modified franchise application would commence on February 22, 2005 and will expire on June 22, 2005 (see **Attachment 6**). The Council must approve or deny the application within 120 days of the date the modifications were submitted by the applicant.

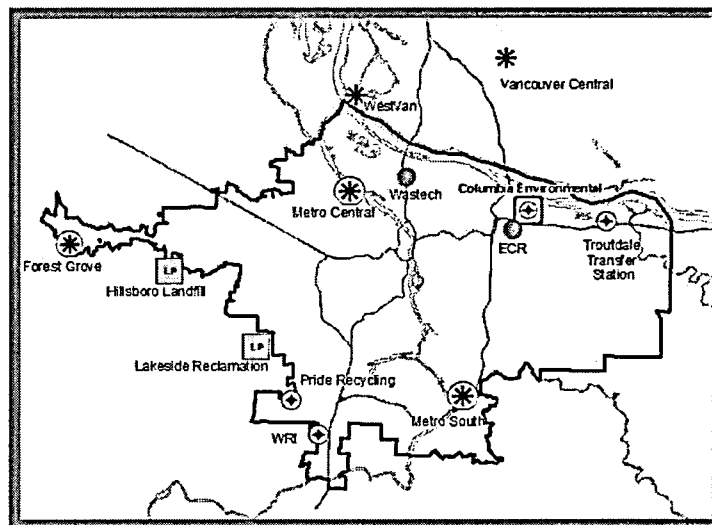
After conducting a review of the modified application information submitted by Columbia Environmental, Metro staff identified specific items that still required clarification in order to analyze the application consistent with Metro Code criteria. On March 8, 2005, Metro staff sent a letter to the applicant requesting clarification of those items (see **Attachment 7**).

On April 7, 2005 Columbia Environmental responded in writing to Metro staff questions (see Attachment 8). On April 13, 2005 Metro staff and the applicant met to discuss the information provided by the applicant.

Geographical context of the proposed local transfer station

The following map locates the proposed Columbia Environmental transfer station in relation to other primary facilities of the current solid waste system where waste generated in the Metro region is processed, transferred or disposed.

Solid Waste Facilities and the Proposed Columbia Environmental Transfer Station – Map #2



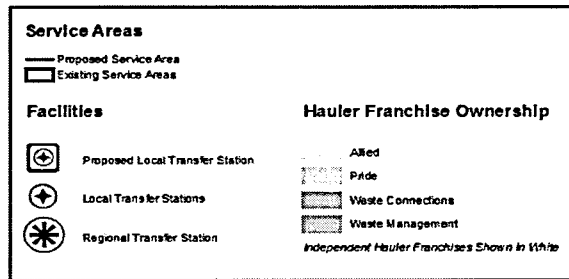
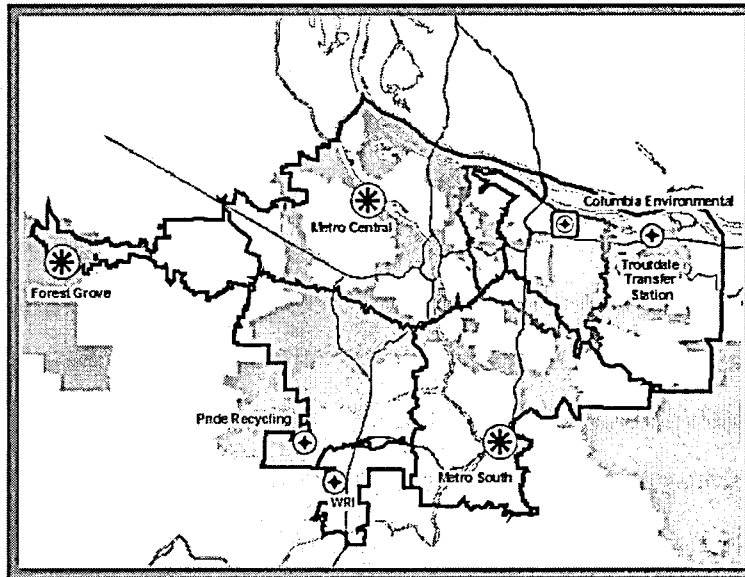
	Proposed Local Transfer Station
	Local Transfer Station
	Material Recovery Facility
	Landfill Designated Facility
	Transfer Station Designated Facility
	Transfer Station Non-Designated Facility

There are also numerous other specialized processing, composting and reload operations throughout the region (not shown). The two transfer facilities located in Clark County, Washington are used to process some solid waste generated from within the Metro region. Six other general and limited purpose landfills are found throughout Oregon and Washington and serve as disposal destinations for solid waste generated within the Metro region (not shown).¹ These landfills are located anywhere from 47 miles to 170 miles from the Metro region.

¹ Coffin Butte landfill, Columbia Ridge landfill, Finley Buttes landfill, Wasco landfill, Riverbend landfill, and Roosevelt landfill.

Each transfer station in the region has an associated service area based on the 2001 amendments to Chapter 5.01 of the Metro Code. Each of the service area boundaries are located equidistant from the next closest transfer station. Map #3 illustrates how the existing transfer station service area boundaries would change if Columbia Environmental's application were approved.

**Proposed Transfer Station Service Areas
with Approval of Columbia Environmental – Map #3**



As illustrated, inserting a new local transfer station service area into the regional system shrinks the service areas of the existing transfer stations (both Metro and non-Metro). The service area concept was adopted by the Council as a rationale for establishing the local transfer station tonnage caps, and as specified in Metro Code, are to be arrived at by: 1) establishing geographic service areas based on distance, 2) calculating the amount of putrescible waste for disposal in each service area (“demand”), and 3) limiting the putrescible waste tons that could be delivered to local transfer stations to the calculated demand.² In other words “demand” in each service area would set the “tonnage cap” for

² Annual putrescible waste tonnage authorizations are currently: Pride-65,000 tons, Troutdale-65,000 tons; and WRI-68,250 tons (2005-2006).

each local transfer station. Council was also interested in minimizing distances traveled by waste collection vehicles or reducing Vehicle Miles Traveled (VMT). This was to be accomplished by requiring each facility to serve haulers within its service area.

EVALUATION OF PROPOSED FRANCHISE APPLICATION

Columbia Environmental promotes several key points as part of its franchise application package, including:

- Granting the franchise would allow its members to reduce their transportation costs, in order to offset other ongoing increases in their solid waste collection costs. They claim this could result in lower franchise collection rate increases, allowing them to charge more competitive fees to Portland commercial customers;
- The proposed facility would help maintain the presence of small haulers as a stabilizing factor in providing solid waste services in the Metro region. The emphasized features of the proposal are improved accessibility to haulers, increased competition and enhanced material recovery capacity. The applicant provided a financial analysis showing a net “benefit” to the overall system of more than \$1.3 million.

Franchise application substantially modified

As noted, on February 22, 2005, Columbia Environmental submitted a letter to Metro that contained information that constituted a substantial modification to its original franchise application. In its letter, the applicant requested authority to accept and transfer 38,000 tons of putrescible solid waste per year. This is a reduction from its original request of 55,000 tons of putrescible solid waste per year. Based on the applicant’s Phase 1 estimates, the proposed facility would accept about 15,600 tons of dry waste per year (originally 32,000 tons per year).

In its modified application letter, Columbia Environmental proposes a three-phase approach to its investment in recovery equipment. This phased approach is a result of the reduction in putrescible waste tonnage. The applicant states that it is not economically viable for it to make all of its capital expenditures in recovery equipment at once. The applicant’s phased recovery plan is based on increases in its putrescible waste tonnage authorization from Metro as summarized as follows³:

³ The annual tonnages for Phase 1 through Phase 3 are estimates based on information provided by the applicant.

Proposed amounts (tons/year)	Original Application	Modified Application Phase 1	Modified Application Phase 2	Modified Application Phase 3
Putrescible waste	55,000	38,000	51,000	66,000
Non-putrescible waste	37,000	15,600	25,500	38,000
Recovery	29,000	11,745	20,815	32,234

The following is a brief summary of some of the additional information that was contained in Columbia Environmental's modified application information:

- The general geographic service areas where the applicant's waste will be collected.
- The applicant's cost savings estimates (lower tip fees for dry waste and transportation savings).
- A description of the applicant's recovery plans, proposed equipment and updated estimate of wet and dry waste recovery.
- A site plan illustrating the location of the proposed recovery equipment.
- Estimates of applicant's "vehicle miles traveled" (VMT) savings from reduction in truck travel times.
- A list of the ownership and membership of Columbia Environmental.
- Applicant's discussion on competitiveness of small haulers.
- Applicant's discussion of its proposed innovative approach to recovery.
- Tables illustrating the applicant's own findings regarding how its application meets the Metro Code evaluation factors.

Technical considerations with the Columbia Environmental application

As a result of several meetings and letters regarding the inconsistencies and lack of detail or clarity in some of Columbia Environmental's application information, Columbia Environmental expressed concerns about the amount of information required for the review process. However, staff notes the following regarding any application for a local transfer station franchise: 1) the applicant has the duty to demonstrate system benefit and consistency with the RSWMP, and 2) the applicant should provide accurate, verifiable and consistent data. Moreover, Metro Council requested additional information from Columbia Environmental.

Description of Evaluation Factors

This section provides analysis of explicit criteria for Metro Council consideration in determining whether to grant or deny the franchise application.

Metro Code

Metro Code 5.01.070(f) provides that the Council “shall consider but not be limited by” the five factors listed in the Evaluation Factors Summary Table shown on the next few pages. Further, as part of the Franchise application, Metro Code 5.01.060(d) requires the applicant to provide an analysis of the same factors described above (Metro Code 5.01.070(f)(1-5)). In its application, Columbia Environmental provided a narrative of how the proposal responds to these five factors.

Other evaluation factors for Council consideration

At the December 16, 2004 Metro Council hearing on Ordinance No. 04-1063, a Metro Councilor introduced five additional considerations for the Council to consider in its review of the Columbia Environmental proposal. They are:

- 1) The ability for a significant number of remaining small independent haulers to compete in this region; and ensure their competitiveness in the ever increasing vertically integrated system.
- 2) An innovative approach to increasing recycling through enhanced mechanization and by going after the significant amount of recyclable materials mingled in with multi-family wet waste.
- 3) A significant reduction in truck VMT given Columbia Environmental’s proximity to their customers.
- 4) Potential cost savings to ratepayers on the east side.
- 5) The facility would provide a second transfer station in a wasteshed that currently generates about 130,000 tons a year.

At the February 22, 2005 Council work session, these additional evaluation factors were discussed. The Council generally agreed that they were not adopted by the Council, but they were submitted only for individual Councilor consideration. It was further clarified by the Office of Metro Attorney, that the Metro Code requires the Council to consider the five factors in sections 5.01.070(f)(1) to- (5) before making its decision. Council could consider any other factors it thought were relevant and could weigh those factors however it felt was appropriate. There is no preset formula on how the factors should be weighed.

Table 1 – Summary of Evaluation Factors - Comparison of Original Application with Revised Application

This table compares staff findings from the original application with staff findings based on the modified application submitted by Columbia Environmental. The table summarizes whether or not the application submitted by Columbia Environmental meets the five Metro Code evaluation factors.

Staff Findings From Original Application			Staff Findings From Modified Application						
The Five Metro Code Evaluation Factors	Meets Criteria	Neutral	Does Not Meet Criteria	Summary of new information submitted by the applicant	Meets Criteria	Neutral	Does Not Meet Criteria	Findings on the Revised Columbia Environmental Application	
	<p><i>1. Consistent with the Regional Solid Waste Management Plan [Metro Code 5.01.070(f)(1)].</i></p> <p>Will there be a Net Benefit to the regional solid waste system?</p> <p><u>RSWMP considerations:</u></p> <ul style="list-style-type: none"> Capacity Access (under-served area) 			X					X
			X	No new information was submitted by the applicant.				X	Staff findings have not changed. The region has more than adequate capacity to accept, manage and transfer all of the region's waste for many years to come (refer to Metro's Regional Transfer Capacity Analysis, April 2004).
			X	The applicant provided geographic areas served by affiliated haulers, and estimates of VMT savings associated with the proposed facility (107,386 miles saved), with less traffic congestion and pollution and produce more efficient hauling operations and greater profitability. In addition, applicant contends that the closest facility (Troutdale Transfer Station) is effectively restricted because it is owned by a competitor and is capped.				X	Staff findings have not changed as the proposed facility location does not meet the RSWMP standard for an under-served area (characterized as more than 25 minutes to a transfer station). Staff notes that the RSWMP does not explicitly define an "underserved area." However, the facility would improve access and increase efficiency for its affiliated haulers by reducing travel times. It is by hauler choice that access to the nearby Troutdale Transfer Station is effectively restricted because it is owned by a competitor. Increasing its cap would not improve access for applicant's affiliated haulers – since they claim they will not use it.

Staff Findings From Original Application			Staff Findings From Modified Application					
The Five Metro Code Evaluation Factors <i>RSWMP considerations</i> (continued):	Meets Criteria	Neutral	Does Not Meet Criteria	New information submitted by the applicant	Meets Criteria	Neutral	Does Not Meet Criteria	Findings on the Revised Columbia Environmental Application
<ul style="list-style-type: none"> Recovery 	X			The applicant provided more detail on its proposed recovery plan. Overall recovery rates are projected at: 10% from wet waste and 45% from dry waste. This exceeds the performance of any other similar facility. Applicant contends that high recovery rates result from innovative equipment, proximity to existing recycling processing, and a strong economic incentive (not affiliated with a landfill).	X			Staff findings have not changed. The applicant has proposed an aggressive recovery plan that would recover more from the waste stream than any other similar facility in the region (10% from wet and 45% from dry). According to the applicant, high recovery rates would result from equipment that includes “disk screens” to assist sorting, a strong economic incentive for recovery, and proximity to an existing recycling processing operation.
<ul style="list-style-type: none"> Competition (competition also relates to Cost, which is discussed in Evaluation Factor #2) 		X		The applicant contends that approval of its facility would allow a new, locally based entrant into the market. That increased competition promotes efficiency, and could lower prices. That the proposal would preserve a competitive marketplace for independent waste haulers which are threatened by large, vertically integrated, multi-national firms.		X		Staff findings have not changed. The proposed facility would allow a new locally based entrant into the market and could help the affiliated haulers become more competitive. However, the proposed transfer station could have negative impacts on competition by: 1) causing tip fee increases throughout the region that would be detrimental to many haulers that rely on Metro’s public transfer stations, and 2) increased tip fees at private facilities could provide a windfall to other solid waste operations in competition with the applicant.
<ul style="list-style-type: none"> Cost to regional ratepayers 			X	The proposed facility will produce some cost savings to its haulers and residential customers associated with lower tip fees on dry waste and transportation savings. However, depending on rate-setter decisions this could help lower rates or hold down increases.			X	Staff findings have not changed. The potential cost savings to the applicant’s affiliated haulers and customers would be offset by the certain increase in Metro’s tip fee. Further, other facilities would also raise tip fees, resulting in an overall increase in cost to all the regional ratepayers.

Staff Findings From Original Application			Staff Findings From Modified Application					
The Five Metro Code Evaluation Factors For Solid Waste Franchise Applications	Meets Criteria	Neutral	Does Not Meet Criteria	New information from the applicant			Findings on the Revised Columbia Environmental Application	
				Meets Criteria	Neutral	Does Not Meet Criteria		
2. <i>The effect on the cost of solid waste disposal and recycling services for the citizens of the region [Metro Code 5.01.070(f)(2)].</i>			X	In its modified application for Phase 1, Columbia Environmental proposes to accept 38,000 tons of wet waste and about 15,600 tons of dry waste per year. The applicant states that its cost savings are divided into two main categories: 1) lower dry waste tip fees, and 2) transportation savings. <u>Applicant's estimated savings</u> Dry waste tip fees = \$300,000 Transportation = \$1 million - \$1.6 million Total savings = \$1.3 to \$1.9 million per year			X	Staff findings have not changed. If approved, Columbia Environmental's Phase 1 proposal will bring about a \$0.78 per ton increase in Metro's tip fee. As a result, the citizens of the region will incur net increased costs between \$238,000 and \$618,000, depending on how much of the cost reductions realized by CE's haulers are passed on to the ratepayers. For Phase 1, the applicant has overstated its projected transportation savings by \$732,000 to \$1.3 million. Phase 3 of the applicant's proposal would result in a tip fee increase of \$1.63 per ton, with a net increase in costs to citizens between \$534,000 and \$1,353,000.
3. <i>Unlikely to unreasonably adversely affect the health, safety and welfare of Metro's residents [Metro Code 5.01.070(f)(3)]</i>	X			No new information submitted.	X			Staff findings have not changed. There is no reason to believe the applicant could not meet this criterion.
4. <i>Unlikely to unreasonably adversely affect nearby residents, property owners or the existing character or expected future development of the surrounding neighborhood [Metro Code 5.01.070(f)(4)]</i>	X			No new information submitted.	X			Staff findings have not changed. There is no reason to believe the applicant could not meet this criterion.
5. <i>Comply with all requirements and standards and other applicable local, state and federal laws, rules, regulations, ordinances, orders or permits pertaining in any manner to the proposed Franchise [Metro Code 5.01.070(f)(5)].</i>	X			No new information submitted.	X			Staff findings have not changed. There is no reason to believe the applicant could not meet this criterion.

Based on balancing the Councilor Values for the Solid Waste System (see Table 2 below) staff suggests that the most important Metro Code evaluation factors are the first two: Consistency with the RSWMP and cost for the citizens of the region. Values 1, 3, 5 and 7 apply directly to Columbia Environmental's application and allows staff to consider Code criteria regarding RSWMP considering cost to the ratepayer as the most important criteria. Values 2, 4, and 6 are neutral as they pertain to Columbia Environmental's application.

Table 2	
Councilor Values for the Solid Waste System	
(As expressed at the public work session on July 2, 2003 and ordered according to the Council priorities)	
1. Protect the public investment in the solid waste system. 2. "Pay to Play". Ensure participants/users pay appropriate fees/taxes. 3. Environmental sustainability. 4. Preserve public access to the disposal options (location & hours)	5. Ensure regional equity - equitable distribution of disposal options. 6. Maintain funding source for Metro general government. 7. Ensure reasonable / affordable rates.

In its analysis of the Columbia Environmental transfer station franchise application, staff relied on 1) the evaluation criteria set forth in Metro Code section 5.01.060 and 5.01.070, and 2) the information submitted by the applicant. There are five evaluation factors listed in Metro Code that Council must consider. Again, Council is not limited by these five factors and may weigh them differently than staff, and may consider other factors.

Analysis of the Five Metro Code Evaluation Factors

The following is a detailed discussion and analysis of each of the five evaluation factors.

Evaluation Factor #1

Whether the applicant has demonstrated that the proposed Solid Waste Facility and authorized Activities will be consistent with the Regional Solid Waste Management Plan [Metro Code 5.01.070(f)(1)]

The Recommended Practice in the current RSWMP regarding new transfer stations is to:

“Allow additions to the existing system of three transfer stations as necessary to maintain solid waste transfer and disposal service levels. New transfer stations may be authorized where they provide a net benefit to the regional solid waste system. New transfer stations shall perform material recovery subject to facility recovery rate standards.”

To determine consistency with the RSWMP, the application must show that it will result in an overall *net benefit* to the existing solid waste system. In order to evaluate the net benefit, the RSWMP includes provisions to be considered and balanced. These are:

- Capacity
- Accessibility (under-served area)
- Material recovery
- Competition
- Cost to regional ratepayers

In its application, Columbia Environmental indicates that the proposed transfer station will be consistent with the RSWMP because the proposed facility will: 1) improve accessibility to haulers, 2) provide services to an under-served area, and 3) enhance the material recovery capacity of the region, contributing to Metro's overall recovery and recycling goals.

The following section provides staff comment and analysis on each of the RSWMP provisions to be considered in order to assist the Council in its consideration of the application.

A. Capacity

The RSWMP policy on capacity: "...an efficient disposal system depends on both capacity and accessibility. New transfer stations may be considered when the delivery of efficient disposal services is negatively affected by either of these two factors."

Summary of applicant's analysis

The applicant did not address capacity.

Analysis/findings

In April 2004, Metro Solid Waste & Recycling staff issued the *Regional Transfer Capacity Analysis* report that addressed the capacity of the region's solid waste facilities to accept and load waste for transport to disposal sites. The analysis concluded that 1) the region's transfer capacity for putrescible waste currently exceeds the needed capacity by approximately 1.1 million tons per year, and 2) by 2015, the transfer stations that service the region will still have, at a minimum, 841,000 tons of unused capacity.

B. Accessibility

The RSWMP policy on accessibility: "...an efficient disposal system depends on both capacity and accessibility. New transfer stations may be considered when the delivery of efficient disposal services is negatively affected by either of these two factors."

The RSWMP's *Key Elements of the Recommended Practice* provide further clarification of the question of *accessibility*, with an emphasis that new transfer stations be located in "under-served" areas:

- *"Provide more uniform access to transfer stations, in order to improve system efficiencies in those areas of the Metro region that are under-served."*
- *"New transfer stations may be authorized where they benefit residents, businesses and solid waste haulers within the under-served areas."*

Summary of applicant's analysis

Columbia Environmental's application includes information on how its proposed facility would improve accessibility to its affiliated haulers. The applicant states that physical proximity is not the only factor that determines accessibility to haulers, and that price and ownership are also important. The applicant states that accessibility must be interpreted broadly to include all the factors that influence access to transfer stations. The applicant claims that the proposed new transfer station will significantly reduce travel times (and truck VMTs) for haulers in the areas it will serve. Further, the applicant claims that the proposed transfer station is located in an "underserved" area for transfer stations.

Analysis/findings

If approved, Columbia Environmental's new local transfer station would improve accessibility and reduce travel times for some of its affiliated haulers. However, the proposed facility would be sited only about 7 miles from the existing Troutdale Transfer Station (about 12 minutes driving time).

The working standard used to guide RSWMP policy for underserved areas has been that facility access is an issue in areas of the region that are more than 25 minutes travel time from a transfer station.⁴ However, staff notes that the RSWMP itself does not contain an explicit definition for what would constitute an "underserved area."

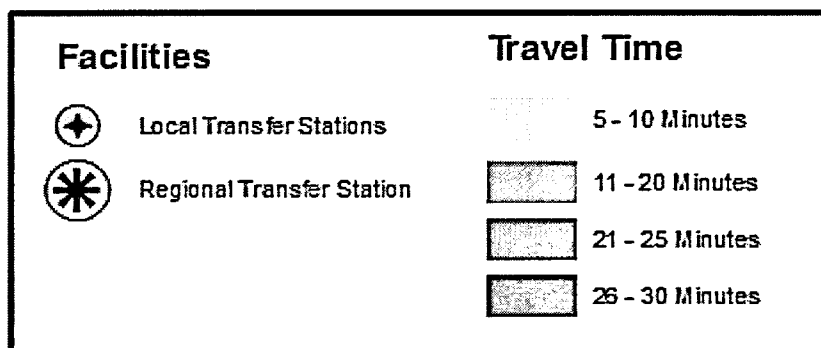
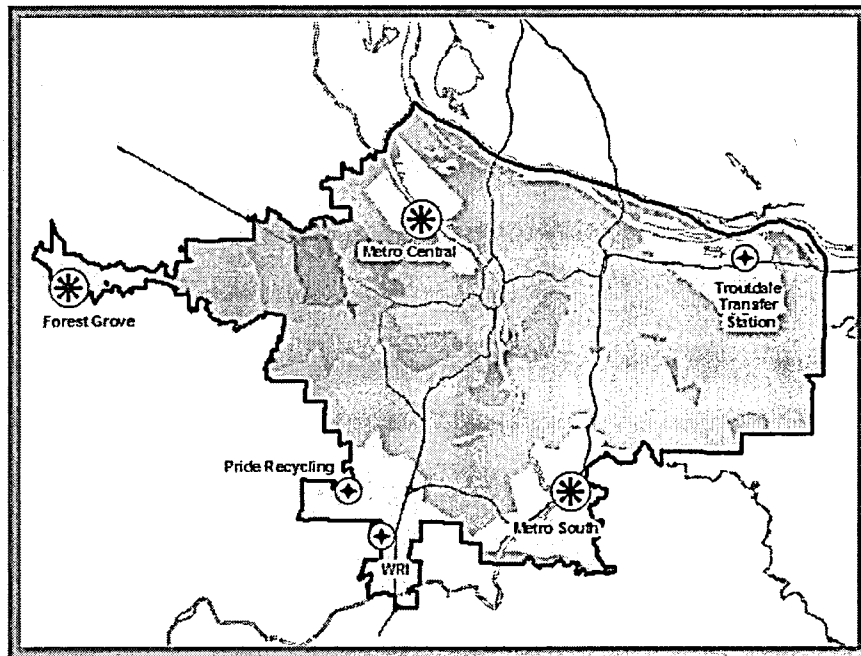
Estimated travel times relative to each of the six existing transfer stations are illustrated in Map #4 below.⁵

⁴ Staff Report to Ordinance No.00-865, adopted by the Metro Council on June 15, 2000.

⁵ Metro modeling network mid-day auto travel times for year 2000 are based on the modeling network developed by the Metro Planning Department for transportation planning purposes.

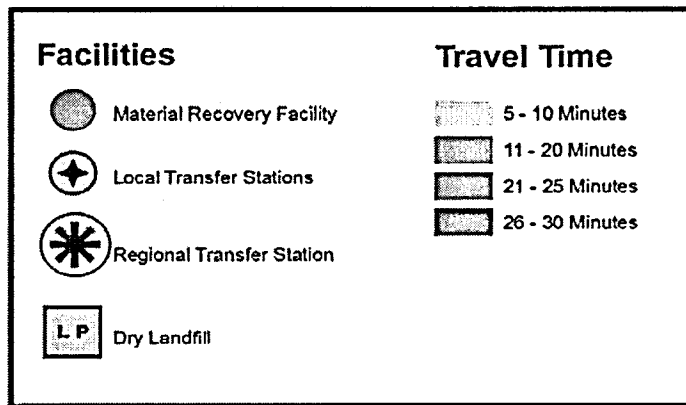
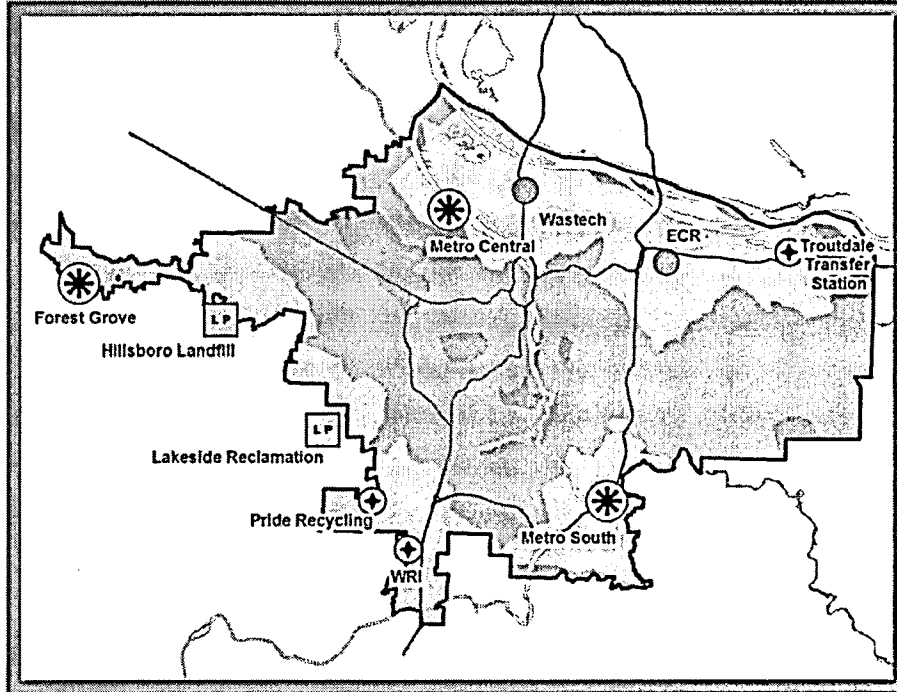
As illustrated, only an area in the western part of the region is more than 25 minutes away from an existing transfer station, and it would be unaffected by the proposed new transfer station.

Wet Waste: Estimated Travel Time to Nearest Transfer Station – Map #4



Moreover, regarding non-putrescible waste (“dry waste”), there are even more options available to the applicant’s affiliated haulers. This is because, in addition to the existing transfer stations that accept both wet and dry waste, there are also two mixed dry waste processing facilities located nearby: Wastech and East County Recycling (ECR), neither of which have any restrictions on the amount of waste Metro authorizes them to accept.

Dry Waste: Estimated Travel Time to Nearest Processing/Disposal Facility – Map #5



The applicant based its hauler travel time savings for solid waste on travel time to Metro’s regional transfer stations (Metro Central or Metro South) and did not include consideration of the location of available existing infrastructure, such as Troutdale Transfer Station or the two nearby dry waste recovery facilities (Wastech and ECR). The applicant states that price and ownership are important factors to accessibility, and that many of its affiliated haulers were not willing to use the Troutdale Transfer Station because it is owned by one of their competitors. The applicant did not explain why the nearby dry waste recovery facilities are not used.

While the proposed facility would improve access for some Columbia Environmental independent haulers with collection routes within the proposed facility's new service area, the benefits of improved access cannot be viewed in isolation. Any new transfer station in the Metro region will enhance accessibility for some haulers. At some point the benefits of reducing travel time to the nearest transfer station are outweighed by inefficiencies caused by deteriorating economies of scale and resulting increased costs to the region's ratepayers (see the cost analysis in Evaluation Factor #2).

However, staff notes that the applicant does contend that the proposed facility would increase access to the system for haulers serving the most populous area of the region, and that it would significantly increase efficiency for haulers by reducing travel times. The applicant has estimated that the number of miles saved per year during Phase 1 for its affiliated haulers would be about 107,386 miles with the proposed facility. The applicant also states that access to the Troutdale Transfer Station is effectively restricted because this station already is at its Metro's tonnage cap, and because it is owned by a competitor.

Based on the preceding analysis: 1) the proposed location of the new transfer station is not within an underserved area, and 2) while adding this transfer station will not improve overall system efficiencies for businesses, residents and haulers that are not affiliated with Columbia Environmental and are located in close proximity to the proposed facility, the addition of the proposed local transfer station would improve access and efficiencies for many of the independent small haulers that are affiliated with Columbia Environmental and serve businesses and residences in this vicinity. Access for many of the applicant's affiliated haulers would be improved, because the applicant contends there are some 107,386 VMT savings that would be associated with the proposed Columbia Environmental facility.

C. Material Recovery

The RSWMP policy on material recovery: "*New transfer stations shall perform material recovery subject to facility recovery rate standards.*" Metro Code 5.01.125(b) specifies that franchised local transfer stations will recover at least 25 percent by weight of non-putrescible waste accepted at the facility.

Summary of applicant's analysis

The applicant states that recovery at the facility will be accomplished because Columbia Environmental has a strong economic incentive to recover recyclable materials from the waste stream. Columbia Environmental does not own a landfill to which the waste will be transferred and, therefore, has more of an incentive to conduct material recovery, which will bring revenue into the facility. For all phases of the proposal, the applicant states that the facility will operate using superior technology for sorting and recovery and that these systems are similar to the ones operating effectively in the two California facilities, as discussed in its February 22, 2005 letter. Further, the applicant states that the proposed facility is unique because of its proximity to existing recycling processing

activities, and that this creates efficiencies for the processing of recovered materials. The applicant states that while not all materials can be processed on site, cardboard, waste paper, glass, metal, and other specialty materials will be brought to the main building and turned into marketable commodities. Unlike other transfer stations, no additional truck trips will be needed to bring these materials to a processing center.

The applicant projects the proposed facility would conduct recovery at a rate of about 10 percent from putrescible waste and 45 percent from non-putrescible waste. In summary, the applicant claims that the proposed facility would have economic incentives for conducting greater recovery, that it would employ cutting edge sorting technology, and its proximity to recycling processing are innovative and unlike any transfer and recovery station in the region.

Analysis/findings

The applicant has indicated that it intends to maintain an aggressive recovery rate substantially greater than the minimum 25% standard required by Metro Code. According to Columbia Environmental's modified application material, during Phase 1, the proposed facility will recover 5% from putrescible residential waste, 25% from putrescible commercial and multi-family waste, and 30% from commercial containers and boxes. This represents a total of 5,220 tons of recovery from about 38,000 tons of putrescible solid wastes delivered to the facility. For non-putrescible wastes, the applicant proposes to recover 50% from residential drop boxes, 40% from commercial and construction & demolition debris. This represents about 6,525 tons of recovered materials from about 15,600 tons of non-putrescible solid wastes delivered to the facility. For Phase 1 operations, the proposed facility would recover a total of about 11,745 tons of materials each year.

The 11,745 tons of material the applicant projects will be recovered does not all represent *additional* tons recovered because wherever that waste is currently delivered, some amount of it is already being recovered. From the application, it is not clear whether any of that waste is currently being delivered to the two dry waste recovery facilities (Wastech and ECR) located closest to where Columbia Environmental is proposed to be located. Even so, there would likely be some increase in additional recovery, as both of these facilities achieve recovery rates somewhat lower than what the applicant is proposing for non-putrescible wastes.

If all of the estimated 15,600 tons of dry waste is currently delivered to one of the two Metro transfer stations, it would likely result in about 4,000 tons of recovery based on the 25% to 30% recovery rate at Metro transfer stations for dry commercial drop-box loads (the recovery rate for public self-haul loads is lower).

The additional recovery that the applicant claims it could achieve from recovery of both putrescible and non-putrescible wastes would be between 6,000 and 8,000 additional tons above and beyond that which already occurs at Metro facilities. This amount of new

recovery – at current generation levels – would add about three-tenths of a point to the regional recovery rate⁶.

While Metro staff supports the intention of the applicant to recover at a very aggressive level, staff is doubtful that the applicant will be able to achieve its projected recovery levels based on regional and national state of the art recovery experiences.

D. Competition

The RSWMP policy on competition: *“Metro shall encourage competition when making decisions about transfer station ownership or regulation of solid waste facilities in order to promote efficient and effective solid waste services. Metro shall consider whether the decision would increase the degree of vertical integration in the regional solid waste system and whether that increase would adversely affect the public. Vertical integration is the control by a private firm or firms of two or more of the primary functions of a solid waste system – collection, processing, transfer and hauling, and disposal.”*

Summary of applicant’s analysis

The applicant states that the proposed Columbia Environmental transfer station will preserve the presence of small independent haulers in the Metro system, which, in turn, improves competition. The applicant predicts that competition will increase efficiency and reduce system costs. For example, the applicant states that since 1988, there has been a significant decrease in the number of small haulers serving the Metro region due to consolidation and the presence of large, vertically integrated, multi-national firms. In response, the small haulers, in order to compete and survive in the business, need to engage in some of the same scale advantages as the larger, vertically-integrated corporations. The applicant contends that individually, the independent hauling companies are too small to provide their own processing or transfer station facilities. As a group, they can collectively compete for the waste and recycling business and remain viable in the marketplace. Recycling processing is a way that the coalitions of small haulers have maintained a revenue-generating activity that will allow them to grow. The applicant states that the best opportunity for small companies to participate in the waste business in the Metro region is for them to integrate processing, transfer, and hauling together, as does Columbia Environmental’s proposal.

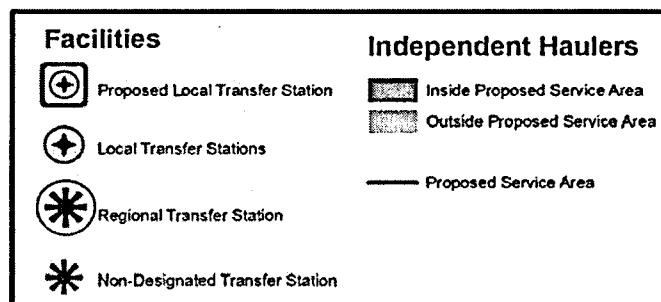
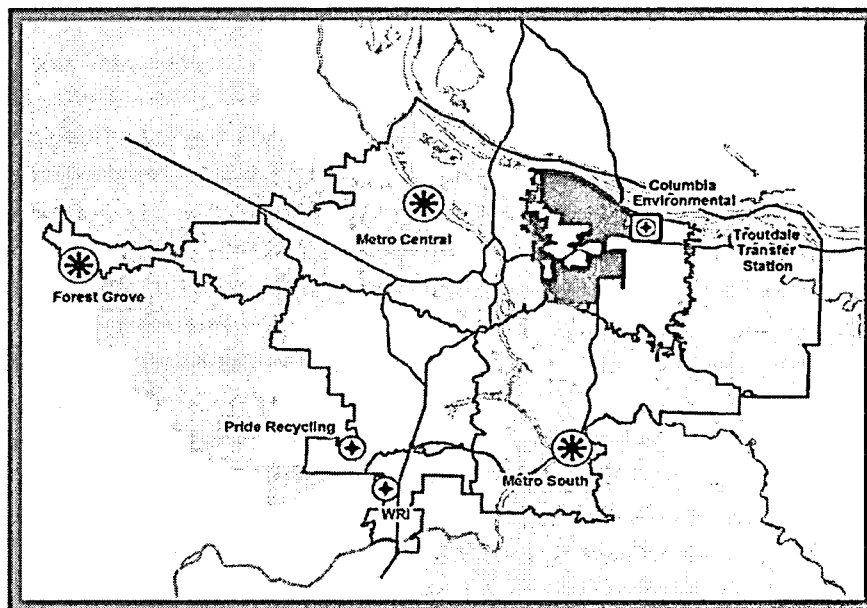
Analysis/findings

According to the RSWMP policy, competition should be encouraged in order to promote efficient and effective solid waste services. Further, Metro must consider whether the degree of vertical integration in the region would be increased and if it would adversely affect the public.

⁶ 8,000 tons additional recovery / 2,417,000 tons generated in region (2003) = 0.0033, or 3/10 of 1%.

The applicant has stated that its proposed facility would “preserve the presence of small independent haulers in the Metro system.” No quantitative information was included in the application to support that finding. In fact, as illustrated in Map # 6 below, there are many independent haulers located outside the new Columbia Environmental service area that will not benefit from the proposed transfer station.⁷

Independent Hauler Franchises Located Inside and Outside the Proposed Columbia Environmental Service Area – Map #6



As illustrated in Map #6 above, there are a number of independent hauler franchises (shown in darker shade) inside Columbia Environmental’s proposed service area.⁸ These haulers will benefit from the proposed facility (through shorter drive time and lower dry waste tip fees). In contrast, if the transfer station were approved, the other independent

⁷ For the purpose of this report, independent haulers mean those haulers that do not own or are not directly affiliated with their own transfer station or landfill.

⁸ There are other Columbia Environmental affiliated haulers located outside the proposed service area that would use the proposed transfer station.

haulers in the region (franchises shown in lighter shade), many of whom also use Metro Central or Metro South, would be adversely impacted due to the expected increase in tip fees at Metro transfer stations (see Evaluation Factor #2). The applicant has represented that the owners of a number of these independent haulers who will be adversely impacted are also partners in the Columbia Environmental consortium. No detail was provided about revenue sharing among partners, so staff were unable to evaluate whether shared profits might offset some of the higher tip fees at Metro facilities; or what the net reduction in tip fees might be for those haulers using Columbia Environmental.

Would the applicant's proposed facility result in competition leading to an improvement in the delivery of efficient and effective solid waste services? Probably not. In a solid waste system that already has ample capacity and only limited access issues, the addition of new transfer capacity within a few miles of three other existing facilities (Wastech, ECR, Troutdale Transfer Station) is unlikely to noticeably improve service efficiency or effectiveness for more than a small subset of the region's haulers. Moreover, with tip fees expected to increase region-wide in response to Metro's higher per-ton costs if the facility is approved, the costs to most ratepayers would increase (see Evaluation Factor #2).

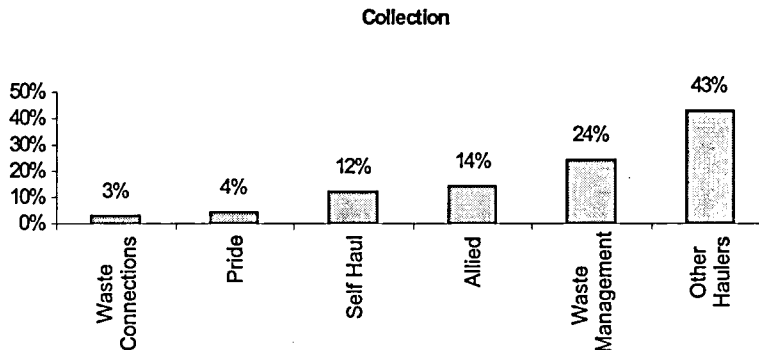
Would approval of the proposed transfer station have an impact on the degree of vertical integration, and would the public be adversely impacted? Yes to both questions. The Columbia Environmental haulers would become a new vertically integrated company, i.e., its members would control two of the three major pieces of the supply chain (collection and transfer). Hence, there would be a limited increase in the overall degree of vertical integration in the solid waste system. Whereas this new vertically integrated entity would likely gain some market power for commercial accounts, non-affiliated haulers and the general rate paying public would be negatively impacted due to the increased tip fees at other solid waste facilities (see Evaluation Factor #2).

Classical measures of competition commonly utilize the concept of "market share," i.e., the proportion of the total market controlled by the firm in question. Typically, competition will also lead to either lower prices for the consumer, as a result of market entry, or innovation in service or products. The proposal will actually increase rates (see cost analysis). However, new innovation in services or products is identified in the application as the applicant's approach to recovery and recycling.

The following graph illustrates that independent haulers ("other haulers")—including Columbia Environmental affiliates and non-affiliates—collectively still control 43% of the total collection service market. If approved, the Columbia Environmental transfer station would likely accept about ¼ of the total solid waste delivered to transfer facilities by independent haulers, or about 11% of the total market.⁹

⁹ Estimated CY 2004 MSW tons taken to transfer stations by independent haulers is about 372,000 tons. Of this total, about 228,000 tons are delivered to Metro's public transfer stations.

Solid Waste Collection Markets for the Metro Region (FY 2003/04).



From a competition standpoint, it should be noted that the City of Portland actively encourages multiple haulers for its residential collection franchised routes. In order to prevent a monopoly by any single company, the City of Portland limits the total number of households (50,000) any single residential franchise can serve.¹⁰

In summary, the applicant's proposed facility would allow some of its independent affiliated haulers to operate more profitably. However, the increased "competition" would at best lead to a reduction in some commercial dry waste disposal fees, but an increase for most residential ratepayers in the region. Granting the Columbia Environmental franchise would increase costs for haulers and ratepayers who continue to rely on Metro's public transfer stations, and could provide a financial windfall opportunity to other solid waste facilities in competition with the applicant. One potential use of these windfall revenues elsewhere in the region could be to subsidize the cost of commercial collection in the City of Portland, further squeezing the profitability of independent haulers who currently compete in this market.

Staff notes, however, that the applicant contends that the proposal would allow a new, locally-based entrant into the market and that increased competition promotes efficiency, and could lower prices for some consumer services in some areas. The applicant also contends that, more importantly, the proposed facility will help preserve a competitive marketplace for independent waste haulers, which are at a competitive disadvantage when compared to the large, vertically integrated, multi-national firms.

Consistency with the RSWMP Conclusion

Based on staff analysis and findings, the Columbia Environmental proposed transfer station would not result in a net benefit to the solid waste system. Therefore, the proposed new transfer station would not be consistent with the current RSWMP.

¹⁰ The City of Portland estimates that there are about 135,000 total households.

Evaluation Factor #2

The effect that granting a Franchise to the applicant will have on the cost of solid waste disposal and recycling services for the citizens of the region [Metro Code 5.01.070(f)(2)]

Summary of applicant's analysis

In its modified application for Phase 1, Columbia Environmental proposes to accept 38,000 tons of putrescible waste and about 15,600 tons of non-putrescible waste. The applicant states that its cost savings are divided into two main categories: 1) lower tip fees for dry waste, and 2) transportation savings.

The applicant estimates dry waste tip fee savings of \$300,000 and transportation savings between \$1 million and \$1.6 million per year, for a total savings of \$1.3 to \$1.9 million.¹¹ Metro staff believe that increased tip fees regionwide will outweigh any Columbia Environmental savings.

Dry waste tip fee savings: The applicant states that it will charge its customers lower dry waste tip fees than does Metro's public transfer stations. Metro's current tip fee is \$70.96 per ton, and Columbia Environmental has represented that it would charge only \$55 per ton for dry waste. Columbia Environmental has indicated that it intends to charge the full Metro tip fee for wet waste at its proposed facility. Therefore, on dry waste received at the proposed facility, the applicant projects lower tip fees on 15,600 tons of dry waste will result in an estimated savings of \$300,000.¹²

Transportation savings: Off-route transportation costs are costs incurred after a truck leaves a collection route to deliver waste to a transfer station or disposal facility and then returns to the next collection point or the truck storage site. The applicant provided an estimate of 107,386 total off-route miles saved per year associated with using the proposed facility. The applicant modeled cost reductions based on a range of operational costs from \$9 per mile to \$15 per mile, resulting in projected savings of between \$1 million and \$1.6 million annually. The applicant states, however, that a per-mile operating cost is rarely used and much more difficult to estimate than per-hour cost because of widely varying time demands between on-route vs. off-route travel. So, in addition to the \$9 to \$15 per mile rate, the applicant provided an alternative \$70 per hour figure as more commonly recognized method to calculate the cost of operation.

Columbia Environmental states that savings realized by its affiliated, smaller haulers will: 1) have a constraining effect on their average collection costs, and, thus, will constrain rate increases for their residential customers, and 2) that it would allow their haulers the option to charge more competitive rates to provide service to Portland commercial customers. The applicant contends that it has no direct control over what fraction of the expected transportation savings is returned to the ratepayer, and that historically

¹¹ Based on approximately 107,386 miles saved x \$9 to \$15 per mile.

¹² The \$300,000 estimated savings by the applicant is the difference between Metro's tip fee (\$70.96) and its proposed tip fee (\$55) per ton on some 15,600 tons of dry waste.

efficiencies in the waste collection system have been expressed as a downward pressure on prices rather than actual reductions.

Analysis/findings

Introducing Columbia Environmental's Phase 1 operations into the region's solid waste system would, on balance, increase costs for ratepayers by about \$238,000 to \$618,000 annually. Potentially lower transportation and disposal costs for Columbia Environmental's haulers—some of which are likely to be passed through to ratepayers—would be more than offset by increased tip fees regionwide.

Metro staff estimate that based on the information provided by the applicant, haulers using the proposed facility could realize reduced annual costs of about \$249,000¹³ in lower dry waste tip fees, and annual reductions in transportation costs of about \$268,000.¹⁴ If realized, this would result in a total savings for Columbia Environmental's haulers of about \$518,000 per year. Furthermore, Metro staff believe that over \$250,000 of those reduced costs—if realized—would be passed through to ratepayers via local government rate setting.

At the same time, Metro's tip fee - which acts as the benchmark for local rate setters - would likely increase in response to higher per-ton costs at publicly-owned transfer facilities. In turn, private facilities would likely match Metro's tip fee increase. Thus, tip fees would increase regionwide. In total, higher tip fees regionwide are projected to add ratepayer costs of between \$755,000 and \$879,000 annually under Phase 1 tonnage assumptions, or between \$238,000 and \$618,000 net of Columbia Environmental savings.

Analysis of Applicant's Transportation Cost Parameters

Using the applicant's projected mileage savings and industry standard parameters, Metro staff calculate potential transportation cost reductions significantly lower than the applicant projects: a total of about \$250,000 vs. the applicant's \$1 million to \$1.6 million.

Reasonableness of Unit Cost Assumption

Metro's transportation planning group uses an average freight trucking cost of \$35 per hour in its models. An industry rule of thumb for garbage truck operating costs is \$70 to \$75 per hour. In its analysis of the applicant's estimate, staff used the higher industry standard of \$75 per hour in its estimates of operating costs and an average 30 mile-per-hour off-route truck speed. The applicant's cost estimate of \$9-\$15 per mile becomes \$270 to \$525 per hour.¹⁵

¹³ \$250,000 is based on the difference between Metro's current tip fee of \$70.96 per ton and Columbia Environmental's projected \$55 per ton dry waste tip fee, times the number of dry waste tons: $(\$70.96 - \$55.00) \times 15,600 \text{ tons} = \$248,976$.

¹⁴ Staff based its analysis on the applicant's projection of 107,386 miles saved per year. Taking an average truck speed on major roads and highways of 30 miles per hour and a truck operating cost of \$75 per hour would result in about \$268,000 cost reduction for Columbia Environmental's affiliated haulers.

¹⁵ The \$9-\$15 per mile does seem reasonable as the average cost per mile for a residential collection vehicle for *on-route* mileage. However, it is not appropriate to use these averages for the off-route trip to the transfer station and back to the garage. For the most part, trips to the transfer station, in particular to Metro's facilities, are made on arterial streets or highways, which permit average speeds of 30 miles-per-hour or greater.

Using the more reasonable assumptions of \$75 per hour operating cost and 30 mph average speed, transportation cost reductions on 107,386 miles traveled would amount to \$268,000.

Impact on Regional Tipping Fees

Metro's Tip Fee: Because Metro recovers some of its fixed costs from its direct customer base, all else equal; a loss of tonnage will increase Metro's per-ton costs. The tonnage diversion contemplated in Phase 1 would increase Metro's per-ton costs by about \$0.78 per ton. Phase 3 of the applicant's proposal would increase Metro's per-ton costs by about \$1.63 per ton. If the Metro Council maintained current cost recovery policies, those cost increases would translate directly to increases in Metro's tip fee. Thus, customers of Metro's two transfer stations would incur higher disposal costs as a result. Phase 1 and Phase 3 would add a total cost of about \$401,000 and \$755,000, respectively, for users of Metro's transfer stations. Projected tip fee increases at private facilities would about double that.

Non-Metro Tip Fees: Users of non-Metro facilities could also incur higher disposal prices. Private transfer stations and material recovery facilities in the Metro region tend to follow increases in Metro's tip fee. From an economics point of view, Metro can be viewed as the "price leader," while smaller private facilities are "price followers." In other words, Metro's tip fee sets the benchmark price in the region. If private facilities matched the projected increase in Metro's tip fee, then the total ratepayer impact of higher tip fees regionwide would be about \$755,000 to \$879,000 for Phase 1 and between \$1.5 million to \$1.8 million for Phase 3.¹⁶¹⁷

Net Ratepayer Impact

On balance, ratepayers would pay more for disposal and recycling services if Columbia Environmental were to begin operation as a transfer station. Columbia Environmental may create some ratepayer savings as local governments in the course of their normal rate-setting processes consider haulers' lower costs in franchised areas (e.g., City of Portland residential, and most of Gresham residential and commercial). In addition, in unfranchised areas (e.g., primarily City of Portland commercial customers) Columbia Environmental's haulers may choose to share some of their lower costs with their ratepayers. Public and private disposal prices can be expected to increase in response. In all, Columbia Environmental's Phase 1 is likely to increase ratepayer costs by between \$238,000 and \$618,000, depending on how much of the cost reductions realized by Columbia Environmental's affiliated haulers are passed on to the ratepayers.

And if approved, Phase 3 would increase ratepayer costs by between \$534,000 and \$1,353,000, depending on how much of the cost reductions are passed on to the ratepayers.

Refer to **Attachment 9** for additional details on Metro's cost impact assessment for Columbia Environmental's proposed Phase 1 and Phase 3 operations.

¹⁶ The range of total tip fee impacts stems from uncertainty in how closely non-Metro disposal facilities match Metro's price increases. The lower estimates for both Phase 1 and Phase 3 assume that dry waste tip fees throughout the region remain unchanged, while all wet waste matches Metro's projected increase. The higher estimates assume both wet and dry waste tip fees match the projected increase.

¹⁷ Note that ratepayers might see the same effect even if private facilities did not match a Metro tip fee increase, as Metro's rate is commonly allowed by local government rate setting authorities.

Conclusion

The citizens of the region will likely pay between \$238,000 and \$618,000 *more* annually for solid waste and recycling services if Metro grants Columbia Environmental a local transfer station franchise.

Phase 1 Ratepayer Impact Summary (refer to Attachment 9 for details)

Adjusted Gross Savings Passed on to Ratepayer:	\$261,000 to \$518,000
Total Increase from Tip Fees:	\$756,000 to \$879,000
ANNUAL NET COST TO RATEPAYERS:	\$238,000 to \$618,000

Evaluation Factor #3

Whether granting a Franchise to the applicant would be unlikely to unreasonably adversely affect the health, safety and welfare of Metro's residents [Metro Code 5.01.070(f)(3)]

Summary of applicant's analysis

The applicant posits that the issue of adverse effects on area residents was completely reviewed as part of the City of Portland conditional use approval for the proposed Columbia Environmental transfer station. A "Decision of the Hearings Officer" was issued by the City of Portland (LUR 02-137433) in 2003 and the Hearings Officer concluded that:

- The "proposed waste-related uses pose no significant health or safety risk to nearby uses."
- Operations at the site "adequately address potential nuisance impacts."
- "Taking into consideration expected traffic impacts of the proposed use, both City and State requirements for traffic levels and safety on nearby streets would be met."
- From any residential property, "noise, vibration, odor, and glare will be difficult to detect at significant levels."
- "The existing facility has not had a citation of non-compliance in the five years it has been in operation."

In summary, the applicant claims that based on the information presented to the City of Portland, the Oregon Department of Environmental Quality, and in its application to Metro, there is no indication that the activities on the proposed site would be likely to unreasonably adversely affect residents of the region.

Analysis/findings

The proposed facility is located on a 12.5-acre site zoned IG2, a General Industrial base zone with a Scenic Resources overlay zone. It has operated as a source-separated

recyclable processing facility since 1996. The City of Portland has defined the impact area as a 60-acre trapezoid surrounding the site that includes some open channels and wetlands associated with the Columbia Slough. The nearest residential area to the site is south on NE Sandy Boulevard, approximately 200 feet from the proposed facility and separated by a parking area, a berm, a frequently-used rail line atop the berm, and NE Sandy Boulevard.

Following hearings on Columbia Environmental's application to the City of Portland for a conditional use permit, the Hearings Officer made a finding that "There will be no significant health or safety risk to nearby uses." Factors considered in the Hearings Officers written decision included evaluations of the potential for nuisances caused by traffic, noise, vibration, odor, glare, litter, dust, mud, and vectors. A conditional use permit was approved with conditions intended to assure the minimization of any impacts to nearby residents. Such conditions include the processing of waste only within enclosed buildings, the implementation of an odor control system that limits the migration of odors off-site, and on-going monitoring by Metro. These are conditions that are also routinely included in Metro transfer station franchises. Metro staff concurs with the Portland Hearings Officer's findings and concludes that the granting of the requested franchise is unlikely to unreasonably adversely affect the health, safety, and welfare of Metro's residents. In summary, the application satisfies this criterion.

Evaluation Factor #4

Whether granting a Franchise to the applicant would be unlikely to unreasonably adversely affect nearby residents, property owners or the existing character or expected future development of the surrounding neighborhood [Metro Code 5.01.070(f)(4)]

Summary of applicant's analysis

The applicant states that the potential for impacts on nearby residents and property owners was reviewed as part of the City of Portland conditional use approval for the proposed facility. The applicant refers to the Hearing Officer quotes listed above in responses to evaluation factor #4 as applicable to this factor. Further, the "existing character or expected future development of the surrounding neighborhood" was also considered as part of the land use case. The applicant asserts that the industrial area around the proposed facility is already mostly developed, with some vacant parcels, and the proposed transfer station would have no significant adverse impact on future development, residents, property owners, or the character of the area.

Analysis/findings

Following hearings on Columbia Environmental's application to the City of Portland for a conditional use permit, the Hearing Officer made a finding that "There will be no significant health or safety risk to nearby uses." Factors considered in the Hearings Officers written decision included evaluations of the potential for nuisances caused by traffic, noise, vibration, odor, glare, litter, dust, mud, and vectors. A conditional use

permit was approved with conditions intended to assure the minimization of any impacts to nearby residents. Such conditions include the processing of waste only within enclosed buildings, the implementation of an odor control system that limits the migration of odors off-site, and on-going monitoring by Metro.

Metro staff concurs with the Portland Hearings Officer's findings and concludes that the granting of the requested franchise is unlikely to unreasonably adversely affect nearby residents, property owners or the existing character or expected future development of the surrounding neighborhood. The area immediately adjacent to the facility is zoned for industrial uses, and two other solid waste facilities are already in operation on the site. The granting of this franchise therefore, is not likely to have any significant additional impact on nearby residents, property owners or the character and future development potential of the area. However, staff notes that there could be odor impacts on nearby residents or businesses that are created by Pacific Power-Vac (PPV), a tenant of Oregon Recycling Systems and co-located at the proposed Columbia Environmental facility. PPV treats sludges, wastewaters and sludge-like material for landfill disposal. In 2003, for example, Metro received a series of odor complaints regarding PPV's operations. In summary, the application satisfies this criterion.

Evaluation Factor #5

Whether the applicant has demonstrated the strong likelihood that it will comply with all the requirements and standards of this chapter (Metro Code Chapter 5.01), the administrative rules and performance standards adopted pursuant to section 5.01.132 of this chapter and other applicable local, state and federal laws, rules, regulations, ordinances, orders or permits pertaining in any manner to the proposed Franchise [Metro Code 5.01.070(f)(5)].

Summary of applicant's analysis

The applicant states that Columbia Environmental will comply with all applicable regulations for the transfer station, and that the existing management team at the facility has an excellent history of meeting its regulatory obligations. Further, as stated by the City of Portland in the land use decision, "The existing facility has not had a citation of non-compliance in the five years it has been in operation."

Analysis/findings

To evaluate the likelihood that the applicant will comply with all applicable regulations, staff contacted both the City of Portland's Bureau of Environmental Services and the DEQ in order to examine the applicant's past record of compliance. Neither agency has had compliance issues with Columbia Environmental. Oregon Recycling Systems is the recycling processing business currently located on the site.

Oregon Recycling Systems has not been regulated by Metro except to periodically inspect them to assure only source-separated recyclables are being taken. The facility operators have always been cooperative with Metro staff. There is a presumption of a strong likelihood that Columbia Environmental will comply with all the requirements and standards of Metro Code Chapter 5.01. In summary, the application satisfies this criterion.

CHIEF OPERATING OFFICER'S RECOMMENDATION

The Metro Code requires the Chief Operating Officer to formulate recommendations to the Metro Council “regarding whether the applicant is qualified, whether the proposed Franchise complies with the Regional Solid Waste Management Plan, whether the proposed Franchise meets the requirements of [Metro Code] section 5.01.060, and whether or not the applicant has complied or can comply with all other applicable regulatory requirements.” (See Metro Code 5.01.070(c).) In addition, the Metro Code requires the Council to consider five criteria when deciding whether to grant or deny an application for a regional transfer station franchise, but the Code explicitly provides that the Council need not be limited by only those five criteria. The previous analysis in this report has addressed all of the issues that the Chief Operating Officer is required to analyze, as well as all five of the criteria the Council is required to consider.

The Chief Operating Officer finds that the applicant is generally qualified to operate a local transfer station and has complied and can likely comply with all other applicable regulatory requirements. The Chief Operating Officer also finds that the application meets the requirements of Metro Code sections 5.01.060(a), (b) and (c), and 5.01.070(f)(3), (4) and (5).

The Chief Operating Officer believes, however, that the most important criteria are demonstration by the applicant that the proposed new facility will be consistent with the RSWMP and the effect that granting the franchise would have on the cost of solid waste services for the region’s citizens (see Metro Code sections 5.01.070(c), (f)(1) and, (f)(2), and 5.01.060(d)). The RSWMP provides that new transfer stations may be considered when disposal services have been impaired by either of two factors: inadequate capacity or inadequate access.

It should be emphasized that the region’s current transfer stations have more than adequate capacity to accept, manage, and transfer all of the region’s waste for many years to come (refer to Metro’s *Regional Transfer Capacity Analysis, April 2004*). If a new transfer station is to be granted, the primary rationale must be improved access. Moreover, the RSWMP also specifically provides that a transfer station may be approved if it will provide a net benefit for the region and if located in an “under-served” area.

The net benefit analysis of the applicant’s proposal requires the weighing and balancing of several different RSWMP factors. Thus, to grant an application for a transfer station, an applicant must demonstrate that the benefits of doing so outweigh the costs that will accompany such a decision. Given this, prudence demands that new transfer station

franchises be approved only if the potential benefits are large and certain enough to outweigh potential risks and costs to the system.

Taking into consideration the changes made to the RSWMP in 2000 to allow consideration of new transfer station applications, the Chief Operating Officer concludes that the two most important issues to be considered are whether:

- (1) The proposed transfer station is located in an underserved area, and
- (2) The effect on the costs of solid waste and recycling services for the citizens of the region.

Furthermore, the Chief Operating Officer has considered the Councilor Values for the Solid Waste System in weighing the evaluation factors. In addition to each value, the Metro Council has indicated that all system-related scenarios or decisions will “maintain safety and public health throughout the solid waste system” as a minimal threshold for operation.

Underserved Area

One of Metro’s key objectives in deciding to consider the establishment of additional transfer stations was to provide for better access within the *underserved areas*. The working standard for underserved areas that guides the RSWMP policies for authorizing new transfer stations, are those areas within the region that are more than 25 minutes from a transfer station.¹⁸

As illustrated previously in the Estimated Travel Time Zone maps for both wet and dry waste (map #4 and map #5), the proposed transfer station would not be located in an area of the region where estimated travel time for wet waste would exceed 25 minutes. For dry waste, there are even more options available to haulers in this area when the dry waste recovery facilities are also considered since there are two nearby mixed dry waste processing facilities (Wastech and ECR). Therefore, based on the RSWMP considerations for establishing an under-served area, the proposed Columbia Environmental transfer station would not be located in an underserved area, and therefore does not meet the RSWMP requirement for approving a new transfer station.

As a local transfer station, Columbia Environmental would be located only 7 miles, or about 12 minutes away, from an existing local transfer station (the Troutdale Transfer Station), which already has both the authority and capacity to serve a substantial portion of their service area. Nevertheless, granting Columbia Environmental’s application would result in better access for those haulers affiliated with the proposed Columbia Environmental facility and located within its proposed service area boundary.

¹⁸ Staff Report to Ordinance No.00-865, adopted by the Metro Council on June 15, 2000.

However, almost any new local transfer station within the region would achieve similar results by improving local access by reducing travel time for some haulers, but at the same time create a very inefficient overall disposal system. Unless an area is truly underserved, the benefits of reducing travel time (and minimizing VMT) are outweighed by inefficiencies caused by deteriorating economies of scale at the region's existing transfer stations and resulting increase in cost to the regional ratepayers.

Costs to the Regional Ratepayers

If this application were approved, the citizens of the region would almost certainly incur increased costs estimated to be between \$238,000 to \$618,000 annually (over the status quo for Phase 1 of Columbia Environmental's proposal). At the same time, Columbia Environmental's affiliated haulers may be able to reduce their own costs; they state that it is unlikely these lower costs will be passed on to the ratepayers via lower garbage bills. The applicant claims, however, that future rate increases might be delayed.

Even if it could be assured that some savings would be passed through to ratepayers, it must be recognized that granting a local transfer station franchise to Columbia Environmental would create both winners and losers. That is to say, residents in franchised areas close to Columbia Environmental whose haulers began using that facility might see a savings in their garbage bills as their local governments factored the greater transportation efficiencies and localized tip fee savings into collection rates. However, the much larger group of ratepayers whose haulers continue to use Metro's transfer stations would be burdened with higher rates as Metro increased its tip fee to pay for its costs after having lost tonnage and, along with it, part of those stations' economies of scale.

Tip fee increases at Metro transfer stations would result directly in a local rate increase; whereas, transportation cost reductions have only a slight chance of lowering local rates. In addition, it has historically been the case when Metro increases its tip fee; other privately operated transfer stations and dry waste material recovery facilities also increase their tip fees. Thus, the cost of solid waste disposal services for the region's citizens and businesses would likely increase even more.

In summary, significantly more rate payers in the region would see cost increases than those who would see cost decreases.

COO Conclusion and Recommendation

While the COO continues to recommend denial of the application, the applicant's proposal is not without merit. It appears that granting its application would result in some transportation cost savings and some *dry waste* tip fee savings to its affiliated haulers. The question, however, is whether the estimated benefits are sufficiently certain, large, equitably distributed, and likely to be realized by the region's ratepayers to outweigh the likely costs and potential risks of granting this application. On balance, the Chief Operating Officer finds that the benefits to a limited number of haulers and customers do not outweigh the overall increases in costs to the rest of the citizens and businesses of the region.

For the above reasons, the Chief Operating Officer recommends approval of Ordinance No. 04-1063, denying Columbia Environmental's application for a local transfer station franchise.

Options for Council Consideration

The Council must weigh several policy criteria before determining whether to grant or deny the application. The staff has provided analysis of those policy criteria and has made a recommendation to deny the application. Not surprisingly, the applicant objects to the staff's recommendation, and presents its own interpretations of those policy criteria and arguments for why its application should be approved. This is a matter of a difference of opinion regarding the best way to interpret the policy criteria established to determine whether to grant or deny an application for a solid waste transfer station franchise. The Council may consider the information put forward by staff and the applicant and decide, based on those policy criteria and others, as the Council deems appropriate, whether to grant or deny the application.

The following alternative options are offered for Council consideration. These options would require additional evaluation, some more than others. However, the Council could direct staff to implement any of the options listed below, individually or in some combination.

1. **Additional evaluation factors.** The Council may consider additional evaluation factors in making a decision about the applicant's proposed local transfer station.
2. **Weigh evaluation factors differently.** The Council may decide to weigh the five Metro Code evaluation factors differently than did staff, and as a result, come to a different conclusion about the applicant's proposal.
3. **Implement mitigation measures for Metro's public facilities and the ratepayers.** If Council wanted to approve Columbia Environmental's proposal and reduce the adverse impact on ratepayers, the Council could consider implementing specific mitigation measures that would help off-set the impacts of lost tonnages to Metro's

public transfer stations. Staff offers the following four examples for Council consideration:

- a) **Reallocate existing tonnage authorizations at the three existing local transfer stations.** The Council has granted annual tonnage authorizations of 65,000 tons of putrescible waste to each of the three existing local transfer stations (Pride, Troutdale, and WRI). The Council could reduce the authorizations and reallocate the tonnages to the proposed Columbia Environmental facility. All three local transfer station franchises will expire at the end of 2008.
 - b) **Reallocate tonnages from the Forest Grove Transfer Station.** Unlike other private transfer stations in the region, the Forest Grove Transfer Station has no annual cap on the wet waste tonnages it can accept, because it is considered a regional transfer station. The facility is currently accepting about 145,000 tons of solid waste per year. As part of its evaluation of a new franchise agreement after the current franchise agreement expires, the Council could impose a tonnage authorization on this facility, as it does with other private local transfer stations in the region. The tonnages could then be reallocated to the proposed Columbia Environmental facility. The Metro franchise agreement for Forest Grove will expire at the end of 2007.
 - c) **Reallocate tonnages from Metro Non-System Licenses (NSLs).** Metro has issued NSLs to various solid waste hauling businesses accounting for some 83,000 tons of putrescible solid waste per year generated inside the Metro region. This waste is currently hauled to transfer stations and/or landfills not operated by Waste Management and is considered to be ten percent of waste not required by contract to go the Waste Management facilities. The Metro Council approves issuance of NSLs to solid waste haulers that deliver putrescible solid waste to any facility outside the Metro region. One such example is Waste Connections (Arrow Sanitary and American Sanitary), that has two Metro NSLs to haul putrescible waste to its transfer station in Vancouver, Washington and disposed at Wasco County Landfill. The Council could limit the amount of tons that it grants in NSLs, and reallocate a commensurate amount to the proposed Columbia Environmental facility, since it intends to haul waste to Columbia Ridge – a Waste Management landfill.
4. **Restructure Metro's rates to mitigate impacts.** The Metro Council could adopt a rate structure that would insulate Metro's tip fee from solid waste tonnage diversions to other solid waste facilities (e.g., allocate Metro's fixed costs to the regional system fee).

If the Council decides to approve Columbia Environmental's local transfer station franchise application, then a franchise agreement will need to be drafted by staff, reviewed by the applicant and approved by the Metro Council. In such case, in order to ensure sufficient time for Council to act and approve the terms of a new franchise

agreement, Council should request that the applicant and the COO agree to extend the deadline for an additional 90 days as provided in Metro Code section 5.01.070(h)(3).

If the ordinance to deny the application is upheld by the Council and the matter is contested by the applicant, the Council has the option of having the matter heard by a Hearings Officer or by the Council (Metro Code section 2.05.025). The Chief Operating Officer recommends that the matter, if contested, be referred to a Hearings Officer for consideration. This would allow the Hearings Officer, an unaffiliated third party, to hear all of the evidence in the matter and to draft a Proposed Order, which the Council would then consider, along with any of the parties' objections to the Proposed Order, before issuing a Final Order in the matter.

ANALYSIS/INFORMATION

1. Known Opposition

The applicant, Columbia Environmental, LLC and its affiliated haulers that would use the facility are opposed to the proposed legislation.

2. Legal Antecedents

Metro Code Chapter 5.01 and the Regional Solid Waste Management Plan.

3. Anticipated Effects

If the legislation were adopted, the proposed local transfer station franchise application would be denied.

4. Budget Impacts

There would be no cost to implement the legislation, as the legislation would deny the franchise application.

RECOMMENDED ACTION

Council should approve Ordinance No.04-1063A, denying Columbia Environmental's application for a local transfer station franchise.

ATTACHMENT #1 TO ORDINANCE 04-1063A

MINUTES OF THE METRO COUNCIL MEETING

Thursday, December 16, 2004
Metro Council Chamber

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

Councilors Absent: Susan McLain (excused)

Council President Bragdon convened the Regular Council Meeting at 2:01 p.m.

1. INTRODUCTIONS

Council President Bragdon introduced Mayor Becker from Gresham.

2. CITIZEN COMMUNICATIONS

There were none.

3. DAMASCUS UPDATE

Council President Bragdon said in November, the residents of the Damascus area voted to incorporate as a city – the first new city in Oregon in more than 22 years. This was not only a historic moment, but also a moment of opportunity. The people of Damascus have created the opportunity to build a vibrant community from the ground up. Clackamas County and Metro have the opportunity to provide our technical expertise to help Damascus develop their vision. He was pleased to welcome the newly elected Damascus City Council to Metro today:

- o Councilor John Hartsock
- o Councilor Barbara Ledbury
- o Councilor James Wright
- o Mayor Dee Wescott (elected by the Council at their first meeting)
- o (Absent: Councilor Randy Shannon)

He said, to the Damascus Council, you have a formidable but exciting job ahead of you. Metro will continue to provide technical support, planning assistance, and whatever else you need in the interim to help you achieve your goal of a thriving, livable community.

Councilor Park said in 2002, the Metro Council voted to include 12,000 acres in the Damascus area to the urban growth boundary. Clackamas County, citizen groups, non-profit groups and Metro facilitated a series of meetings and studies over several years to determine the “core values” of residents of Damascus and envision what a planned community could look like. The Damascus City Council now has the responsibility to help ensure that the community core values will be integrated into the concept plan, including: Maintaining the rural character, planning efficient transportation systems, creating opportunities for employment and development of local business, protecting open spaces and wildlife corridors, etc.

Michael Jordan, Chief Operating Officer, introduced and acknowledged Maggie Dickerson, a Clackamas County staff person. He talked about his time as a Clackamas County Commissioner and his experience working with the Damascus folks to engage them in their future. It was an inspiring experience.

Councilor Park thanked Mr. Jordan in his other capacity. He spoke to the sense of place that Damascus had. Today they were going to get to take a look at some of the concept plan alternatives chosen by the community. He then introduced and recognized the contributions of Metro staff that had assisted with the Damascus concept planning process: Ray Valone, Kim Ellis, and Lori Hennings.

Ray Valone, Planning Department, provided a power point presentation on the Damascus Boring Concept Plan. He again introduced and acknowledged Maggie Dickerson, Project Manager and John Hartsock, City Councilor for Damascus (a copy of the power point presentation is included in the meeting record). Mr. Hartsock thanked the Metro team for their efforts. They were constant professionals. Mr. Valone talked about the public involvement approach and the development of core values and goals. He noted key issues and next steps.

Councilor Newman asked about the relationship between Clackamas County and Damascus. When the final product was developed, who approved it? Who resolved key issues? Ms. Dickerson said they had not officially negotiated the approval process. There were two cities that would have the responsibility for implementing the concept plan. Mr. Hartsock said they would have to work together on the Springwater piece.

Councilor Park commented on additional discussions that needed to occur such as sewage and storm water issues. He spoke to challenges and opportunities. Mr. Hartsock talked about bringing in the entire piece. He said Council accommodated that and now it was their challenge and opportunity to come up with a concept plan. He spoke to future public involvement efforts.

4. CONSENT AGENDA

4.1 Consideration of minutes of the December 9, 2004 Regular Council Meetings.

4.2 Resolution No. 04-3510, For the Purpose of Accepting the November 2, General Election Abstract of Votes.

Motion:

Councilor Hosticka moved to adopt the meeting minutes of the December 9, 2004 Regular Metro Council and Resolution No. 04-3510.

Vote:

Councilors Burkholder, Monroe, Park, Newman, Hosticka and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

5. ORDINANCES – SECOND READING

5.1 Ordinance No. 04-1063, For the Purpose of Denying a Solid Waste Franchise Application of Columbia Environmental, LLC to Operate a Local Transfer Station.

Council President Bragdon said there was a motion already on the table since this had been considered at a previous meeting.

Motion to postpone:

Councilor Park moved to postpone a decision by Council and direct staff to do the additional work with Columbia Environmental and report back to Council by March 9th.

Seconded:	Councilor Newman seconded the motion
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Councilor Park said Columbia Environmental, LLC, submitted a solid waste facility franchise application in July of this year to operate a local transfer station at 14041 NE Sandy Blvd.

The Chief Operating Officer recommended denial of the application because, based on Regional Solid Waste Management Plan (RSWMP) criteria and the requirements of the Metro Code.

He had reviewed the staff report and recommendation and he thought that there were other considerations Council should consider in their review of the Columbia Environmental proposal, which offered the following: 1) The ability for a significant number of remaining small, independent haulers to compete in this region and ensure their competitiveness in the ever-increasing vertically integrated system. 2) An innovative approach to increasing recycling through enhanced mechanization and by going after the significant amount of recyclable materials mingled in with multi-family wet waste. 3) A significant reduction in truck VMT given Columbia Environmental's proximity to their customers. 4) Potential cost savings to ratepayers on the east side. 5) Would provide a second transfer station in a waste shed that currently generates about 130,000 tons a year.

He suggested postponing a decision on Ordinance 04-1063 to allow staff time to work further with Columbia Environmental to analyze cost savings and evaluate the applicant's recovery plan.

Accordingly, he requested that Council extend the review time by 60 days as allowed by Code. This would give staff until March 9 to complete the additional work with Columbia Environmental.

If they worked successfully with Columbia Environmental, he would direct staff to report back to Council on or before March 9 with a plan that did the following: 1) Laid out a process and timeline for Council to take action on granting a franchise to Columbia Environmental. Grant 38,000 tons of wet waste to Columbia Environmental. Sets recovery performance targets consistent with Columbia Environmental's application that would be reviewed by Metro staff and Council, if necessary, on an annual basis. Exempts wet waste recovery from eligibility under the Regional System Fee Credit Program.

Councilor Monroe said he would support this motion. He was taken by the testimony from Columbia Environmental. He urged staff to look at options. He said we must maintain the viability and vitality of the transfer stations that we own. He urged Council to support the postponement. Council President Bragdon concurred with Councilor Monroe's remarks. He hoped we could provide opportunity with out injury to our public investment.

Councilor Hosticka asked who beside staff would be looking at this issue, any advisory committees? Mike Hogle, Solid Waste and Recycling Director, responded Solid Waste Advisory Committee (SWAC) had been silent on the issue. There had been a few letters supporting the new transfer station. Councilor Hosticka said one of his real concerns about this was they were in the process of developing a Regional Solid Waste Management Plan. Dan Cooper, Metro Attorney, clarified the date to postpone. He suggested a date 60 days after January 8, 2005. Councilor Park suggested March 9, 2005. Mr. Cooper said he wasn't sure if there was a Council meeting on March 9th.

Vote to postpone:

Councilors Park, Hosticka, Burkholder, Newman, Monroe and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.
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5.2 Ordinance No. 04-1067, For the Purpose of Amending the FY 2004-05 Budget and Appropriations Schedule for the Purpose of Transferring \$92,902 from contingency to personal

services in the Planning Fund to Add 1.0 FTE Regional Planning Director (Program Director II); and declaring an emergency.

Motion:	Councilor Burkholder moved to adopt Ordinance No. 04-1067.
Seconded:	Councilor Monroe seconded the motion

Councilor Burkholder said this would add 1.0 for a regional planning director. They were looking at the needs of the Planning Department. He felt this position was necessary for leadership in issues such as the Big Look, Habitat Protection program. They had had a few discussions about the characteristics of the position. This was a high level position. He urged support. Councilor Park said they were setting a policy direction on what they would like to see come out of the department. The expectations that were laid out were on point. Council President Bragdon said when he recommended that this money be put in contingency he was looking for completion of some efforts before any position was considered. He would be voting no and explained his reasoning. He couldn't support the motion. Councilor Hosticka asked what the full-time commitment would be for next fiscal year. Mr. Jordan responded that attached to the staff report was a job description, which laid out salary ranges. Councilor Hosticka said it could be up to \$180,000. He shared the Council President's concern. This was a budgetary issue. He expressed concern about the uncertainty.

Council President Bragdon opened a public hearing on Ordinance No. 04-1067. No one came forward. Council President Bragdon closed the public hearing.

Councilor Park noted that this was a management decision. Councilor Hosticka said the question was did they want to spend up to \$180,000 in additional resources. Council President Bragdon concurred with Councilor Hosticka. He saw this budgetary decision as a policy decision. Councilor Burkholder urged an aye vote. He felt the strategic planning work had identified a need in this area. This department had had quite a few cuts over the past two years.

Vote:

Councilors Park, Burkholder, Newman, Monroe voted in support of the motion, Councilor Hosticka and Council President Bragdon vote no. The vote was 4 aye/2 nay, the motion failed because an emergency clause required 5 votes in support of the motion.
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Motion:	Councilor Newman asked that this ordinance be reconsidered on January 13, 2005.
Seconded:	Councilor Burkholder seconded the motion

Council President Bragdon said it would be reconsidered on January 13, 2005 without objection.

6. RESOLUTIONS

6.1 Resolution No. 04-3513, For the Purpose of Receiving the Performance Measures Report and Directing the Chief Operating Officer to Submit The Report to the Oregon Department of Land Conservation and Development.

Motion:	Councilor Newman moved to adopt Resolution No. 04-3513.
Seconded:	Councilor Burkholder seconded the motion

Councilor Newman introduced the resolution and called Andy Cotugno, Planning Director, and Gerry Uba, Planning Department, to provide additional information. No additional information was necessary. Councilor Newman urged an aye vote.

Vote:

Councilors Park, Hosticka, Burkholder, Newman, Monroe, and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

6.2 Resolution No. 04-3520, For the Purpose of Directing the Chief Operating Officer to formulate regional policy options relating to Ballot Measure 37.

Motion:	Councilor Newman moved to adopt Resolution No. 04-3520.
Seconded:	Councilor Hosticka seconded the motion

Councilor Newman turned this resolution over to the Council President to introduce. Council President Bragdon spoke to the resolution and the need to work collaboratively with their local partners. He spoke to possible options in coordinating this effort. He also noted public involvement standards. There needed to be a search for other outcomes that we all wanted to achieve. He urged an aye vote. Councilor Hosticka asked about the scope of the activities of this group. He suggested trying to put some sort of outside deadline as to when people would have to file claims. He also suggested that under circumstances where payment was made, that payment act as a final decision on the claim. Councilor Burkholder suggested that the State of Oregon needed to be represented in this group as well. Council President Bragdon urged an aye vote.

Vote:

Councilors Park, Hosticka, Burkholder, Newman, Monroe, and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

Council President Bragdon said the 2004 Functional Plan Compliance Report was not ready yet.

7. CHIEF OPERATING OFFICER COMMUNICATION

Michael Jordon, Chief Operating Officer, reminded the council about the reception for Councilor Monroe.

8. COUNCILOR COMMUNICATION

Council President Bragdon personally acknowledged Councilor Monroe for his many years of service. He spoke to the many contributions that Councilor Monroe had made to Metro. He thanked him personally for his civility.

Councilor Newman noted Councilor Monroe's contribution to this institution as well as the region. He talked about his own experience working with Councilor Monroe as chair of Joint Policy Advisory Committee on Transportation (JPACT). More than his progressive ideas, it was the attitude and professionalism that Councilor Monroe brought to the job. He shall be sorely missed.

Metro Council Meeting
04/01/04
Page 6

Councilor Park said there was life after Metro. He had watched Councilor Monroe over the years. It had helped him become a better leader. He noted his work with the Convention Center and transportation. He thanked him for his many years of services to the general public.

Councilor Hosticka said he was sorry to see Councilor Monroe go. He had served with Councilor Monroe for over 20 years in a variety of capacities. They will miss him in this panel.

Councilor Burkholder recognized that this body was called upon to think regionally. He noted Councilor Monroe had worked on regional issues such as Bi-State Committee, Area 93, and a variety of other regional issues. He had done work to solve regional problems and provided a lot of leadership.

Council President Bragdon gave Councilor Monroe a plaque recognizing his years of service.

Councilor Monroe said it had been more than a decade serving at Metro. He had served in the legislature and as a teacher. He felt that Metro was an entity that looked out many years in the future. He said Metro was about his grandson's life a lot more than his own. He recognized his son, daughter-in-law and his wife. He will treasure this award. He offered to help in anyway. He expected to continue in public and private leadership roles if the come available.

9. ADJOURN

There being no further business to come before the Metro Council, Council President Bragdon adjourned the meeting at 3:25 p.m.

Prepared by

Chris Billington
Clerk of the Council

**ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF DECEMBER
16, 2004**

Item	Topic	Doc Date	Document Description	Doc. Number
4.1	Minutes	12/9/04	Metro Council Meeting Minutes of December 9, 2004	121604c-01
3	Power Point Presentation	12/16/04	To: Metro Council From: Ray Valone, Planning Department, Re: Damascus Boring Concept Plan	121604c-02
3	Timeline	12/16/04	To: Metro Council From: Ray Valone, Planning Department Re: Damascus Organization Chart and Timeline	121604c-03
5.1	Memo and Metro Transfer Station Policy Study	12/14/04	To: Metro Council From: Michael Hogle, Solid Waste and Recycling Director Re: Study to be continued and made part of the public record	121604c-04
6.2	Resolution No. 04-3520	12/16/04	Resolution No 04-3520, For the Purpose of Directing the Chief Operating Officer to Formulate regional policy options relating to Ballot Measure 37	121604c-05
6.1	2004 Performance Measures Report	12/16/04	To: Metro Council From: Gerry Uba, Planning Department Re: 2004 Performance Measure Report	121604c-06



METRO
 R.E.M. DEPT.
 05 JAN 24 AM 11:01

January 19, 2005

Bill Metzler
 Metro Solid Waste Division
 600 NE Grand Ave.
 Portland, OR 97232

Dear Bill:

This letter is a response to Metro's request for more information regarding the Columbia Environmental Local Transfer Station application. Staff repeated this request after the Council hearings. Your questions are addressed below in the order they were asked.

Cost savings

1. Geographic areas from which wastes are generated

Columbia Environmental is still collecting and organizing this information from the haulers and will provide it to Metro in a separate document.

2. Characteristics of "special wastes"

The estimated 5,000 tons of special wastes referred in Part 1, page 4 of the application should more accurately be called "inerts." The table in Part 3, page 4 of the application contains a clearer breakdown of each category of waste and their estimated tonnages. The 5,000 tons in this table is categorized as inerts, and the quantity of special wastes is listed as "none." Inerts are likely to be construction and demolition debris such as rock, brick, dirt, concrete, and sand. The applicant apologizes for inconsistency in terminology. The facility will not accept hazardous wastes.

Material Recovery

1. Separation of wet and dry waste streams.

Wet wastes and dry wastes will be kept separate by being located on opposite sides of the transfer facility. Wet waste will be processed on the north side of the proposed transfer station, dry waste on the south side. The two waste streams will have different loading areas and will be loaded using separate equipment and trucks.

2. Route-collected waste or drop boxes?

The proposed facility will handle both route-collected waste and drop boxes. Nearly all the wet waste collected will be from residential sources. Nearly all of the inerts (construction and demolition debris) will be delivered in drop boxes. Dry waste delivered to the site will be split, approximately 60 percent arriving in drop boxes and 40 percent route-collected.

Drop box loads of dry wastes will likely require a heavier floor sort to remove large bulky items and recover recyclable materials. Then both drop box and route-collected dry waste loads will be processed with the same methods. This waste stream typically has a very high recovery rate for recyclable materials such as wood (e.g., pallets, lumber) and cardboard.

3. Material recovery and sorting methods

For dry wastes, loads will be tipped on to the sorting floor, and large bulky items (e.g., mattresses) will be removed using skid steer loaders. The remaining materials will be fed onto a sorting and recovery line that will potentially incorporate a debris recovery screen, a cross belt magnet, and some manual sorting. Skid steer loaders will also be used to move the separated and sorted materials for recycling (wood, cardboard, metals), and the residual waste for delivery to the landfill.

Wet wastes have a lower recovery rate. Large items will be removed in the same way as from the dry waste stream. Residual waste will be loaded into closed containers for transfer.

4. Moved to recycling processing facility

Recyclable materials recovered from the waste streams in the new building will be placed in drop boxes. Recyclables that can be processed on site by the existing facility will be transferred between buildings in roll-off trucks, and subjected to further processing.

5. Material loaded into trailers

The materials loaded into containers for transport off-site will predominantly be residual waste products. Mixed Solid Waste will be transferred to Oregon Waste Systems (WMI). Dry waste residuals will be transferred to a pre-approved landfill. Wet waste will be placed in sealed containers, per Metro regulations for transport.

While the original intent of transfer station operations was to push the waste products into top-loading, sealed containers, further engineering has revealed functional difficulties

with that design. As a result it is more likely that wastes will compacted in an Amfab-type compaction system, then the compacted waste will be pushed into the side of empty containers. This requires less mechanics and infrastructure, and little change in efficiency. The location of the containers and loading areas will be the same as shown on the site plan.

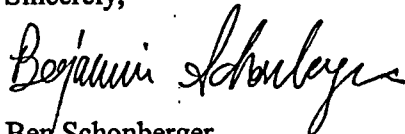
6. Traffic patterns to main building

Traffic delivering materials for recycling processing will enter the site through the new driveway on the west, be weighed on the on site scale if necessary, then proceed around the east side of the new building and main building. Some trucks will unload at the dock on the northeast corner of the existing building. (This traffic pattern is shown in the graphic on the last page of the land use decision in the July 30 application submittal.) Most trucks will proceed around the east side of the existing building to unload in one of the bays on the building's south side.

7. Activities in the existing building

A plan of the existing buildings on site with the current activities indicated is attached to this letter. As shown on the site plan, the shop and repair functions of the small building to be demolished will be relocated to the north side of the proposed new building.

Sincerely,



Ben Schonberger
Associate Planner

ATTACHMENT #3 TO ORDINANCE #04-1063A



FAX

To: Bill Metzler
From: Ben Schonberger
Date: February 8, 2005
Copy:
Re: Existing activities

Fax #: (503) 797-1795
Fax #: 503-827-4350
Pages: , including cover
Fax #:

Urgent For Review Please Comment FYI Original To Be Sent By Mail

Attached is an annotated site plan of the Columbia Environmental site that shows the activities in the existing buildings. This responds to a question in your earlier memo.

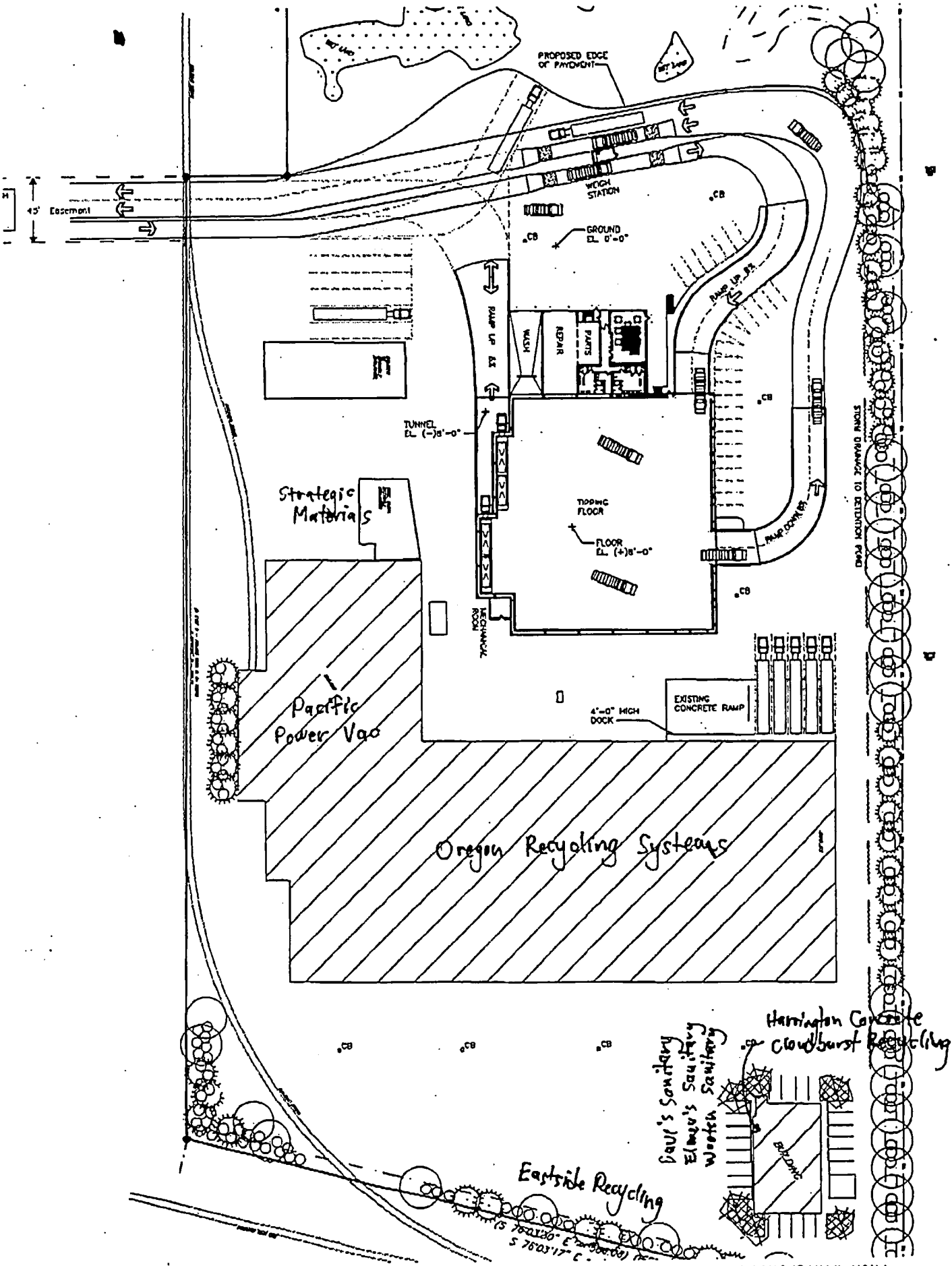
Existing space in the facility is divided among three primary tenants, shown on the map.

1. Oregon Recycling Systems processes and sorts recycled plastic, paper, metal and container glass for bulk resale.
2. Strategic Materials collects container glass and plate glass for transfer to a California facility where the glass is converted into "cullet," and ultimately into end products such as wine bottles or fiberglass insulation.
3. Pacific Power Vac is a vacuum waste treatment service that collects and processes oils, grease, sludge, and water from sources such as parking lot catch basins.

The other tenants indicated on the map—Eastside Recycling, Dave's Sanitary, etc.—are primarily recycling or waste haulers that park trucks or store equipment at the site.

Metro staff observed the operation and location of all these activities during their site visit on September 21, 2004.

Winterbrook Planning
310 SW Fourth Ave. Suite 1100 ■ Portland, Oregon 97204-2305
503.827.4422 ■ 503.827.4350 (fax)
ben@winterbrookplanning.com





METRO

February 10, 2005

Mr. Bryan Engleson
Columbia Environmental, LLC
14041 NE Sandy Blvd.
Portland, OR 97230

Re: Council Extension for Application Review

Dear Mr. Engleson:

On January 24, 2005, Metro received the January 19, 2005 letter from Winterbrook Planning that outlined some of the additional information Metro had requested from Columbia Environmental at the December 21, 2004 meeting. As you recall, on December 16, 2004, the Metro Council postponed its decision on Ordinance No. 04-1063 for an additional review period of 60 days. During this timeframe Council requested that Columbia Environmental and staff work together to analyze cost savings and evaluate Columbia Environmental's proposed recovery plan. Metro staff met with Columbia Environmental on December 21, 2004 to discuss the information that Metro required of Columbia Environmental.

Notwithstanding the information you provided in your January 19, 2005 letter from Winterbrook Planning, it is my understanding that Columbia Environmental is still working on the balance of the information requested by Metro at that meeting. These include: 1) geographic areas from which wastes will be generated (for cost savings), 2) cost savings estimates (refer to the sample table provide to you at the meeting), 3) a revised application with a 38,000 ton request for putrescible solid waste, 4) a more detailed description of how Columbia Environmental plans to achieve the high recovery rates along with information on its proposed mechanized material recovery system with clarified or revised estimates of projected recovery rates from both wet and dry wastes, 5) a site plan that illustrates all the proposed activities and major equipment such as mechanized material recovery system and the proposed solid waste compactor in the proposed building, and 6) estimates for VMT savings. Columbia Environmental should provide baseline hauler VMT without its proposed transfer station and the proposed hauler VMT with the proposed transfer station.

At the December 16, 2004 Council hearing, Councilor Park offered five additional evaluation criteria for Council to consider in its review of Columbia Environmental's application. These are outlined in the attached Table 2- Additional Council Evaluation Factors. As you can see, factors #7 (innovative recovery approach) and #8 (VMT

reduction) require information to be submitted from Columbia Environmental so that findings can be developed. Table 1 is also attached and summarizes findings regarding whether or not Columbia Environmental's application meets the five Metro Code evaluation factors.

In summary, Metro Council has requested that Columbia Environmental provide additional information in order for staff to develop complete findings that may lead staff to recommend approval of Columbia Environmental's franchise application to operate a local transfer station. Columbia Environmental has not yet provided the requested information. The 60-day extension granted by Council will expire on March 9, 2005. Any decision on how to proceed must be made by Council at its March 3, 2005 meeting. We will need to discuss with you early the week of February 14, 2004 how to proceed. At this point staff will not be able to adequately evaluate new information regarding your application. Please call me so we can discuss your options and the next steps in this process.

For your information, Council will be holding an informal worksession regarding Columbia Environmental's application on February 22, 2004; 2:00 p.m, here at Metro. To get the process started again, please call Roy Brower (503) 797-1657 or me (503) 797-1743.

Sincerely,



Michael G. Heglund
Solid Waste & Recycling Department Director

BM/MH:bjl

Attachments

cc: Michael Jordan, Chief Operating Officer
Roy W. Brower, regulatory Affairs Division Manager

Evaluation Factors Summary Tables - Revised for 2005

- Table 1 summarizes findings regarding whether or not the application submitted by Columbia Environmental meets the five Metro Code evaluation factors.
- Table 2 summarizes additional evaluation factors introduced by Councilor Park for Council consideration at the December 16, 2004 Council hearing on Ordinance No. 04-1063.¹

Table 1- Five Metro Code Evaluation Factors

Table 1 The Five Metro Code Evaluation Factors For Solid Waste Franchise Applications	Meets Criteria		Does Not Meet Criteria	Findings on the Columbia Environmental Application
	Meets	Neutral		
<p>1. <i>Consistent with the Regional Solid Waste Management Plan [Metro Code 5.01.070(f)(1)].</i></p> <p>Will there be a <i>Net Benefit</i> to the regional solid waste system?</p> <p>RSWMP considerations:</p> <ul style="list-style-type: none"> • Capacity • Access (under-served area) • Recovery • Competition (competition also relates to Cost, which is discussed in Evaluation Factor #2) • Cost to regional ratepayers 			X	On balance, staff finds that the proposed facility would not produce a certain, equitably distributed, or sufficiently large net benefit to the regional solid waste system and therefore, the application is not consistent with the RSWMP.
			X	The region has more than adequate capacity to accept, manage and transfer all of the region's waste for many years to come (refer to Metro's Regional Transfer Capacity Analysis, April 2004).
			X	The proposed facility location does not meet the RSWMP criteria for an under-served area, characterized as more than 25 minutes to a transfer station. Further, it would be located only 6.6 miles from an existing local transfer station. There are even more nearby options for dry waste. While access may be improved for a small number of haulers, a transfer station in every neighborhood would also improve access, but at the same time create a very inefficient system.
	X			The facility would recover an additional 3,000 tons rather than the 20,000 tons claimed by the applicant. The applicant's affiliated haulers have the option of using the nearby existing material recovery facilities rather than the more distant Metro facilities.
		X		The proposed transfer station could hurt competition since a new facility would cause tip fee increases throughout the region (see Evaluation Criteria #2). This situation would: 1) be detrimental to many other independent haulers that rely on Metro's public transfer stations, and 2) provide a windfall to other solid waste operations in competition with the applicant.
			X	Staff finds a significant negative cost impact on regional ratepayers - refer to comments for Evaluation Criteria #2 on the next page.

¹ Ordinance No. 04-1063 was introduced for Council consideration by the COO with the concurrence of the Council President for the purpose of denying a solid waste facility franchise application of Columbia Environmental, LLC to operate a local transfer station. On December 16, 2004 the Council extended the Ordinance review period for 60 days.

Table 1- Five Metro Code Evaluation Factors (continued)

<p>...continued...</p> <p>The Five Metro Code Evaluation Factors For Solid Waste Franchise Applications</p>	<p>Meets Criteria</p>	<p>Neutral</p>	<p>Does Not Meet Criteria</p>	<p>Findings on the Columbia Environmental Application</p>
<p>2. <i>The effect on the cost of solid waste disposal and recycling services for the citizens of the region [Metro Code 5.01.070(f)(2)].</i></p> <p>(Cost relates to Competition, discussed on previous page Evaluation Factor #1-RSWMP consistency)</p>			<p>X</p>	<p><i>If the application were approved, the citizens of the region will likely incur increased costs of about \$1.2 million to \$1.4 million annually.</i></p> <ul style="list-style-type: none"> • <i>Cost increases to Metro's customers of \$1.30 per ton (+ \$606,000).</i> • <i>Cost increases at private facilities would result in higher tip fees region-wide to recover those increased costs (+ \$167,000 excise taxes and fees).</i> • <i>In addition, the posted rates at many private facilities are expected to increase to match Metro's rates (at least +\$439,000 additional revenue at non-Metro facilities).</i> • <i>The applicant claims that it could realize an adjusted gross savings of \$1.3 million from transportation and dry waste tip fee savings. However, the applicant states these savings would likely not be passed on to its customers, but might slow down future rate increases.</i>
<p>3. <i>Unlikely to unreasonably adversely affect the health, safety and welfare of Metro's residents [Metro Code 5.01.070(f)(3)]</i></p>	<p>X</p>			<p>There is no reason to believe the applicant could not meet this criterion.</p>
<p>4. <i>Unlikely to unreasonably adversely affect nearby residents, property owners or the existing character or expected future development of the surrounding neighborhood [Metro Code 5.01.070(f)(4)]</i></p>	<p>X</p>			<p>There is no reason to believe the applicant could not meet this criterion.</p>
<p>5. <i>Comply with all requirements and standards and other applicable local, state and federal laws, rules, regulations, ordinances, orders or permits pertaining in any manner to the proposed Franchise [Metro Code 5.01.070(f)(5)].</i></p>	<p>X</p>			<p>There is no reason to believe the applicant could not meet this criterion.</p>

S:\REM\metzlerb\Columbia Environmental_2004\Evaluation Factors Summary Table2005.doc

Table 2- Additional Council Evaluation Factors

The following additional five evaluation factors were introduced by Councilor Park for Council consideration at the December 14, 2004 Council hearing on Ordinance No. 04-1063.

<p>Table 2 Additional Council Evaluation Factors</p>	<p>Meets Criteria</p>	<p>Neutral</p>	<p>Does Not Meet Criteria</p>	<p>Findings on the Columbia Environmental Application</p>
<p>6. <i>The ability for a significant number of small independent haulers to compete in this region and ensure their competitiveness in the ever-increasing vertically integrated system.</i></p>	<p>X</p>			<p>The applicant has indicated that the proposed facility would benefit nearby affiliated haulers with transportation saving, and some tip fee savings. Further, haulers that are shareholders in the company would benefit from company profits. Therefore, the proposed local transfer station would help the small independent haulers affiliated with Columbia Environmental to compete and remain competitive in a vertically integrated system.</p>
<p>7. <i>An innovative approach to increasing recycling through enhanced mechanization and by going after the significant amount of recyclable materials mingled in with multi-family wet waste.</i></p>			<p>More information is required from the applicant</p>	<p>More information is required from the applicant on its proposed mechanized recovery system (type of system, performance of system with similar waste streams, projected recovery rates, the types of materials that will be recovered, timeframe for installation of mechanized system).</p>
<p>8. <i>A significant reduction in truck VMT given Columbia Environmental's proximity to their customers.</i></p>			<p>More information is required from the applicant</p>	<p>More information is required from the applicant. The applicant has provided estimates for travel time savings rather than VMT savings. For example, the applicant should provide and compare baseline hauler VMT without the proposed facility to proposed hauler VMT with the proposed facility (there must be separate estimates for wet and dry wastes).</p>
<p>9. <i>Potential cost savings to ratepayers on the east side.</i></p>	<p>X</p>			<p>The applicant has indicated that users of the facility will realize savings, and some of the savings may also be realized by residential ratepayers, who could experience lower rates as determined by local government rate setters. Savings on residential routes are passed through to customers as a consequence of the local government rate-setting process.</p>
<p>10. <i>Would provide a second transfer station in a watershed that currently generates about 130,000 tons a year.</i></p>		<p>X</p>		<p>Metro has designated six transfer station service areas (wastesheds) based on distance. The estimated annual wet waste service area tonnages and the facility tonnage caps are:</p> <p><u>Local Transfer Station Service Areas</u> Pride Recycling = 167,000 tons (65,000 ton cap). Troutdale Transfer Station = 131,00 tons (68,250 ton cap). Willamette Resources (WRI) = 19,000 tons (68,250 ton cap).</p> <p><u>Regional Transfer Station Service Areas</u> Forest Grove = 52,000 tons (No cap. Accepted about 105,000 tons wet waste in 2004). Metro Central = 353,000 tons (no cap, accepted about 395,000 tons wet waste in 2004). Metro South = 160,000 tons (no cap; accepted about 172,000 tons in 2004).</p>



METRO
R.E.M. DEPT.

05 FEB 22 PM 4: 16

February 22, 2005

Metro Council
600 NE Grand Ave.
Portland, OR 97232

Dear Councilors:

On February 10, 2005, Metro staff sent a letter to Columbia Environmental requesting more information about its application for a transfer and recovery facility. This request resulted from the Metro Council's discussion and decision to postpone action on the application at its December 16, 2004 meeting. In response, this letter provides all the supplemental information as requested by Metro staff. Winterbrook Planning represents Columbia Environmental in this matter.

The applicant would like to note that as part of the process, it carefully reviewed past applications to Metro for new or expanded transfer station authority. In no previous case did Metro staff ask for, nor did applicants provide, the quantity and depth of detailed information that is now being requested of Columbia Environmental.

1. *"Geographic areas from which waste will be generated"*

Transportation savings from the presence of the new facility have been recalculated, based on new data from haulers. Details of the analysis in narrative and table form are attached to this letter. In addition, a map of the areas from which waste will be generated has been created, and is also attached.

2. *"Cost saving estimates"*

Calculated cost savings for the proposed facility are divided into two main categories: lower tip fees for dry waste, and transportation savings. As shown in the previous application, lower tip fees will result in a savings of \$640,000. Transportation savings, which have been recalculated based on new data from the haulers, will be between \$1.35 million and \$2.25 million, assuming solid waste costs of \$9 to \$15 dollars per mile.

Approximately two-thirds of the transportation savings will come from residential routes. By law, transportation cost savings from residential routes are returned to ratepayers based on decisions made by local rate-setters. Columbia Environmental has no direct control over what fraction of this expected savings is returned to the ratepayer. Only local jurisdictions can guarantee lower rates. Historically, though, efficiencies in the waste

collection system have been expressed as downward pressure on prices rather than actual reductions. This was clearly communicated in the original application.

In addition, approval of a new transfer station would add other, less easily quantifiable benefits for the citizens of the region. Less roadway congestion, and less air and noise pollution will be tangible benefits from the reduction in vehicle miles traveled. Greater competition in the marketplace will drive up operating efficiencies at all facilities and hold down price increases. Increased recovery will reduce landfilling and move the region toward Metro recycling goals.

Columbia Environmental would also like to note that it disagrees with the methodology for calculating benefits and impacts to “citizens of the region” as presented in the previous staff report. In addition to giving Columbia Environmental no credit for the expected transportation and other benefits outlined above, the staff report attributes cost impacts to the consequences of market-distorting public policies. Half of the regional cost impact from the proposal is due to the fact that Metro has insulated itself from price competition, basing its tip fees on its cost-of-operation, regardless of market pressures. Staff outlines other regional cost impacts, or “losses,” that are secondary economic impacts of this policy, *i.e.*, the expectation that all private facilities would match Metro’s price increases. Finally, the staff report also adds a tertiary impact of this policy—that government rate-setters will allow price hikes to be translated into higher disposal rates to consumers. The inevitability of this chain reaction of rising prices is not assured. Moreover, all of these impacts could be significantly offset in the long run by increasing competition in the marketplace, which is a key purpose of the Columbia Environmental application.

3. *“Revised application requesting 38,000 tons of wet waste authority”*

Columbia Environmental officially requests the authority for a transfer station application for 38,000 tons of wet waste annually. This is a reduction from its original request of 55,000 tons. The request for dry waste and other wastes in the original application are unchanged.

Metro staff raised the concern that fewer tons would be delivered to Metro-owned facilities with the operation of the new Columbia Environmental facility. Columbia Environmental has never disputed that its presence in the marketplace will redistribute tons away from Metro-owned transfer stations. The regional trend toward greater market share for private transfer stations precedes this application, and will continue with or without a new market participant. Columbia Environmental believes that the overall benefits to the citizens of the region—reduced VMT, increased recovery, greater competition in the marketplace, downward pressure on prices—will exceed any increased costs from the redirection of some waste away from Metro.

As pointed out in previous submittals, the zero-sum argument in the staff report—waste delivered to privately-owned transfer stations creates a net loss for the citizens of the region—is debatable and does not recognize regional benefits. By this reasoning, any

increase in tons at existing non-Metro facilities could be expected to reduce Metro's market share and cause the same chain of events.

Without changing the system, there is simply no way for a new transfer station to hold Metro harmless from a revenue standpoint. This is due to two factors: Metro's inflexible cost-based approach to setting prices, and the assumption that Metro's market dominance allows it to control rates region-wide.

Therefore, if maintaining Metro's current wet waste tons is a high priority for the Council, an option for altering the system is to lower tonnage caps at other privately-owned transfer stations. The first obvious solution is to focus on the Forest Grove transfer station, because it currently has no cap on wet waste. If Forest Grove were capped at 65,000 tons annually—which is roughly the limit applied to all other private transfer stations in the region—40,000 tons that are currently delivered there would have to be re-directed, presumably to Metro. This change would immediately make Columbia Environmental's proposal revenue-neutral from Metro's perspective. Alternatively, Metro could lower the tonnage caps at other private transfer stations to level the playing field. If the three private local transfer stations were limited to the same 55,000 tons originally requested by Columbia Environmental, their excess tons would likely be re-routed to Metro facilities. Columbia Environmental notes that it has no authority to restrict tonnages at other facilities, and no immediate interest in doing so. Consideration of these options was suggested by staff; the Metro Council has the authority to implement such a plan.

4. *"Detailed description of recovery; more details on equipment; updated estimate of wet and dry waste recovery"*

Columbia Environmental has reviewed its operations plan and spoken with vendors since the Council and staff recommended exploring a cap of 38,000 tons of wet waste. Representatives of Columbia Environmental visited two similar facilities in California to evaluate its proposed model of recovery and operations. A summary of the site visits and the high recovery rates that are currently being achieved at these facilities are detailed in the attached document. Innovation and mechanization of the sorting process allows these facilities to achieve recovery rates in excess of those targets set by Columbia Environmental in its application. Metro staff initially expressed skepticism about Columbia Environmental's aggressive approach to material recovery. Nevertheless, comparable facilities achieving similar results are operating successfully at other locations, and the proposed facility will use many of the same systems. The recovery rates described in the original application are feasible, reasonable, and will benefit Metro and the citizens of the region.

Because of the reduction in tonnage requested by Metro, it is not economically viable for Columbia Environmental to make all of its capital expenditures in recovery equipment at once. Under the new cap, investment in recovery equipment and operations will have to be phased in three stages. Recovery rates will increase incrementally as new equipment and operations are brought on line. An implementation plan for operations and equipment

is contained in the summary. Construction for the new building and the first phase of equipment installation will be nine months to a year from final approval by Metro.

At full implementation, Columbia Environmental expects to process 260 tons of wet waste and 150 tons of dry waste per day. Overall recovery rates from all sources will be approximately 10 percent for wet waste and 45 percent for dry waste.

5. *"Site plan"*

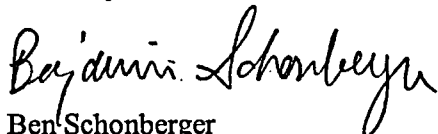
A description of the recovery operations and equipment within the new building is described in detail in the attached narrative. Because of the proposed reduction in tonnage, equipment installation will be phased. Final design and engineering for the location of all the equipment has not been determined. The applicant must have flexibility to modify how equipment is configured within the new structure to maximize the efficiency of the system.

6. *"Estimates of VMT savings"*

Reducing travel times and vehicle miles traveled (VMT) is a priority for Columbia Environmental. The benefit to the region is less traffic congestion and pollution; the benefit to the haulers is more efficient operations and greater profitability. A detailed summary is attached to this letter that describes the locational benefits of the current facility, and calculates the savings in vehicle miles traveled. In short, the proposed facility will create a clear reduction in vehicle miles traveled, in excess of 150,000 VMT annually.

In conclusion, Columbia Environmental has revised its original proposal, and followed direction by Metro staff and the Metro Council. At staff's request, the applicant has supplemented its application with unusually detailed information about its proposal. This comes at a considerable cost to the applicant. We appreciate the opportunity to provide this additional information and hope it provides sufficient detail for staff and Council to approve the application.

Sincerely,



Ben Schonberger
Winterbrook Planning

Columbia Environmental Supplement to Application for a Transfer Station

Vehicles Miles Traveled (VMT)

Reducing travel times and vehicle miles traveled (VMT) has been a priority for Columbia Environmental since its inception. The benefit to the region is less congestion and pollution; the benefit to the haulers is more efficient operations and greater profitability.

In 1997, the local haulers that make up Columbia Environmental began to develop plans to construct a Recovery / Transfer station. The guiding principles of this new transfer station were:

1. The facility must be convenient and practical for the hauler to use.
2. The facility must provide necessary safety and operational practices.
3. The facility must provide innovative solutions to resource recovery.
4. The facility must assist the local independent hauler in competing with the large multi-national corporations.
5. The facility should provide educational opportunities for the local community.

To choose a location for the new facility, the haulers divided the Portland Metro area into districts. Three hauler districts were envisioned that were conceptualized to meet the above criteria. The districts are:

1. North: The area serving downtown Portland from Foster Road north to the Columbia River and east past Gresham
2. South: The area south of Foster Road
3. West: The area encompassing Beaverton and the surrounding area

Next, tonnage estimates within these three districts were computed based on what was controlled by these independent haulers. These annual tonnage estimates were:

1. North: 183,000 tons
2. South: 109,400 tons
3. West: 71,358 tons

The next step was to apply the "convenient and practical" criteria to the districts. It was envisioned that haulers would continue to use Metro facilities when that was "convenient and practical" to do so. District tonnages were reduced to reflect this factor. At that time it was determined that the north district was the most practical area to develop. A site selection committee consisting of Richard Cereghino, Paul Truttman, and Dean Kamper located and recommend the current location on NE Sandy Boulevard. Operations were transferred to that site. Extensive discussions with the landlord with the intent of purchasing the site failed at that time. Discussions started again in 2000 that culminated in the purchase of the NE Sandy site in February 2001. Applications were pending before the Metro Council at that time but were not allowed to proceed because Metro required that Columbia Environmental obtain a Conditional

Use Permit from the City of Portland, the first facility required to do so in the Metro area. In addition, the Oregon Department of Transportation and the Union Pacific Railroad required Columbia Environmental to obtain different entry to the site because of an October 31, 2001 fatality at the railroad crossing. When clear title to an alternate access was obtained in 2004, the application for a Transfer Station was resubmitted to Metro.

In December 2004, additional information based on new review criteria was requested by the Metro Council. One of those requests was to convert the time savings—which is the primary concern of the haulers—detailed in the original application into vehicle miles traveled. In a letter dated February 10, 2005, staff requested that travel times and VMT be further disaggregated into wet and dry waste loads. Based on information provided to Columbia Environmental by the haulers, the attached table shows savings for haulers who are most likely to use the new facility. The summary of this chart is:

Waste type	Annual VMT savings
Wet Waste (primarily residential sources)	102,838 miles
Dry Waste (primarily commercial sources)	50,571 miles
Total Annual Savings	153,409 miles

It is interesting to note that the new calculations for VMT savings translate into larger cost savings that claimed in the original application. Currently, solid waste costs per mile in the Portland Metro area range from \$9 to \$15 per mile, depending on the route efficiencies.

Columbia Environmental Haulers Most Likely to Use NE Sandy Site

<u>Route Identification</u>	<u>Distance To Metro Facility</u>	<u>Distance To Lot</u>	<u>Distance To Columbia En.</u>	<u>Distance To Lot</u>	<u>Difference</u>	<u>Number Of Loads</u>	<u>Miles Saved Per Year</u>	<u>Miles Saved Residential</u>	<u>Miles Saved Commercial</u>
Alberta	11.9	16.0	5.5	4.5	17.9	322	5,764	4,611	1,153
Argay	13.5	10.3	0.0	4.8	19.0	340	6,460	4,845	1,615
PDR-Baldwin	11.9	16.0	5.5	4.5	17.9	667	11,939	10,745	1,194
PDR-Blains	6.2	16.3	8.8	4.5	9.2	113	1,043	939	104
Borgens	13.3	16.3	6.8	4.0	18.8	236	4,432	3,989	443
City Sanitary	9.0	15.5	9.0	1.0	14.5	167	2,422	1,211	1,211
Cloudburst	6.3	6.5	8.0	0.0	4.8	167	793	0	793
Daves	10.3	20.0	10.0	0.0	20.3	260	5,265	4,212	1,053
Eastside Waste	15.0	17.5	2.5	5.0	25.0	667	16,675	10,005	6,670
Egger	9.5	11.0	4.5	4.0	12.0	114	1,368	1,300	68
Elmers	13.0	20.0	7.0	0.0	26.0	314	8,164	7,756	408
Flannery's						83	850	0	850
Eckert						83	850	0	850
Kiltow	16.0	16.3	10.3	4.0	18.1	282	5,099	4,844	255
Gresham						1,667	25,000	12,500	12,500
Heiberg						333	3,500	0	3,500
Irvington	13.0	16.0	7.0	4.0	18.0	110	1,980	1,881	99
Weisenfluh	11.0	14.0	4.5	4.0	16.5	291	4,802	4,321	480
Cloudburst-Schnell	6.0	6.5	8.0	0.0	4.5	80	362	326	36
Cloudburst-Lofink	6.5	6.5	8.0	0.0	5.0	80	400	360	40
PDR						1,333	16,000	12,800	3,200
PDR-Drop Box						70	1,000	0	1,000
Wooten	14.5	16.0	2.5	0.0	28.0	342	9,585	7,668	1,917
Trashco						834	9,000	0	9,000
Weber	16.0	18.0	5.5	4.0	24.5	435	10,658	8,526	2,132
							<u>153,409</u>	<u>102,838</u>	<u>50,571</u>

Columbia Environmental Recovery / Transfer Facility Supplement to Equipment and Operations

In its February 10, 2005 letter, staff requested additional information from Columbia Environmental. Columbia Environmental has been reviewing its operations plan and talking with vendors since the Council and staff recommended exploring a cap of 38,000 tons of wet waste. Site visits to other similar operations were conducted to further check the proposed model of recovery and operations. Since the proposed recovery and operation plan is significantly different than anything within the Portland area, site visits were conducted in California, where the technology has been used for over two years.

Site Visit # 1, Long Beach, California

The first site visited was a recovery facility in Long Beach, California. The facility is located in an industrial area approximately two miles from a major freeway. Materials are brought to the facility from sources in excess of 20 miles away. The land is owned by the City of Long Beach. The City has hired an independent contractor that has no collections in the area to operate the facility. In addition, a multi-national solid waste company is performing transfer without any attempt at recovery in a portion of the structure. The operator requested that no pictures be taken at the facility because of the keen competition that had developed since it was opened.

The operator processes four waste streams within its operations. They are:

1. Construction & Demolition Waste
2. Residential Wet Waste
3. Drop Boxes (not Construction & Demolition)
4. Commercial Dry Waste collected in Front Loaders

Each of the four waste streams are stored separate from one another and processed at different times. This allowed for more efficient setup and labor control. The following equipment and labor was used while sorting the waste.

Local Tip Fee:	\$35 to \$40
Tons per Day:	200 to 600
Loader:	Cat Knuckle Boom Track Hoe
Loader:	Bobcat skid steer
Bag Opener:	BHS Bag Breaker
Sort Line:	Bulk Handling Systems
Screen #1:	Bulk Handling Debris Roll Screen
Screen #2:	Portable Trommel
Boxes:	40 to 60 yard drop boxes.
Residue:	Loaded into open top transfer trailers

Floor Sort Labor: 1 presort
Line Sorters: 6 workers per shift, 2 shifts daily

Recovery rates among all waste streams is very high. The waste stream and its recovery rate follows:

Construction and Demolition	80%-90%
Residential Wet Waste	18%
Drop Boxes	60% +
Commercial Dry Waste	50% to 60%

It is important to note some differences between the recovery rates at this facility and Columbia Environmental. First, 30% of the recovery from Construction and Demolition is Alternative Daily Cover (ADC). This is important in California since it is included in recovery statistics (Even though it is not currently recognized by Metro, methods are being researched in how to keep this material out of the landfill.). Second, residential wet waste recovery is relatively high, but this is skewed because of less developed curbside programs than those in the Portland area. We do not feel comfortable with more than a 4% to 5% recovery rate on this material. However, the wet waste stream observed might be similar in mix to the multi-family waste.

Site Visit # 2, Santa Barbara, California

Site number 2 is located in the City of Santa Barbara, in a residential neighborhood next to Interstate 101. The facility is owned and operated by an independent hauler and processor. Currently the facility is undergoing extensive expansion and updating. The only waste streams observed being processed were construction and demolition, and dry waste processing. The following equipment, labor, and structure information were observed.

Local Tip Fee:	\$40
Tons Per Day:	650
Building Square Footage:	40,000
Loaders:	Cat Knuckle Boom Track Hoe
Loader:	Cat Articulating Loader
Sort Line:	Bulk Handling Systems
Screen # 1:	Roll Debris Screen from Bulk Handling Systems
Screen # 2:	Vibratory Screen on Tracks with Diesel Power
Boxes:	40 to 60 yard drop boxes
Residue:	Loaded into open top transfer trailers
Floor Sort Labor:	3 including wheel wash attendants
Line Sorters:	10

Recovery was high in the facility with the owner/operator claiming up to 90% recovery on both streams. However, as above this includes "ADC" of 30%. This source material is very similar in nature to that expected at the Columbia Environmental facility.

Materials recovered included wood, brick, stone, tile, wire, aluminum, metals, cardboard, other paper, asphalt, containers, and other miscellaneous.

Columbia Environmental Equipment and Operations

Because of the reduction in tonnage requested by Metro, Columbia Environmental must make some changes to its recovery and processing systems. Observations from the site visits discussed above also drive some of these changes.

To be economically viable, capital investment in recovery equipment and operations will have to be phased in three stages. Recovery rates will increase incrementally as new equipment and operations are brought on line. Columbia Environmental expects to use the following equipment, labor, and structure components:

Phase 1:

Tons per Day Wet Waste:	150
Tons per Day Dry Waste:	60
Building:	New 25,000 to 30,000 sq. foot facility
Compactor:	New moderate-sized compactor with an in-floor infeed.
Sort Line:	Install sort line
Screen # 1:	Roll debris screen
Boxes:	40 to 60 yard drop boxes for recovered items
Residual Loads:	Open Top Containers
Loader:	Knuckle Boom Track Hoe
Loader:	Skid Steer with grapples
Floor Sort Labor:	2
Line Sorters:	6

Phase 2

Tons per Day Wet Waste:	210
Tons per Day Dry Waste:	100
Screen # 2:	Add Roll Debris Screen
Loader:	Add Articulating Loader
Line Sorters:	Add 2, for a total of 8

Phase 3

Tons per Day Wet Waste:	260
Tons per Day Dry Waste:	150
Bag Breaker:	Bulk Handling or similar system
Loader:	Additional Knuckle Boom Track Hoe
Loader:	Additional Skid Steer
Floor Sort Labor:	2 per shift for a total of 4

Line Sorters: 6 per shift for a total of 12

Recovery Rates

Recovery remains in line with previous estimates, with some adjustments. Because of the severe limitation on the amount of waste placed on the facility, residential wet waste and multi-family wet waste will be limited. The exact component is difficult to calculate at this time. However, waste recovery by stream is expected to be:

Phase 1:

Residential Wet Waste:	4% to 5%
Residential Dry Waste:	50%
Commercial Dry Waste:	25%
Construction & Demolition:	40%
Commercial Drop Boxes:	30%
Net Recovery:	12,000 tons

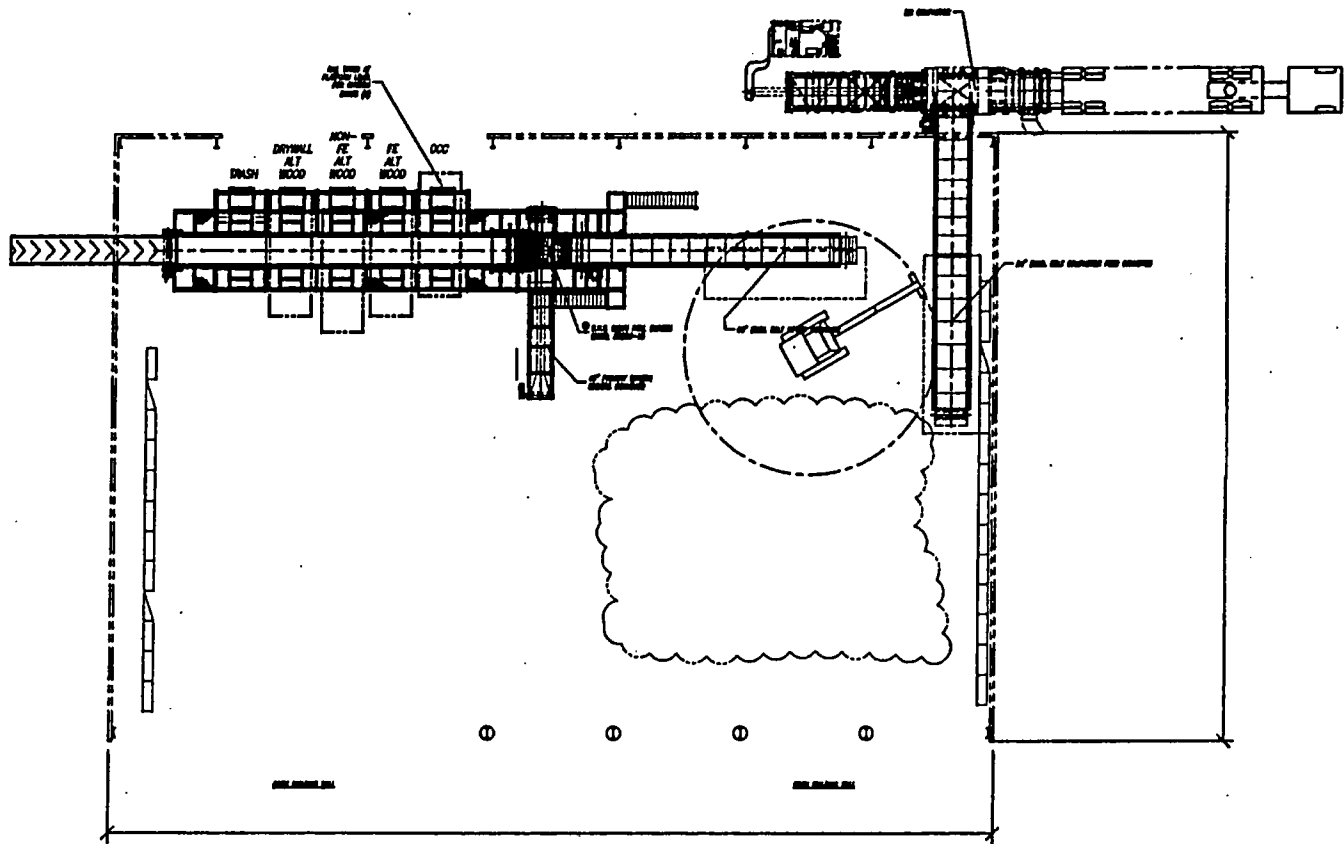
Phase 2:

Residential Wet Waste:	No change
Residential Dry Waste:	Increases 5%
Commercial Dry Waste:	Increase 5%
Construction & Demolition:	Increase 5%
Commercial Drop Boxes:	Increase 10%
Total Recovery:	21,000 tons

Phase 3:

Residential Wet Waste:	Increase 3%	(7% total recovery)
Residential Dry Waste:	No change	(55% total recovery)
Commercial Dry Waste:	Increase 5%	(35% total recovery)
Construction & Demolition:	Increase 5%	(50% total recovery)
Commercial Drop Boxes:	Increase 10%	(50% total recovery)
Total Recovery:	32,000 tons	

Attached to this narrative is a layout of the proposed facility. Construction will be done on the building with the intent of placing equipment using the above schedule. For Metro's analysis of the quantity of materials diverted from its transfer stations, it should be noted that construction time, including DEQ and the City of Portland Building permits, will be from 9 months to 1 year.



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METRO

ATTACHMENT #6 TO ORDINANCE #04-1063A

February 28, 2005

Mr. Bryan Engleson
Columbia Environmental, LLC
14041 NE Sandy Blvd.
Portland, OR 97230

Re: Receipt of Amended Franchise Application

Dear Mr. Engleson:

On February 22, 2005, Metro received a letter from Ben Schonberger of Winterbrook Planning written on behalf of Columbia Environmental regarding Columbia Environmental's application for a Metro transfer station franchise. In that letter, Mr. Schonberger indicated that Columbia Environmental is revising its application to seek authority to transfer 38,000 tons of putrescible solid waste, rather than authority to transfer 55,000 tons of putrescible waste as stated in Columbia Environmental's original franchise application. In addition, Mr. Schonberger also describes other changes to Columbia Environmental's proposed operations that will result from this decreased tonnage, such as a revised schedule for installing material recovery systems in the new facility. Metro considers these changes to constitute a substantial modification of Columbia Environmental's application. Metro Code section 5.01.070(h)(2) provides that should an applicant substantially modify its franchise application during the course of the review, the 120 day review period for the Council to act shall be restarted as of the date Metro receives the applicant's modifications. Therefore, the 120 day review period for Columbia Environmental's modified franchise application commenced on February 22, 2004 and will end on June 22, 2005. Metro staff will make every attempt to process your amended application as quickly as possible.

Within the next few weeks, I will contact you to set up a meeting to discuss our preliminary analysis of Columbia Environmental's amended application.

If you have any questions or concerns, please contact Roy Brower (503) 797-1657 or me (503) 797-1743.

Sincerely,

Michael G. Heglund
Solid Waste & Recycling Department Director

BM/MH:bjl

cc: Michael Jordan, Chief Operating Officer
Roy Brower, Regulatory Affairs Division Manager
Bill Metzler, Senior Solid Waste Planner
Ben Schonberger, Winterbrook Planning

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METRO

March 8, 2005

Mr. Bryan Engleson
Columbia Environmental, LLC
14041 NE Sandy Blvd.
Portland, OR 97230

Re: Request for Clarifications

Dear Mr. Engleson:

Staff has conducted a preliminary review of the additional information provided in the February 22, 2005 letter from Mr. Ben Schonberger of Winterbrook Planning on behalf of Columbia Environmental regarding its solid waste facility franchise application. During the course of this review, specific items have been identified for further clarification by Columbia Environmental. They are as follows:

1. "Cost savings estimates"

Your letter represents that there will be savings of \$640,000 due to lower tip fees on dry waste. The \$640,000 per year in savings is the same estimate provided in your original application and was based on tip fee savings on 37,000 tons of dry waste. In your letter, you indicate that Columbia Environmental expects to receive about 60 tons per day (15,600 tons/year) of dry waste during the first phase of operation. Based on this information, we estimate that the tip fee savings for the first phase would be more near \$300,000, rather than \$640,000.

- a) Please provide clarification on your estimated savings for the first phase of your operation, as described in your letter.

In your original application you estimated unit hauling costs at an industry standard of \$70/hour. Your letter describes a unit cost of \$9-\$15 per mile to estimate transportation savings two to four times larger than your original estimate (original: \$553,071 versus \$1.35 to \$2.25 million revised).

- b) Provide a detailed explanation of the change of basis in your analysis (i.e., from per-hour to per-mile unit costs).
- c) Explain why your revised estimate of transportation savings roughly tripled when your wet tonnage request was reduced by some 30% (from 55,000 to 38,000 tons/year).

Referencing your attachment identified as "Haulers Most Likely to Use NE Sandy Site" we ask that you provide clarification to the following:

- d) This new table lists your estimate of distances to various locations but does not indicate from where. Please clarify.
- e) Does this new table show only wet loads, as in your original application, or both wet and dry?
- f) If the new table includes estimates for wet loads only, please explain why you now estimate a larger number of loads will be required to deliver tons to the proposed Columbia Environmental facility, even as the total annual wet waste tonnage drops from 55,000 to 38,000 tons.

Your letter states that "By law, transportation cost savings from residential routes are returned to ratepayers based on decisions made by local rate-setters."

- g) Please identify the specific local or state law, ordinance or rule that imposes the requirement that local rate-setters pass on transportation cost-savings to ratepayers.

2. "Recovery"

Your letter indicates that Columbia Environmental ultimately expects to process 260 tons of wet waste and 150 tons of dry waste per day. You indicate that overall recovery rates are expected to be about 10 percent for wet waste and 45 percent for dry waste. In your attachment identified as a "Supplemental to Equipment and Operations" you provide additional information. This includes information from site visits in Southern California.

- a) Please describe how this attachment pertains to your application as you provide insufficient information to determine whether or not these facilities are similar to the proposed facility.

A phasing plan is shown that identifies expected tonnages and equipment that is expected to be installed at Columbia Environmental. In addition information is also presented on expected recovery rates and recovery tonnages. This data appears to be internally inconsistent as well as inconsistent with the recovery rates included in your cover letter. Attached is a Metro spreadsheet showing the tonnage data that you have provided Metro. The numbers in bold face type are from your letter; the remaining numbers are calculated from the data provided. Using the maximum recovery shown for wet waste, we have calculated the required recovery rate for dry waste.

- b) You will note that recovery rates in the range of 65% to 70% are required in order to obtain the net recovery tonnage represented in your letter. Please provide clarification regarding this apparent discrepancy.

3. "Structure and ownership of Columbia Environmental LLC"

Your original application states that Columbia Environmental, LLC is owned by a partnership, and the ownership partners include independent haulers that were listed. You also represent that these partners also own Oregon Recycling Systems. A Metro Councilor has requested information about the structure of Columbia Environmental LLC. In order to meet that request, we ask that you please provide the following information:

- a) The names of investors or other partners not included in your list of haulers that accompanied your original application.
- b) Provide the names of investors and their respective proportional ownership (the top ten with the most ownership).
- c) Describe who is authorized to make decisions on behalf of the LLC, the extent of their decision making authority, and who owns the site on which the proposed facility would be built.
- d) A copy of the documentation for the limited liability corporation (e.g., articles of incorporation/organization, financial limits and obligations, bylaws, operating agreement).
- e) Describe how critical decisions will be made among the members of the LLC or its employees to ensure compliance with franchise requirements.

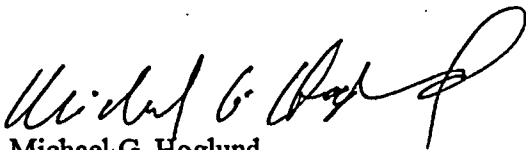
4. "Councilor's additional evaluation factors"

As you are aware, at the December 16, 2004 Council hearing on Columbia Environmental's franchise application, a Metro Councilor introduced five additional evaluation factors for Council consideration (in addition to the five required evaluation factors as provided in Metro Code). The following are questions related to two of that Councilor's evaluation factors regarding Columbia Environmental's proposed operation.

- a) Describe how the proposed facility will ensure that a significant number of small independent haulers will be able to compete in this region and ensure their competitiveness in the region's increasingly vertically-integrated solid waste system.
- b) Describe the exact nature of the proposed recovery operation's innovative approach to increasing recycling.

Please provide, in complete and final form, your responses to the requests listed above by Monday, March 28, 2005. If you cannot, please contact me so that we can work out an extension for this request. If you have any questions, please call me at (503) 797-1657 or Bill Metzler at (503) 797-1666.

Sincerely,



Michael G. Hoglund
Solid Waste & Recycling Department Director

BM/MH:bj
Attachment

cc: Roy Brower, Regulatory Affairs Division Manager
Michael Jordan, Chief Operating Officer
Bill Metzler, Senior Solid Waste Planner
Ben Schonberger, Winterbrook Planning

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ATTACHMENT TO CLARIFICATION LETTER DATED 3/7/05

Preliminary Metro Review of Columbia Environmental Material Recovery Data

	Tons/Day	Tons/Year*	Recovery Rate	Net Recovery
Phase 1				
Wet Waste	150	<i>39,000</i>	5%	<i>1,950</i>
Dry Waste	60	<i>15,600</i>	64.4%	<i>10,050</i>
Total		<i>54,600</i>		<i>12,000</i>
Phase 2				
Wet Waste	210	<i>54,600</i>	5%	<i>2,730</i>
Dry Waste	100	<i>26,000</i>	70.3%	<i>18,270</i>
Total		<i>80,600</i>		<i>21,000</i>
Phase 3				
Wet Waste	260	<i>67,600</i>	7%	<i>4,732</i>
Dry Waste	150	<i>39,000</i>	69.9%	<i>27,268</i>
Total		<i>106,600</i>		<i>32,000</i>

*Work Days/ Year 260

Note: Bold indicates data from February 22 letter, numbers in italics are calculated.



METRO
R.E.M. DEPT.

05 APR -8 AM 10:00

April 7, 2005

Metro Council
Metro
600 NE Grand Ave.
Portland, OR 97232

Dear Councilors:

On March 8, 2005, Metro staff sent a letter to Columbia Environmental requesting additional information about its application for a transfer and recovery facility. In response, this letter provides a general response to the process, and a specific response to the questions in that letter. Winterbrook Planning represents Columbia Environmental in this matter.

General Response

Unfortunately, the application process thus far has been an unconstructive, frustrating back-and-forth between Metro and Columbia Environmental. Nearly all the new requests for information derive from answers Columbia Environmental provided in response to earlier requests by Metro staff. This cycle of response and counter-response has been repeated numerous times over many months.

Metro has not provided the applicant with a preferred format or clear direction for its economic or operational analyses. Typically, after Columbia Environmental gathers and submits information, Metro staff questions the assumptions, methodology, or applicability of the analysis, and requests further clarification or additional information. Additional information submitted in direct response to staff comments only generates new questions and more requests for different information. Seven months and countless responses after submittal of the original application, this process has bogged down.

This struggle to understand each other is evident in the debate over what savings will be passed through to the ratepayer, for example.

1. In the original July 2004 application, Columbia Environmental stated that a new transfer station would reduce travel costs and hold down rate increases.
2. In the November staff report, Metro criticized Columbia Environmental for not promising to reduce rates for residential customers.
3. Columbia Environmental responded by explaining that rate-setting is in the hands of local jurisdictions, and it cannot unilaterally increase or lower rates. Because franchising

Winterbrook Planning

310 SW Fourth Ave. Suite 1100 Portland, Oregon 97204 503.827.4422 voice 503.827.4350 fax www.winterbrookplanning.com

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contracts in Portland and Gresham include an effective limit on hauler profits, anticipated transportation savings would indeed be passed through to ratepayers.

4. Metro staff appeared to finally understand the relationship in their February 10 letter: “Savings on residential routes are passed through to customers as a consequence of the local government rate-setting process.” (Table 2, response to factor 9)
5. In the most recent letter, staff asks for identification of the “rule that imposes the requirement that local rate-setters pass on transportation cost-savings to ratepayers.”

The Metro Code’s evaluation factor for the economic aspect of the application is simple. It simply requires the Council consider the effect that a new franchise will have on the cost of services. It does not specify what kind of economic analysis is needed. It puts forward no parameters, no accepted methodology, and no assumptions. Metro staff has never outlined exactly what kind of a model or analysis they wish to see, but has repeatedly requested more or different information from the detailed analysis already provided by Columbia Environmental.

The applicant wishes to provide staff and the Council with all the information they need to make an informed decision. The applicant also wants to work collaboratively with Metro in this process. Columbia Environmental believes that the Metro Council should focus on the main principles of the application, which have not changed. The new transfer station:

- **Levels playing field**—restores competitive balance for small haulers, increasing competition and maximizing system efficiency
- **Increases recovery**—brings region closer to stated recovery and recycling goals, creates economic incentive for higher recovery rates
- **Reduces travel**—reduces travel times and VMT, thereby reducing congestion and pollution, and increasing the efficiency of services

Columbia Environmental’s proposal meets all of the evaluation factors listed in the Metro Code 5.01.070(f). The applicant has revised a Metro-authored table to demonstrate conformance with these factors, and has included it with this letter.

Specific Responses

This letter contains specific responses to Metro staff's request for additional information in the March 8, 2005 letter. That request stems from information provided by Columbia Environmental on February 22, 2005. The information in that letter was requested by Metro staff in their letter of February 10, 2005. The headings below correspond to the questions in the March 8 letter.

1a. Dry waste tip fee savings

The projected savings for dry waste were calculated for the facility at full operation in a future final phase of development. Staff has correctly calculated that for the project's first phase, lower tip fees on 15,600 tons of dry waste will result in an estimated savings of \$300,000.

1b. Change in analysis from hours to miles

The original application showed time savings resulting from the proposed facility. Time is the primary concern of haulers, and is a widely-accepted proxy for cost savings. At the Council hearing, staff and several councilors requested that the applicant translate this time savings into vehicle miles traveled.

The applicant changed the basis of the analysis *only because it was specifically asked to do so by both staff and the Metro Council*. Staff made this request orally in a December 21, 2004 meeting, and in writing on February 10, 2005: "[staff requests] estimates for VMT savings. Columbia Environmental should provide baseline hauler VMT without its proposed transfer station and the proposed hauler VMT with the proposed transfer station." (p.1) Columbia Environmental also provided a map with its previous submittal, showing the haulers' service areas.

1c. Difference in transportation savings

The tables in the original application and in the February 22 letter are analogous, with the original calculating savings in hours, and the newer one calculating savings in vehicle miles traveled. Both tables are based on the tonnage that could be expected once the transfer station is in full operation at the final phase of development and investment in capital infrastructure.

However, the applicant revised its proposal at Metro's suggestion to reduce the annual amount of wet waste received from 55,000 to 38,000 tons. Staff correctly notes that the table in the February 22 letter calculates VMT savings for the originally requested tonnage. Columbia Environmental has revised this table with new data for the reduced tonnage request. This obviously has the effect of reducing by nearly one-third the savings in vehicle miles traveled and the corresponding estimates for cost savings.

Per-mile operating cost is rarely used and much more difficult to estimate than per-hour cost, because of widely varying time demands between on-route vs. off-route travel. VMTs are more helpful as a way to understand regional benefits to road systems, and reductions in congestion and pollution. Studies that establish an accurate unit cost per-mile are difficult to find since this

figure is rarely used in the solid waste industry. \$9 per mile was an estimate based on a study done by the Oregon Sanitary Service Institute in the 1980s. \$15 per mile is an amount calculated internally by Argay Disposal and Eastside Recycling, based on routes within their service areas. The conservatively estimated \$70 per hour figure used in the original application is more commonly recognized as a cost of operation.

1d. Distances and locations

The table in the February 22 letter describes the distances traveled by the haulers and forecasts for mileage saved by a new facility. This table was accompanied by a hauler service area map submitted by the applicant. The miles saved are calculated by using the following equation:

(Yard to route to Metro to yard) – (Yard to route to Columbia Environmental to yard)

The first part of this equation, “yard to route. . .” is exactly the same on in both sides of the minus sign. Therefore, this trip leg cancels out. Regardless of the location of the hauler’s yard, this leg of the trip would be the same in both scenarios. This distance was not included in the table because it would make no difference to the desired result: the *difference* between current and future conditions. The information requested in the Metro letter is not relevant.

1e. Wet or dry loads

The table counts wet loads only.

1f. Number of loads

The time savings table in the original application and the VMT savings table in the February 22 letter account for approximately 9,200 loads of wet waste delivered to the site. Both tables use tonnages that could be expected once the transfer station is in full operation, at the final phase of development and investment in capital infrastructure.

At Metro’s suggestion, the applicant changed its proposal to reduce the annual amount of wet waste from 55,000 to 38,000 tons. Staff correctly notes that the table in the February 22 letter calculates VMT savings for the originally requested tonnage. In response, Columbia Environmental has updated this table with new data showing estimates for load distributions under the reduced tonnage request. Since waste loads will be accepted on a first-come, first-served basis, and Metro franchises require that the facility must be open to all haulers, the distributions listed on these tables are approximate. In any case, a lower tonnage cap for wet waste obviously has the effect of reducing the savings in vehicle miles traveled and the corresponding estimates for cost savings.

1g. Pass-through of transportation savings

As explained earlier in this letter, the template franchise agreements from both the City of Portland and the City of Gresham include a *de facto* limit on hauler profits. (City of Portland commercial hauling is the only category without this limit.) Local government rate setters use a

formula that derives a customer price from a “base” of allowable operating expenses plus a 9.5 percent profit. If hauler efficiency reduces transportation costs, this lowers allowable expenses, and changes the base, but haulers may not simply take this savings as additional profit. To do so would be a violation of their contract with the cities, and against the law. Lower operating costs lower the base, which then is returned to ratepayers as part of the rate-setting formula. The formula is calculated and rates are determined according to Generally Accepted Accounting Principles (GAAP). Local jurisdictions, not haulers, determine rates.

Bruce Walker from the City of Portland’s Office of Sustainable Development explained this process in detail in his testimony at the Metro Council hearing. The applicant is submitting under separate cover a standard franchise agreement that further explains this financial arrangement. Local jurisdictions have the authority to negotiate these contracts under ORS 459.065. City of Portland authority is through Portland City Code 17.102.050; City of Gresham authority is through Gresham Revised Code 7.25.070.

2a. Pertinence of California examples

The applicant’s field trip to facilities outside the Portland area, and the information provided about their operations, was a direct response to comments by Metro staff. In a meeting on December 21, 2004, Metro staff claimed there was “no way” the applicant could meet its projected recovery goals, and presented as evidence a list of recovery rates at Portland-area facilities. In response, the applicant researched newer, more innovative facilities outside the region to show that its projected recovery rates were reasonable. Columbia Environmental clearly stated the purpose of these examples in its February 22 letter to Metro (p.3):

“Metro staff initially expressed skepticism about Columbia Environmental’s aggressive approach to material recovery. Nevertheless, comparable facilities achieving similar results are operating successfully at other locations, and the proposed facility will use many of the same systems. The recovery rates described in the original application are feasible, reasonable, and will benefit Metro and the citizens of the region.”

Descriptions of these two facilities include detailed information about their location, size, volume of waste processed, mechanization, sorting line equipment, labor demands, and overall recovery rates. Proposed systems similar in type were also described for Columbia Environmental’s future facility. The applicant does not understand staff’s position that three pages of detailed data about operations of the facilities constitutes “insufficient information” to make a valid comparison. Frankly, the applicant does not know what more detail could be provided that would help this comparison.

2b. Recovery rates for dry waste

Metro staff’s table attached its March 8 letter omits important information provided by the applicant, and in doing so reaches an erroneous conclusion. Metro staff has incorrectly categorized the five different waste types listed in the applicant’s estimated recovery rates,

compressing them into two general categories: wet and dry. Staff's conclusion is that to obtain the stated recovery tonnages, dry waste recovery rates must be unrealistically high.

To clarify, the applicant has provided expanded tables (see attachments) that include *all* categories of waste listed in the February letter. The consequence of a 2002 Metro regulatory guidance document¹ is that many loads previously and incorrectly defined as "dry" will be redefined as "wet" because they contain more than a "trivial" amount of putrescible material.

The revised table for Phase 1 shows that previously stated results are achievable by using conservative recovery targets of 13 percent for all categories of wet waste and 42 percent for all categories of dry waste. These numbers are consistent with the "about 10 percent for wet waste and 45 percent for dry waste" estimate stated in the earlier February 22 letter to Metro. There is no discrepancy.

3. Structure and ownership of Columbia Environmental LLC

Metro Code and the application forms provided by Metro require only that the applicant provide the "name and address of the company owner or parent company." Columbia Environmental, L.L.C., owns the site on which the proposed facility would be built and is listed as the applicant. In July 2004, the applicant provided to Metro a detailed list of 40 independent haulers, companies, and individuals that make up Columbia Environmental. This information is more detail than Metro code requires. Nevertheless, in the interest of full disclosure, at Council request, the applicant will provide additional information about the organization.

Columbia Environmental is a limited liability corporation governed by a six-member board of managers, who set policy and direction for the company. This board has authority to make company decisions and to comply with franchise requirements. Two equal investment partners in Columbia Environmental contribute equally to this board: three members from KCDK, L.L.C., and three members from Oregon Recycling Systems. At this time, KCDK's representatives to the Columbia Environmental board are David Ross, Kirk Ross, and Ty Ross. Oregon Recycling System's representatives are Mike Miller, David McMahon, and Richard Cereghino. This board hires a Chief Executive Officer to manage day-to-day operations. The current C.E.O. of Columbia Environmental is Bryan Engleson. Oregon Recycling Systems operates the existing recycling processing facility on the Columbia Environmental site. ORS is itself governed by a seven-member board of managers, who are elected by the general membership, who are comprised of the haulers listed in the original application.

More detail about the internal finances of the organization, *i.e.*, how much money each investor has contributed to the partnership, or the details of its operating agreement, is a matter of private business. Public, on-the-record disclosure of this information would be detrimental to Columbia Environmental's position in the marketplace. Furthermore, this information is not relevant to its ability to fulfill Metro franchise requirements. Past applicants for franchises have not been asked

¹ Metro Solid Waste Regulatory Guidance, "Management of Putrescible Waste at Recycling Facilities (RFs) and Material Recovery Facilities (MRFs)", July 2002. Metro's "trivial" standard for putrescible materials that change the definition of a dry waste load is very restrictive: no more than 5% per load, by weight, not to exceed a maximum of 300 pounds.

to provide this kind of internal business details. The information provided above, combined with the original application's exhaustive list of participating partners, should be sufficient to allow an informed decision.

4a. Competitiveness of small haulers

The RSWMP directs Metro to consider facility ownership: "Metro shall encourage competition when making decisions about transfer station ownership or regulation of solid waste facilities in order to promote efficient and effective solid waste services" (RSWMP, Goal 4, Objective 4.6, p. 5-5).

The Columbia Environmental proposal will preserve the presence of small independent haulers in the Metro system. Because of hauler consolidation and the introduction into the marketplace of large, vertically-integrated, multi-national firms, there has been a precipitous drop in the number of small haulers serving Metro. Whereas there were more than 200 small independent haulers in 1988, there are fewer than 40 today. This change is industry-wide and not unique to Metro. The economies of scale that these large companies have, and their ownership control of every stage of the process—from neighborhood garbage trucks to landfill sites—gives them a powerful advantage. Small, locally-based haulers are being driven out of the system. Long-term, the lack of competition in waste disposal will take tons away from Metro transfer stations and drive up prices for all citizens of the region.

In order to compete and survive in this environment, the small haulers need to engage in some of the same scale advantages as the larger, vertically-integrated corporations. Individually, these companies are too small to provide their own processing or transfer station facilities. As a group, however, they can collectively compete for the waste and recycling business and remain viable in the marketplace. Recycling processing is a way that the coalitions of small haulers have maintained a revenue-generating activity that will allow them to grow. The best opportunity for small companies to participate in the waste business in the Metro region is for them to integrate processing, transfer, and hauling together, as this proposal does.

Healthy competition is a pre-condition for maintaining "service levels that provide reasonable access for residents, businesses and haulers." This is Metro's stated rationale for allowing new transfer stations (Metro Ordinance 00-865, revising the RSWMP). Approval of this application will encourage competition, support local businesses, increase waste diversion rates, expand hauler choice, decrease vehicle miles traveled, and drive down overall system costs.

4b. Innovative approach to recycling

If existing transfer facilities adopted the recovery model proposed by Columbia Environmental in this application, region-wide goals for recovery and recycling could be met in one year. The innovation of the proposed facility lies in three facts (previously outlined in a November 29, 2004 letter to Metro):

1. Columbia Environmental has a strong economic incentive to recover materials from the waste stream.

Because Columbia Environmental has no direct connection to a landfill—unlike other dominant, fully vertically-integrated firms operating in the region—it has a huge economic incentive to remove every possible pound of recoverable material from the waste stream. Recovery and recycling is a profit center for the company, whereas delivering waste to the landfill is an undesirable cost. This creates a market-based system for recovery and recycling that supports regional goals.

2. The new facility will operate using superior technology for sorting and recovery.

The new transfer facility will invest in cutting-edge mechanized systems for sorting and recovery. These systems are similar to the ones operating effectively in the two California facilities discussed in detail in the February 22 letter. These systems will maximize the amount of materials diverted from the landfill.


3. The transfer station will be immediately adjacent to a recycling processing facility.

The proposed facility is unique because of its proximity to existing recycling processing activities. This creates efficiencies for the processing of recovered materials. While not all materials can be processed on site, cardboard, waste paper, glass, metal, and other specialty materials will be brought to the main building and turned into marketable commodities. Unlike at other transfer facilities, no additional truck trips will be needed to bring these materials to a processing center.

In short, the key factors listed above—economic incentives for recovery, cutting edge sorting technology, and proximity to recycling processing—are innovative and unlike any transfer and recovery station in the region.

In conclusion, Columbia Environmental has provided more detailed information on the recovery and transfer station application, at the request of Metro staff and the Metro Council. The application meets the Council's factors for consideration as listed in Metro Code 5.01.070(f). We hope that as the process moves forward, we can work collaboratively with Metro. We appreciate the opportunity to provide this additional information and hope it provides sufficient detail for staff and Council to approve the application.

Sincerely,
WINTERBROOK PLANNING



Ben Schonberger

Columbia Environmental L.L.C.
 Facility Recovery
 Phase 1

<u>Category</u>	<u>Tons/Day</u>	<u>% Recovery</u>	<u>Tons/Day Recovered</u>	<u>Tons/Year Recovered</u>
Wet Waste				
Residential	95	5%	5	1,240
Commercial & Multi-Family	25	25%	6	1,631
Commercial Container & Boxes	<u>30</u>	30%	<u>9</u>	<u>2,349</u>
Total Wet Waste	<u>150</u>		<u>20</u>	<u>5,220</u>
Dry Waste				
Residential	10	50%	5	1,305
Commercial and C & D	<u>50</u>	40%	<u>20</u>	<u>5,220</u>
Total Dry Waste	<u>60</u>		<u>25</u>	<u>6,525</u>
Total Phase 1	<u>210</u>	<u>21%</u>	<u>45</u>	<u>11,745</u>

(Future) Phase 2

<u>Category</u>	<u>Tons/Day</u>	<u>% Recovery</u>	<u>Tons/Day Recovered</u>	<u>Tons/Year Recovered</u>
Wet Waste				
Residential	125	5%	6	1,631
Commercial & Multi-Family	30	30%	9	2,349
Commercial Container & Boxes	<u>45</u>	40%	<u>18</u>	<u>4,698</u>
Total Wet Waste	<u>200</u>		<u>33</u>	<u>8,678</u>
Dry Waste				
Residential	15	55%	8	2,153
Commercial and C & D	<u>85</u>	45%	<u>38</u>	<u>9,983</u>
Total Dry Waste	<u>100</u>		<u>47</u>	<u>12,137</u>
Total Phase 2	<u>300</u>	<u>27%</u>	<u>80</u>	<u>20,815</u>

(Future) Phase 3

<u>Category</u>	<u>Tons/Day</u>	<u>% Recovery</u>	<u>Tons/Day Recovered</u>	<u>Tons/Year Recovered</u>
Wet Waste				
Residential	170	5%	9	2,219
Commercial & Multi-Family	40	35%	14	3,654
Commercial Container & Boxes	<u>50</u>	50%	<u>25</u>	<u>6,525</u>
Total Wet Waste	<u>260</u>		<u>48</u>	<u>12,398</u>
Dry Waste				
Residential	20	55%	11	2,871
Commercial and C & D	<u>130</u>	50%	<u>65</u>	<u>16,965</u>
Total Dry Waste	<u>150</u>		<u>76</u>	<u>19,836</u>
Total Phase 3	<u>410</u>	<u>30%</u>	<u>124</u>	<u>32,234</u>

Columbia Environmental: Haulers Most Likely to Use Sandy Site

Route Identification	Distance To Metro Facility	Distance To Lot	Distance To Col. Env.	Distance To Lot	Difference	Original Request at 55,000 Tons				New Request at 38,000 Tons			
						Number Of Loads	Miles Saved Per Year	Miles Saved Residential	Miles Saved Commercial	Number Of Loads	Miles Saved Per Year	Miles Saved Residential	Miles Saved Commercial
						Alberta	11.90	16.00	5.50	4.50	17.90	322	5,764
Argay	13.50	10.25	0.00	4.75	19.00	340	6,460	4,845	1,615	238	4,522	3,392	1,131
PDR-Baldwin	11.90	16.00	5.50	4.50	17.90	667	11,939	10,745	1,194	467	8,358	7,522	836
PDR-Blains	6.20	16.33	8.80	4.50	9.23	113	1,043	939	104	79	730	657	73
Borgens	13.25	16.33	6.80	4.00	18.78	236	4,432	3,989	443	165	3,102	2,792	310
City Sanitary	9.00	15.50	9.00	1.00	14.50	167	2,422	1,211	1,211	117	1,695	848	848
Cloudburst	6.25	6.50	8.00	0.00	4.75	167	793	0	793	117	555	0	555
Daves	10.25	20.00	10.00	0.00	20.25	260	5,265	4,212	1,053	182	3,686	2,948	737
Eastside Waste	15.00	17.50	2.50	5.00	25.00	667	16,675	10,005	6,670	467	11,673	7,004	4,669
Egger	9.50	11.00	4.50	4.00	12.00	114	1,368	1,300	68	80	958	910	48
Elmers	13.00	20.00	7.00	0.00	28.00	314	8,164	7,756	408	220	5,715	5,429	286
Flannery's						83	850	0	850	58	595	0	595
Eckert						83	850	0	850	58	595	0	595
Kiltow	16.00	16.33	10.25	4.00	18.08	282	5,099	4,844	255	197	3,569	3,391	178
Gresham						1,667	25,000	12,500	12,500	1,167	17,500	8,750	8,750
Heiberg						333	3,500	0	3,500	233	2,450	0	2,450
Irvington	13.00	16.00	7.00	4.00	18.00	110	1,980	1,881	99	77	1,386	1,317	69
Welsenfuh	11.00	14.00	4.50	4.00	16.50	291	4,802	4,321	480	204	3,361	3,025	336
Cloudburst-Schnell	6.03	6.50	8.00	0.00	4.53	80	362	326	36	56	253	228	25
Cloudburst-Lofink	6.50	6.50	8.00	0.00	5.00	80	400	360	40	56	280	252	28
PDR						1,333	16,000	12,800	3,200	933	11,200	8,960	2,240
PDR-Drop Box						70	1,000	0	1,000	49	700	0	700
Wooten	14.50	16.03	2.50	0.00	28.03	342	9,585	7,668	1,917	239	6,709	5,367	1,342
Trashco						834	9,000	0	9,000	584	6,300	0	6,300
Weber	16.00	18.00	5.50	4.00	24.50	435	10,858	8,526	2,132	305	7,460	5,966	1,492
						9,390	153,409	102,838	50,571	6,573	107,386	71,986	35,400

Evaluation Factors Summary - Revised by Columbia Environmental, April 2005

- Table 1 summarizes findings regarding whether or not the application submitted by Columbia Environmental meets the five Metro Code evaluation factors. Table 2 summarizes additional evaluation factors introduced by Councilor Park for consideration at the December 16, 2004 Council hearing on Ordinance No. 04-1063.

Table 1- Metro Code Evaluation Factors

Metro Code Evaluation Factors	Favorable	Neutral	Unfavorable	Findings on the Columbia Environmental Application
<p>1. <i>Consistent with the Regional Solid Waste Management Plan [Metro Code 5.01.070(f)(1)].</i></p> <p>Will there be a <i>Net Benefit</i> to the regional solid waste system?</p>	X			<p>On balance, the proposed facility is consistent with the RSWMP. The proposal will improve accessibility for haulers, reduce regional VMTs, support local business, bolster competition, and enhance regional material recovery capacity.</p>
<p><u>RSWMP considerations:</u></p>				
<ul style="list-style-type: none"> • Accessibility 	X			<p>The proposed facility will increase access to the system for haulers serving the most populous area of the region. It will significantly increase efficiency for haulers by reducing travel times. Access to the only other transfer station in the area (Troutdale), is effectively restricted because this station already exceeds Metro's tonnage cap, and because it is owned by a competitor.</p>
<ul style="list-style-type: none"> • Recovery 	X			<p>The new facility will recover of a significantly greater percentage of recyclable materials from the wet and dry waste streams than any other facility in the region. This furthers Metro's regional recovery goals. High recovery rates result from proximity to an existing recycling processing operation, innovative equipment and systems, and a strong economic incentive for recovery.</p>
<ul style="list-style-type: none"> • Competition <p>(competition also relates to Cost, which is discussed in Evaluation Factor #2)</p>	X			<p>The proposal allows a new, locally-based entrant into the market. Increased competition promotes efficiency, and could lower prices. The proposal will also preserve a competitive marketplace for independent waste haulers, which is threatened by large, vertically-integrated, multi-national firms. Over the long run, competition will hold down prices.</p>
<ul style="list-style-type: none"> • Cost to regional ratepayers 		X		<p>Cost savings on all residential and some commercial routes are passed through to ratepayers. Depending on rate-setter decisions, this lowers consumer costs or holds down increases. Metro and other facilities may respond to lost market share by increasing fees, which could raise costs for others. Costs to regional ratepayers would rise faster without the proposed facility because industry consolidation will reduce competition.</p>
<ul style="list-style-type: none"> • Capacity 			X	<p>The existing system has adequate capacity to accept, manage and transfer the region's waste well into the future. (See to Metro's Regional Transfer Capacity Analysis, April 2004).</p>

Table 1- Five Metro Code Evaluation Factors (continued)

<p>...continued...</p> <p>The Five Metro Code Evaluation Factors For Solid Waste Franchise Applications</p>	<p>Favorable</p>	<p>Neutral</p>	<p>Unfavorable</p>	<p>Findings on the Columbia Environmental Application</p>
<p>2. <i>The effect on the cost of solid waste disposal and recycling services for the citizens of the region [Metro Code 5.01.070(f)(2)].</i></p> <p>(Cost relates to Competition, discussed on previous page Evaluation Factor #1-RSWMP consistency)</p>		<p>X</p>		<p>If the application were approved, citizens of the region would see a mix of higher and lower costs. Actual savings will depend on the responses of Metro, other firms, and rate setters.</p> <p>In the first phase of development, lower dry waste tip fees at the facility result in a savings of \$300,000. Transportation savings will be between \$1.0 million and \$1.6 million annually—assuming costs of \$9 to \$15 per mile. Haulers must pass through transportation savings from residential routes, based on decisions made by local rate setters.</p> <p>Transportation savings from residential routes (and non-Portland commercial routes) are passed through to local ratepayers. Therefore, the potential annual benefit to ratepayers is <i>at least</i> \$0.6 to \$1.1 million. Government rate setters use formulas to determine whether savings translate into lower rates.</p> <p>Metro may choose to respond to lost market share by raising its wet waste tip fee. Other transfer stations may then respond to Metro's actions by raising their prices, too. Rate-setters would use this information in determining rates. Alternatively, Metro could re-capture lost market share by redistributing tonnage and changing the caps at other private facilities.</p> <p>In the long run, greater competition from small haulers will hold down costs in the system. Because the facility increases hauler efficiency, citizens also benefit from lower levels of roadway congestion, noise, and air pollution, which carry social costs.</p>
<p>3. <i>Unlikely to unreasonably adversely affect the health, safety and welfare of Metro's residents [Metro Code 5.01.070(f)(3)]</i></p>	<p>X</p>			<p>The applicant can meet this standard.</p>
<p>4. <i>Unlikely to unreasonably adversely affect nearby residents, property owners or the existing character or expected future development of the surrounding neighborhood [Metro Code 5.01.070(f)(4)]</i></p>	<p>X</p>			<p>The applicant can meet this standard.</p>
<p>5. <i>Comply with all requirements and standards and other applicable local, state and federal laws, rules, regulations, ordinances, orders or permits pertaining in any manner to the proposed Franchise [Metro Code 5.01.070(f)(5)].</i></p>	<p>X</p>			<p>The applicant can meet this standard.</p>

Table 2- Additional Council Evaluation Factors

The following additional five evaluation factors were introduced by Councilor Park for Council consideration at the December 14, 2004 Council hearing on Ordinance No. 04-1063.

<p>Table 2 Additional Council Evaluation Factors</p>	<p>Favorable</p>	<p>Neutral</p>	<p>Unfavorable</p>	<p>Findings on the Columbia Environmental Application</p>
<p>6. <i>The ability for a significant number of small independent haulers to compete in this region and ensure their competitiveness in the ever-increasing vertically integrated system.</i></p>	<p>X</p>			<p>The proposed facility would benefit affiliated haulers with transportation and tip fee savings. The proposed local transfer station would help the small independent haulers achieve better economies of scale, allowing them to remain competitive in a vertically integrated system.</p>
<p>7. <i>An innovative approach to increasing recycling through enhanced mechanization and by going after the significant amount of recyclable materials mingled in with multi-family wet waste.</i></p>	<p>X</p>			<p>Increased mechanization, innovation, and an economic incentive to maximize recovery will result in significantly higher levels of recovery than any other regional facility. The applicant provided details about recovery systems expected to be in place at the facility.</p>
<p>8. <i>A significant reduction in truck VMT given Columbia Environmental's proximity to their customers.</i></p>	<p>X</p>			<p>Annual truck VMT are reduced by 107,000 miles in the first phase as a result of this facility. Two thirds of these are from residential routes.</p>
<p>9. <i>Potential cost savings to ratepayers on the east side.</i></p>	<p>X</p>			<p>The applicant has indicated that users of the facility will realize savings. Residential ratepayers may experience lower rates based on these savings as determined by local government rate setting formulas. Savings on residential routes, and some commercial routes, are passed through to customers as a consequence of the local government rate-setting process.</p>
<p>10. <i>Would provide a second transfer station in a watershed that currently generates about 130,000 tons a year.</i></p>	<p>X</p>			<p>Metro has designated six transfer station service areas (waste sheds) based on distance. The existing waste shed on the east side of the region cannot accommodate the volume of waste generated within its boundaries. The estimated annual wet waste service area tonnages and the facility tonnage caps are:</p> <p><u>Local Transfer Station Service Areas</u> Pride Recycling = 167,000 tons (65,000 ton cap). Troutdale Transfer Station = 131,000 tons (68,250 ton cap). Willamette Resources (WRI) = 19,000 tons (68,250 ton cap).</p> <p><u>Regional Transfer Station Service Areas</u> Forest Grove=52,000 tons (No cap. Accepted about 105,000 tons wet waste in 2004). Metro Central = 353,000 tons (no cap, accepted about 395,000 tons wet waste in 2004). Metro South = 160,000 tons (no cap; accepted about 172,000 tons in 2004).</p>

ATTACHMENT #9 TO ORDINANCE #04-1063A

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Cost Impact Analysis

A number of assumptions underlie Metro staff's analysis of the impact on "the cost of solid waste disposal and recycling services for the citizens of the region." Those assumptions and associated calculations are detailed in the following pages.

Part 1. Summary of Findings. This table describes the sources and amounts of potential cost impacts of Columbia Environmental's Phase 1 operations. If Columbia Environmental's haulers realize savings, it is unlikely that 100% of those savings will be passed on to the ratepayers; therefore, a range of probable ratepayer impacts is included. The percentages can be interpreted approximately as the probability that the haulers' savings will be realized *by the ratepayer*. The "bottom line" for two (high & low) cases shows the product of the percentage probabilities and the total potential cost reductions, or, in other words, the expected value of ratepayer impact. Key simplifying assumptions are included at the bottom of the page.

Part 2. Supporting Calculations and Assumptions. These tables and notes identify the detailed tonnage, budget, and rate structure assumptions which underlie the cost impact analysis of Part 1.

Cost Impact Analysis

Part 1: Summary of Findings

Sources of Ratepayer Impact					
	CE Hauler Costs (based on information provided by CE)		Metro Tip Fees	Non-Metro Revenue Matching	Net Ratepayer Impact
	Transportation	Tip Fees			
Amount	(\$268,465)	(\$248,976)	\$400,834	\$478,489	
Ratepayer Portion	from 77% to 100%*	from 22% to 100%**	100%	from 74% to 100%	
Case 1: 77% of transportation, 22% of tip fees, 100% of Metro & non-Metro					
	(\$206,244)	(\$55,387)	\$400,834	\$478,489	<u><u>\$617,693</u></u>
Case 2: 100% of transportation, 100% of tip fees, 100% of Metro & 74% of non-Metro					
	(\$268,465)	(\$248,976)	\$400,834	\$354,808	<u><u>\$238,201</u></u>
	<i>Reduced Costs</i>		<i>Increased Prices</i>		

Notes:

* The lower estimate for transportation is most likely for year 1; the remainder is likely to be passed through to ratepayers over time as each CE hauler is sampled in the COP's rate setting process.

** In the City of Portland where most of CE's haulers operate, whether or not to pass through commercial dry waste tip fee savings will be at the discretion of the hauler. In general, the more savings haulers share with the ratepayer, the lower CE's and the haulers' profitability.

Assumptions:

CE's haulers realize \$517,441 annually in lower transportation and disposal costs.

CE's "residential" vs. "commercial" is equivalent to the City of Portland's franchised/unfranchised designation.

The City of Portland's rate setting process examines costs for 75% of garbage customers.

Commercial waste is primarily dry; residential waste is primarily wet.

No more than 10% of dry waste in Gresham is unfranchised (C&D).

Cost Impact Analysis

Part 2: Supporting Calculations and Assumptions

Effect of Tonnage Diversion on Metro's Per-ton Costs

53,600 tpy diversion

	12-mo. Budget (\$ millions)	Per-ton Cost		Diff (\$/ton)
		current tonnage*	tonnage w/ CE*	
Transfer Operations Part of Tip Fee				
New BFI Contract <small>(BFI budget amount varies with tonnage)</small>	5.4	\$9.63	\$9.69	0.06
WMI Disposal Contract <small>(WMI budget amount varies with tonnage)</small>	11.0	\$19.35	\$19.44	0.09
Subtotal, Variable Costs only \1\		28.98	29.13	0.15
Contribution to Renewal & Replacement	0.6	\$1.10	\$1.22	0.12
Scalehouse & Maint. <small>(fully loaded)</small>	2.1	\$3.75	\$4.14	0.39
Subtotal, Fixed Costs only \2\		4.85	5.36	0.51
Subtotal Metro Transfer Station Operations:		\$33.83	\$34.49	\$0.66
Programs & Gen. Govt. \3\				
Regional Programs <small>(Regional System Fee)</small>	19.6	\$15.09	\$15.17	0.08
General Fund <small>(Metro Excise Tax) \4\</small>	11.1	\$8.58	\$8.63	0.05
Subtotal Programs & Gen. Govt.		\$23.67	\$23.80	\$0.13
Total Impact on Metro's per-ton Costs:				\$0.78

* Revenue Bases (FY05-06 projected)

	Tons		1=lo; 0=hi	
	current tonnage	tonnage w/ new facility	1 Lo Diff	0 Hi Diff
Metro:	565,203	511,603	-53,600	-80,600
non-Metro:	<u>732,311</u>	<u>778,991</u>	<u>46,680</u>	<u>70,980</u>
Regional:	1,297,514	1,290,594	-6,920	-9,620

including: 15,600 dry tons
assumed improvement in recovery rates at CE for wet & dry waste, respectively: 10% 20%

Footnotes denoted with the \n\ symbol can be found on the reverse.

Cost Impact Analysis

Part 2 (continued): Supporting Calculations and Assumptions

Subtotal Regional Ratepayer Disposal Costs 53,600 tpy diversion

Transfer Operations

	Metro	511,603	tons x \$0.15 =	<u>\$75,851</u>	
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Fixed Costs

	Metro	511,603	tons x \$0.51 =	<u>\$260,053</u>	
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Programs & Gen. Govt.

	Metro	511,603	tons x \$0.13 =	\$64,930	
	Non-Metro	778,991	tons x \$0.13 =	<u>\$98,866</u>	
		1,290,594		<u>\$163,796</u>	

Non-Metro Revenue Matching Potential

	Wet	389,817	tons x \$0.66 =	\$255,942	(all wet waste matches)
	Dry	188,374	tons x \$0.66 =	<u>\$123,681</u>	(all dry waste matches) ^{15\}
		578,191		<u>\$379,623</u>	(both wet & dry waste match)

Potential Cost to Ratepayers Annually:

	between	\$755,642	(wet matches)
	and	\$879,323	(wet & dry match) ^{16\}

Notes

^{1\} Changes in variable costs are based on current contract terms & the tonnage projection in the requested FY 05-06 budget.

^{2\} Fixed costs: Contribution to R&R is the FY05-06 amount; Scalehouse costs are based on a \$7.50 transaction fee, assuming 2 tons/load.

^{3\} Programs & General Gov't. figures are based on the FY04-05 per-ton RSF and Excise Tax, but FY05-06 tonnage.

^{4\} A per-ton increase in excise tax would not occur until Year 2; all other increases likely would occur in Year 1.

^{5\} Excluded from the total are about 218,000 tons of dry and special wastes delivered to the Washington Co. landfills, where a rate increase is less likely because those facilities are rate regulated by the county.

^{6\} In recent years, the tip fees at private facilities have, on average, followed Metro's rate changes. For this reason, staff believe that the cost increases shown here have a high probability of being passed on to ratepayers regionwide.

April 22, 2005

Agenda Item Number 5.1

Resolution No. 05-3561, For the Purpose of Authorizing Entry Into A Memorandum of Understanding With Portland State University, Branford P. Millar Library for Participation in the Oregon Sustainability Digital Library Collection (OSDLC).

Metro Council Meeting
Thursday, July 21, 2005
Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AUTHORIZING THE)
CHIEF OPERATING OFFICER TO ENTER INTO)
A MEMORANDUM OF UNDERSTANDING)
WITH PORTLAND STATE UNIVERSITY,)
BRANFORD P. MILLAR LIBRARY FOR)
PARTICIPATION IN THE OREGON)
SUSTAINABLE COMMUNITY DIGITAL)
LIBRARY (OSCDL))

RESOLUTION NO. 05-3561

Introduced by
Councilor Susan McLain

WHEREAS, the Metro Council has developed a set of result-oriented goals and objectives, or outcomes, as an expression of its strategic intent for the region; and

WHEREAS, one of the stated goals is to maintain open working relationships with other governments and organizations and provide a venue for regional collaboration; and

WHEREAS, given its longstanding relationship with Portland State University (PSU) faculty and the College of Urban and Public Affairs, Metro has been identified by PSU's Branford Millar Library as a strategic partner in the Oregon Sustainable Community Digital Library (OSCDL) project; and

WHEREAS, the OSCDL project will advance efforts made to date at Metro to identify, locate, and preserve the agency's historically significant planning records, and will ultimately increase public access to these records through the creation of a central repository of key planning documents (including grey literature, policy records, geographical information systems (GIS) data, digital images, maps, and drawings); and

WHEREAS, Metro and PSU staff members have worked cooperatively on developing the plans for the OSCDL project; and

WHEREAS, the discussions have resulted in the completion of a Memorandum of Understanding (MOU) attached hereto as Exhibit A and incorporated herein, which outlines the purpose, goals, conditions and major substantive agreement among the parties to the discussion regarding the OSCDL project; and

WHEREAS, PSU's Branford Millar Library has secured funding for the OSCDL project through a Library Services and Technology Act (LSTA) grant in the amount of \$127,000; and

WHEREAS, while not a legally binding document, the MOU provides assurance to PSU's Branford Millar Library that the project will have continuing support from Metro; now therefore

BE IT RESOLVED,

- 1) That the Metro Council recognizes that Metro's participation in the OSCDL project supports the goal of working openly and collaboratively with a regional partner; and
- 2) That the Metro Council fully supports the provisions of the MOU, and authorizes of the Chief Operating Officer to execute the MOU for the Oregon Sustainable Community Digital Library (OSCDL) project on behalf of Metro; and

- 3) That the Metro Council authorizes the Chief Operating Officer to take all necessary steps to complete the transactions identified by the MOU.

ADOPTED by the Metro Council this 21st day of July, 2005.

David Bragdon, Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney

**PORTLAND STATE
UNIVERSITY**

Branford Price Millar Library

Post Office Box 1151
Portland, Oregon 97207-1151

**Memorandum of Understanding (MOU)
Between
The State of Oregon acting by and through the Board of Higher Education
on behalf of Portland State University,
Branford P. Millar Library
and
METRO**

PURPOSE: The purpose of this Memorandum of Understanding (MOU) is to state the terms of a mutual agreement between Portland State University, Branford P. Millar Library and participating public and non-profit agencies contributing material to the Oregon Sustainable Community Digital Library (OSCDL). It will serve as a framework within which the participating organizations will contribute and exchange material, data, documents, and records within the field of urban planning.

GOAL: The goal of this memorandum is to establish a collaborative framework, forum, and central repository for urban planning documents and data, including geographical information systems (GIS) and images for free electronic access to citizens of Oregon and researchers throughout the world interested in the field of urban planning.

PROJECT PERIOD: This Library Services and Technology Act (LSTA) grant awarded project will commence February 1, 2005 and will end January 31, 2007 (subject to renewal). The resulting collection will continue to grow past the project's end date.

CONDITIONS: Participation in this MOU requires the following:

- a. Each participating agency is required to be a signatory to this MOU before it may contribute material to this collection. To become a signatory, each agency must acknowledge participation in writing.
- b. Each agency must designate and identify in writing staff member(s) to provide oversight and onsite management of this project.
- c. In order to contribute material to OSCDL, the donor agency must ensure that the material is either in the public domain or that the donor agency owns the copyright and by donating the material to the collection assigns the copyright without restrictions.
- d. Each agency is responsible for its own records retention policies and for determining what material will be provided as official copy, and when transfer of ownership of material to the OSCDL is appropriate.
- e. Each participating agency will determine when materials (paper or electronic) will be sent to the Branford P. Millar Library for inclusion in the collection.

- f. Branford P. Millar Library will purchase external storage devices and provide them to each participating organization for the transfer of electronic documents and data.
- g. Branford P. Millar Library's Reference Librarian to the College of Urban and Public Affairs will serve as the subject selector and content manager for the OSCDL. This person, in consultation with the School of Urban Studies, will determine the priority and selection of material for the collection.
- h. Print material selected will be digitized for inclusion in the electronic repository. The cost of conversion (digitization) will be funded by Branford P. Millar Library, initially through the LSTA grant awarded to the project, and by other funds as acquired.
- i. If photocopying of material is required, it will be performed on site at the donor agency. Millar Library will assume the cost of duplication.
- j. The photocopied material becomes the property of the Millar Library and may be cataloged and added to the circulating collection of the library.
- k. Millar Library will care for the donated material in a manner in which, in the Library's judgment, will provide for its digital preservation. In addition, when a physical copy is made, the physical copy's preservation will conform to the library's standard.
- l. The physical and digital collection will reside at Portland State University.
- m. Upon occasion, students of Portland State University and graduate students in a Library and Information Systems program may participate in the transfer and cataloging of the information. Participating partners are not required to allow these non-employees of the Portland State University access to original material if prohibited by organizational rules and regulations. However, in the spirit of cooperation and collaboration, agencies will attempt to facilitate the learning experience of these students by providing access to original materials.
- n. Upon receipt of a written acknowledgement of participation, the web site for the OSCDL will acknowledge the donating agency. Agencies are encouraged to refer patrons to the web site for access to all the material and the database may be linked to from the Portland State University Branford P. Millar Library web site.

OWNERSHIP OF WORK PRODUCT: Materials donated to the OSCDL by participating agencies shall become the property of Portland State University, Branford P. Millar Library.

TERMINATION: If an agency wishes to end participation in this repository, the agency must notify the Branford P. Millar Library in writing. It is expected that the notification will include at least a ninety-day period between notice and effect. During that time the agency may continue to transfer material.

SAFETY: Portland State University shall take all necessary precautions for the safety of employees and others in the vicinity of the services being performed and shall comply with all applicable provisions of federal, state, and local safety laws and building codes, including the acquisition of any required permits.

INSURANCE: Portland State University agrees to maintain insurance levels, or self-insurance in accordance with ORS 30.282, for the duration of the MOU to levels

necessary to protect against public body liability as specified in ORS 30.270. Portland State University also agrees to maintain for the duration of this MOU, Worker's Compensation Insurance coverage for all of its employees as a self-insured employer, as provided by ORS chapter 656, or disability coverage under its Disability, Retirement and Death Benefits Plan.

INDEMNIFICATION: To the extent permitted by Oregon law (ORS 30.260 through 30.300) and the Oregon Constitution, Article XI, Section 7, each party shall hold harmless, defend and indemnify the other party and the other party's officers, agents, and employees against all damages, expenses, claims, demands, actions, and suits brought against them arising from the performance of work under this MOU, to the extent that the party to be charged had actual control over the work performed.

GRANTEE NOT AN EMPLOYEE: Under no circumstances shall Portland State University personnel be considered employees of the public and non-profit agencies participating in the OSCDL project. Portland State University is solely responsible for its performance under this MOU and the quality of its work; for obtaining and maintaining all licenses and certifications necessary to carry out this MOU; for administering grant monies; and for meeting all other requirements of law in carrying out this MOU.

STATE AND FEDERAL LAW CONSTRAINTS: All parties shall comply with the public contracting provisions of ORS chapter 279, to the extent those provisions apply to this MOU. All such provisions required to be included in this MOU are incorporated herein by reference. PSU shall comply with all applicable requirements of federal and state civil rights and rehabilitation statutes, rules, and regulations including those of the Americans with Disabilities Act.

This MOU will be in effect upon signature below, indicating acceptance of terms by the Participating Agency.

METRO

Name: _____

Title: _____

Date: _____

Contact: _____

Phone: _____

Email: _____

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 05-3561, FOR THE PURPOSE OF AUTHORIZING THE CHIEF OPERATING OFFICER TO ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH PORTLAND STATE UNIVERSITY, BRANFORD P. MILLAR LIBRARY FOR PARTICIPATION IN THE OREGON SUSTAINABLE COMMUNITY DIGITAL LIBRARY COLLECTION (OSCDL).

Date: July 21, 2005

Prepared by: Becky Shoemaker

BACKGROUND

In March 2004, Metro entered into discussions with Portland State University (PSU), Branford P. Millar Library personnel regarding its potential participation in the Oregon Sustainable Community Digital Library (OSCDL) project. The goal of the project is to create a central repository for the collection, accession, and dissemination of key planning documents created by Metro and other participating public and non-profit agencies in the region. Because of its unique role as the only directly elected regional government in the United States; and given the degree to which Metro has been influencing the physical and social landscape of the Portland metropolitan region since 1978, PSU identified Metro as a strategic partner in the OSCDL project.

The OSCDL project will provide researchers, practitioners, students, policymakers and citizens with electronic access to detailed information from participating agencies via a searchable web-based database hosted by PSU. As a collaborative partner, Metro will work with PSU to identify and locate significant administrative, policy, and planning documents, and facilitate the process by which they can be digitized and shared with Portland State University's library. The scope of documents identified thus far include: grey literature, planning documents and reports, policy records, geographical information systems (GIS) data, digital images, maps, and drawings from the planning department of Portland State University, Metro, TriMet, Oregon Historical Society, and the counties and cities comprising the Portland Metropolitan Area. Eventually, the goal is to expand the reach of the project to appropriate agencies throughout the State of Oregon.

In addition to the purpose, goals, and conditions set forth in the Memorandum of Understanding (MOU) between Metro and PSU's Branford Millar Library, the OSCDL project will be guided by a framing paper prepared by Professor Carl Abbott of PSU's College of Urban and Public Affairs. The paper is entitled, *Planning a Sustainable Portland: A Digital Library for Local, Regional, and State Planning and Policy Documents*. [See Attachment 1]

In October 2004, PSU's Branford Millar Library secured funding for the OSCDL project through a Library Services and Technology Act (LSTA) grant in the amount of \$127,000. The grant, which will be administered by PSU, will fund the project for two-year period. Additional funding sources will be sought to ensure the longevity of the project.

An anticipated outcome of this initiative will be to publish information about the OSCDL project and its results in appropriate urban planning, archival, library, and higher educational journals and to present these results at professional conferences.

Becky Shoemaker, Metro Records Officer, will work in conjunction with Rose M. Jackson, Reference Librarian and Information Consultant to the College of Urban and Public Affairs, to provide oversight and management of this project.

ANALYSIS/INFORMATION

1. Known Opposition

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

2. Legal Antecedents

Oregon Revised Statutes 191.110 and 190.010; Metro Code Chapter 2.04.

3. Anticipated Effects

- Advances efforts made thus far by Metro staff to identify, locate and preserve the agency's historically significant planning records, many of which have traditionally been maintained in a decentralized fashion at the department level.
- Supports the Metro Council's goal of promoting accountability and transparency in government by increasing public access to agency records
- Supports the Metro Council's goal of providing an opportunity to work collaboratively with regional partners.

4. Budget Impacts

None

RECOMMENDED ACTION

Approval of Resolution No. 05-3561.

Planning a Sustainable Portland: A Digital Library for Local, Regional, and State Planning and Policy Documents

Framing Paper

This paper is intended as a guiding framework for the collection and digitizing program of the Oregon Sustainable Community Digital Library. The document addresses the following issues:

- (1) Portland and Oregon as centers of innovative planning
- (2) The institutional context of planning
- (3) The types of planning documentation typically found
- (4) The definition and dimensions of sustainability
- (5) Issue areas and topics that are most significant and interesting for electronic access.

It then offers suggestions about priorities for digital archiving based on a historical interpretation of Portland's key planning and policy accomplishments and its consequent planning "gems" that are of greatest interest locally, nationally, and internationally.

The project's goal is to develop a digital library under the sponsorship of the Portland State University Library to serve as a central repository for the collection, accession, and dissemination of key planning documents and reports, maps, and other ephemeral materials that have high value for Oregon citizens and for scholars around the world.

The project speaks to the high reputation and interest that Oregon planning innovations and practices have developed among academic specialists, public officials, and community leaders both locally and in the nation at large.

It also offers a creative response to a problem of record-keeping and archiving of planning materials. Much of the documentation for planning initiatives and choices is contained in fugitive documents, reports, and memoranda that libraries have traditionally found it difficult to collect, accession, and maintain. National efforts in the 1970s and 1980s to develop microfiche archives of planning documents met with limited success, especially in terms of dissemination. The development of the Internet and World Wide Web, however, provides a powerful tool for storage and retrieval of such material.

1. Planning Innovation in Portland and Oregon

Oregon and particularly the Portland region are policy innovators in the realms of urban-regional planning, regional governance, and sustainable development. Portland is a middle-sized city with an outsized reputation for innovative government and good planning. From beginnings in the ferment of the later 1960s, residents of the city and metropolitan area have crafted an unusual set of institutions for guiding public policy. The result by the 1990s was to make Portland an example—or warning—to other cities. A recently compiled bibliography of books, chapters, and articles dealing with Portland area planning has found more than 100 entries for the last decade alone.

The development of innovative planning has a forty-year history and record of accomplishment; for more detail see the bibliography at www.pdx.edu/~d3ca/ under the heading “Reading about Portland.”

The first steps came in the late 1960s. The national Model Cities program was designed to coordinate the delivery of improved services in selected urban neighborhoods around the country. Implemented in Portland in 1968-69, it trained and empowered a generation of community leaders in North and Northeast neighborhoods. Neighborhoods in other sectors of the city also organized to fight against unwanted changes to community character, creating citizen based organizations such as Southeast Uplift, the Northwest District Association, and the North Portland Citizens Committee. New environmental concerns—symbolized by the first Earth Day in 1970—brought other activists into the fray.

The issues that activists introduced thirty years ago are still on the city agenda—neighborhood revitalization, downtowns for people, environmentally sustainable development. These are issues that Portland Mayor Neil Goldschmidt advanced in the 1970s, Mayor Bud Clark in the 1980s, and Mayor Vera Katz in the 1990s. They have also been increasingly important for county leadership and for other cities in the region. Over the past generation, the Portland region has developed strong leadership around sustainable growth, high levels of public awareness and involvement in policy issues, and wide coverage in the press—in short, a habit of planning.

Some of the important changes were institutional innovations. The City of Portland, for example, formally recognized neighborhood groups as participants in public decisions by creating the Office of Neighborhood Associations in 1974 (now the Office of Neighborhood Involvement). The city provided funding and technical assistance to help neighborhood groups organize and develop their own agendas. Activist neighborhood associations function, at their best, as a sort of loyal opposition that frequently challenges decisions in City Hall, particularly regarding levels of land development and redevelopment. At the metropolitan level are regional transit and planning agencies that also date from the 1970s. The Tri-County Metropolitan Transportation District, or TriMet, operates buses, light rail, streetcar, and other public transit services. Metro, a regional planning and service delivery agency, stands out nationally as the only elected regional government, and one whose powers were actually expanded by a home rule charter in 1992.

Providing a larger framework of goals is the Oregon statewide planning system established in 1973 by Senate Bill 100 and administered by the Land Conservation and Development Commission. The Oregon land use planning system leaves the details of planning to cities and counties, but requires that these local plans address statewide goals. The system provides regional growth management tools that are unavailable in most other metropolitan areas.

Portland's approach to planning has been conditioned by a political culture that values alliance building and compromise. Downtown and neighborhood activists engage in win-win discussions rather than the zero-sum battles typical of relationships between downtown business interests and neighborhood activists elsewhere. Suburban business and political leaders in several communities see a future as growing activity centers around the larger core of Portland (particularly Gresham, Beaverton, Hillsboro, and Clackamas County). At the largest scale, Portlanders have partially redefined and bridged a fundamental ideological divide in urban and regional planning. Builders of modern cities have long been torn between the preference for "going out" or "going up"--for lowering the overall density of metropolitan settlements or for increasing the intensity of land use. In the Portland case, environmentalism as an urban planning goal draws explicitly on the thought of Frederick Law Olmsted and Lewis Mumford, with their visions of cities and towns interlacing with the natural and cultivated environments in a democratic regionalism. Portland's eclectic urbanists borrow the insights of Jane Jacobs and William S. Whyte to assert the value of civic interaction in public spaces.

In the 1990s the two goals came together in a powerful "livable future" coalition. There is strong public involvement in both grassroots environmentalism and neighborhood conservation. Small waterways, wetlands, and natural spaces in the Portland area benefit from more than seventy-five "Friends of . . ." organizations. Friends of Forest Park, Friends of Fanno Creek, Friends of the Columbia Slough, Friends of Elk Rock Island, and similar organizations monitor development pressures and advocate for restoration programs. At the same time, Portland hosts nearly a dozen community development corporations and has a national reputation for its network of nearly 150 city-sponsored but community-controlled neighborhood associations. A group such as the Coalition for a Livable Future brings together environmental action groups and community development groups.

Political consensus and innovative institutions have supported important substantive accomplishments since the 1970s. At the same time, the first years of the twenty-first century have brought significant challenges that will need to be faced if the area is to add to these achievements.

o A Strong Center: Downtown Portland is the beneficiary of city-county sponsored *Downtown Plan* from 1972, a city-sponsored *Central City Plan* from 1988, and a Central City Summit that convened government and civic leaders in 1998. Each iteration built on previous plans, but also introduced new problems, concerns, and solutions. Portland now has a downtown core that can boast 30,000 new jobs in the last two decades, a burgeoning housing market, and every important civic facility--museums, university, theaters, sports arenas, convention center,

gathering places for protest and celebration.

Important issues for the coming decade revolve around the pressures of continued expansion. "Downtown" has now grown to include the Peal District and Lloyd District, and will soon include a growing South Waterfront District. This growth has now utilized all the vacant land and has begun to press against the interests of viable older neighborhoods (such as Lair Hill, sandwiched between Oregon Health and Sciences University and the South Waterfront) and viable industrial districts (such as the Central Eastside).

o Recycled Neighborhoods: Portland has neighborhoods where citizens are engaged in local improvement efforts, where the old streetcar shopping strips are alive, where movie houses screen features suitable for family viewing, and where infill housing is a reality rather than a planners' dream.

But, increased density brings problems as well as benefits. Issues of quality architecture and design include a city prohibition on "snout houses" that hide behind their garage and the difficulty of making row houses attractive. Portland's very success in attracting well-educated residents to older neighborhoods has increased the pace of "gentrification," meaning the displacement of lower-income residents by people who can pay more for the same property. Low income groups are increasingly pushed from central neighborhoods into suburban fringe areas

o Compact Metropolitan Growth: Portlanders debated the proper location of the Urban Growth Boundary (UGB) in the late 1970s. They considered its possible expansion in the early 1990s in the Region 2040 plan, utilizing the input of nearly 20,000 citizens. Because some communities and interests feel that their concerns were not adequately accommodated, we are now revisiting some of the choices of the 1990s. Metro also decided in 2004 to substantially expand the UGB, especially in Clackamas County.

The challenges here are threefold. The first is to effectively develop the "town centers" such as Gresham, Hillsboro, and the Hollywood neighborhood that are called for in the 2040 plan. The second is to ensure that development inside the UGB does not simply reproduce cookie-cutter suburban designs. The third is to assess and deal with the impacts of Measure 37, a state law adopted by popular vote in 2004 that requires financial compensation or a waiver of zoning restrictions when such restrictions reduce the value of a property (owners under Measure 37 have the right to develop under the regulations in place at the date they acquired the property). The legal implications and details of Measure 37 remain uncertain in early 2005.

o Multi-choice Transportation: Portlanders have made repeated statements against freeways. They decided to rip out the six lanes of Harbor Drive in favor of a downtown waterfront park in 1972. They chose to abandon plans for a radial freeway in 1975, rejecting a massive community-killer in favor of maintaining affordable housing. And in the 1990s, they mobilized the weight of public and professional opinion against a western beltway that would have helped electronics industry commuters but cut a hole in the UGB. Instead, the region has invested heavily in a bus service and a growing system of rail-based transit. The result is a relatively well-balanced metropolitan transportation system whose viable options range from

light rail transit to bicycle commuting.

The challenges here are (1) to continue to fund effective transportation alternatives to automobiles by expanding light rail and streetcar service, and (2) to find planning and land use options that reduce the need for both automobile trips and transit trips in the face of long-term costs increases for fuel.

o Environmental Protection: Residents of the Portland region have also taken particular care of the natural environment. Open space is carefully nurtured within the urbanized area and farmland is has been protected by the regional Urban Growth Boundary (UGB). The restoration of smaller stream courses, the Willamette River, and river margins emerged as a high priority in the 1990s, with attention both from local government and citizen groups. The City of Portland is currently engaged in a highly costly retrofit of its drainage system to separate sewage and storm water and thereby protect the quality of the Willamette River.

However, the city and Metro have reached the limits of politically acceptable environmental requirements and regulations within the urbanized parts of the region, as shown by Metro's limited ability to develop Goal 5 implementation measures (Goal 5 requires the protection of natural and historic resources) and the passage of Measure 37. Future progress will have to involve purchase of land and/or development rights (as with Metro's open space acquisition program in the 1990s) and voluntary stewardship programs.

2. The Institutional Context of Planning

The following paragraphs answer the question "Who plans?" by inventorying the governmental entities and organizations that engage in sustainability-related planning. These entities are described according to two criteria. The first criterion is geographic scope or scale, ranging from the nation at one extreme to individual neighborhoods at the other. The second criterion is the source and extent of legal authority that can be exercised by different types of planning organizations.

A. Scale:

Nation: The federal government engages in economic development and land use planning when it weighs investment decisions on a national scale. Examples include the allocation of mass transit construction funds by the Department of Transportation, the development of project priority lists by the U.S. Army Corps of Engineers, or systematic decision-making about the closure of military bases by the Department of Defense. For the Portland region, the most prominent federal agencies are those that deal with natural resources. The Forest Service of the U.S. Department of Agriculture manages a set of National Forests that surround the metropolitan area. The U.S. Army Corp of Engineers operates the huge power and navigation dams on the Columbia River, and the Bonneville Power Administration markets their hydroelectricity.

Multi-state: Multistate planning is often conducted under the aegis of the federal government, either through specially created regional organizations such as the Appalachian Regional Commission or the Tennessee Valley Authority, or through multistate compacts such as those allocating and regulating the flow of the Colorado and Arkansas rivers. Multistate planning may also take place on an ad hoc basis (e.g., for planning the location of a new bridge across the Columbia River). The most prominent multi-state agency for this region is the Columbia River Gorge Commission, which administers the Columbia River Gorge National Scenic Area in conjunction with the Forest Service.

State: States conduct planning through departments of transportation and economic/community development, land use planning, and environmental protection and through specific task forces and commissions designed to deal with particular issues. Each of these issues and agencies has direct impact on Portland's growth and patterns of development.

Sub-State Region: All metropolitan areas have some sort of region-wide organization for transportation facility decisions, and they may engage in other types of metropolitan planning through a council of governments. Many states also engage in planning for coastal zones that include all or portions of many cities and counties. Key agencies for Portland are TriMet, Metro, and the Port of Portland.

Municipality: Cities and counties conduct planning for land use regulation, economic development, parks, water supply, and other sets of public services. In this region, the five cities of Portland, Gresham, Beaverton, Hillsboro, Oregon and Vancouver, Washington all have populations of more than 50,000, the rough size threshold for the ability to provide a comprehensive, full-service government.

District: Many public services are planned and delivered by special districts, which may function within a single city or county, or may cross jurisdictional boundaries. These can range from rural irrigation and volunteer fire districts to school districts to powerful organizations such as the Port Authority of New York-New Jersey. A large city may also engage in planning for a substantial sector or district that spans a number of neighborhoods.

Neighborhood: Cities, counties, and regional agencies often develop neighborhood-level plans with the cooperation of local residents.

B. Authority for Planning:

Elected government: States hold sovereign authority over most arenas of planning. They often delegate aspects of this authority to the cities and counties and their elected governing bodies. Uniquely in Portland, state authority has also been delegated to an elected regional government (Metro).

Appointed operating agency: A state or municipality may delegate operating and decision making power to an agency whose governing board is appointed by elected officials. These agencies can operate with considerable latitude within established standards for their specific areas of responsibility. Portland examples are the Port and TriMet.

Appointive advisory group: Elected officials may appoint an advisory group, such as a Planning Commission, which is charged with recommending plans and making decisions, but which can be overruled by elective bodies.

Private organizations: Nonprofit advocacy organizations, nonprofit service delivery organizations, and business and professional lobbying groups can all engage in planning and produce planning documents. They can use these documents to guide the use of private resources, but otherwise must persuade organizations with governmental authority to utilize or consider their plans.

C. Scale and Authority in Portland Area Planning:

The following table categorizes some of the entities and organizations that have been involved in planning for sustainability in the Portland metropolitan region. The listing under "Advisory Bodies" and "Nonprofits" are just a few examples of a very rich set of civic action groups. The table highlights in bold type some of the organizations that have made strong, interesting, or unique contributions to metropolitan area planning and policy.

Scale and Authority in Portland Area Planning

	<i>Elected Government</i>	<i>Appointive Government Agency</i>	<i>Advisory Body</i>	<i>Nonprofit Organization</i>
<i>National</i>	Congress, President	Forest Service HUD EPA		National Trust for Historic Preservation, Sierra Club
<i>Multi-state</i>		Columbia River Gorge Commission, Bonneville Power Admin.		
<i>State</i>	Legislature, Governor	Land Conservation & Development Commission, Environmental Quality Commission, Oregon Transportation Commission	Ocean Policy Advisory Com.	1000 Friends of Oregon, Oregon Chapter, American Planning Assn., Oregon Business Council
<i>Sub-State Region</i>	Metro	Tri-Met, Port of Portland	Joint Policy Advisory Committee (Metro)	Metropolitan Homebuilders, Bull Run Interest Group, Coalition for a Livable Future
<i>Municipality</i>	City Councils, County Commissions	Portland Development Commission, Housing Authority of Portland	Planning Bureau & Planning Commission, Landmarks Commission, Portland Office of Sustainability	City Club of Portland, Portland Business Alliance, Portland Bicycle Alliance
<i>District</i>	Drainage Districts, Educational Service Districts, Community College Districts, Recreation Districts			Community Development Corporations, Southeast Uplift, Friends of the Reservoirs, Watershed Groups
<i>Neighborhood</i>				Neighborhood Associations, City Repair

3. Types of Urban Planning and Policy Materials

Urban planning and policy development is an iterative process that tends to produce a high volume of written and graphic materials that serve as preliminaries to formally adopted or approved documents. The following categories are listed in ascending order from the most ephemeral to the most formal. The categories are not precise, but their order roughly shadows the decision-making process.

o Planning process records:

Examples are minutes of advisory committees, minutes of formal bodies such as Planning Commission, Landmarks Commission, correspondence, testimony on planning issues, and public input materials.

These are materials generated during research and discussion stages of plan making or policy development. Many are intended for internal use rather than designed for public dissemination. The preservation is random, often in the files of individual participants in the discussions. They may find their way into public archives through the deposit of personal papers in a historical archive or library. For example, the Oregon Historical Society has the papers of several Portland City Commission members from the middle decades of the twentieth century, and these well-indexed papers include many files of such materials.

These materials are of great value to historians and other scholars interested in understanding the reasoning and political factors behind public decisions. They have potential interest to attorneys trying to reconstruct the intent behind a public policy or regulation.

o Drafts of plans and policies:

Examples are draft plans prepared for public comment, often in the form of analyses of alternatives.

These materials may be published for public distribution, but they may be difficult to identify and may appear in multiple, overlapping versions. Public testimony may be recorded on tape, or accessed through notes and written submissions.

These materials, like planning process records, are most useful for reconstructing a decision-making process for scholarly or legal purposes.

The character of these documents is currently being affected by electronic production of text, graphics, and maps. In particular, the development of Geographic Information Systems (GIS) for electronic mapping now allows a much richer and flexible production of cartographic information.

o Informational reports:

Examples are reports on important public topics prepared by private organizations such as the City Club of Portland or Oregon Business Council, as well as published background reports and inventory data for large planning efforts. An example of a background report is Portland's Willamette River Atlas, a compendium of maps showing topography, land characteristics, ownership, zoning, principle uses and other baseline data for the margins of the Willamette River within Portland. It was issued by the Portland Planning Bureau in 2001 as supporting material for the "River Renaissance" initiative of Mayor Vera Katz. This is the sort of document that could usefully be available on-line both as finished maps and as GIS data.

Background reports are usually prepared for some sort of public distribution. Numbers of copies and methods of distribution can differ widely. Some printed copies find their way into libraries (such as "Research Reports" of the City Club). Increasingly, these sorts of materials are also being posted on web sites as a supplement or substitute for physical publication. Because active planning agencies may not be interested in maintaining such materials on their web sites beyond the period of active discussion, it may be important that procedures be developed for migrating a selection of such materials to the Digital Library.

Whether in paper or electronic format, these are important materials for a digital library (see Section 5 for more detail). They can be valuable documents for understanding the forces and issues behind policy changes, and showing the different arguments advanced and positions taken. They have value for students, scholars, and community activists. Organizations that prepare such documents may have additional web site material that should be linked to a digital library.

o Academic research and reports:

An additional source of background material on Portland is Portland State University, particularly the School of Urban Studies and Planning. The Center for Urban Studies and the Institute for Portland Metropolitan Studies research important regional issues dealing with transportation, land use, economic development, governance, and related topics. Findings are disseminated through working papers and reports, and summaries are sometimes published in Metroscape magazine. **The Digital Library should consider including copies of these reports, and it might explore the possibility of offering on-line access to Metroscape.**

Graduate student research also examines relevant topics. Doctoral dissertations in Urban Studies are available through Dissertation Abstracts, and the Digital Library might include appropriate links to that data base. Many Master's theses in Urban Studies, Public Administration, Geography, Sociology, History, and Political Science deal with issues of Portland area planning and development, which should be referenced

within the Digital Library.

o Complete recommended plans and policy proposals:

These are items such as land use plans, transportation plans, and final environmental impact statements that culminate a planning process and are submitted to a decision-making body for discussion, possible amendment, and approval. They may come, for example, from a city or county planning department to a city council or county commission.

These documents often include text and maps that illustrate and define particular options

These key landmarks of the planning process are essential parts of a digital library.

o Formally adopted plans:

Examples include city and county Comprehensive Plans, Metro's functional plans, neighborhood and district plans incorporated by reference into comprehensive plans, Planning Commission recommendations to City Council

It is important to maintain the distinction between a formally proposed draft plan, and the final plan that is legally adopted after amendments. The amendments may result in a complete reprinting of the document, or simply the insertion of an addendum.

These are key documents for a digital library.

o Legally adopted implementation measures:

Examples are zoning codes; maps and text showing the location of an Urban Growth Boundary; Goals and Rules adopted by the Land Conservation and Development Commission; City Council decisions on zoning and development questions and appeals.

Such materials are formally maintained by local governments, since they have legal status. **They are increasingly available on-line and should be linked to a digital library.**

4. Sustainability and Urban Policy

Sustainable development is a balancing act. It is often seen as an effort to find common ground among the competing needs of environmental protection, economic development, and social equity. These are sometimes summarized as the 3E's of **Environment, Economy, and Equity** or as the 3P's of **Place, Prosperity, and People**. They can also be summarized as the goals of creating a metropolis that is "**Green, Growing, and Just.**"

Most planning efforts can be grouped under at least one of these broad categories. For example, the Journal of the American Planning Association categorizes planning-related articles and reports in nineteen broad categories. A handful ("planning methods") are not directly relevant, but most can be grouped in the three goals of sustainability.

Environment: "land use, zoning, growth management, law"
"environment, energy, natural resources"
"architecture, design, historic preservation, urban form"
"transportation"

Economy: "economic development"
"infrastructure"
"employment, labor"
"transportation"

Equity: "citizen participation and dispute resolution"
"housing and real estate"
"employment, labor"
"health, education, social services"
"community development, neighborhood planning"
"politics and society"

Much of the policy and planning debate—as well as creative problem-solving—arises where the categories overlap or compete, creating what scholar Scott Campbell calls three conflicts." There is the "resource conflict" between overall economic growth and efficiency and environmental protection, the "development conflict" between the environment and the demands of social justice and economic opportunity, and the "property conflict" between social equity goals and economic development.

With these tensions or conflicts in mind, it is useful to see that sustainability can be introduced and found in both simpler and more complex forms or definitions. The following paragraphs summarize the different definitions or approaches and offer some Portland area examples as illustrations. They range from the simplest way to approach sustainability (Definition 1) to the most complex (Definition 5).

Definition 1: Sustainability as resource conservation.

The idea of sustainability takes its deepest roots in nineteenth century thinking about the need to conserve natural resources for long term and or renewable use. Identified early-on with the writings of George Perkins Marsh, conservation for sustainability found early expression in efforts to maintain steady flows of fresh water by preventing the clear cutting of the forested margins of watersheds—one of the key motivations for the origins of the National Forest system in the United States. This motivation activated much of the conservation efforts and legislation of the Progressive era (1900-1920) and the New Deal of the 1930s. In the phrase of historian Samuel Hays, it was conservation motivated by the “gospel of efficiency.”

This motivation of wise or careful resource use remains a strong factor in water resource policy, energy policy, forest policy, resource recycling, and similar efforts to encourage use of renewable resources, or resource use at conservative levels. At the local scale, it finds expression in such very specific efforts as “green building” (resource and energy efficient) and programs to divert storm water from sewers to permeable ground.

Definition 2: Sustainability as preservation and restoration of natural systems:

A second definition shifts the focus from the *use of natural resources to the maintenance or restoration of the inherent integrity* of natural systems. One consequence of such restoration efforts may be the protection of economically viable resources, but the conceptual focus is the natural system itself as much as its human use.

The approach to sustainability is often justified in economic terms (e.g., by describing the “economic” values and functions of wetlands and marshes). However, the approach has also imbued environmentalism with a spiritual dimension in which the natural systems as seen as having inherent value rather than value only as they can be used by human beings.

Examples at the federal level include policies to require wetlands preservation and/or mitigation and to encourage the clean-up of polluted industrial sites (brownfields mitigation and Superfund sites). Regional examples include the farmland and forest land protection goals of the Oregon land use planning system, Columbia River Gorge National Scenic Area, and regional efforts to protect and enhance wild salmon populations. Smaller scale examples are often place-oriented, involving efforts to protect and restore particular streams and watercourses (Fanno Creek, Johnson Creek, Columbia Slough), wetlands (Smith and Bybee lakes), open spaces (Ross Island), and urban wildlife

Definition 3: Sustainability as environment/economy balance:

Sustainability policy can use a broader framework that explicit considers the tensions and tradeoffs between environment and economy or place and prosperity. In effect, this approach accepts the validity of both definition 1 (efficient use) and definition 2 (the inherent worth of natural systems) and attempts explicit balance. This is the most common public policy understanding, and has roots in key documents such as the Brundtland Report, which gave

sustainability principles international standing.

Many key policy decisions are framed in these terms, at scales from the global (the Kyoto Treaty in global warming) to the local (City of Portland environmental protection zoning or its "River Renaissance" program). Perhaps most prominently in this region, the tradeoff has been the framing context for Metro's 2040 Plan and for that agency's decisions about where, when, and how much to expand the Urban Growth Boundary.

Definition 4: Sustainability as the balance of economy and equity:

Critics have begun to apply the language of sustainability to questions of economic equity, arguing that a highly polarized society is unbalanced and therefore not sustainable. At the international scale, this question is embedded in the passionate debate about the impacts of economic globalization. At the national scale, it involves questions of tax policy, social security, unemployment benefits, medical insurance, and other parts of the social safety net.

At the regional and local scale in Portland, the debate in recent years has revolved around questions of housing cost, gentrification, and commercial revitalization. A key issue in discussions of the Urban Growth Boundary is the degree to which a somewhat constricted land supply raises housing prices and thereby hurts the poor. Portland is also concerned to encourage revitalization of older neighborhoods without hurting poor renters through rapid increases in real estate prices ("gentrification").

The city has tried to speak to these concerns through the Albina Community Plan for North-Northeast Portland and the Suotheast Community Plan and through the establishment of urban renewal zones for the Lents and North Interstate Avenue districts.

Definition 5: Sustainability as the three-way balance of environment, economy and equity:

Since the 1980s, planners have been concerned about "environmental racism," or the tendency for low-income and minority populations to live in neighborhoods that have suffered environment degradation and may be current health hazards (the Love Canal crisis in New York was a particularly egregious example). Although Portland's demographic makeup and industrial history have made this a lesser problem than in many eastern cities, the cleanup of the Columbia Slough in North Portland is a local example.

A second example involves choices of park development and open space acquisition. Municipalities and Metro can often preserve natural systems and most efficiently by acquiring large, outlying tracts of land. These tracts also have the potential to encourage nearby development because of their amenity value. However, such parcels may be located at a substantial distance from lower-income residents, who therefore gain little benefit.

5) Portland Planning and a Sustainable Community Digital Library

The preceding discussion offers a basis for prioritizing materials for a Sustainable Community Digital Library organized around leading issues, document types, scale of planning, and contributions to sustainability.

The Digital Library should focus on four issue arenas in which the Portland region has played an innovative role or achieved national prominence. In so doing, it should seek a balance among multistate, regional, municipal, district, and local (neighborhood) level actions and activities. The first four issue areas are derived from the discussion in Section 1 of this document. The final issue area—public participation—runs across all of the substantive areas.

- (1) Strength at the center (the conservation and revitalization of downtown and the recycling and upgrading of older neighborhoods)
- (2) Regional planning and governance
- (3) Multi-modal transportation
- (4) Integration of the natural environment within the urbanized fabric of the metropolitan area
- (5) extensive and active public participation in civic issues.

The Digital Library should emphasize the acquisition and archiving of the following sorts of materials, in priority order:

- (1) formally adopted plans and policy statements from local and regional governments,
- (2) informational and advocacy reports and documents by government agencies and private organizations, when these are not readily available in print or on organizational web sites,
- (3) records, minutes, newsletters, and similar materials of nongovernmental advocacy and action organizations,
- (4) records, minutes, newsletter, and draft plans and policies of local and regional governments that provide background on the documents in category 1.

The following matrix indicates examples of programs and planning efforts for which materials might be collected. The matrix groups these efforts by scale and by broad issue area. The entries in italics are past episodes of historic importance. The remainder of entries are ongoing organizations and/or activities. The notation **L** indicates an organization with a substantial web site for linkage. The number 1-5 indicates the approach or approaches to sustainability taken by the organization or initiative.

Drawing on the matrix, this document then identifies three important planning efforts that have generated a series of reports and documents over time and highlights some of the key efforts and activities involved in each, with attention to (a) developments over time and (b) planning at different scales. These planning "stories" are suggested as starting points for the Digital Library. They involve the strengthening of central Portland, planning for a compact region, and efforts to restore the Willamette River.

	Strong Center: Downtown & Neighborhoods	Regional Plans & Government	Natural Environment	Transportation	Citizen Action & Participation
Multi- state		Columbia River Gorge National Scenic Area L 4		Col. River Bridges ODOT/ WDOT	
Region		Metro 2040 Growth Concept & Regional Framework Plan 3 Urban Growth Management Functional Plan 3 Metro UGB Expansion 5 Coalition for a Livable Future L5	Metro Open Space Program L 1	Port of Portland 3 Tri-Met 5 Metro Regional Transportation Plan 3	Bull Run Interest Group 1 1000 Friends of Oregon L 5
City/ County	<i>P'land Downtown Plan 1972 4</i> <i>Portland Central City Plan 4</i> Gresham Civic Neighborhood 4		Portland River Renaissance L 3 Portland Parks Plans 5 P'land Office of Sustainability L 1	OHSU Tram Portland bicycle program 3	<i>Central City Summit 5</i> City Club of Portland L 5
District	Albina Community Plan and Southeast Community Plan 4 N. Interstate Urban Renewal Plan 4 South Waterfront District Plans 5 Downtown Beaverton Regional Center Dev. Strategy 3	Planning for Gresham & Damascus UGB Expansion 5	Columbia Slough Restoration 2 <i>Riverfront for People & Waterfront Park 2</i> Johnson Creek Watershed Council 3		REACH Community Dev'ment Corp. 4

Locality	<i>Pioneer Courthouse Square 3</i>		Oaks Bottom & Ross Island Restoration 2		City Repair Project L 5
	Columbia Villa / New Columbia 4		Green building initiatives 1		<i>Friends of the Reservoirs 3</i>
	NW Pilot Project Housing Inventory 4				Dignity Village 4

Planning a Prosperous and People-Friendly Center

Comprehensive approaches: Each of the three previous decades has brought a comprehensive effort to look at the future and needs of downtown Portland and the surrounding districts.

“Portland Downtown Plan” (1972): This plan was developed in response to the decline of downtown retailing, the need for parking, and the opportunity created by the removal of Harbor Drive. It brought together important business stakeholders with city government and citizen participants. It proposed a cohesive set of improvements that have resulted in the Transit Mall, new open spaces, new downtown retailing, improved parking, and business reinvestment. The majority of its recommendations have been implemented in the following three decades.

“Central City Plan” (1988): Developed by the City of Portland, this plan updated the 1988 proposals and expanded consideration to include not only downtown itself, but also the Lower Albina, Lloyd, Central Eastside, Pearl, Goose Hollow, and South Waterfront districts. The planning process involved extensive public input and numerous background reports in addition to the final approved plan.

“Central City Summit” (1998): Sponsored by the City of Portland and the Association for Portland Progress (representing downtown businesses), this event brought together 400 business and community leaders to consider next steps for Portland’s core area, utilizing a set of background documents and reports. The group emphasized the importance of quality schools and a restored river as supports for a strong central core.

District and local implementation: The comprehensive vision for central Portland requires implementation through plans and development decisions for particular subareas and issues, of which the following are a small selection to highlight private development, public development, and social needs.

South Waterfront District plans (2000-2005): The South Waterfront district is currently (2005) one of the city’s major development opportunities with planned investment by private developers and Oregon Health and Sciences University. Planning efforts over several years have slowly refined expectations and requirements for street patterns, building footprints and heights, riverfront greenway, and other elements. There is no single outstanding document, but rather a series of drafts and proposals that have continually evolved.

Pioneer Courthouse Square (1980s): Pioneer Courthouse Square was built in the 1980s on the site of a parking deck, utilizing a national design competition. Both the design decisions and the politics behind those decisions make an interesting case in public decision-making.

Northwest Pilot Project Housing Inventories (1990s-date): The Northwest Pilot Project is a social service agency that has prepared annual inventories of affordable housing units in downtown. The availability of the full series would be an excellent source on demolition, conversion, and construction of low-income housing.

Restoring the Willamette River

Overview:

River Renaissance initiative (ongoing). Under Mayor Vera Katz, the City of Portland initiated an effort to enhance the role of the Willamette River within the city, with attention to water quality, habitat, recreation, and riverside access. Policy proposals and data are summarized at www.river.ci.portland.or.us.

Access:

Riverfront for People/Tom McCall Waterfront Park (from late 1960s to present): Tom McCall Waterfront Park is located on the site of Harbor Drive, an expressway that separated downtown and the river from the late 1930s through the 1960s. Much of the initiative for removing the highway came from the citizen group Riverfront for People (files of clippings, newsletters, and testimony are available). The planning and development of Waterfront Park is documented in a series of plans and studies for the Portland Parks Bureau.

Eastbank Esplanade (2001): Construction of the Eastbank Esplanade is an important design accomplishment under the management of the Parks Bureau. See www.parks.ci.portland.or.us/Eastbank/esplanade.htm

South Waterfront District/Willamette Greenway: Planning for the South Waterfront District has involved decisions about the treatment of the public access riverfront, with implications for natural systems and economic development. Design efforts are currently underway. The succession of draft district plans contain relevant material, along with design plans and their implementation.

Water quality:

Johnson Creek Watershed Council (ongoing): Johnson Creek is an important regional stream that drains much of the southeastern section of the metropolitan area. Efforts to manage flooding and improve water quality and habitat began with Metro in the 1980s and have been taken over by the Johnson Creek Watershed Council. Its "Watershed Action Plan" is at www.jcwc.org.

Portland Sustainable Development Commission (ongoing): Operating under the City of Portland, the Sustainable Development Commission has several programs. Its "Green building" initiative encourages building with reduced impact on the natural environment (including stormwater drainage). See www.sustainableportland.org.

Ross Island Restoration (forthcoming): Ross Island, in the Willamette River, has long been mined for gravel. It will soon be donated to the city and restored as natural habitat. Documentation of planning and implementation would be very interesting.

Planning a Compact Region

Comprehensive approaches:

“Regional Urban Growth Goals and Objectives”; Developed in the early 1990s, the RUGGOs defined the initial principles for thinking through metropolitan area growth patterns.

“2040 Growth Concept” (1995): In the 1990s, Metro considered specific growth options for the Portland region. It solicited citizen comment on several alternatives and adopted the 2040 Growth Concept based on moderate UGB expansion, increased density, and focusing development on transportation nodes. Particular useful are the background reports analyzing the different options, public involvement newsletters and public testimony, and the final adopted plan and “Growth Concept.”

“Regional Framework Plan” (1997): This plan translated the 2040 Growth Concept into specific planning goals and specifications.

“Urban Growth Management Functional Plan” (periodically updated): Metro’s charter authorizes it to implement the framework plan through functional plans that include this plan and the Regional Transportation Plan.

“Regional Transportation Plan” (periodically updated): The Regional Transportation Plan is designed to work in concert with the Regional Framework Plan, directing transportation infrastructure investment in the most useful ways.

Urban Growth Boundary Expansion, 2000-2004: Metro is required by state law to adjust the Urban Growth Boundary to include a twenty-year supply of buildable land. The choice of expansion areas requires both technical evaluation and political compromise. From 2000 to 2004, Metro engaged in the process of evaluating expansion possibilities and weighing options. The record of technical studies, proposals, and Metro Council deliberations is voluminous.

District and local implementation: The 2040 plan is based on a hierarchy of activity centers, from downtown Portland to neighborhood business clusters.

Gresham Civic Neighborhood (planning and implementation since late 1990s): One of the important elements for implementation is the encouragement of regional centers, or second-level employment, commercial, and residential centers with good public transit and highway accessibility. The City of Gresham has invested substantial effort to encourage development of vacant land adjacent to its downtown and served by light rail.

Orenco Station (initially developed 1998): Orenco Station is a private development that follows the principles of “New Urbanism,” offering a mix of housing types and commercial space along with access to light rail. There are a number of reports and

scholarly studies that describe Orenco Station and examine the use patterns of its residents. See www.terrain.org/unsprawl/10/ for a description of the development.

“Pleasant Valley Concept Plan” (2002). Metro and local governments in 2002 engaged in an effort to develop plans for the Pleasant Valley area, on the southeast side of the metropolitan area, in anticipation of its expected inclusion within the Urban Growth Boundary. Materials relating to the concept plan and an evaluation of the planning process by PSU faculty members Sy Adler and Connie Ozawa can be found on the Metro website.

“Downtown Beaverton Regional Center Development Strategy” (2004): Beaverton is another of the important regional centers, which has developed a strategy for intensified development.

Agenda Item Number 5.2

Resolution No. 05-3596, For the Purpose of Authorizing the Release of the Call for Grant Applications for the Organic Waste Composting Capital Improvements Matching Grant Program and Authorizing Release of Grant Funds to Qualifying Applicants.

Metro Council Meeting
Thursday, July 21, 2005
Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AUTHORIZING THE) RESOLUTION NO. 05-3596
RELEASE OF THE CALL FOR GRANT)
APPLICATIONS FOR THE ORGANIC WASTE) Introduced by Chief Operating Officer
COMPOSTING CAPITAL IMPROVEMENTS) Michael J. Jordan, with the concurrence
MATCHING GRANT PROGRAM AND AUTHORIZING) of Council President David Bragdon
RELEASE OF GRANT FUNDS TO QUALIFYING)
APPLICANTS.

WHEREAS, on December 2, 1999 the Metro Council adopted Resolution No. 99-2856, "For the Purpose of Approving a FY 1999-2000 Organic Waste Management Work Plan, and Authorizing Release of Budgeted Funds," setting forth the Council's Organic Waste Management Work Plan; and

WHEREAS, the Organic Waste Management Work Plan, written by an intergovernmental Organics Work Team, required that the ability to collect, process and compost organic waste be established in the Metro region; and

WHEREAS, Metro has joined with its local government partners to develop Compostable Organic Waste collection programs to serve the region's businesses; and

WHEREAS, Metro has also provided successful transport and processing of Compostable Organic Wastes collected via such collection programs through a contract with Cedar Grove Composting; and

WHEREAS, Cedar Grove Composting requested none of the \$500,000 in infrastructure capital funds offered by Metro allowing these dollars to be used for other organics system enhancements; and

WHEREAS, to further the efficiency and effectiveness of organic waste collection programs for businesses, local governments and haulers, the Organics Work Team has developed a matching grant program to assist with capital improvements necessary to improve the ease, safety and efficiency of organic waste management and collection; and

WHEREAS, the Council designated this grant program as significant impact in the FY 2005-06 contracts list; now therefore,

BE IT RESOLVED that the Metro Council authorizes issuance of the Organic Waste Composting Capital Improvements Matching Grant Program call for grant applications attached as Exhibit A, and authorizes release of funds to qualifying applicants.

ADOPTED by the Metro Council this _____ day of _____, 2005.

David Bragdon, Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney

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**ORGANIC WASTE COMPOSTING CAPITAL IMPROVEMENTS
MATCHING GRANT PROGRAM
FY 2005-06**

June 2005

BACKGROUND

The Metro region has established the goal of recovering at least 43,000 tons per year of organic waste from the business sector (e.g., all types of food waste including but not limited to: vegetables, fruit, baked goods, meats, seafood and dairy waste, and non-recyclable or food-soiled paper products). Currently, the region disposes of over 275,000 tons of food waste and soiled non-recyclable paper annually. It is estimated that approximately 60% of this waste is from the business sector.

In January 2005, Metro initiated a contract with Cedar Grove Composting, Inc. to transport and compost the acceptable organic waste delivered to Metro Central Transfer Station. The region's local governments are initiating collection programs in concert with solid waste haulers and participating businesses.

PURPOSE OF THE GRANT

This grant program is designed to offset the capital costs of initiating permanent organic waste collection programs for businesses, schools, local governments and haulers. Grant funds can be used to assist with the purchase of equipment or capital improvements necessary to improve the ease, safety and efficiency of organic waste management and collection. Examples of eligible expenses include but are not limited to collection containers or systems, container lifts or tippers, necessary dock or loading bay reconfigurations and container washing systems. Supplies such as compostable bags, compostable service items or any other disposable single- or limited-use items are not eligible for this grant.

This grant program is not intended for demonstration or pilot projects nor is it intended for experimental, untested or unproven technologies.

REQUIRED MATCH

This is a matching grant program. Applicants must provide 25% of the total project cost or grant request with cash or eligible in-kind contributions. For example, a \$10,000 project is eligible to receive \$7,500 in grant funds with the balance (\$2,500) provided by the applicant. Eligible in-kind contributions include labor and materials if directly and demonstrably related to the actual capital improvement. In-kind contributions should be valued using a defensible method and explained clearly in the application. For example, rates for labor should be consistent with those paid for similar work in other businesses or government agencies, materials and supplies should be assigned a reasonable value not to exceed lowest fair market value. Metro reserves the right in its sole discretion to determine what is or is not considered a suitable match.

CRITERIA:

Applications must include, at a minimum:

- A specific description of how the grant will be used;
- A clear justification and demonstration of need;

- A specific dollar amount requested and a well-defined match;
- An estimate of the amount of organic waste that will be recovered*; and
- A description of intended results.

Applications will be reviewed and evaluated by Metro based on the criteria listed above. Grants will be awarded using a competitive process based on the quality of the applications received and the degree to which they meet the above criteria. The number of grants awarded may be limited by the total amount of funds available and the number of requests made. Metro reserves the right to deny any requests and to provide partial funding if the demand for grant funds requires such an action.

Applicants interested in this program must complete and submit the attached application form and deliver to Metro, Solid Waste & Recycling Department, 600 NE Grand Avenue, Portland, OR 97232, attention: Jennifer Erickson.

REPORTING:

A successful grant recipient will be required to submit a short final report due 30 days after the completion of the project. The report must demonstrate how the project has met the stated criteria and the impacts the project has had on the recovery of organic waste that would have otherwise been disposed. A reporting outline will be supplied by Metro.

FUNDS AVAILABLE:

There is a total of \$250,000 available for these grants. Funds will be available beginning July 1, 2005 and ending June 30, 2006.

QUESTIONS?

Inquiries about this program may be directed to:

Jennifer Erickson

Metro Solid Waste & Recycling Department

600 NE Grand Avenue

Portland, OR 97232

(503) 797-1647 phone

(503) 797-1795 fax

ericksonj@metro.dst.or.us

**Assistance with waste recovery estimates is available to applicants.*

**APPLICATION FORM:
ORGANIC WASTE COMPOSTING CAPITAL IMPROVEMENTS
MATCHING GRANT PROGRAM
FY 2005-06**

Name of Organization/Company: _____

Address: _____

Primary Project Contact Person: _____ Phone: _____

Amount of Funding Requested: _____

Other Organizations/Companies Involved: _____

1. Please provide some background information about your company or organization.
2. Describe in detail the project you need these grant funds to support and include all companies and organizations involved and their respective roles. Be specific about the project's goals and include a clear justification of need.
3. Provide a simple cost breakdown and budget for the overall project. Indicate where grant funds will be used and the source of any other project funding and how it will be used. *(Sample budget table is provided.)*
4. Please describe the match your company or organization will provide for this project.
5. What quantity of organic waste do you estimate you will recover for composting as a result of this project? What other results do you intend? *(Assistance with waste recovery estimates is available to applicants.)*
6. Please attach any applicable bids, specifications or equipment brochures pertaining to your project.

SAMPLE COST BREAKDOWN/PROJECT BUDGET

The following cost breakdown and project budget form is provided as an example to assist applicants in developing a grant request. Although applicants are not required to follow this exact format, any limitations or conditions to grant fund requests noted below must be followed.

Project Budget and Summary	Grant Funds Requested	Matching Resources	Total Costs
Capital outlay List all items of equipment to be purchased as part of this project below and attach all applicable bids, product specification sheets, brochures, etc.	\$	\$	\$
1.)	\$	\$	\$
2.)	\$	\$	\$
3.)	\$	\$	\$
4.)	\$	\$	\$
5.)	\$	\$	\$
Labor directly associated with capital improvements Grant dollars cannot be used for labor expenses. These resources will be considered part of your match.	N/A	\$	\$
Services and supplies (e.g., printing, postage, delivery fees, etc.) Grant dollars cannot be used for services and supplies. These resources will be considered part of your match.	N/A	\$	\$
Total grant funds requested	\$		
Total matching resources committed to the project		\$	
Total project cost			\$

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STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 05-3596 FOR THE PURPOSE OF AUTHORIZING THE RELEASE OF THE CALL FOR GRANT APPLICATIONS FOR THE ORGANIC WASTE COMPOSTING CAPITAL IMPROVEMENTS MATCHING GRANT PROGRAM AND AUTHORIZING RELEASE OF GRANT FUNDS TO QUALIFYING APPLICANTS.

Date: July 21, 2005

Presented by: Mike Hogleund
Jennifer Erickson

PROPOSED ACTION

Adopt Resolution No. 05-3596 to release the call for grants for the Organic Waste Composting Capital Improvements Matching Grant Program and authorize release of grant funds to qualifying applicants.

BACKGROUND

The Metro region has established the goal of recovering at least 45,000 tons per year of commercially-generated organic waste (e.g., all types of food waste including but not limited to: pre- and post-consumer vegetative waste, pre- and post-consumer meats, seafood and dairy waste and non-recyclable or food-soiled paper) from the waste stream. Currently, the region disposes of over 275,000 tons of food waste and soiled non-recyclable paper annually. It is estimated that approximately 60% of this waste is from the commercial sector and 40% from residences.

In December 1999, the Metro Council adopted a three-year Organic Waste Management Work Plan that was developed by an intergovernmental team (Resolution No. 99-2856, "For the Purpose of Approving a FY 1999-2000 Organic Waste Management Work Plan and Authorizing Release of Budgeted Funds.") This Plan provides for a three-track approach to the recovery and diversion of the region's organic wastes. The Plan emphasizes waste prevention and recovery of food for human use, diversion of food for animal feed and the development of processing infrastructure for organic materials not suitable for other uses. The region has spent the past four years developing strong and successful food recovery programs in partnership with food banks and is now transitioning into the next phase of the Plan: the collection and composting of food wastes not suitable for human or animal consumption. Recovery and processing of this material in to a beneficial end product is critical if the region is to meet its state-mandated solid waste recovery goals.

The collection and processing infrastructure to handle such materials has been developed via a contract with Cedar Grove Composting for transport and processing with BFI/Allied for inspection and reloading services at Metro Central. Organics have been accepted for composting at Metro Central Transfer Station since February 2005. Tonnage has steadily increased from 25 tons in the month of February, to 400 tons in May, and is on track to exceed 750 tons for the month of June 2005.

The City of Portland has been the first to implement a comprehensive collection program with the Cities of Gresham and Beaverton indicating plans to follow suit in the near future. Experience so far has indicated that certain barriers exist that prevent efficient program implementation for those already participating and prevent some from participating at all. These barriers are primarily the need for capital improvements such as retrofitting equipment, upgrading loading or service bays, and purchasing equipment or supplies that would improve the ease, safety and efficiency of organic waste management and collection. Examples of eligible expenses include, but are not limited to, collection containers or systems, container lifts or tippers, necessary dock or loading bay reconfigurations and container washing systems. Supplies such as compostable bags, compostable service items or any other disposable single or limited-use items will not be eligible for this grant. This grant program is also not intended for demonstration or pilot projects nor is it intended for experimental, untested or unproven technologies.

This is a matching grant program. Applicants must provide 25% of the total project cost or grant request with cash or eligible in-kind contributions. For example, a \$10,000 project is eligible to receive \$7,500 in grant funds with the balance (\$2,500) provided by the applicant. Eligible in-kind contributions include labor and materials if directly and demonstrably related to the actual capital improvement. In-kind contributions must be valued using a defensible method and explained clearly. For example, rates for labor should be consistent with those paid for similar work in other businesses or government agencies, materials and supplies should be assigned a reasonable value not to exceed lowest fair market value. Metro will determine what is or is not considered a suitable match.

ANALYSIS/INFORMATION

1. Known Opposition

There is no known opposition.

2. Legal Antecedents

Resolution No. 99-2856, "For the Purpose of Approving a FY 1999-2000 Organic Waste Management Work Plan and Authorizing Release of Budgeted Funds."

Resolution No. 04-3497 "For the Purpose of Entering into an Agreement with Cedar Grove Composting Inc., for the Transport, Processing and Composting of Compostable Organic Wastes from Metro Transfer Stations."

3. Anticipated Effects

Enhancement of, and increased participation in, the region's organic waste collection and composting system and increased recovery of Compostable Organic Waste.

4. Budget Impacts

None. This program is budgeted as part of the Organic Waste Management Work Plan. Metro Council has already approved both the Organics Plan and its budget, so there is no additional fiscal impact. The \$250,000 earmarked for this grant program is in the existing fund balance and therefore the only financial impact of expending these dollars is foregone interest earnings.

RECOMMENDED ACTION

The Chief Operating Officer recommends approval of Resolution No. 05-3596.

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Agenda Item Number 5.3

Resolution No. 05-3598, For the Purpose of Authorizing a Limited Tax Pension Bond, Series 2005 to Satisfy Metro's Unfunded Public Employees Retirement System (PERS) Actuarial Liability.

Metro Council Meeting
Thursday, July 21, 2005
Council Chamber

BEFORE THE METRO COUNCIL

A RESOLUTION OF METRO, OREGON,)	RESOLUTION NO. 05-3598
AUTHORIZING A LIMITED TAX)	
PENSION BOND, SERIES 2005 TO)	Introduced by Michael Jordan, Chief
SATISFY METRO'S UNFUNDED)	Operating Officer with the concurrence of the
OREGON PUBLIC EMPLOYEE)	Council President Bragdon
RETIREMENT SYSTEM ACTUARIAL)	
LIABILITY)	

WHEREAS, Metro is authorized by ORS 238.692 to 238.698 (the "Act") to issue limited tax bonds as defined in ORS 288.150 to finance its pension liability; and,

WHEREAS, the Act and ORS 288.150 permit Metro to pledge its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay those bonds; and,

WHEREAS, Section 2 of ORS 238.694 of the Act provides "Notwithstanding any limitation on indebtedness or borrowing under state or local law, for the purpose of obtaining funds to pay the pension liability of a governmental unit, the governing body of a governmental unit may authorize and cause the issuance of limited tax bonds as defined in ORS 288.150..." and the Act therefore supersedes any state or local debt limitations of Metro; and,

WHEREAS, Metro has an unfunded pension liability to the Oregon Public Employees Retirement System ("OPERS") which was estimated to be \$18,461,566 as of December 31, 2003; and,

WHEREAS, OPERS currently requires Metro to pay this unfunded liability over a period of years with interest at eight percent per annum; and,

WHEREAS, current interest rates in the bond market create the opportunity for Metro to finance its unfunded pension liability and potentially reduce its costs; and,

WHEREAS, a pooled pension bond program ("Program") may reduce costs for participating governments; and,

WHEREAS, the Program does not require Metro to pay any portion of another government's pension bonds or liabilities to OPERS; now therefore,

THE METRO COUNCIL RESOLVES:

Section 1. Definitions.

Unless the context clearly requires otherwise, the following terms shall have the following meanings:

"Additional Charges" means the fees and other charges of the Program Trustee, as defined in the Program Trust Agreement and any indemnity payments due under Section 6(3) of this Resolution.

"Available General Funds" means: (i) all Metro's ad valorem property tax revenues received from levies under its permanent rate limit; and (ii) all other unrestricted taxes, fees, charges, revenues and receipts of Metro which Oregon law allows to be spent to make the Bond Payments.

“Bond Payments” means the principal and interest payments due under the Bond.

“Bond” means Metro’s Limited Tax Pension Bond, Series 2005, that is authorized by Section 2 of this Resolution.

“Business Day” means any day except a Saturday, a Sunday, a legal holiday, a day on which the offices of banks in Oregon or New York are authorized or required by law or executive order to remain closed, or a day on which the New York Stock Exchange or the Program Trustee is closed.

“Metro Official” means the Chief Operating Officer or the Chief Financial Officer of Metro, or the person designated by the Chief Operating Officer or the Chief Financial Officer to act as Metro Official under this Resolution.

“Metro” means Metro, Oregon.

“Event of Default” refers to an Event of Default listed in Section 8(1) of this Resolution.

“Government Obligations” means direct noncallable obligations of the United States, or obligations the principal of and interest on which are fully and unconditionally guaranteed by the United States, or any other security which the Program Trust Agreement allows to be used as a defeasance obligation.

“Payment Date” means a date on which Bond principal or interest is due, whether at maturity or prior redemption.

“Program” means the pooled pension bond program implemented through the Program Trust Agreement.

“Program Obligations” means the obligations issued by the Program Trustee under the Program Trust Agreement which are payable from the Bond Payments and similar pension bond payments made by other participants in the pension bond program.

“Program Trust Agreement” means the Trust Agreement between the Program Trustee, Metro and other issuers of pension bonds which are sold to the Program Trustee, in which the Program Trustee agrees to hold the Bond and to distribute the Bond Payments to the owners of Program Obligations.

“Program Trustee” means Wells Fargo Bank, National Association, as trustee under the Program Trust Agreement, or its successors.

“Resolution” means this Resolution, including any amendments made in accordance with Section 7 of this Resolution.

“Security Payments” means the payments Metro is required to make on the 15th day of the month which precedes each Payment Date. The Security Payments are equal to the amount required to be paid on that Payment Date.

Section 2. Bond Authorized.

- (1) Metro hereby authorizes the issuance, sale and delivery of its Limited Tax Pension Bond, Series 2005, in accordance with this Resolution and in an amount which is sufficient to produce net proceeds which do not exceed the most recent estimate of Metro’s unfunded pension liability to OPERS which Metro receives from OPERS prior to selling the Bond, plus the costs of issuing and selling the Bond, obtaining credit enhancement, paying Metro’s share of any costs of the

Program Trustee and any other costs of participating in the Program, and paying any interest on the Bond subject to Section 2(3) herein.

- (2) The issuance of the Bond and the participation in the Program shall not obligate Metro to pay any portion of another government's pension bonds or liabilities to OPERS.
- (3) Bond proceeds shall be used to pay Metro's unfunded pension liability to OPERS, to pay interest on the Bond for a period not to exceed three years and to pay costs of issuing and selling the Bond, including any costs of the Program Trustee and credit enhancement.
- (4) The Bond shall be a "federally taxable bond" which bears interest that is not excludable from gross income under Section 103(a) of the Internal Revenue Code of 1986, as amended. Interest shall, however, be exempt from Oregon personal income taxation.
- (5) OPERS currently requires Metro to pay this unfunded liability over a period of years. OPERS charges Metro eight percent per annum because OPERS expects, over the long term, to earn eight percent on its investments. Refinancing that liability at a lower rate of interest should, therefore, reduce costs for Metro. To ensure that the rate of interest on the Bond will be less than the rate of interest which OPERS expects to earn, the Bond shall not be sold at a true interest cost of more than 6.50% per annum.

Section 3. Delegation.

If the Metro Official determines that Metro shall issue the Bond, the Metro Official is hereby directed, on behalf of Metro and without further action by the Metro Council, to:

- (1) Participate in the preparation of, authorize the distribution of, and deem final any official statement or other disclosure documents relating to the Bond or the Program Obligations.
- (2) Establish the final principal amounts, maturity schedules, interest rates, sale prices and discount, redemption terms, payment terms and dates, Security Payment terms, and other terms of the Bond.
- (3) Negotiate the terms of, and enter into a bond purchase agreement, which provides for the acquisition of the Bond by the Program Trustee.
- (4) Approve and execute and deliver an intergovernmental agreement and the Program Trust Agreement, or an intergovernmental agreement which is combined with the Program Trust Agreement, which directs the Program Trustee to issue the Program Obligations and provides for the administration of funds held by the Program Trustee, and any other agreements or documents which may be required for participation in the Program. However, delivery of the Bond to the Program Trustee shall constitute execution of the Program Trust Agreement by Metro, and Metro shall be bound by the Program Trust Agreement upon delivery of the Bond to the Program Trustee.
- (5) Undertake to provide continuing disclosure for the Bond in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.
- (6) Apply for ratings on the Bond or the Program Obligations and purchase municipal bond insurance or obtain other forms of credit enhancements for the Bond or the Program Obligations,

enter into agreements with the providers of credit enhancement, and execute and deliver related documents.

- (7) Execute and deliver the Bond to the Program Trustee.
- (8) Negotiate the terms of, and enter into guaranteed investment contracts or other agreements for the investment of capitalized interest, if any.
- (9) Execute and deliver any agreements or certificates and take any other action in connection with the Bond which the Metro Official finds is desirable to permit the sale and issuance of the Bond in accordance with this Resolution.

Section 4. Security for Bond.

- (1) Metro hereby pledges its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay the Bond. The Bond shall be a limited tax bond of Metro as defined in ORS 288.150, and Metro shall pay the Bond from its Available General Funds. Metro is not authorized to levy additional taxes to pay the Bond.
- (2) To secure the payment of the Bond, Metro shall make the Security Payments as provided in the Bond. The Security Payments shall be applied to make Bond Payments.
- (3) This Resolution shall constitute a contract with the Trustee, and the owners of the Program Obligations shall be third-party beneficiaries of this contract.

Section 5. Redemption.

The principal component of Bond Payments shall be subject to redemption on the dates and at the prices established by the Metro Official pursuant to Section 3(2) and in accordance with the Program Trust Agreement.

Section 6. Covenants.

Metro hereby covenants and agrees with the owner of the Bond as follows:

- (1) Metro shall promptly cause Security Payments and the principal, premium, if any, and interest on the Bond to be paid as they become due in accordance with the provisions of this Resolution and the Bond.
- (2) Metro covenants for the benefit of the Program Trustee to pay the Additional Charges reasonably allocated to it by the Program Trustee, in accordance with the invoices for such Additional Charges which are provided by the Program Trustee pursuant to the Program Trust Agreement.
- (3) To the extent permitted by law, Metro covenants and agrees to indemnify and save the Program Trustee harmless against any loss, expense or liability which is reasonably allocable to Metro and which the Program Trustee may incur arising out of or in the exercise or performance of its duties and powers under the Program Trust Agreement relating to the Bond, including the costs and expenses of defending against any claim or liability, or enforcing any of the rights or remedies granted to it under the terms of the Program Trust Agreement in connection with the Bond, excluding any losses or expenses which are due to the Trustee's breach of fiduciary duties, negligence or willful misconduct. The obligations of Metro under this Section 6(3) shall survive

the resignation or removal of the Program Trustee under the Program Trust Agreement and the payment of the Program Obligations and discharge under the Program Trust Agreement. The damages claimed against Metro shall not exceed the damages which may be allowed under the Oregon Tort Claims Act, Oregon Revised Statutes Section 30.260, et seq., unless the provisions and limitations of such act are preempted by federal law, including, but not limited to the federal securities laws.

Section 7. Amendment of Resolution.

Metro may amend this Resolution only in accordance with the Program Trust Agreement.

Section 8. Default and Remedies.

- (1) The occurrence of one or more of the following shall constitute an Event of Default under this Resolution:
 - (A) Failure by Metro to pay Bond principal, interest or premium when due (whether at maturity, or upon redemption after principal components of Bond Payments have been properly called for redemption);
 - (B) Failure by Metro to make any Security Payment within five Business Days after it is due;
 - (C) Failure by Metro to observe and perform any covenant, condition or agreement which this Resolution requires Metro to observe or perform for the benefit of the Program Trustee, other than as set forth in Section 8(1)(A) or 8(1)(B), which failure continues for a period of 60 days after written notice to Metro by the Program Trustee specifying such failure and requesting that it be remedied; provided however, that if the failure stated in the notice cannot be corrected within such 60 day period, it shall not constitute an Event of Default so long as corrective action is instituted by Metro within the 60 day period and diligently pursued, and the default is corrected as promptly as practicable after the written notice referred to in this Section 8(1)(C); or,
 - (D) Metro is adjudged insolvent by a court of competent jurisdiction, admits in writing its inability to pay its debts generally as they become due, files a petition in bankruptcy, or consents to the appointment of a receiver for the installment payments.
- (2) The Program Trustee may waive any Event of Default and its consequences, except an Event of Default described in Section 8(1)(A).
- (3) If an Event of Default occurs and is continuing the Program Trustee may exercise any remedy available at law or in equity; however, the Bond Payments shall not be subject to acceleration.
- (4) No remedy in this Resolution conferred upon or reserved to the Program Trustee is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Resolution or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Program Trustee to exercise any remedy reserved to it, it shall not be necessary to give any notice other than such notice as may be required by this Resolution or by law.

Section 9. Defeasance.

Metro may defease all or any portion of the Bond Payments in accordance with the Program Trust Agreement.

Section 10. Form.

The Bond shall be issued as a single installment bond in substantially the form attached hereto as Exhibit A, with such changes as may be approved by the Metro Official. The Bond shall be executed on behalf of Metro with the manual signature of the Metro Official.

Section 11. Rules of Construction.

In determining the meaning of provisions of this Resolution, the following rules shall apply unless the context clearly requires application of a different meaning:

- (1) References to section numbers shall be construed as references to sections of this Resolution.
- (2) References to one gender shall include all genders.
- (3) References to the singular shall include the plural, and references to the plural shall include the singular.

Section 12. Effective Date.

This resolution shall take effect on the date of its adoption by the Metro Council.

ADOPTED by the Metro Council this 21st day of July, 2005.

David Bragdon, Council President

APPROVED AS TO FORM:

Daniel B. Cooper, Metro Attorney

Resolution No. 05-3598

Exhibit A

Form of Bond

No. R-«BondNumber»

\$«PrincipalAmtNumber»

United States of America
State of Oregon
Counties of Multnomah, Washington, and Clackamas
Metro
Limited Tax Pension Bond
Series 2005

Dated Date: _____

Registered Owner: ----WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee----

Principal Amount: ----\$«PrincipalAmtSpelled» Dollars----

Metro, Oregon (the "Metro"), for value received, acknowledges itself indebted and hereby promises to pay to the registered owner, which is WELLS FARGO BANK, NATIONAL ASSOCIATION, as Trustee (the "Program Trustee") under the Trust Agreement among the Program Trustee and the issuers of pension bonds which is dated as of ___, 2005 (the "Program Trust Agreement"), the Principal Amount indicated above, in installments as provided in Exhibits A and B attached hereto, together with interest thereon as provided below, computed on the basis of a 360-day year of twelve 30-day months.

To provide additional security, Metro covenants to make payments (the "Security Payments") to the Program Trustee on the dates and in the amounts shown in Exhibit C attached hereto.

Each Security Payment shall be credited against the Bond principal and interest payment which is due on the first day following that Security Payment.

This Bond is Metro's Limited Tax Pension Bond, Series 2005 (the "Bond"). This Bond is issued for the purpose of financing Metro's pension liability to the Oregon Public Employees Retirement System. This Bond is authorized and issued under Metro Resolution No. __ (the "Resolution") and ORS 238.692 to 238.698 and ORS 288.150, in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon and the Metro Charter. Capitalized terms used in this Bond have the meanings defined for such terms in the Resolution.

This Bond is issued in conjunction with and subject to the terms and conditions of the Program Trust Agreement. Metro's obligations under this Bond, the Program Trust Agreement and the Program are limited to paying the principal, interest and any premium on this Bond by making the Security Payments, and to paying the Additional Charges. The issuance of this Bond and the participation by Metro in the Program shall not obligate Metro to pay any portion of another government's pension bonds or liabilities to OPERS.

This Bond is a legal, valid and binding limited tax bond of Metro which is enforceable against Metro in accordance with its terms. Metro's full faith and credit and taxing power within the

limitations of Sections 11 and 11b of Article XI of the Oregon Constitution are pledged for the punctual payment of the principal of and interest on this Bond. Metro has covenanted to pay this Bond from its "Available General Funds" as defined in the Resolution. Metro is not authorized to levy any additional taxes to pay this Bond. This Bond does not constitute a debt or indebtedness of Multnomah, Washington, or Clackamas Counties, the State of Oregon, or any political subdivision thereof other than Metro.

The principal components of the Bond Payments are subject to redemption [insert redemption provisions].

[insert redemption procedure]

The Bond may not be transferred to any person other than a successor Program Trustee.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form, and manner as required by the Constitution and Statutes of the State of Oregon and the Metro Charter, and that the issue of which this Bond is a part, and all other obligations of Metro, are within every debt limitation and other limit prescribed by such Constitution and Statutes and Metro Charter.

IN WITNESS WHEREOF, the Metro Council, by Resolution duly passed, has caused this Bond to be signed by the manual signature of its Metro Official, all as of the date first above written.

Metro, Oregon

Metro Official

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 05-3598, FOR THE PURPOSE OF
AUTHORIZING A LIMITED TAX PENSION BOND, SERIES 2005 TO SATISFY METRO'S
UNFUNDED OREGON PUBLIC EMPLOYEE RETIREMENT SYSTEM ACTUARIAL
LIABILITY

Date: July 21, 2005

Prepared by: Bill Stringer
Kathy Rutkowski
Brian Williams

BACKGROUND

Despite recent legislative reforms and positive market performance, the Oregon Public Employee Retirement System (OPERS) continues to be significantly underfunded. Prior to legislative action the OPERS actuary had estimated that the total unfunded liability of the fund was approximately \$17 billion. The reforms, even if they withstood court challenge, would not have eliminated the liability, and losses are still estimated to be \$8.5 billion (about half of the original amount) after 2002's investment losses are taken into account. As a result, every jurisdiction has seen its OPERS payroll rate increase beginning July 1, 2005 to cover these shortfalls.

Under a pension plan the actuarial liability is the present value of the plan's current and expected benefits payments (plus administrative expenses). If a fund's actuarial liability exceeds its current assets, then the fund has a shortfall that is known as an unfunded actuarial liability ("UAL"). This shortfall is the difference between what the fund has "in the bank" right now and what it expects to pay in current and future benefits. In other words, the UAL is the shortfall the fund would face if its assets were liquidated and the present value of the benefits was paid today.

Several factors contributed to this systemic OPERS problem:

- The increase in benefits provided in 1995 to offset taxation due to lawsuit by federal retirees
- Money Match and unequal earnings rates paid to employers and employees.
- 8% rate paid to Tier 1 employees when fund was losing money.
- More than 8% rate paid to Tier 1 employees during late 1990s.
- Inadequate reserves retained to cover Tier 1 distributions.
- Outdated mortality tables.

The Legislature made substantial changes to avoid catastrophic financial consequences:

- 8% guarantee provided over career, not annually
- 6% employee contribution deposited in 401(k)-type account, not subject to money match
- Mortality tables updated
- OPERS board completely revamped
- New system (OPSRP) created for employees hired after August 29, 2003.

In making these changes the Oregon Legislature was hugely successful in reducing the size of the UAL. We know now, however, that the State courts have indicated that the first two items overstepped the authority of the Legislature for some of its members: modifying the money match program going forward and changing the 8% guarantee to a career guarantee, rather than an annual one. The final outcome of the challenges is still unclear, however, and the actuarial impact upon rates for Metro's pool has not even been estimated. Indications are that it will be 8 to 18 months before court action is finalized and rates will be adjusted to account for the Courts' findings.

Even without taking into account any adverse impacts of the court challenges, OPERS costs to Metro are rising rapidly. Last year Metro paid 7.14% of salaries and wages to OPERS. That rate (based upon the 2003 valuation, which incorporated losses experienced in 2002) increased 4.66 percentage points on July 1, 2005 to 11.80 percent of salaries and wages. In two years, unless unforeseen earnings or losses intervene, it will increase another 4.66 percentage points to 16.46 percent of salaries and wages. These increases are caused only by poor earnings accruing to the OPERS investment portfolio and policy choices that had adverse impacts on payout and earnings and do not relate to adverse court rulings regarding the 2003 Legislative Reforms.

Every jurisdiction pays a different percentage of their payroll to cover OPERS-related costs. The rate paid depends in part on whether the jurisdiction participates (or participated at one time) in one of several actuarial "pools", or whether it is treated as a single, independent employer. To reduce volatility of earnings and losses, Metro chose in 1999 to join a pool within OPERS that included Multnomah County and the City of Portland. When Metro joined the pool it entered with a \$7.1 million actuarial surplus as seen in the table below. However, significant losses were incurred in Metro's portion of the OPERS portfolio in 2000, 2001, 2002 and 2003. The losses are shown in the following table:

METRO'S OUTSTANDING UAL BALANCE

Remaining 1999 UAL	\$ (7,036,321)
Remaining 2000 Loss	3,171,354
Remaining 2001 Loss	26,452,706
Remaining 2002 Loss	39,182,032
Remaining 2003 Loss	7,947,053
2003 OPERS Reform Legislation	(51,640,261)
 UAL as of 12/31/2003	 \$ 18,076,563

Additional losses have occurred since and are expected to occur over the next several months such that the unfunded actuarial liability by the end of October of 2005 is expected to be \$23,935,891.

Note, that the OPERS actuary has credited savings equal to \$51,640,563 attributable to the package of reforms passed by the Oregon Legislature in 2003. We know that the State court has not upheld some of those reforms and another court is deciding a case in Eugene (the Lipscomb case). It is not known at this time what the impact might be on the UAL by these decisions—losing all or part of the \$51.6 million savings.

Ultimately, the actuary bases a rate upon a complex calculation involving current and past statistics and future projections of Metro's

- Total payroll,
- Earnings within the pool,
- Demographics--including the age and seniority of Metro employees and the number of retiree and potential retirees in Tier 1 and Tier 2, and
- The Unfunded Actuarial Liability.

For jurisdictions with an unfunded actuarial liability (“UAL”), embedded within the total payroll rate is a portion dedicated to repayment of that shortfall, calculated at 8% interest. Thus, OPERS currently requires Metro make payments that would eliminate its unfunded liability over a period of approximately 23 years and charges Metro eight percent per annum on the unfunded balance because OPERS expects, over the long term, to earn eight percent on its investments. Thus, there is little that Metro can do to moderate the increase other than reduce payroll or reduce the UAL. It has, however, taken one action and by this resolution is contemplating another:

- *First, Metro has chosen to set aside 6.5 percent of payroll against future increases due to adverse court findings.* It currently has about \$5 million of reserves set aside for this purpose and will add another \$2.4 million by the end of FY 2005-06. The stated purpose of the reserve at the time it was created was to use if and when rates were increased due solely to adverse court findings—to offset the unfunded actuarial liability of the fund which was assumed would be funded by increased rates over the next 23 years.
 - Note, however that last year those funds earned about 1.8% for the fiscal year and are currently earning only 2.8% per annum in Metro’s investment accounts.
 - OPERS is expected to reduce the payroll rate approximately 4.1 percentage points if the UAL is eliminated.
 - Because OPERS charges 8% per annum on the UAL, the benefit of bonding only \$18 million and using the \$5 million reserve is tantamount to investing the \$5 million at 8% per annum rather than the current 2.9%. However, the 2.9% could rise over the next few years, however, while the 8% will not.
 - Whereas Metro as a whole would benefit from the reduced rates, each Department within Metro has contributed to the Reserve over the last two fiscal years. [see attachment 1]
- *Second, under current bond market conditions, Metro could finance its portion of the liability at approximately 6% instead of the 8% charged by OPERS (a taxable rate – under federal law, these must be sold on a taxable basis) through the bond market, potentially minimizing some of the future cost increases.*
 - In order to achieve savings the funds deposited with OPERS must earn more than the cost of the borrowing over its life. If the funds earn more than the cost of the borrowing, a jurisdiction that chooses to refinance will have lower OPERS costs than a jurisdiction that does not make that choice.
 - Assuming the actuary’s expected return assumption of 8% proves accurate, the savings to a jurisdiction at a 6% borrowing rate equal approximately 20% on a present value basis of the amount borrowed. Other earnings rates and borrowing rates were examined. [see Appendix 2]
 - Since 1970, OPERS investments have averaged roughly 12% returns.
 - Barring any extraordinary payouts by the OPERS Commission, any earnings over 8% by the fund could be used to reduce Metro’s current liability. Nevertheless, if such an offset

did occur, the contributed revenue from the sale of Bonds now would reduce OPERS rates throughout the 23-year actuarial cycle. The jurisdiction that borrows “too much” would be in a surplus position, with payroll rates reduced still further by the surplus amount available.

- If any level of bonding is selected, to ensure that the rate of interest on the Bonds will be less than the rate of interest that OPERS currently expects to earn, and given that there is a cost of issuance equal to about \$360,000 (1.5% of the total bond size) the Bonds should not be sold if the true interest cost (TIC) would be more than 6.50% per annum.
- Success from borrowing depends on the return on OPERS investments exceeding the rate on the bond.
 - If returns equal 8% over 23-year period (as assumed by OPERS) over the life of the bonds, costs will be reduced as estimated.
 - If returns are greater than 8%, cost reductions will be greater than projected.
 - If returns are less than 8% but more than the cost of borrowing OPERS cost reductions will be less than projected.
 - If returns are less than the bond yield, borrowers will be worse off than those who do not borrow. [see Appendix 3]
 - NOTE: Whereas the tax-exempt market consistently expects and frequently exercises call provisions within its bond covenants, the taxable market seldom has such provisions and, if they do, only at substantial cost.

Payroll rate reductions are immediate upon payment to OPERS. If a jurisdiction sends funds to OPERS on September 22, 2005, rates will be adjusted downward immediately as of October 1, 2005. How much Metro’s rates will be adjusted depends upon the specific demographic variables affecting Metro. However, OPERS will provide that information in advance for a fee of \$1,000.

The annual debt service costs will simply replace a portion of the existing payment you make to OPERS. Be aware, however, that the actuary projects the dollar costs of OPERS to rise as payrolls rise. Debt service that is structured to match the OPERS amortization structure will therefore increase over time as well, although hopefully by a lesser amount.

Risks of bonding / not bonding thus hinge on three unknown factors:

- What will happen to earnings of the OPERS fund (specifically, Metro’s pool) over the next 23 years and how might those earnings be used to offset Metro’s current UAL? [see Appendix 3]
- What might happen to the return on Metro’s reserve over the next 23 years? [see Appendix 4]
- What will be the impact of judicial decisions regarding the 2003 Legislative reforms?

Key dates:

JULY 21	IF COUNCIL AGREES, PASSING A RESOLUTION AUTHORIZING (BUT NOT REQUIRING) THE SALE OF BONDS PLEDGING METRO’S GENERAL FUND TO SERVICE THE BONDS.
July 22	Request a “payoff” letter from OPERS indicating the exact amount of the liability and the impact of paying off the UAL
August	Preparation of materials for Metro’s portion of the Official Statement

September 1	File a supplemental budget to account for the Funding of the Unfunded Actuarial Liability with the Council Office
September 6	Final Opt-out Date for Bond Pool
September 13	First Reading of the Supplemental Budget
September 13	Bond Pricing
Week of September 19	TSCC hearing regarding the Supplemental Budget
September 29	Bond Closing
September 30	Payment to OPERS
October 1	Reduced OPERS Rates take effect

ANALYSIS/INFORMATION

1. **Known Opposition** None that is known.
2. **Legal Antecedents** Sections 11 and 11b of Article XI of the Oregon Constitution and ORS 288.150
3. **Anticipated Effects** The resolution would authorize staff to issue a taxable bond pledging Metro's General Fund in repayment. The proceeds would be used to payoff the existing OPERS Unfunded Actuarial Liability in the amount of approximately \$23,935,891 in order to reduce the rate charged by OPERS to Metro about 4.0 percentage points (an impact that will be verified with the OPERS actuary). Total savings over the 23-year life of the bond would be about \$4,473,214 depending upon the rate of interest at which the bonds are sold. The rate is expected to be about 6% per annum. A rate above 6.5% would reduce savings to the extent that sale of the Bonds on about September 29th would not be sold. Metro may chose to finance a portion of the repayment itself with amounts currently set aside in its OPERS Reserve Fund which currently amounts to about \$4.9 million.
4. **Budget Impacts** Payment of the unfunded actuarial liability would reduce the percentage of payroll that is required at present to be paid to OPERS. Any amount of OPERS Reserve Fund used to augment the bonded amount would remove from Metro's accounts the amount accruing in Metro's Pooled Investment Fund to that amount but would reduce both the size of the bond and the current OPERS rate.

RECOMMENDED ACTION

Staff recommends that:

- It be authorized to seek from OPERS an exact accounting of Metro's UAL and the rate reduction that would immediately follow the payment of that amount.
- It be authorized to continue to explore trends and factors that might argue for/against moving forward with a bond sale on or about September 21, 2005. Because of the nature of the Taxable Bond market, a larger bond size is necessary to procure optimal bids for bonds, probably requiring a pool of other entities seeking to bond their UAL. A pool offered by Seattle Northwest Securities for pricing on or about September 13, 2005 is the only such pool currently being assembled and is the only firm that has assembled such pools in Oregon. We would propose to negotiate with that underwriter.

- Staff explore the options and consequences of continuing the 6.5 percent of payroll reserve to mitigate future increases.
- Council approve Resolution 05-3598 which permits the sale of bonds to fully fund the unfunded portion of Metro's Actuarial Liability.

ATTACHMENT 1
Resolution No. 05-3598

Components of PERS Reserve
By Fund & Department (Consolidated Fund Structure)

	FY 2003-04 Actual	FY 2004-05 Actual	2-YEAR RESERVE TOTAL
General Fund			
Auditor	\$21,268	\$16,848	\$38,116
Council	\$47,070	\$55,277	\$102,347
Finance & Admin. Services ⁽¹⁾	\$206,985	\$209,596	\$416,581
Human Resources	\$35,369	\$37,273	\$72,642
Metro Attorney	\$45,741	\$49,009	\$94,750
Oregon Zoo	\$549,553	\$553,741	\$1,103,294
Planning	\$327,906	\$331,272	\$659,178
Public Affairs ⁽²⁾	\$37,990	\$50,236	\$88,226
Regional Parks ⁽³⁾	\$139,309	\$155,331	\$294,640
<i>Subtotal General Fund</i>	\$1,411,191	\$1,458,583	\$2,869,774
MERC Operating Fund			
Administration	\$36,628	\$40,154	\$76,782
Expo Center	\$54,696	\$54,433	\$109,129
Oregon Convention Center	\$314,787	\$316,034	\$630,821
PCPA	\$181,532	\$182,059	\$363,591
<i>Subtotal MERC Operating Fund</i>	\$587,643	\$592,680	\$1,180,323
Solid Waste Revenue Fund	\$394,462	\$399,242	\$793,704
Open Spaces Fund	\$25,491	\$25,896	\$51,387
Risk Management Fund	\$19,782	\$5,997	\$25,779
MERC Pooled Capital Fund	\$15,830	\$19,291	\$35,121
Zoo Capital Fund	\$3,098	\$2,985	\$6,083
<i>Subtotal All Other Funds</i>	\$458,663	\$453,411	\$912,074
TOTAL PERS RESERVE	\$2,457,497	\$2,504,674	\$4,962,171

NOTES:

⁽¹⁾ Includes Building Management Fund as well as Support Services Fund

⁽²⁾ Includes General Fund & Support Services Fund portions of Public Affairs

⁽³⁾ Smith & Bybee Lakes Fund portion to be paid from Regional Parks Operations

ATTACHMENT 2
Resolution 05-3598
PERS Bonding Liability Discussion
Council Work Session July 12, 2005

A. Refinancing analysis at various interest rates

Assumptions:

- bonding full estimated outstanding liability of approximately \$23.935 million
- lump sum deposit earns 8%

Scenario	Total Savings	Net Present Value Savings
5.50% TIC	\$9,947,067	\$5,946,231
6.00% TIC	\$7,562,982	\$4,473,214
6.50% TIC	\$5,067,201	\$3,065,757

B. Reinvestment analysis at various rates of return

Assumptions:

- bonding full estimated outstanding liability of approximately \$23.935 million
- 6.00 % TIC borrowing cost

Reinvestment Scenario	Total Earnings	Net Present Value Earnings
12.00%	\$48,331,450	\$19,180,462
8.00%	\$7,562,982	\$4,473,213
4.00%	(\$13,777,481)	(\$4,113,796)

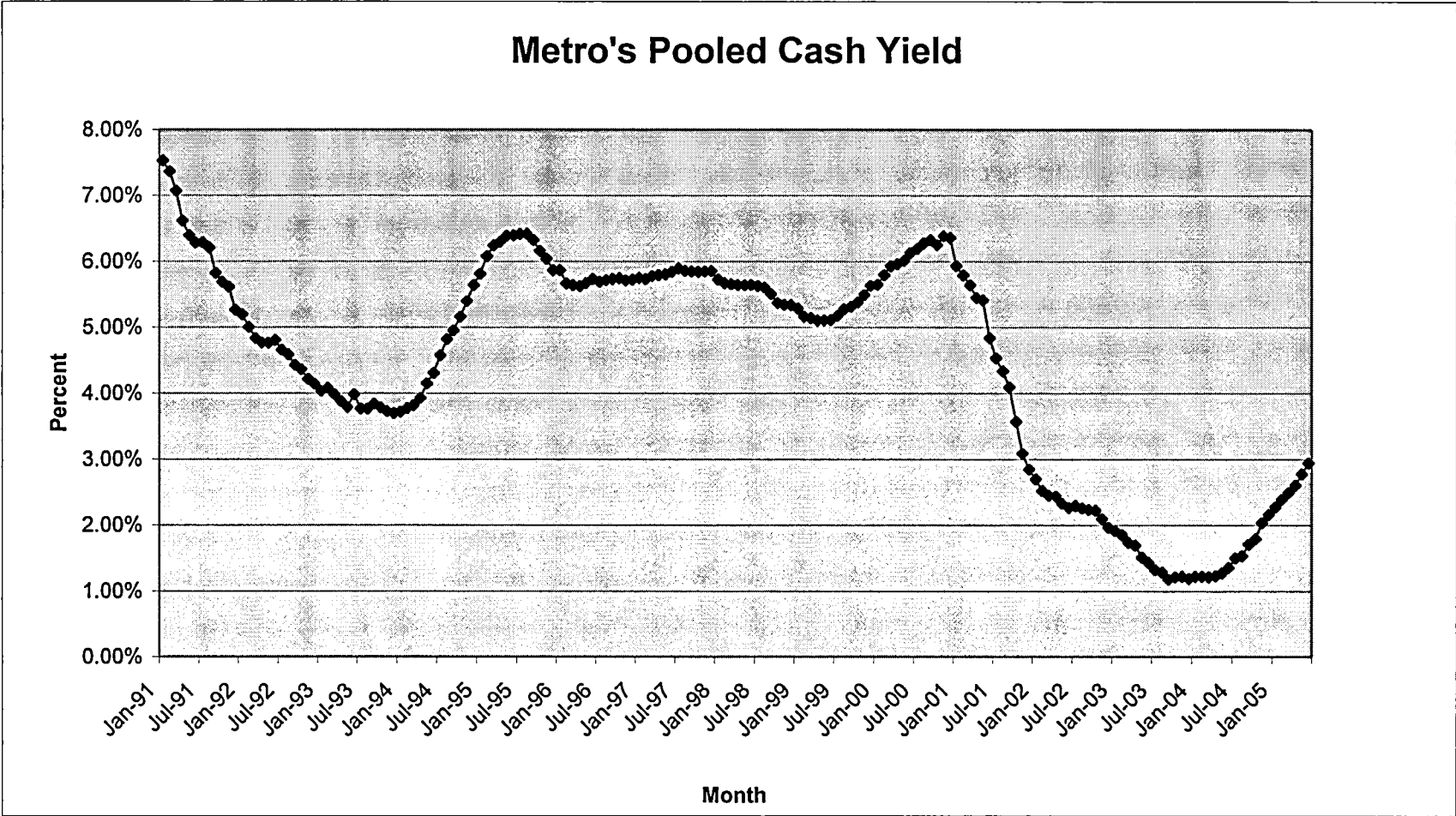
C. Comparison of earnings potential on \$5.0 million reserve

Assumptions:

- Initial investment equal to \$5.0 million reserve currently on hand
- Lump sum depositing with PERS earns 8.0%
- Metro cash investment earns current rate of 2.9%

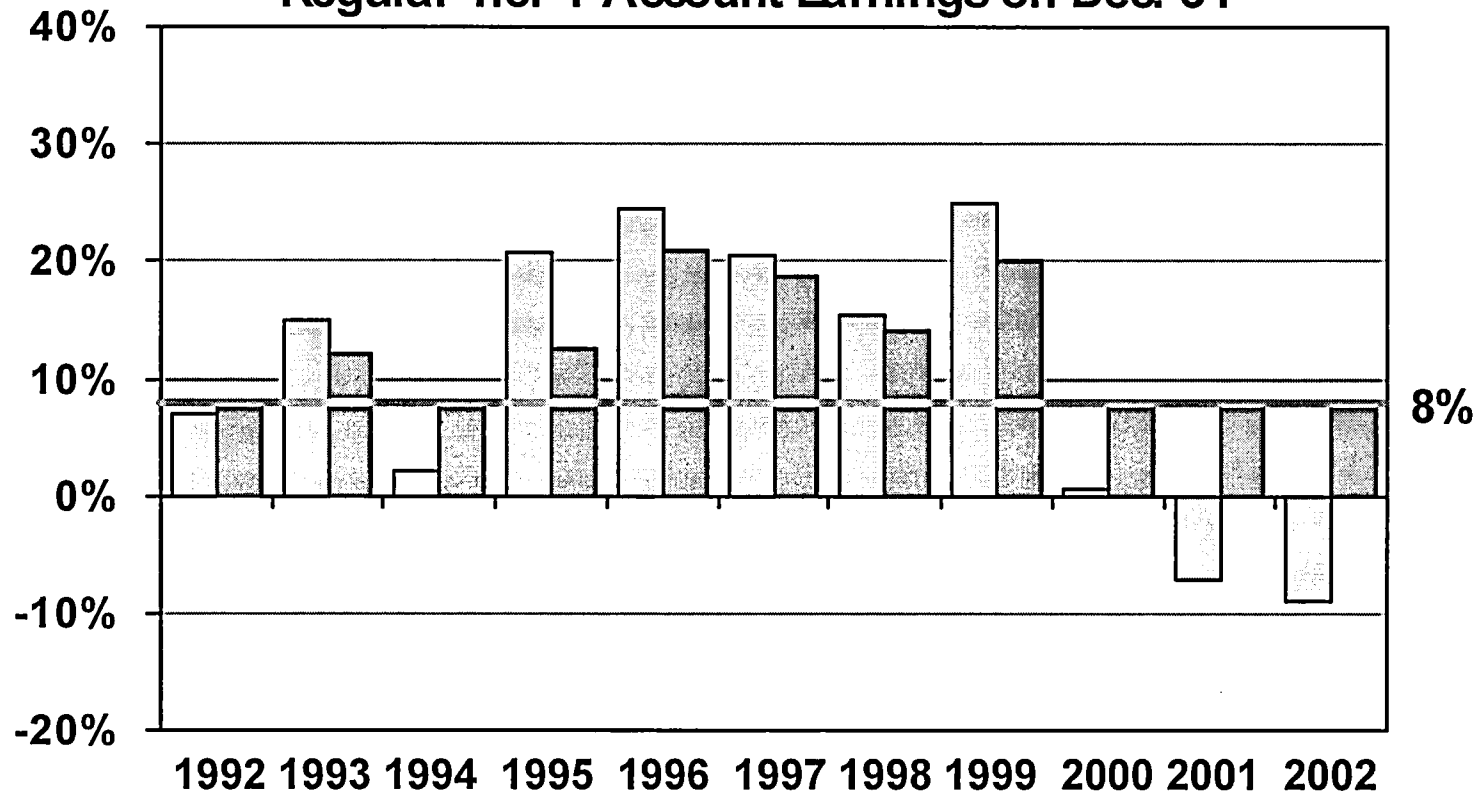
Investment Scenario	Total Earnings	Net Present Value Earnings
\$5.0 million deposit with PERS	\$11,760,479	\$5,938,211
\$5.0 million Metro cash investment	\$8,226,249	\$3,132,502
Difference	\$3,534,230	\$2,805,709

ATTACHMENT 3
Resolution No. 05-3598



ATTACHMENT 4
Resolution 05-3598

Regular Tier 1 Account Earnings on Dec. 31



□ Regular Tier 1 Earnings Available
■ Regular Tier 1 Earnings Distributed

Agenda Item Number 6.1

**Resolution No. 05-3601, Authorizing Issuance of Request for Proposals 06-1134-SWR,
for Competitive Sealed Proposals to Provide Consulting Services
Regarding Disposal System Planning for Alternative Service Delivery.**

Contract Review Board

Metro Council Meeting
Thursday, July 21, 2005
Council Chamber

BEFORE THE METRO CONTRACT REVIEW BOARD

AUTHORIZING ISSUANCE OF REQUEST)	Resolution no. 05-3601
FOR PROPOSALS 06-1154-SWR FOR)	
COMPETITIVE SEALED PROPOSALS TO)	Introduced by Chief Operating Officer
PROVIDE CONSULTING SERVICES)	Michael J. Jordan, with the concurrence of
REGARDING DISPOSAL SYSTEM)	Council President David Bragdon
PLANNING FOR ALTERNATIVE SERVICE)	
DELIVERY)	

WHEREAS, Metro is a regional government providing a variety of services for the urbanized portions of Clackamas, Multnomah and Washington counties of Oregon, and

WHEREAS, Solid waste planning and disposal are two of the principal responsibilities of Metro; and

WHEREAS, Solid waste planning is guided primarily through the Regional Solid Waste Management Plan (RSWMP) and

WHEREAS, one of the key RSWMP issues identified to date is ensuring adequate public services are provided through the regional solid waste system in the decade ahead, and

WHEREAS, Metro Council seeks to understand where the system can be improved, and determine Metro's role as both a participant and regulator in the system, and

WHEREAS, an analysis of alternative transfer station system models and a determination of the valuation of the public transfer facilities is required, and,

WHEREAS, pursuant to Metro Code Section 2.04.026(a), Council approval is required for any contract which commits Metro to the expenditure of appropriations not otherwise provided for in the current fiscal year budget at the time the contract is executed and which has a significant impact on Metro; and

WHEREAS, the Metro Council considers the contracts for solid waste and recycling programs to have a significant impact on Metro; and

WHEREAS, this resolution was submitted to the Chief Operating Officer for consideration and was forwarded to the Council for approval; now therefore

BE IT RESOLVED

1. That the Metro Council authorizes the release of a request for proposals substantially similar to RFP #05-XXXX-SWR for Disposal System Planning consulting services, attached as Exhibit A; and

2. That the Metro Council authorizes the Chief Operating Officer to execute the contracts for Disposal System Planning consulting with the most qualified proposers.

ADOPTED by the Metro Council this ____ day of _____, 2005.

David Bragdon, Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney

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Request for Proposals

**DRAFT #4 Request for Proposals
FOR
The Provision of Consulting Services to Evaluate the Effects
of
Different Solid Waste Transfer System Ownership Alternatives**

I. INTRODUCTION

The Solid Waste & Recycling Department of Metro, a metropolitan service district organized under the laws of the State of Oregon and the Metro Charter, located at 600 NE Grand Avenue, Portland, OR 97232-2736, is requesting proposals for consulting services to conduct a comparative analysis of how different ownership alternatives of the solid waste transfer system in the Metro region would affect the performance of the system, as well as Metro's role in that system as operator and/or regulator.

Proposals will be due no later than _____ p.m., _____, 2005 in Metro's business offices at 600 NE Grand Avenue, Portland, OR 97232-2736. Details concerning the project and proposal are contained in this document.

II. BACKGROUND/HISTORY OF PROJECT

Metro is a regional government providing a variety of services for the urbanized portions of Clackamas, Multnomah and Washington counties of Oregon. Solid waste planning and disposal are two of the principal responsibilities of Metro.

Four background documents contained in the Appendix provide an overview of the solid waste system and Metro's roles:

- *Solid Waste Management Framework is Sound*- Metro Auditor, 2002
- *Official Statement*, Solid Waste System Bond Refinancing 2003 (abstract of background)
- *Regional Transfer Capacity Analysis*- Metro 2004
- *DRAFT- Current Practices for RSWMP Update*- Metro 2005

The solid waste planning function is guided primarily through the Regional Solid Waste Management Plan (RSWMP). RSWMP is a long-range (ten-year timeframe) functional plan as specified in Oregon Revised Statute 268.390. Metro first adopted RSWMP as a functional plan in 1988; the document was last updated in 1994/95 and has been amended several times since. The current plan expires in 2005 and preliminary planning is underway for updating the document for the next ten years (2005 – 2015)¹.

¹ See Regional Solid Waste Management Plan Update, Progress Report #3 contained in the Appendix.
Revised June 05

Request for Proposals

One of the key planning issues that has been identified to date is the Disposal System Planning (DSP) project element of the plan². The main purpose of the project contemplated herein is to determine whether the needs of the region's transfer station component of the disposal system are being met in the most efficient and effective manner; and to recommend adjustments where the system can be improved.

The disposal system planning issues were the focus of a Metro Council work session in late 2004³. Council discussions regarding the DSP element of the regional plan became focused on the issue of the value of the Metro-owned transfer stations, and the role of these stations in the context of the larger solid waste system.

Discussions between staff and the Metro Council continued through May 2005⁴ during a series of Council work sessions. These discussions concluded at the May 24, 2005 Council work session (see Appendix) with agreement on a work plan for an analysis of the transfer station system. The purpose of the analysis is to provide Council with information to be used in shaping the transfer station portion of the solid waste disposal system for the Metro region. The Council then directed staff to hire consultants to assist staff in implementing portions the work plan presented below.

Transfer Station System Analysis-Proposed Work Plan⁵

The following work plan is an overview of the steps to complete the transfer station portion of the disposal system planning portion of the Regional Solid Waste Management Plan. Only portions of the work plan will be accomplished under the RFP contemplated herein. It is presented here to provide context for the overall planning effort.

Task 1. Develop Project Work Plan The work plan will provide a process to conduct a comparative analysis of how different ownership alternatives of the solid waste transfer system in the Metro region affects the performance of the system, and determine Metro's role in that system as operator and regulator.

Completion Date: May 24, 2005
 Product: Work Plan discussed/approved by Metro Council
 Lead: Staff

Task 2. Develop Outreach & Communications Plan with Council Liaison

Completion Date: June 30, 2005
 Product: Outreach & Communications Plan
 Lead: Staff

Task 3. Select Consultants

² See *Disposal System Planning- Metro Council Project Proposal*, February 2005 in Appendix.

³ See Work Session sheet and minutes for 9/28/04 in Appendix.

⁴ A number of additional work sessions were held to discuss disposal system planning, see: 10/12/04, 1/11/05, 2/08/05, 4/12/05, 4/26/05

⁵ See Gantt Chart of project in Appendix.

Revised June 05

Request for Proposals

a. Solid Waste System Alternatives Analysis

- o *Purpose* - Select a *System Consultant* to assist in conducting the comparative analysis including the development of models, evaluation criteria, data gathering and feedback processes
- o *Process*
 1. Develop scope of work based on work plan
 2. Incorporate changes to work plan at May 24th work session (see minutes of work session)
 3. Conduct procurement⁶

Completion Date: July 30, 2005

Product: Executed Contract

Lead: Staff

b. Transfer Station Valuation Study

- o *Purpose*- Select a consultant to assist in estimating the value of Metro's two transfer stations from multiple perspectives (the analysis will consider selling one or both):
 1. Sale as transfer station
 2. Highest & Best Use
 3. Other methods as appropriate
- o *Process*
 1. Develop scope of work based on approved work plan
 2. Modify based on input from system consultant
 3. Conduct procurement

Completion Date: August 30, 2005

Product: Executed Contract

Lead: Staff

Task 4. Develop Appropriate Background Information

a. Conduct Valuation Study on value of Metro Stations

- o Identify potential impacts of waste disposal guarantee
- o Effects of removing IRS constraints after bonds paid off

b. Research Legal Issues

- o Review potential statutory limitations on uses of proceeds of sale of assets
- o Review charter limitations on excise tax expenditures, sales of Metro assets
- o Review impacts of conveyance on solid waste disposal contract
- o Identify additional legal issues in modifying or altering current disposal system including alternative governance structures

c. Identify Other System Issues

- o Identify essential/desired functions of transfer system

⁶ The schedule for each task is premised on the use of a 10-day letter approval process to obtain the system consultant. If formal approval is required through a resolution, add 4 to 6 weeks to the projected schedule.

Request for Proposals

- o Review state law requirement to provide HHW depots
- o Consider impacts on recovery rates and amounts at transfer stations
- o Consider impacts on policy/program formation
- o Determine relative ability to respond to natural disasters
- o Identify impacts on different customer classes
- o Assess the political feasibility of different actions in achieving outcomes, for example controlling rates in a private, public or mixed system

d. Gather information

- o Review other transfer configurations
- o Conduct interviews as appropriate
- o Conduct literature review
- o Incorporate Valuation Study

Completion Date: September 30, 2005

Lead: Valuation Consultant/System Consultant/OMA/Staff

Task 5. Alternative Analysis

a. Ownership options to be explored

- o *Current Mixed System:* System of public and private stations and current regulatory structure as a baseline scenario
- o *Private System:* System of privately owned transfer stations with regulation to ensure service delivery as directed by Metro Council
- o *Public System:* System of public transfer stations only

b. Define evaluation criteria based on council work sessions / staff input

- o Utilize Council values as identified in Fall 2003.
- o Identify System issues previously identified in background phase⁷
- o Develop metrics to measure performance of criteria (e.g., rates in other jurisdictions)

c. Conduct Alternatives Analysis, utilizing evaluation criteria across ownership options, and incorporating background information as appropriate

d. Based on review, final the analysis and prepare report of findings

Completion Date: November 30, 2005

Product: Report to COO

Lead: System Consultant

Task 6. Develop Recommendation - COO develops staff recommendation for presentation to Council

Completion Date: December 31, 2005

⁷ See Exhibits A&B from council work session of 4/26/05 for council values and related issues.
Revised June 05

Request for Proposals

Lead: Staff

Task 7. Recommendation and Report forwarded to Metro Council for Consideration

Completion Date: December 31, 2005

Lead: Council Liaison

III. PROPOSED SCOPE OF WORK/SCHEDULE

Metro is seeking proposals from qualified firms to perform the services generally described in the above work plan for the *System Consultant*- primarily in tasks #4 (items C&D) and #5. Additional information/expectations concerning the work tasks are presented below by phases. Metro expects to final a detailed scope of work based on the successful proposal and subsequent contract negotiations.

Phase I

Solid Waste System Issues/Background

The Metro Council and SW&R staff have brainstormed a number of issues within the solid waste system that should be addressed in the analysis by the System Consultant team. These are contained both in Exhibit B of the May 24th Council work session as well as in the work plan, primarily in Task #4. It will be the responsibility of the system consultant to identify additional issues, essential/desirable functions and system relationships of importance to the analysis in order to construct the framework for the analysis. During this stage of the project it is expected that it will be necessary for the consultant to:

- o Review additional information regarding the Metro solid waste system
- o Work with the Metro Council and staff
- o Meet with other key decision makers and stakeholders as appropriate
- o Interview or through other means gather information from participants in the system

Valuation Consultant Assistance

The system consultant will assist in scoping the work for the *Valuation Consultant*, its selection and providing sufficient background to this consultant about the solid waste industry so it can successfully complete its work. The information generated by the Valuation Consultant will be incorporated into the final report of the System Consultant.

Phase II

Based on the research conducted in Phase I, the *System Consultant* shall identify the ownership options, criteria and framework to be used in the analysis.

Ownership Options

Request for Proposals

As discussed in several Council Work Sessions and associated materials, it is anticipated that three basic ownership options for the solid waste transfer system will be examined in more detail (listed across the top of Exhibit A). It will be the responsibility of the contractor to describe the salient features of the ownership option it proposes to use, to explain the implications of using alternative assumptions regarding the features of a particular option and obtain signoff from the Metro project manager before proceeding with the analysis. Such features/assumptions should address the essential and desirable functions the disposal system should perform.

Characteristics and assumptions for each ownership options are presented below based on staff's current assessment of Council's intent (as well as use/review of issues listed in Exhibit B). Working with Metro staff, the consultant shall explore variations of these options for consideration in the final analysis, including varying the regulatory role of Metro.

Current Mixed System: System of public and private stations (plus a system of MRFs and other recovery facilities as described in background documents).

- o Must consider the impacts of using caps for wet waste at private facilities and how changes in such caps impact system criteria
- o It is expected that by the time the analysis is undertaken, Metro will have ruled on whether to allow a current local transfer station applicant into the system. The consultant must include the impacts of this decision in the assessment of this ownership option.
- o Examination of this option must include an assessment of the long run feasibility of maintaining the public/private balance.

Private System: System of privately owned transfer stations with/without regulation to ensure service delivery as directed by Metro Council

- o Assumes Metro will sell the stations for use as a solid waste transfer station or other non-transfer use
- o This model will examine allocating waste to transfer stations in the system that best optimizes the private system
- o Will examine the effects on service delivery vs. prices over the long run considering trends such as vertical integration and industry consolidation

Public System: System of public transfer stations only

- o Should assume private operation through contracts with public operation of scalehouses
- o Will assess the difficulty of acquiring private stations or of taking them offline

Criteria

The criteria identified to date for use in evaluating each ownership option are the Metro *Council Values* as identified in Exhibit A, as augmented by the miscellaneous issues/constraint identified in Exhibit B. It is envisioned that the consultant will perform three basic tasks as relates to the criteria:

- o Identify any other criteria that should be used in the analysis
- o Develop metrics to be used in scoring criteria across ownership options
- o Work with Metro staff and the Metro Council to finalize criteria

Request for Proposals

Phase III

During this phase the consultant will construct the conceptual model(s) that will be used in the analysis. It is anticipated that such a model will result in the evaluation of each ownership option against a set of criteria. Such a model must be able to combine qualitative (such as ranking) data with quantitative data (such as dollars) into a structured decision making process for use by decision makers. The model will be reviewed by Metro and adjusted as appropriate.

The consultant will then conduct the alternatives analysis, incorporating the valuation study as appropriate. Consultant shall produce draft findings for staff review. Consultant shall then produce a final report to Metro. It is expected that the consultant will also give presentations of the findings to the Metro Council and other stakeholders as requested, as well as regular updates concerning key concepts during construction of the model.

Summary

The following is a summary of the general approach to this project approved by the Metro Council at its April 26, 2005 work session that apply to the System Consultant RFP.

1. Identify any other criteria and constraints for the disposal system (i.e., complete Exhibits A and B).
2. Identify the functions the disposal system is to perform:
 - Essential; e.g. solid waste disposal, public customer access, household hazardous waste, etc.
 - Desirable; e.g., least-cost, etc. to be determined during the study.
3. Construct conceptual models that fulfill these functions, based on each of the ownership systems
 - The models will also take into account the system characteristics and constraints as contained in Exhibit B as well as additional factors that emerge.
 - An important element of this step is establishing the appropriate level of empirical work (e.g., the costs of various models for service delivery such as private vs. public provision of hazardous waste⁸ collection and management), *including the value of the Metro transfer stations.*⁹
4. Evaluate performance of each conceptual model
 - Utilize the evaluation criteria as established in Exhibit A.
 - Assess the strengths and weaknesses of the various ownership models.
 - Tweak each conceptual model as needed to optimize performance against the evaluation criteria.

⁸ An investigation of the current household hazardous waste system is currently underway and information will be provided to the System Consultant as it becomes available.

⁹ The department intends to employ outside consultants specializing in relevant disciplines to undertake discrete portions of the analysis. The Council and other interested and effected parties will be kept involved at each key step in the process. Overall coordination of the study will be the responsibility of SW&R staff.



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Request for Proposals

- Score and rank-order the various ownership models according to their ability to meet regional needs. This step would determine whether Metro should retain ownership of the transfer stations, or divest, based on whether or not public ownership is part of the highest-ranked model.
5. Report results and conclusions.

IV. QUALIFICATIONS/EXPERIENCE

Proposers shall have the following experience:

- (1) Experience comparing public-sector provision of public services to private-sector provision.
- (2) Experience in the solid waste industry, particularly the operational and economic aspects of transfer stations
- (3) Sufficient qualifications in economic theory to assess the short-run and long-run effects of different ownership structures
- (4) Experience in assisting governments in making complex decisions with significant economic and service level implications

V. PROJECT ADMINISTRATION

The primary Metro contact for this project shall be Chuck Geyer, Principal Solid Waste Planner, 600 NE Grand Ave., Portland, OR 97232, 503-797-1691, geyerc@metro.dst.or.us. Questions concerning the RFP should be directed to him. Mr. Geyer will also administer the resulting contract with the successful proposer. It is expected that multiple Metro staff will be involved in the successful completion of the project.

It is expected proposers will have a single contact for the RFP process and a single project manager for the resulting contract. Metro recognizes that multiple staff from the successful firm will require contact with Metro staff and stakeholders. Procedures for establishing such contact will be part of final negotiations with the successful proposer.

VI. PROPOSAL INSTRUCTIONS

A. Submission of Proposals

1 hard copy and one electronic copy of the proposal shall be furnished to Metro, addressed to Chuck Geyer, Principal Solid Waste Planner, 600 NE Grand Ave., Portland, OR 97232, geyerc@metro.dst.or.us.

B. Deadline

Proposals will not be considered if received after 3:00 p.m., _____, 2005.

C. RFP as Basis for Proposals:

Request for Proposals

This Request for Proposals represents the most definitive statement Metro will make concerning the information upon which Proposals are to be based. Any verbal information that is not addressed in this RFP will not be considered by Metro in evaluating the Proposal. All questions relating to this RFP should be addressed to Chuck Geyer at (503) 797-1691, geyerc@metro.dst.or.us. Any questions, which in the opinion of Metro, warrant a written reply or RFP amendment will be furnished to all parties receiving this RFP. Metro will not respond to questions received after _____.

D. Information Release

All Proposers are hereby advised that Metro may solicit and secure background information based upon the information, including references, provided in response to this RFP. By submission of a proposal all Proposers agree to such activity and release Metro from all claims arising from such activity.

E. Minority and Women-Owned Business Program

In the event that any subcontracts are to be utilized in the performance of this agreement, the Proposer's attention is directed to Metro Code provisions 2.04.100.

Copies of that document are available from Purchasing/Contract Office of Metro, Metro Regional Center, 600 NE Grand Avenue, Portland, OR 97232 or call (503) 797-1816.

VII. PROPOSAL CONTENTS

The proposal should contain not more than 20 pages of written material (excluding biographies, examples and brochures, which may be included in an appendix), describing the ability of the consultant to perform the work requested, as outlined below. The proposal should be submitted on recyclable, double-sided recycled paper (post consumer content). No waxed page dividers or non-recyclable materials should be included in the proposal.

- A. Transmittal Letter: Indicate who will be assigned to the project (including subcontractors), who will be project manager, and that the proposal will be valid for ninety (90) days.
- B. Approach/Project Work Plan: Describe how the work will be done within the given timeframe and budget. Include a proposed work plan and schedule.
- C. Staffing/Project Manager Designation: Identify specific personnel (and subcontractors) assigned to major project tasks, their roles in relation to the work required, percent of their time on the project, and special qualifications they may bring to the project. Include resumes of individuals proposed for this contract.

Metro intends to award this contract to a single firm to provide the services required. Proposals must identify a single person as project manager to work with Metro. The consultant must

Request for Proposals

assure responsibility for any subconsultant work and shall be responsible for the day-today direction and internal management of the consultant effort.

- D. Experience: Indicate how your firm meets the experience requirements listed in section IV. of this RFP. List projects conducted over the past five years that involved services similar to the services required here. For each of these other projects, include the name of the customer contact person, his/her title, role on the project, and telephone number. Identify persons on the proposed project team who worked on each of the other projects listed, and their respective roles.
- E. Cost/Budget: Present the proposed cost of the project (including projected expenses) and the proposed method of compensation. List hourly rates for personnel assigned to the project, total personnel expenditures, support services, and subconsultant fees (if any). Requested expenses should also be listed. Metro has established a budget not to exceed \$75,000 for this project (excluding the valuation portion).
- F. Exceptions and Comments: To facilitate evaluation of proposals, all responding firms will adhere to the format outlined within this RFP. Firms wishing to take exception to, or comment on, any specified criteria within this RFP are encouraged to document their concerns in this part of their proposal. Exceptions or comments should be succinct, thorough and organized.

VIII. GENERAL PROPOSAL/CONTRACT CONDITIONS

- A. Limitation and Award: This RFP does not commit Metro to the award of a contract, nor to pay any costs incurred in the preparation and submission of proposals in anticipation of a contract. Metro reserves the right to waive minor irregularities, accept or reject any or all proposals received as the result of this request, negotiate with all qualified sources, or to cancel all or part of this RFP.
- B. Billing Procedures: Proposers are informed that the billing procedures of the selected firm are subject to the review and prior approval of Metro before reimbursement of services can occur. Contractor's invoices shall include an itemized statement of the work done during the billing period, and will not be submitted more frequently than once a month. Metro shall pay Contractor within 30 days of receipt of an approved invoice.
- C. Validity Period and Authority: The proposal shall be considered valid for a period of at least ninety (90) days and shall contain a statement to that effect. The proposal shall contain the name, title, address, and telephone number of an individual or individuals with authority to bind any company contacted during the period in which Metro is evaluating the proposal.
- D. Conflict of Interest. A Proposer filing a proposal thereby certifies that no officer, agent, or employee of Metro or Metro has a pecuniary interest in this proposal or has participated in



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Request for Proposals

contract negotiations on behalf of Metro; that the proposal is made in good faith without fraud, collusion, or connection of any kind with any other Proposer for the same call for proposals; the Proposer is competing solely in its own behalf without connection with, or obligation to, any undisclosed person or firm.

IX. EVALUATION OF PROPOSALS

- A. Evaluation Procedure: Proposals received that conform to the proposal instructions will be evaluated. The evaluation will take place using the evaluation criteria identified in the following section. Interviews may be requested prior to final selection of one firm.
- B. Evaluation Criteria: This section provides a description of the criteria which will be used in the evaluation of the proposals submitted to accomplish the work defined in the RFP.

	Percentage of Total Score
<u>35</u> Project Work Plan/Approach	
1. Demonstration of understanding of the project objectives	50%
2. Performance methodology	50%
<u>50</u> Project Staffing Experience	
1. Project consultant	50%
2. Commitment to project	50%
<u>15</u> Budget/Cost Proposal	
1. Projected cost/benefit of proposed work plan/approach	70%
2. Commitment to budget and schedule parameters	30%

X. NOTICE TO ALL PROPOSERS -- STANDARD AGREEMENT

The attached personal services agreement is a standard agreement approved for use by the Office of Metro Attorney. This is the contract the successful Proposer will enter into with Metro; it is included for your review prior to submitting a proposal. Include any exceptions to this standard form under Section VII.

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LIST OF APPENDICES

- *Solid Waste Management Framework is Sound*- Metro Auditor, 2002
- *Official Statement*, Solid Waste System Bond Refinancing 2003 (abstract of background)
- *Regional Transfer Capacity Analysis*- Metro 2004
- *DRAFT- Current Practices for RSWMP Update*- Metro 2005
- *Regional Solid Waste Management Plan Update*, Progress Report #3
- *Disposal System Planning- Metro Council Project Proposal*
- *Council Work Session, minutes 9/28/04*
- *May 24, 2005 Council Work Session, minutes*
- *Additional Council Work Sessions: 10/12/04, 1/11/05, 2/08/05, 4/12/05, 4/26/05*
- *Gantt Chart*
- Exhibit A *council values* and Exhibit B *System issues* from 4/26 work session

Please Note – hard copies of these documents are available upon request.

STAFF REPORT

RESOLUTION NO. 05-3601, AUTHORIZING ISSUANCE OF REQUEST FOR PROPOSALS 06-1154-SWR FOR COMPETITIVE SEALED PROPOSALS TO PROVIDE CONSULTING SERVICES REGARDING DISPOSAL SYSTEM PLANNING FOR ALTERNATIVE SERVICE DELIVERY

Date: July 7 2005 Prepared by: Mike Hoglund, Paul Ehinger and David Biedermann

BACKGROUND

Solid waste planning and disposal are two of the principal responsibilities of Metro. The solid waste planning function is guided primarily through the Regional Solid Waste Management Plan (RSWMP). RSWMP is a long-range (ten-year timeframe) functional plan as specified in ORS 268.390. The current plan expires in 2005 and Metro is in the process of updating the document for the next ten years.

One of the key RSWMP issues identified to date is ensuring adequate public services are provided through the regional solid waste system in the decade ahead. Disposal System Planning (DSP) rose out of this issue. One of the main purposes of the DSP project is to determine whether public services in the region are provided in the most efficient and effective manner possible. More broadly, Metro Council seeks to understand where the system can be improved, and determine Metro's role as both a participant and regulator in the system.

Disposal system planning work plan discussions concluded at the July 12 2005 Council work session. There was agreement on the work plan, primarily involving an analysis of alternative transfer station system models, and a determination of the value of the public transfer facilities.

The work plan envisions the use of two consultants conducting the analysis. One consultant would be responsible for creating the analytical framework that would be used together with evaluation criteria and background information to conduct the alternatives analysis (the System Consultant). A second consultant would be used to determine the value of the stations (Valuation Consultant). The system consultant would be the lead for developing the alternatives analysis, while the valuation consultant would provide the range of values to be used in the analysis. It is anticipated that the system consultant would be obtained first to provide input into the scope of work for the valuation consultant and to ensure valuation work can be appropriately incorporated into the alternatives analysis.

The request for proposals for the System Consultant is attached as Exhibit A. (The contract for the Valuation Consultant will be The scope of work anticipates the analysis will be conducted over a period of up to six months and provide the Council with sufficient information for a decision on whether to proceed with divestiture of the two public transfer stations or consider any other transfer station system modifications. Regular updates would be provided to ensure informational needs are being addressed and appropriate input provided.

ANALYSIS/INFORMATION

1. **Known Opposition:** None.
2. **Legal Antecedents:** Metro Code 2.04
3. **Anticipated Effects:** Award of contracts for the analytical framework that would be used together with evaluation criteria and background information to conduct the alternatives analysis. A second consultant (selected later) would be used to determine the value of the stations (Valuation Consultant). The System Consultant would be the lead for developing the alternatives analysis, while the valuation consultant would provide the range of values to be used in the analysis.
4. **Budget Impacts:** Between \$75,000 and \$100,000.

RECOMMENDED ACTION

Chief Operating Officer recommends passage of Resolution 05-3601.

MINUTES OF THE METRO COUNCIL MEETING

Thursday, July 14, 2005
Metro Council Chamber

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

Councilors Absent:

Council President Bragdon convened the Regular Council Meeting at 2:02 p.m.

1. INTRODUCTIONS

There were none.

2. CITIZEN COMMUNICATIONS

Councilor Hosticka announced that Willamette Resource Inc. had received an award for outstanding recycling efforts.

Ray Phelps, Willamette Resources, Inc., 10295 SW Ridder Rd, Wilsonville, OR 97070 noted a letter he had provided. He summarized his comments concerning Columbia Environmental and Release For Proposal (RFP) for Disposal System Planning Analysis (a copy of the letter is included in the meeting record).

Council President Bragdon asked him to clarify his objection to the RFP. Mr. Phelps explained his objections. Councilor McLain spoke to the need for the RFP and further explained why the need for the RFP. Mr. Phelps explained his rationale for not considering it an acceptable process. Councilor McLain appreciated his comments and wanted to have a further conversation with him. Councilor Liberty said he assumed that they would have a thorough conversation about the disposal system with the industry participating.

Richard Reese, 12301 NW Laidlaw, Portland OR 97229 property owner in Area 93 spoke to the Council about his concerns with Multnomah County's and City of Portland's unwillingness to complete concept planning for their area. He noted that he had provided a letter to the Council concerning compliance with the Urban Growth Management Functional Plan (a copy of his letter is included in the meeting record). He asked about the enforcement proceedings.

Gerald Harris, 12020 NW Laidlaw, Portland OR 97229 added that their area was a high demand area in terms of where people wanted to live, close to the city center and the Hwy 26 corridor. Properties were sold very quickly and it was a high demand area. It was not prime farmland. There had been no action. He pointed out the area was very desirable to live.

Bob Schallberger, 12050 NW Laidlaw, Portland OR 97229 said he and his neighbor had a total of 22 acres. There were three offers on the table for development. He was here today to tell Council that he would consider Measure 37 if something didn't happen soon. He suggested pushing Multnomah County right now.

Councilor Newman said he thought Area 93 was illustrative of what was happening all over the region. He explained Metro's responsibilities and that the local governments were responsible for

concept planning. He felt Metro needed to address this issue. He thought the Council President was convening a committee to look at the issue. They liked to give local governments the time to plan and often gave extensions.

Councilor McLain responded to Mr. Schallberger. She felt these neighbors had been more than patient. She suggested getting Washington County involved. They had gotten Multnomah County and City of Portland together and nothing had happen. She urged action from Metro. She said we couldn't do our job without going to the legislature. It was time to proceed with using Title 8. She asked the Council President to have a discussion about the steps to use against Multnomah County. She urged putting a timeline to this issue.

Councilor Burkholder asked what was the status of this area and the pending litigation. Dick Benner, Metro Senior Attorney, responded to his question. Councilor Burkholder said the 2002 decision was being held up because it was in the Court of Appeals. There was difficulty in the system because of financial constraints.

Councilor Liberty asked Mr. Benner about the parties in the West Linn case? Mr. Benner responded to his question. He noted there was new political leadership in the City of West Linn. Councilor Liberty asked about the citizen enforcement provisions and did these apply to Metro? Mr. Benner said yes, but it had to be a violation of a statewide planning goal. Councilor Liberty asked about Metro having the authority to do the planning. Mr. Benner said the language was general but Metro could do the planning. Councilor McLain asked if we had to put Multnomah County on notice to use potential solutions available to Metro. Mr. Benner said yes Metro did have to notify them. He explained the process. Councilor McLain said we have a hearing coming up in September. She said we have a Title 8 and urged that we use it. Mr. Benner explained compliance issues. They would be out of compliance as of March 2005. Councilor McLain felt they needed to start the process.

Councilor Park asked about service provisions and our ability to enforce service provisions. Mr. Benner said Metro didn't have anything in our Code to provide for service enforcement. Councilor Park said this problem had been ongoing even for areas that had been brought in 1998. Councilor McLain said the first step was the concept planning. The issue was that we had motivated property owners with proposals on the table. Councilor Liberty added his comments about concept planning and the need to engage service providers. Council President Bragdon said this illustrated a breakdown in the system. The dilemma that we faced was there were local governments who either didn't want to plan the area or couldn't afford to plan the area. They had hoped the legislature would help mediate the solution. Those negotiations had broken down. Therefore, they would be convening a group of local jurisdictions and citizens to come up with solutions. Metro shared their frustration. Councilor McLain asked that this Council put Multnomah County on notice that we felt that they were not meeting the compliance requirement. She was willing to sponsor the legislation.

Sarah Harris, 12020 NW Laidlaw, Portland OR 97229 said she had listened to the discourse. The workable relationship needed to be with the Area 93 citizens. Where was the responsibility to the public?

John Cooper, 12003 Laidlaw, Portland, OR said his property was vacant and they had been trying to put one house on their five acres. Washington County was not providing water to anyone in Area 93.

3. ORGANICS UPDATE

Jennifer Erickson, Solid Waste and Recycling Department, provided an update on the Organics program (a copy of the power point presentation is included in the record). Councilors asked about the program. Ms. Erickson responded to their questions. She said City of Portland had been an incredible partner in this process.

4. CONSENT AGENDA

4.1 Consideration of minutes of the July 7, 2005 Regular Council Meetings.

Motion: Councilor Burkholder moved to adopt the meeting minutes of the July 7, 2005 Regular Metro Council.

Vote: Councilors Burkholder, McLain, Liberty, Park, Newman, Hosticka and Council President Bragdon voted in support of the motion. The vote was 7 aye, the motion passed.

5. ORDINANCES – SECOND READING

5.1 Ordinance No. 05-1077A, Amending the Regional Framework Plan and The Urban Growth Management Functional Plan Relating to Nature in Neighborhoods.

Council President Bragdon said the motion was currently on the table. Councilor Hosticka suggested first considering the technical amendments to the model ordinance. He asked Chris Deffebach and Malu Wilkinson, Planning Department, to summarize the amendments.

Motion to Amend:	Councilor Hosticka moved to amend Ordinance No. 05-1077A with the technical amendments to the model ordinance.
Seconded:	Councilor Liberty seconded the motion

Malu Wilkinson, Planning Department, summarized the technical amendments (a copy of these amendments are included in the record). They had worked with Metro Technical Advisory Committee (MTAC). The organization of the model ordinance was changed, planting standards and process of notification was revised, drainage district and utility issues addressed, the discretionary review revised, map administration simplified, and density transfers were changed. The model ordinance was substantially reorganized. The process they went through was very useful. Chris Deffebach, Planning Department, said both MTAC and Metro Policy Advisory Committee (MPAC) recommended adoption. Council President Bragdon asked about the changes to the map. Ms. Wilkinson responded to his question.

Councilor Hosticka urged support and noted that there were policy questions that still needed to be addressed which they would bring forward for consideration in September.

Vote to Amend: Councilors Park, Hosticka, Burkholder, McLain, Newman, Liberty and Council President Bragdon voted in support of the motion. The vote was 7 aye, the motion passed.

Motion to Amend:	Councilor Hosticka moved to amend Ordinance No. 05-1077A with the conforming amendments to the Urban Growth Management Functional Plan.
Seconded:	Councilor Liberty seconded the motion

Councilor Hosticka summarized the amendments. Councilor Liberty clarified that they were amending a proposed ordinance. Councilor Park asked about water storage issues. Ms. Deffebach talked about the habitat friendly development practices. Council President Bragdon echoed Councilor Hosticka's comments.

Vote to Amend:

Councilors Park, Hosticka, Burkholder, McLain, Newman, Liberty and Council President Bragdon voted in support of the motion. The vote was 7 aye, the motion passed.

Council President Bragdon opened a public hearing.

David White, ORRA/TriCounty Haulers, 1739 NE 156th Ave Beaverton OR 97006 commented on the ordinance about the \$1.25 million taken from the Recovery Rate Stabilization fund to support the Nature in Neighborhoods program. He asked if the money was earmarked for illegal dumping issues. He was getting calls from industry people about the money. Council President Bragdon said this ordinance was just a piece of Nature in Neighborhood program. Mr. White said they supported the idea of using this money for illegal dumpsite clean up. Councilor Park commented that they had still not written the criteria as to how the money would support the program. There were linkages to restoration. There would also be pieces on beefing up the enforcement side of the illegal dumping. Councilor McLain appreciated the comment. They had a number of issues that still had to be addressed. Council President Bragdon closed the public hearing.

Councilor Hosticka addressed the public, because we were considering this ordinance in September, there would be a notice mailed to all effected property owners. Councilor McLain said she had a request from Washington County to allow them to review the notice before it was mailed. Council President Bragdon talked about pending policies. These would be addressed. The ordinance would be considered on September 22, 2005.

6. RESOLUTIONS

6.1 Resolution No. 05-3597, Appointing Roger Vonderbarr, Jeanneatte Hamby and Jill Thorn to the Metro Boundary Appeals Commission.

Motion:	Councilor Park moved to adopt Resolution No. 05-3597.
Seconded:	Councilor McLain seconded the motion

Councilor Park said the Metro Boundary Appeals Commission was established in April 2000 with a task of deciding contested cases of final boundary change decisions and was made up of one appointed representative from each of the three Portland metropolitan area counties.

The terms of the original members had all expired. The governments of the counties had provided nominees to the Metro Council President for appointment by the Metro Council. These nominees were: former Oregon state senator, Jeannette Hamby, from Washington County; former mayor of West Linn, Jill Thorne, from Clackamas County; and Roger Vonderharr, former mayor of Fairview and now vice president of the West Columbia Gorge Chamber of Commerce from Multnomah County, from Multnomah County.

Two recent boundary appeals necessitated reforming the Commission, which had not met for the past four years. The city of Happy Valley had filed an appeal to stop annexation by the newly

formed city of Damascus of land between the two cities. The city of Oregon City and its water district had filed an appeal against the decision by Clackamas County to change the boundaries of an adjoining water district.

Council President Bragdon spoke to the individuals who would serve. Councilor McLain acknowledged MPAC's work with this Council on this issue. Having a citizen group who represented different parts of the region was a positive.

Councilor Newman asked, Dan Cooper, Metro Attorney, about litigation processes. What was the process if people weren't happy with the decision of the Boundary Appeals Commission? Mr. Cooper responded to his question. A private citizen would need to bring their dispute to Land Use Board of Appeals. Councilor Newman asked if the Commission was quasi-judicial? Mr. Cooper said they were a quasi-judicial body. Councilor Park said the Commission would schedule and conduct a hearing on the contested cases within 30 days of certification of the boundary change proceedings. The existence of this commission demonstrated Metro's ability to play a convening role, working together with jurisdictions to solve issues around the region. He urged support of the resolution.

Vote:

Councilors Burkholder, McLain, Liberty, Park, Newman, Hosticka and Council President Bragdon voted in support of the motion. The vote was 7 aye, the motion passed.

7. OREGON LEGISLATIVE UPDATE

Mr. Cooper updated the Council on legislative issues on transportation and Measure 37.

8. CHIEF OPERATING OFFICER COMMUNICATION

Michael Jordon, Chief Operating Officer, was not present.

9. COUNCILOR COMMUNICATION

Councilor McLain noted her pleasure with the Oregon Convention Center's practices of sustainability report. She spoke about a Hillsboro celebration this weekend.

Councilor Burkholder reported on Joint Policy Advisory Committee on Transportation action this morning. Councilor Park added his comments on the transportation system being overwhelmed by development of big box stores. Councilor Liberty talked about the centers strategy.

10. ADJOURN

There being no further business to come before the Metro Council, Council President Bragdon adjourned the meeting at 3:45 p.m.

Prepared by,

Chris Billington
Clerk of the Council

ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF JULY 14, 2005

Item	Topic	Doc Date	Document Description	Doc. Number
4.1	Minutes	7/7/05	Minutes of the Metro Council Meeting of July 7, 2005	071405c-01
3	Power Point Presentation	7/14/05	To: Metro Council From: Jennifer Erickson, Solid Waste and Recycling Department Re: Organics Waste Management Plan	071405c-02
2	Letter and petition	7/7/05	To: Metro Council From: Property Owners of Area 93 Re: UGB Area 93 – request for initiation of enforcement proceedings	071405c-03
5.1	Amendments	7/14/05	To: Metro Council From: Malu Wilkinson, Planning Department Re: Amendments to Ordinance No. 05-1077A	071405c-04
2	Letter	7/14/05	To: Metro Council From: Ray Phelps, WRI Re: Columbia Environmental and Disposal System RFP	071405c-05

072105c-02

Resolution No. 05-3601 Information Packet

1. Comments received on RFP No. 06-1154-SWR from Industry
2. Metro Staff response to Industry comments
3. Proposed revisions to RFP 06-1154-SWR in response to comments
4. Proposed Version A of Resolution No. 05-3601A

**1. Comments received on RFP No. 06-1154-SWR
from Industry**

Request for Proposals

**DRAFT #4 Request for Proposals
 FOR
 The Provision of Consulting Services to Evaluate the Effects
 of
 Different Solid Waste Transfer System Ownership Alternatives**

I. INTRODUCTION

The Solid Waste & Recycling Department of Metro, a metropolitan service district organized under the laws of the State of Oregon and the Metro Charter, located at 600 NE Grand Avenue, Portland, OR 97232-2736, is requesting proposals for consulting services to conduct a comparative analysis of how different ownership alternatives of the solid waste transfer system in the Metro region would affect the performance of the system, as well as and determine Metro's role in that system, as operator and/or regulator. Currently, Metro operates transfer stations in competition with privately owned transfer stations, as well as regulates the operations of private transfer stations located within the Metro region.

Proposals will be due no later than _____ p.m., _____, 2005 in Metro's business offices at 600 NE Grand Avenue, Portland, OR 97232-2736. Details concerning the project and proposal are contained in this document.

II. BACKGROUND/HISTORY OF PROJECT

Metro is a regional government providing a variety of services for the urbanized portions of Clackamas, Multnomah and Washington counties of Oregon. Solid waste planning and disposal are two of the principal responsibilities of Metro.

Four background documents contained in the Appendix provide an overview of the solid waste system and Metro's roles:

- Solid Waste Management Framework is Sound- Metro Auditor, 2002
- Official Statement, Solid Waste System Bond Refinancing 2003 (abstract of background)
- Regional Transfer Capacity Analysis- Metro 2004
- DRAFT- Current Practices for RSWMP Update- Metro 2005

The solid waste planning function is guided primarily through the Regional Solid Waste Management Plan (RSWMP). RSWMP is a long-range (ten-year timeframe) functional plan as specified in Oregon Revised Statute 268.390. Metro first adopted RSWMP as a functional plan in 1988; the document was last updated in 1994/95 and has been amended several times since. The current plan expires in 2005 and preliminary planning is underway for updating the document for the next ten years (2005 – 2015)¹.

¹ See Regional Solid Waste Management Plan Update, Progress Report #3 contained in the Appendix.
 Revised June 05

Request for Proposals

One of the key planning issues that has been identified to date is the Disposal System Planning (DSP) project element of the plan². The main purpose of the project contemplated herein is to determine whether the needs of the region's transfer station component of the disposal system are being met in the most efficient and effective manner; and to recommend adjustments where the system can be improved.

The disposal system planning issues were the focus of a Metro Council work session in late 2004³. Council discussions regarding the DSP element of the regional plan became focused on the issue of the value of the Metro-owned transfer stations, and the role of these stations in the context of the larger solid waste system.

Discussions between staff and the Metro Council continued through May 2005⁴ during a series of Council work sessions. These discussions concluded at the May 24, 2005 Council work session (see Appendix) with agreement on a work plan for an analysis of the transfer station system. The purpose of the analysis is to provide Council with information to be used in shaping the transfer station portion of the solid waste disposal system for the Metro region. The Council then directed staff to hire consultants to ??? consultant to perform an independent analysis of the disposal system options and implementation of assist staff in implementing portions the work plan presented below.

Transfer Station System Analysis-Proposed Work Plan⁵

The following work plan is an overview of the steps to complete the transfer station portion of the disposal system planning portion of the Regional Solid Waste Management Plan. Only portions of the work plan will be accomplished under the RFP contemplated herein. It is presented here to provide context for the overall planning effort.

Task 1. Develop Project Work Plan The work plan will provide a process to conduct a comparative analysis of how different ownership alternatives of the solid waste transfer system in the Metro region affects the performance of the system, and determine Metro's role in that system, as operator and regulator. Currently, Metro operates transfer stations in competition with privately owned transfer stations as well as regulates the operations of private transfer stations located within the Metro region.

Completion Date: May 24, 2005

Product: Work Plan discussed/approved by Metro Council

Lead: Staff and owners of private transfer stations operating within the Metro region.

Task 2. Develop Outreach & Communications Plan with Council Liaison

Completion Date: June 30, 2005

² See Disposal System Planning- Metro Council Project Proposal, February 2005 in Appendix.

³ See Work Session sheet and minutes for 9/28/04 in Appendix.

⁴ A number of additional work sessions were held to discuss disposal system planning, see: 10/12/04, 1/11/05, 2/08/05, 4/12/05, 4/26/05

⁵ See Gantt Chart of project in Appendix.

Request for Proposals

Product: Outreach & Communications Plan
 Lead: Staff

Task 3. Select Consultants

a. **Solid Waste System Alternatives Analysis**

- o *Purpose* - Select a *System Consultant* to assist in conducting the comparative analysis including the development of models, evaluation criteria, data gathering and feedback processes
- o *Process*
 1. Develop scope of work based on work plan
 2. Incorporate changes to work plan at May 24th work session (see minutes of work session)
 3. Conduct procurement⁶

Completion Date: July 30, 2005

Product: Executed Contract

Lead: Staff and owners of private transfer stations operating within the Metro region.

b. **Transfer Station Valuation Study**

- o *Purpose*- Select a consultant to assist in estimating the value of Metro's two transfer stations from multiple perspectives (the analysis will consider selling one or both):
 1. Sale as transfer station
 2. Highest & Best Use
 3. Other methods as appropriate
- o *Process*
 1. Develop scope of work based on approved work plan
 2. Modify based on input from system consultant
 3. Conduct procurement

Completion Date: August 30, 2005

Product: Executed Contract

Lead: Staff

Task 4. Develop Appropriate Background Information

a. **Conduct Valuation Study on value of Metro Stations**

- o Identify potential impacts of waste disposal guarantee
- o Effects of removing IRS constraints after bonds paid off

b. **Research Legal Issues**

- o Review potential statutory limitations on uses of proceeds of sale of assets
- o Review charter limitations on excise tax expenditures, sales of Metro assets
- o Review impacts of conveyance on solid waste disposal contract

⁶ The schedule for each task is premised on the use of a 10-day letter approval process to obtain the system consultant. If formal approval is required through a resolution, add 4 to 6 weeks to the projected schedule.

Request for Proposals

- o Identify additional legal issues in modifying or altering current disposal system including alternative governance structures
- c. Identify Other System Issues**
 - o Identify essential/desired functions of transfer system
 - o Review state law requirement to provide HHW depots
 - o Consider impacts on recovery rates and amounts at transfer stations
 - o Consider impacts on policy/program formation
 - o Determine relative ability to respond to natural disasters
 - o Identify impacts on different customer classes
 - o Assess the political feasibility of different actions in achieving outcomes, for example controlling rates in a private, public or mixed system
- d. Gather information**
 - o Review other transfer configurations
 - o Conduct interviews as appropriate
 - o Conduct literature review
 - o Incorporate Valuation Study

Completion Date: September 30, 2005

Lead: Valuation Consultant/System Consultant/OMA/Staff/Owners of private transfer stations operating within the Metro region.

Task 5. Alternative Analysis

- a. Ownership options to be explored**
 - o *Current Mixed System:* System of public and private stations and current regulatory structure as a baseline scenario
 - o *Private System:* System of privately owned transfer stations with regulation to ensure service delivery as directed by Metro Council
 - o *Public System:* System of public transfer stations only
- b. Define evaluation criteria based on council work sessions / staff input / and input from owners of private transfer stations operating within the Metro region.**
 - o Utilize Council values as identified in Fall 2003.
 - o Identify System issues previously identified in background phase⁷
 - o Develop metrics to measure performance of criteria (e.g., rates in other jurisdictions)
- c. Conduct Alternatives Analysis, utilizing evaluation criteria across ownership options, and incorporating background information as appropriate**
- d. Based on review, final the analysis and prepare report of findings**

⁷ See Exhibits A&B from council work session of 4/26/05 for council values and related issues.
 Revised June 05

Request for Proposals

Completion Date: November 30, 2005

Product: Report to COO

Lead: System Consultant and owners of private transfer stations operating within the Metro region.

Task 6. Develop Recommendation - COO develops staff recommendation for presentation to Council

Completion Date: December 31, 2005

Lead: Staff and owners of private transfer stations operating within the Metro region.

Task 7. Recommendation and Report forwarded to Metro Council for Consideration

Completion Date: December 31, 2005

Lead: Council Liaison

III. PROPOSED SCOPE OF WORK/SCHEDULE

Metro is seeking proposals from qualified firms to perform the services generally described in the above work plan for the *System Consultant*- primarily in tasks #4 (items C&D) and #5. Additional information/expectations concerning the work tasks are presented below by phases. Metro expects to final a detailed scope of work based on the successful proposal and subsequent contract negotiations.

Phase I

Solid Waste System Issues/Background

The Metro Council and SW&R staff have brainstormed a number of issues within the solid waste system that should be addressed in the analysis by the System Consultant team. These are contained both in Exhibit B of the May 24th Council work session as well as in the work plan, primarily in Task #4. It will be the responsibility of the system consultant to identify additional issues, essential/desirable functions and system relationships of importance to the analysis in order to construct the framework for the analysis. During this stage of the project it is expected that it will be necessary for the consultant to:

- o Review additional information regarding the Metro solid waste system
- o Work with the Metro Council, and staff and owners of private transfer stations operating within the Metro region.
- o Meet with other key decision makers and stakeholders as appropriate
- o Interview or through other means gather information from participants in the system

Valuation Consultant Assistance

The system consultant will assist in scoping the work for the *Valuation Consultant*, its selection and providing sufficient background to this consultant about the solid waste industry so it can successfully complete its work. The information generated by the Valuation Consultant will be incorporated into the final report of the System Consultant.

Request for Proposals

Phase II

Based on the research conducted in Phase I, the *System Consultant* shall identify the ownership options, criteria and framework to be used in the analysis.

Ownership Options

As discussed in several Council Work Sessions and associated materials, it is anticipated that three basic ownership options for the solid waste transfer system will be examined in more detail (listed across the top of Exhibit A). It will be the responsibility of the contractor to describe the salient features of the ownership option it proposes to use, to explain the implications of using alternative assumptions regarding the features of a particular option and obtain signoff from the Metro project manager and owners of private transfer stations operating within the Metro region before proceeding with the analysis. Such features/assumptions should address the essential and desirable functions the disposal system should perform.

Characteristics and assumptions for each ownership options are presented below based on staff's current assessment of Council's intent (as well as use/review of issues listed in Exhibit B). Working with Metro staff, and owners of private transfer stations operating within the Metro region the consultant shall explore variations of these options for consideration in the final analysis, including varying the regulatory role of Metro.

Current Mixed System: System of public and private stations (plus a system of MRFs and other recovery facilities as described in background documents).

- o Must consider the impacts of using caps for wet waste at private facilities and how changes in such caps impact system criteria
- o It is expected that by the time the analysis is undertaken, Metro will have ruled on whether to allow a current local transfer station applicant into the system. The consultant must include the impacts of this decision in the assessment of this ownership option.
- o Examination of this option must include an assessment of the long run feasibility of maintaining the public/private balance.

Private System: System of privately owned transfer stations with/without regulation to ensure service delivery as directed by Metro Council

- o Assumes Metro will sell the stations for use as a solid waste transfer station or other non-transfer use
- o This model will examine allocating waste to transfer stations in the system that best optimizes the private system
- o Will examine the effects on service delivery vs. prices over the long run considering trends such as vertical integration and industry consolidation

Public System: System of public transfer stations only

- o ~~Should assume private operation through contracts with public operation of scalehouses~~ Assess financial and operational feasibility to convert region's disposal system to public ownership only.
- o ~~Will assess the difficulty of acquiring private stations or of taking them offline~~

Request for Proposals

Criteria

The criteria identified to date for use in evaluating each ownership option are the Metro *Council Values* as identified in Exhibit A, as augmented by the miscellaneous issues/constraint identified in Exhibit B. It is envisioned that the consultant will perform three basic tasks as relates to the criteria:

- o Identify any other criteria that should be used in the analysis
- o Develop metrics to be used in scoring criteria across ownership options
- o Work with Metro staff, and owners of private transfer stations operating within the Metro region, and the Metro Council to finalize criteria

Phase III

During this phase the consultant will construct the conceptual model(s) that will be used in the analysis. It is anticipated that such a model will result in the evaluation of each ownership option against a set of criteria. Such a model must be able to combine qualitative (such as ranking) data with quantitative data (such as dollars) into a structured decision making process for use by decision makers. The model will be reviewed by Metro and owners of private transfer stations operating within the Metro region and adjusted as appropriate.

The consultant will then conduct the alternatives analysis, incorporating the valuation study as appropriate. Consultant shall produce draft findings for staff and owners of private transfer stations operating within the Metro region review. Consultant shall then produce a final report to Metro. It is expected that the consultant will also give presentations of the findings to the Metro Council and other stakeholders as requested, as well as regular updates concerning key concepts during construction of the model.

Summary

The following is a summary of the general approach to this project approved by the Metro Council at its April 26, 2005 work session that apply to the System Consultant RFP.

1. Identify any other criteria and constraints for the disposal system (i.e., complete Exhibits A and B).
2. Identify the functions the disposal system is to perform:
 - Essential; e.g. solid waste disposal, public customer access, household hazardous waste, etc.
 - Desirable; e.g., least-cost, etc. to be determined during the study.
3. Construct conceptual models that fulfill these functions, based on each of the ownership systems
 - The models will also take into account the system characteristics and constraints as contained in Exhibit B as well as additional factors that emerge.

Request for Proposals

- An important element of this step is establishing the appropriate level of empirical work (e.g., the costs of various models for service delivery such as private vs. public provision of hazardous waste⁸ collection and management), *including the value of the Metro transfer stations.*⁹
- 4. Evaluate performance of each conceptual model
 - Utilize the evaluation criteria as established in Exhibit A.
 - Assess the strengths and weaknesses of the various ownership models.
 - Tweak each conceptual model as needed to optimize performance against the evaluation criteria.
 - Score and rank-order the various ownership models according to their ability to meet regional needs. This step would determine whether Metro should retain ownership of the transfer stations, or divest, based on whether or not public ownership is part of the highest-ranked model.
- 5. Report results and conclusions.

IV. QUALIFICATIONS/EXPERIENCE

Proposers shall have the following experience:

- (1) Experience comparing public-sector provision of public services to private-sector provision.
- (2) Experience in the solid waste industry, particularly the operational and economic aspects of transfer stations
- (3) Sufficient qualifications in economic theory to assess the short-run and long-run effects of different ownership structures
- (4) Experience in assisting governments in making complex decisions with significant economic and service level implications

V. PROJECT ADMINISTRATION

The primary Metro contact for this proposal project shall be Chuck Geyer, Principal Solid Waste Planner, 600 NE Grand Ave., Portland, OR 97232, 503-797-1691, geyerc@metro.dst.or.us. Provide for a pre-proposal conference for all Q & A. Must attend to be considered. Paul Ehinger is the manager of this project. Mr. Ehinger will ~~Questions concerning the RFP should be directed to him. Mr. Geyer will also administer the resulting contract with the successful proposer. It is expected that multiple Metro staff and owners of private transfer stations operating within the Metro region will be involved in the successful completion of the project.~~

It is expected proposers will have a single contact for the RFP process and a single project manager for the resulting contract. Metro recognizes that multiple staff from the successful firm will require contact

⁸ An investigation of the current household hazardous waste system is currently underway and information will be provided to the System Consultant as it becomes available.

⁹ The department intends to employ outside consultants specializing in relevant disciplines to undertake discrete portions of the analysis. The Council and other interested and effected parties will be kept involved at each key step in the process. Overall coordination of the study will be the responsibility of SW&R staff.

Request for Proposals

with Metro staff and owners of private transfer stations operating within Metro region stakeholders. Procedures for establishing such contact will be part of final negotiations with the successful proposer.

VI. PROPOSAL INSTRUCTIONS

A. Submission of Proposals

1 hard copy and one electronic copy of the proposal shall be furnished to Metro, addressed to Chuck Geyer, Principal Solid Waste Planner, 600 NE Grand Ave., Portland, OR 97232, geyerc@metro.dst.or.us.

B. Deadline

Proposals will not be considered if received after 3:00 p.m., _____, 2005.

C. RFP as Basis for Proposals:

This Request for Proposals represents the most definitive statement Metro will make concerning the information upon which Proposals are to be based. Any verbal information that is not addressed in this RFP will not be considered by Metro in evaluating the Proposal. All questions relating to this RFP should be addressed to Chuck Geyer at (503) 797-1691, geyerc@metro.dst.or.us. Any questions, which in the opinion of Metro, warrant a written reply or RFP amendment will be furnished to all parties receiving this RFP. Metro will not respond to questions received after pre-proposal conference. Re-word to reflect all Q&A only at pre-proposal conf. Must attend to be considered

D. Information Release

All Proposers are hereby advised that Metro may solicit and secure background information based upon the information, including references, provided in response to this RFP. By submission of a proposal all Proposers agree to such activity and release Metro from all claims arising from such activity.

E. Minority and Women-Owned Business Program

In the event that any subcontracts are to be utilized in the performance of this agreement, the Proposer's attention is directed to Metro Code provisions 2.04.100.

Copies of that document are available from Purchasing/Contract Office of Metro, Metro Regional Center, 600 NE Grand Avenue, Portland, OR 97232 or call (503) 797-1816.

VII. PROPOSAL CONTENTS

The proposal should contain not more than 20 pages of written material (excluding biographies, examples and brochures, which may be included in an appendix), describing the ability of the consultant to perform the work requested, as outlined below. The proposal should be submitted on recyclable, double-sided recycled paper (post consumer content). No waxed page dividers or non-recyclable materials should be included in the proposal.

Request for Proposals

- A. Transmittal Letter: Indicate who will be assigned to the project (including subcontractors), who will be project manager, and that the proposal will be valid for ninety (90) days.
- B. Approach/Project Work Plan: Describe how the work will be done within the given timeframe and budget. Include a proposed work plan and schedule.
- C. Staffing/Project Manager Designation: Identify specific personnel (and subcontractors) assigned to major project tasks, their roles in relation to the work required, percent of their time on the project, and special qualifications they may bring to the project. Include resumes of individuals proposed for this contract.

Metro intends to award this contract to a single firm to provide the services required. Proposals must identify a single person as project manager to work with Metro. The consultant must assure responsibility for any subconsultant work and shall be responsible for the day-to-day direction and internal management of the consultant effort.

- D. Experience: Indicate how your firm meets the experience requirements listed in section IV. of this RFP. List projects conducted over the past five years that involved services similar to the services required here. For each of these other projects, include the name of the customer contact person, his/her title, role on the project, and telephone number. Identify persons on the proposed project team who worked on each of the other projects listed, and their respective roles.
- E. Cost/Budget: Present the proposed cost of the project (including projected expenses) and the proposed method of compensation. List hourly rates for personnel assigned to the project, total personnel expenditures, support services, and subconsultant fees (if any). Requested expenses should also be listed. Metro has established a budget not to exceed \$75,000 for this project (excluding the valuation portion).
- F. Exceptions and Comments: To facilitate evaluation of proposals, all responding firms will adhere to the format outlined within this RFP. Firms wishing to take exception to, or comment on, any specified criteria within this RFP are encouraged to document their concerns in this part of their proposal. Exceptions or comments should be succinct, thorough and organized.

VIII. GENERAL PROPOSAL/CONTRACT CONDITIONS

- A. Limitation and Award: This RFP does not commit Metro to the award of a contract, nor to pay any costs incurred in the preparation and submission of proposals in anticipation of a contract. Metro reserves the right to waive minor irregularities, accept or reject any or all proposals



600 NE Grand Ave.
Portland, OR 97232-2736
(503) 797-1700

Request for Proposals

received as the result of this request, negotiate with all qualified sources, or to cancel all or part of this RFP.

- B. **Billing Procedures:** Proposers are informed that the billing procedures of the selected firm are subject to the review and prior approval of Metro before reimbursement of services can occur. Contractor's invoices shall include an itemized statement of the work done during the billing period, and will not be submitted more frequently than once a month. Metro shall pay Contractor within 30 days of receipt of an approved invoice.
- C. **Validity Period and Authority:** The proposal shall be considered valid for a period of at least ninety (90) days and shall contain a statement to that effect. The proposal shall contain the name, title, address, and telephone number of an individual or individuals with authority to bind any company contacted during the period in which Metro is evaluating the proposal.
- D. **Conflict of Interest.** A Proposer filing a proposal thereby certifies that no officer, agent, or employee of Metro or Metro has a pecuniary interest in this proposal or has participated in contract negotiations on behalf of Metro; that the proposal is made in good faith without fraud, collusion, or connection of any kind with any other Proposer for the same call for proposals; the Proposer is competing solely in its own behalf without connection with, or obligation to, any undisclosed person or firm.

IX. EVALUATION OF PROPOSALS

- A. **Evaluation Procedure:** Proposals received that conform to the proposal instructions will be evaluated by and owners of private transfer stations operating within the Metro region. The evaluation will take place using the evaluation criteria identified in the following section. Interviews may be requested prior to final selection of one firm.
- B. **Evaluation Criteria:** This section provides a description of the criteria which will be used in the evaluation of the proposals submitted to accomplish the work defined in the RFP.

		Percentage of Total Score
<u>4035</u>	Project Work Plan/Approach	
1.	Demonstration of understanding of the project objectives	50% <u>17.5</u>
2.	Performance methodology	50% <u>17.5</u>
<u>4550</u>	Project Staffing Experience	
1.	Project consultant	50% <u>25</u>
2.	Commitment to project	50% <u>25</u>
<u>15</u>	Budget/Cost Proposal	
1.	Projected cost/benefit of proposed work plan/approach	70% <u>7.5</u>

Request for Proposals

2. Commitment to budget and schedule parameters 30% 7.5

X. NOTICE TO ALL PROPOSERS -- STANDARD AGREEMENT

The attached personal services agreement is a standard agreement approved for use by the Office of Metro Attorney. This is the contract the successful Proposer will enter into with Metro; it is included for your review prior to submitting a proposal. Include any exceptions to this standard form under Section VII.

M:\rem\remdept\projects\DSP\RFP\rfp.doc

LIST OF APPENDICES

- *Solid Waste Management Framework is Sound*- Metro Auditor, 2002
- *Official Statement*, Solid Waste System Bond Refinancing 2003 (abstract of background)
- *Regional Transfer Capacity Analysis*- Metro 2004
- *DRAFT- Current Practices for RSWMP Update*- Metro 2005
- *Regional Solid Waste Management Plan Update*, Progress Report #3
- *Disposal System Planning- Metro Council Project Proposal*
- *Council Work Session, minutes 9/28/04*
- *May 24, 2005 Council Work Session, minutes*
- *Additional Council Work Sessions: 10/12/04, 1/11/05, 2/08/05, 4/12/05, 4/26/05*
- *Gantt Chart*
- Exhibit A *council values* and Exhibit B *System issues* from 4/26 work session

BEFORE THE METRO CONTRACT REVIEW BOARD

AUTHORIZING ISSUANCE OF REQUEST FOR) RESOLUTION NO. 05-3601A
PROPOSALS 06-1154-SWR FOR COMPETITIVE)
SEALED PROPOSALS TO PROVIDE)
CONSULTING SERVICES REGARDING) Introduced by Chief Operating Officer
DISPOSAL SYSTEM PLANNING FOR) Michael J. Jordan, with the concurrence of
ALTERNATIVE SERVICE DELIVERY) Council President David Bragdon

WHEREAS, Metro is a regional government providing a variety of services for the urbanized portions of Clackamas, Multnomah and Washington Counties of Oregon; and

WHEREAS, solid waste planning and disposal are two of the principal responsibilities of Metro; and

WHEREAS, solid waste planning is guided primarily through the Regional Solid Waste Management Plan (RSWMP); and

WHEREAS, one of the key RSWMP issues identified to date is ensuring adequate public services are provided through the regional solid waste system in the decade ahead; and

WHEREAS, Metro Council seeks to understand where the regional solid waste system can be improved, and determine Metro's role as both a participant and regulator in the system; and

WHEREAS, an analysis of alternative transfer station system models and a determination of the valuation of the public transfer facilities is required taking into account the interests of private facility owners as well as other stakeholders; and

WHEREAS, pursuant to Metro Code Section 2.04.026(a), Council approval is required for any contract which commits Metro to the expenditure of appropriations not otherwise provided for in the current fiscal year budget at the time the contract is executed and which has a significant impact on Metro; and

WHEREAS, the Metro Council considers the contracts for solid waste and recycling programs to have a significant impact on Metro; and

WHEREAS, this resolution was submitted to the Chief Operating Officer for consideration and was forwarded to the Council for approval; now therefore

BE IT RESOLVED:

1. That the Metro Council authorizes the release of a request for proposals substantially similar to RFP 06-1154-SWR for Disposal System Planning consulting services, attached as Exhibit A; and
2. That the Metro Council authorizes the Chief Operating Officer to execute the contracts for Disposal System Planning consulting with the most qualified proposers; and

3. Metro will develop and execute an Outreach & Communication Plan as called for in the work plan for the Transfer Station System Analysis to ensure the interests of stakeholders are incorporated into the analysis. The plan will identify the roles and responsibilities of MPAC, SWAC and other key stakeholders. The plan will address the interaction between the Metro Council, staff and key stakeholders.

ADOPTED by the Metro Council this _____ day of _____, 2005.

David Bragdon, Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney

2. Metro Staff response to Industry comments

**Metro Staff Response to Comments on Request for Proposals
for The Provision of Consulting Services to Evaluate the Effects
of
Different Solid Waste Transfer System Ownership Alternatives**

Metro staff received comments on RFP 06-1154-SWR that is scheduled for Council action on July 21, 2005 with Resolution No. 05-3601. These comments were received from Mr. Raymond Phelps, who represents Allied Waste Industries, and which were coordinated with representatives of Waste Management and Pride Disposal and Recycling.

Staff has reviewed Mr. Phelps' suggestions and has the following comments.

Areas of Agreement

On page 6, paragraph 3 of the Request for Proposals, Mr. Phelps proposes to add the language:

“and owners of private transfer stations operating within the Metro region” to the last sentence after the word staff.”

We agree if the words *“and other stakeholders, as appropriate”* are also added.

At the bottom of page 6, Mr. Phelps proposes the following wording to replace the current description of a *Public System* with the following:

“Assess financial and operational feasibility to convert region’s disposal system to public ownership only.”

Staff agrees with this change.

In the Project Administration section on page 8, Mr. Phelps suggests a number of wording changes to clarify the role of various Metro Staff members. Metro staff agrees that additional clarification could help and propose the following wording.

“Paul Ehinger, Engineering Manager, is the Project Manager for Metro’s Disposal System Planning project that includes this investigation as well as other work efforts by Metro Staff and consultants.”

Staff believes that this language addresses Mr. Phelps' concern.

Areas of Disagreement

Two wording changes were proposed to the Introduction on page 1 of the RFP. The first was to indicate that the consultant would *“determine”* Metro's role in the system.

This study is only one component of a planning process that will lead to a determination by the Metro Council of Metro's role in the system.

The following sentence was proposed to be added as the last sentence to the Introduction:

“Currently, Metro operates transfer stations in competition with privately owned transfer stations as well as regulates the operations of private transfer stations located within the Metro region.”

This language is inconsistent with the purpose of the introductory paragraph and is unnecessary.

On page 2, paragraph 3, it was proposed that the last sentence be changed from:

The Council then directed staff to hire consultants to assist staff in implementing portions of the work plan presented below.

To the following: The Council then directed staff to hire consultants *to perform an independent analysis of the disposal system options and* the work plan presented below.

Staff believes the original wording more correctly describes the direction from the Council.

Numerous changes were proposed from the middle of page 2 to the upper part page 5 including having the owners of private stations act as the lead entities on a number of the tasks identified in the **Transfer Station System Analysis – Proposed Work Plan**.

This is the workplan for the overall planning effort that was discussed with the Metro Council on May 24, 2005. This was presented to provide context for how the proposed study would fit into the overall effort. Staff believes that that this Work Plan was approved by the Council during the work session and should not be changed at this time.

While we recognize the key role of the private transfer stations and the service they provide to the public, accepting changes as proposed would also set a precedent for Metro when a publicly funded study would, in part, be handed over to private stakeholders with a direct economic interest that could supercede the general public interest.

On page 5, in the second bulleted point of the second paragraph of the Proposed Scope of Work/Schedule, Mr. Phelps adds *“owners of private transfers stations operating within the Metro region,* to the Metro Council and staff as entities the consultant must work with.

Staff believes this is properly included in the next bullet that requires meetings with “key decision makers and stakeholders as appropriate.”

On page 6, paragraph 3 Mr. Phelps suggests that the consultant receive signoff from *“owners of private transfer stations operating with the Metro region,”* in addition the Metro’s project manager.

It is inappropriate to require signoff from any one stakeholder group prior to proceeding with contract work.

In three places on page 7, (paragraphs 1,2 and 3) the “owners of private transfer stations operating with the Metro region,” are added to the project review along with Council and staff.

These three paragraphs describe required approvals the consultant needs from its client. While the “*owners of private transfer stations operating with the Metro region,*” are important stakeholders they are not the consultant’s client.

On page 8 in the first paragraph of the Project Administrations section, Mr. Phelps proposes a mandatory pre-proposal conference.

In staff’s experience pre-proposal conferences are not particularly effective for this type of project. Staff will note in the Instructions to Proposers, that a non-mandatory pre-proposal conference will be held at the close of the period for formal clarifications, if requested by potential proposers.

In the first paragraph on page 9, the “owners of private transfer stations operating with the Metro region,” were added to the Project Administration process.

Staffs comment is the same as the preceding comment.

3. Proposed revisions to RFP 06-1154-SWR in response to comments

Request for Proposals

**DRAFT #4 Request for Proposals
FOR
The Provision of Consulting Services to Evaluate the Effects
of
Different Solid Waste Transfer System Ownership Alternatives**

I. INTRODUCTION

The Solid Waste & Recycling Department of Metro, a metropolitan service district organized under the laws of the State of Oregon and the Metro Charter, located at 600 NE Grand Avenue, Portland, OR 97232-2736, is requesting proposals for consulting services to conduct a comparative analysis of how different ownership alternatives of the solid waste transfer system in the Metro region would affect the performance of the system, as well as Metro's role in that system as operator and/or regulator.

Proposals will be due no later than _____ p.m., _____, 2005 in Metro's business offices at 600 NE Grand Avenue, Portland, OR 97232-2736. Details concerning the project and proposal are contained in this document.

II. BACKGROUND/HISTORY OF PROJECT

Metro is a regional government providing a variety of services for the urbanized portions of Clackamas, Multnomah and Washington counties of Oregon. Solid waste planning and disposal are two of the principal responsibilities of Metro.

Four background documents contained in the Appendix provide an overview of the solid waste system and Metro's roles:

- *Solid Waste Management Framework is Sound*- Metro Auditor, 2002
- *Official Statement*, Solid Waste System Bond Refinancing 2003 (abstract of background)
- *Regional Transfer Capacity Analysis*- Metro 2004
- *DRAFT- Current Practices for RSWMP Update*- Metro 2005

The solid waste planning function is guided primarily through the Regional Solid Waste Management Plan (RSWMP). RSWMP is a long-range (ten-year timeframe) functional plan as specified in Oregon Revised Statute 268.390. Metro first adopted RSWMP as a functional plan in 1988; the document was last updated in 1994/95 and has been amended several times since. The current plan expires in 2005 and preliminary planning is underway for updating the document for the next ten years (2005 – 2015)¹.

¹ See Regional Solid Waste Management Plan Update, Progress Report #3 contained in the Appendix.
Revised June 05

Request for Proposals

One of the key planning issues that has been identified to date is the Disposal System Planning (DSP) project element of the plan². The main purpose of the project contemplated herein is to determine whether the needs of the region's transfer station component of the disposal system are being met in the most efficient and effective manner; and to recommend adjustments where the system can be improved.

The disposal system planning issues were the focus of a Metro Council work session in late 2004³. Council discussions regarding the DSP element of the regional plan became focused on the issue of the value of the Metro-owned transfer stations, and the role of these stations in the context of the larger solid waste system.

Discussions between staff and the Metro Council continued through May 2005⁴ during a series of Council work sessions. These discussions concluded at the May 24, 2005 Council work session (see Appendix) with agreement on a work plan for an analysis of the transfer station system. The purpose of the analysis is to provide Council with information to be used in shaping the transfer station portion of the solid waste disposal system for the Metro region. The Council then directed staff to hire consultants to assist staff in implementing portions the work plan presented below.

Transfer Station System Analysis-Proposed Work Plan⁵

The following work plan is an overview of the steps to complete the transfer station portion of the disposal system planning portion of the Regional Solid Waste Management Plan. Only portions of the work plan will be accomplished under the RFP contemplated herein. It is presented here to provide context for the overall planning effort.

Task 1. Develop Project Work Plan The work plan will provide a process to conduct a comparative analysis of how different ownership alternatives of the solid waste transfer system in the Metro region affects the performance of the system, and determine Metro's role in that system as operator and regulator.

Completion Date: May 24, 2005
 Product: Work Plan discussed/approved by Metro Council
 Lead: Staff

Task 2. Develop Outreach & Communications Plan with Council Liaison

Completion Date: June 30, 2005
 Product: Outreach & Communications Plan
 Lead: Staff

Task 3. Select Consultants

² See Disposal System Planning- Metro Council Project Proposal, February 2005 in Appendix.

³ See Work Session sheet and minutes for 9/28/04 in Appendix.

⁴ A number of additional work sessions were held to discuss disposal system planning, see: 10/12/04, 1/11/05, 2/08/05, 4/12/05, 4/26/05

⁵ See Gantt Chart of project in Appendix.

Revised June 05

Request for Proposals

a. Solid Waste System Alternatives Analysis

- o *Purpose* - Select a *System Consultant* to assist in conducting the comparative analysis including the development of models, evaluation criteria, data gathering and feedback processes
- o *Process*
 1. Develop scope of work based on work plan
 2. Incorporate changes to work plan at May 24th work session (see minutes of work session)
 3. Conduct procurement⁶

Completion Date: July 30, 2005

Product: Executed Contract

Lead: Staff

b. Transfer Station Valuation Study

- o *Purpose*- Select a consultant to assist in estimating the value of Metro's two transfer stations from multiple perspectives (the analysis will consider selling one or both):
 1. Sale as transfer station
 2. Highest & Best Use
 3. Other methods as appropriate
- o *Process*
 1. Develop scope of work based on approved work plan
 2. Modify based on input from system consultant
 3. Conduct procurement

Completion Date: August 30, 2005

Product: Executed Contract

Lead: Staff

Task 4. Develop Appropriate Background Information

a. Conduct Valuation Study on value of Metro Stations

- o Identify potential impacts of waste disposal guarantee
- o Effects of removing IRS constraints after bonds paid off

b. Research Legal Issues

- o Review potential statutory limitations on uses of proceeds of sale of assets
- o Review charter limitations on excise tax expenditures, sales of Metro assets
- o Review impacts of conveyance on solid waste disposal contract
- o Identify additional legal issues in modifying or altering current disposal system including alternative governance structures

c. Identify Other System Issues

- o Identify essential/desired functions of transfer system

⁶ The schedule for each task is premised on the use of a 10-day letter approval process to obtain the system consultant. If formal approval is required through a resolution, add 4 to 6 weeks to the projected schedule.

Request for Proposals

- o Review state law requirement to provide HHW depots
- o Consider impacts on recovery rates and amounts at transfer stations
- o Consider impacts on policy/program formation
- o Determine relative ability to respond to natural disasters
- o Identify impacts on different customer classes
- o Assess the political feasibility of different actions in achieving outcomes, for example controlling rates in a private, public or mixed system

d. Gather information

- o Review other transfer configurations
- o Conduct interviews as appropriate
- o Conduct literature review
- o Incorporate Valuation Study

Completion Date: September 30, 2005

Lead: Valuation Consultant/System Consultant/OMA/Staff

Task 5. Alternative Analysis

a. Ownership options to be explored

- o *Current Mixed System:* System of public and private stations and current regulatory structure as a baseline scenario
- o *Private System:* System of privately owned transfer stations with regulation to ensure service delivery as directed by Metro Council
- o *Public System:* System of public transfer stations only

b. Define evaluation criteria based on council work sessions / staff input

- o Utilize Council values as identified in Fall 2003.
- o Identify System issues previously identified in background phase⁷
- o Develop metrics to measure performance of criteria (e.g., rates in other jurisdictions)

c. Conduct Alternatives Analysis, utilizing evaluation criteria across ownership options, and incorporating background information as appropriate

d. Based on review, final the analysis and prepare report of findings

Completion Date: November 30, 2005

Product: Report to COO

Lead: System Consultant

Task 6. Develop Recommendation - COO develops staff recommendation for presentation to Council

Completion Date: December 31, 2005

⁷ See Exhibits A&B from council work session of 4/26/05 for council values and related issues.
Revised June 05

Request for Proposals

Lead: Staff

Task 7. Recommendation and Report forwarded to Metro Council for Consideration

Completion Date: December 31, 2005

Lead: Council Liaison

III. PROPOSED SCOPE OF WORK/SCHEDULE

Metro is seeking proposals from qualified firms to perform the services generally described in the above work plan for the *System Consultant*- primarily in tasks #4 (items C&D) and #5. Additional information/expectations concerning the work tasks are presented below by phases. Metro expects to final a detailed scope of work based on the successful proposal and subsequent contract negotiations.

Phase I

Solid Waste System Issues/Background

The Metro Council and SW&R staff have brainstormed a number of issues within the solid waste system that should be addressed in the analysis by the System Consultant team. These are contained both in Exhibit B of the May 24th Council work session as well as in the work plan, primarily in Task #4. It will be the responsibility of the system consultant to identify additional issues, essential/desirable functions and system relationships of importance to the analysis in order to construct the framework for the analysis. During this stage of the project it is expected that it will be necessary for the consultant to:

- o Review additional information regarding the Metro solid waste system
- o Work with the Metro Council and staff
- o Meet with other key decision makers and stakeholders as appropriate
- o Interview or through other means gather information from participants in the system

Valuation Consultant Assistance

The system consultant will assist in scoping the work for the *Valuation Consultant*, its selection and providing sufficient background to this consultant about the solid waste industry so it can successfully complete its work. The information generated by the Valuation Consultant will be incorporated into the final report of the System Consultant.

Phase II

Based on the research conducted in Phase I, the *System Consultant* shall identify the ownership options, criteria and framework to be used in the analysis.

Ownership Options

Request for Proposals

As discussed in several Council Work Sessions and associated materials, it is anticipated that three basic ownership options for the solid waste transfer system will be examined in more detail (listed across the top of Exhibit A). It will be the responsibility of the contractor to describe the salient features of the ownership option it proposes to use, to explain the implications of using alternative assumptions regarding the features of a particular option and obtain signoff from the Metro project manager before proceeding with the analysis. Such features/assumptions should address the essential and desirable functions the disposal system should perform.

Characteristics and assumptions for each ownership options are presented below based on staff's current assessment of Council's intent (as well as use/review of issues listed in Exhibit B). Working with Metro staff and owners of private transfer stations operating within the Metro Region, and other stakeholders as appropriate, the consultant shall explore variations of these options for consideration in the final analysis, including varying the regulatory role of Metro.

Current Mixed System: System of public and private stations (plus a system of MRFs and other recovery facilities as described in background documents).

- o Must consider the impacts of using caps for wet waste at private facilities and how changes in such caps impact system criteria
- o It is expected that by the time the analysis is undertaken, Metro will have ruled on whether to allow a current local transfer station applicant into the system. The consultant must include the impacts of this decision in the assessment of this ownership option.
- o Examination of this option must include an assessment of the long run feasibility of maintaining the public/private balance.

Private System: System of privately owned transfer stations with/without regulation to ensure service delivery as directed by Metro Council

- o Assumes Metro will sell the stations for use as a solid waste transfer station or other non-transfer use
- o This model will examine allocating waste to transfer stations in the system that best optimizes the private system
- o Will examine the effects on service delivery vs. prices over the long run considering trends such as vertical integration and industry consolidation

Public System: System of public transfer stations only

- o Assess financial and operational feasibility to convert region's disposal system to public ownership only.

~~Should assume private operation through contracts with public operation of scalehouses~~

- o ~~Will assess the difficulty of acquiring private stations or of taking them offline~~

Criteria

The criteria identified to date for use in evaluating each ownership option are the Metro *Council Values* as identified in Exhibit A, as augmented by the miscellaneous issues/constraint identified in Exhibit B. It is envisioned that the consultant will perform three basic tasks as relates to the criteria:

Request for Proposals

- o Identify any other criteria that should be used in the analysis
- o Develop metrics to be used in scoring criteria across ownership options
- o Work with Metro staff and the Metro Council to finalize criteria

Phase III

During this phase the consultant will construct the conceptual model(s) that will be used in the analysis. It is anticipated that such a model will result in the evaluation of each ownership option against a set of criteria. Such a model must be able to combine qualitative (such as ranking) data with quantitative data (such as dollars) into a structured decision making process for use by decision makers. The model will be reviewed by Metro and adjusted as appropriate.

The consultant will then conduct the alternatives analysis, incorporating the valuation study as appropriate. Consultant shall produce draft findings for staff review. Consultant shall then produce a final report to Metro. It is expected that the consultant will also give presentations of the findings to the Metro Council and other stakeholders as requested, as well as regular updates concerning key concepts during construction of the model.

Summary

The following is a summary of the general approach to this project approved by the Metro Council at its April 26, 2005 work session that apply to the System Consultant RFP.

1. Identify any other criteria and constraints for the disposal system (i.e., complete Exhibits A and B).
2. Identify the functions the disposal system is to perform:
 - Essential; e.g. solid waste disposal, public customer access, household hazardous waste, etc.
 - Desirable; e.g., least-cost, etc. to be determined during the study.
3. Construct conceptual models that fulfill these functions, based on each of the ownership systems
 - The models will also take into account the system characteristics and constraints as contained in Exhibit B as well as additional factors that emerge.
 - An important element of this step is establishing the appropriate level of empirical work (e.g., the costs of various models for service delivery such as private vs. public provision of hazardous waste⁸ collection and management), *including the value of the Metro transfer stations.*⁹
4. Evaluate performance of each conceptual model
 - Utilize the evaluation criteria as established in Exhibit A.
 - Assess the strengths and weaknesses of the various ownership models.

⁸ An investigation of the current household hazardous waste system is currently underway and information will be provided to the System Consultant as it becomes available.

⁹ The department intends to employ outside consultants specializing in relevant disciplines to undertake discrete portions of the analysis. The Council and other interested and effected parties will be kept involved at each key step in the process. Overall coordination of the study will be the responsibility of SW&R staff.

Request for Proposals

- Tweak each conceptual model as needed to optimize performance against the evaluation criteria.
 - Score and rank-order the various ownership models according to their ability to meet regional needs. This step would determine whether Metro should retain ownership of the transfer stations, or divest, based on whether or not public ownership is part of the highest-ranked model.
5. Report results and conclusions.

IV. QUALIFICATIONS/EXPERIENCE

Proposers shall have the following experience:

- (1) Experience comparing public-sector provision of public services to private-sector provision.
- (2) Experience in the solid waste industry, particularly the operational and economic aspects of transfer stations
- (3) Sufficient qualifications in economic theory to assess the short-run and long-run effects of different ownership structures
- (4) Experience in assisting governments in making complex decisions with significant economic and service level implications

V. PROJECT ADMINISTRATION

The primary Metro contact for this project shall be Chuck Geyer, Principal Solid Waste Planner, 600 NE Grand Ave., Portland, OR 97232, 503-797-1691, geyerc@metro.dst.or.us. Questions concerning the RFP should be directed to him. Mr. Geyer will also administer the resulting contract with the successful proposer. Paul Ehinger, Engineering Manager, is the Project Manager for Metro's Disposal System Planning project that includes this investigation as well as other work efforts by Metro Staff and consultants. It is expected that multiple Metro staff will be involved in the successful completion of the project.

It is expected proposers will have a single contact for the RFP process and a single project manager for the resulting contract. Metro recognizes that multiple staff from the successful firm will require contact with Metro staff and stakeholders. Procedures for establishing such contact will be part of final negotiations with the successful proposer.

VI. PROPOSAL INSTRUCTIONS

A. Submission of Proposals

1 hard copy and one electronic copy of the proposal shall be furnished to Metro, addressed to Chuck Geyer, Principal Solid Waste Planner, 600 NE Grand Ave., Portland, OR 97232, geyerc@metro.dst.or.us.

B. Deadline

Proposals will not be considered if received after 3:00 p.m., _____, 2005.

Request for Proposals

C. RFP as Basis for Proposals:

This Request for Proposals represents the most definitive statement Metro will make concerning the information upon which Proposals are to be based. Any verbal information that is not addressed in this RFP will not be considered by Metro in evaluating the Proposal. All questions relating to this RFP should be addressed to Chuck Geyer at (503) 797-1691, geyerc@metro.dst.or.us. Any questions, which in the opinion of Metro, warrant a written reply or RFP amendment will be furnished to all parties receiving this RFP. Metro will not respond to questions received after _____.

D. Information Release

All Proposers are hereby advised that Metro may solicit and secure background information based upon the information, including references, provided in response to this RFP. By submission of a proposal all Proposers agree to such activity and release Metro from all claims arising from such activity.

E. Minority and Women-Owned Business Program

In the event that any subcontracts are to be utilized in the performance of this agreement, the Proposer's attention is directed to Metro Code provisions 2.04.100.

Copies of that document are available from Purchasing/Contract Office of Metro, Metro Regional Center, 600 NE Grand Avenue, Portland, OR 97232 or call (503) 797-1816.

VII. PROPOSAL CONTENTS

The proposal should contain not more than 20 pages of written material (excluding biographies, examples and brochures, which may be included in an appendix), describing the ability of the consultant to perform the work requested, as outlined below. The proposal should be submitted on recyclable, double-sided recycled paper (post consumer content). No waxed page dividers or non-recyclable materials should be included in the proposal.

- A. Transmittal Letter:** Indicate who will be assigned to the project (including subcontractors), who will be project manager, and that the proposal will be valid for ninety (90) days.
- B. Approach/Project Work Plan:** Describe how the work will be done within the given timeframe and budget. Include a proposed work plan and schedule.
- C. Staffing/Project Manager Designation:** Identify specific personnel (and subcontractors) assigned to major project tasks, their roles in relation to the work required, percent of their time on the project, and special qualifications they may bring to the project. Include resumes of individuals proposed for this contract.

Request for Proposals

Metro intends to award this contract to a single firm to provide the services required. Proposals must identify a single person as project manager to work with Metro. The consultant must assure responsibility for any subconsultant work and shall be responsible for the day-to-day direction and internal management of the consultant effort.

- D. **Experience**: Indicate how your firm meets the experience requirements listed in section IV. of this RFP. List projects conducted over the past five years that involved services similar to the services required here. For each of these other projects, include the name of the customer contact person, his/her title, role on the project, and telephone number. Identify persons on the proposed project team who worked on each of the other projects listed, and their respective roles.
- E. **Cost/Budget**: Present the proposed cost of the project (including projected expenses) and the proposed method of compensation. List hourly rates for personnel assigned to the project, total personnel expenditures, support services, and subconsultant fees (if any). Requested expenses should also be listed. Metro has established a budget not to exceed \$75,000 for this project (excluding the valuation portion).
- F. **Exceptions and Comments**: To facilitate evaluation of proposals, all responding firms will adhere to the format outlined within this RFP. Firms wishing to take exception to, or comment on, any specified criteria within this RFP are encouraged to document their concerns in this part of their proposal. Exceptions or comments should be succinct, thorough and organized.

VIII. GENERAL PROPOSAL/CONTRACT CONDITIONS

- A. **Limitation and Award**: This RFP does not commit Metro to the award of a contract, nor to pay any costs incurred in the preparation and submission of proposals in anticipation of a contract. Metro reserves the right to waive minor irregularities, accept or reject any or all proposals received as the result of this request, negotiate with all qualified sources, or to cancel all or part of this RFP.
- B. **Billing Procedures**: Proposers are informed that the billing procedures of the selected firm are subject to the review and prior approval of Metro before reimbursement of services can occur. Contractor's invoices shall include an itemized statement of the work done during the billing period, and will not be submitted more frequently than once a month. Metro shall pay Contractor within 30 days of receipt of an approved invoice.
- C. **Validity Period and Authority**: The proposal shall be considered valid for a period of at least ninety (90) days and shall contain a statement to that effect. The proposal shall contain the name, title, address, and telephone number of an individual or individuals with authority to bind any company contacted during the period in which Metro is evaluating the proposal.



600 NE Grand Ave.
 Portland, OR 97232-2736
 (503) 797-1700

Request for Proposals

- D. Conflict of Interest. A Proposer filing a proposal thereby certifies that no officer, agent, or employee of Metro or Metro has a pecuniary interest in this proposal or has participated in contract negotiations on behalf of Metro; that the proposal is made in good faith without fraud, collusion, or connection of any kind with any other Proposer for the same call for proposals; the Proposer is competing solely in its own behalf without connection with, or obligation to, any undisclosed person or firm.

IX. EVALUATION OF PROPOSALS

- A. Evaluation Procedure: Proposals received that conform to the proposal instructions will be evaluated. The evaluation will take place using the evaluation criteria identified in the following section. Interviews may be requested prior to final selection of one firm.
- B. Evaluation Criteria: This section provides a description of the criteria which will be used in the evaluation of the proposals submitted to accomplish the work defined in the RFP.

	Percentage of Total Score
<u>35</u> Project Work Plan/Approach	
1. Demonstration of understanding of the project objectives	50%
2. Performance methodology	50%
<u>50</u> Project Staffing Experience	
1. Project consultant	50%
2. Commitment to project	50%
<u>15</u> Budget/Cost Proposal	
1. Projected cost/benefit of proposed work plan/approach	70%
2. Commitment to budget and schedule parameters	30%

X. NOTICE TO ALL PROPOSERS -- STANDARD AGREEMENT

The attached personal services agreement is a standard agreement approved for use by the Office of Metro Attorney. This is the contract the successful Proposer will enter into with Metro; it is included for your review prior to submitting a proposal. Include any exceptions to this standard form under Section VII.

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LIST OF APPENDICES

- Solid Waste Management Framework is Sound- Metro Auditor, 2002
- Official Statement, Solid Waste System Bond Refinancing 2003 (abstract of background)
- Regional Transfer Capacity Analysis- Metro 2004
- DRAFT- Current Practices for RSWMP Update- Metro 2005
- Regional Solid Waste Management Plan Update, Progress Report #3
- Disposal System Planning- Metro Council Project Proposal
- Council Work Session, minutes 9/28/04
- May 24, 2005 Council Work Session, minutes
- Additional Council Work Sessions: 10/12/04, 1/11/05, 2/08/05, 4/12/05, 4/26/05
- Gantt Chart
- Exhibit A council values and Exhibit B System issues from 4/26 work session

Please Note – hard copies of these documents are available upon request.

BEFORE THE METRO CONTRACT REVIEW BOARD

AUTHORIZING ISSUANCE OF REQUEST FOR) RESOLUTION NO. 05-3601A
PROPOSALS 06-1154-SWR FOR COMPETITIVE)
SEALED PROPOSALS TO PROVIDE)
CONSULTING SERVICES REGARDING) Introduced by Chief Operating Officer
DISPOSAL SYSTEM PLANNING FOR) Michael J. Jordan, with the concurrence of
ALTERNATIVE SERVICE DELIVERY) Council President David Bragdon

WHEREAS, Metro is a regional government providing a variety of services for the urbanized portions of Clackamas, Multnomah and Washington Counties of Oregon; and

WHEREAS, solid waste planning and disposal are two of the principal responsibilities of Metro; and

WHEREAS, solid waste planning is guided primarily through the Regional Solid Waste Management Plan (RSWMP); and

WHEREAS, one of the key RSWMP issues identified to date is ensuring adequate public services are provided through the regional solid waste system in the decade ahead; and

WHEREAS, Metro Council seeks to understand where the regional solid waste system can be improved, and determine Metro's role as both a participant and regulator in the system; and

WHEREAS, an analysis of alternative transfer station system models and a determination of the valuation of the public transfer facilities is required taking into account the interests of private facility owners as well as other stakeholders; and

WHEREAS, pursuant to Metro Code Section 2.04.026(a), Council approval is required for any contract which commits Metro to the expenditure of appropriations not otherwise provided for in the current fiscal year budget at the time the contract is executed and which has a significant impact on Metro; and

WHEREAS, the Metro Council considers the contracts for solid waste and recycling programs to have a significant impact on Metro; and

WHEREAS, this resolution was submitted to the Chief Operating Officer for consideration and was forwarded to the Council for approval; now therefore

BE IT RESOLVED:

1. That the Metro Council authorizes the release of a request for proposals substantially similar to RFP 06-1154-SWR for Disposal System Planning consulting services, attached as Exhibit A; and
2. That the Metro Council authorizes the Chief Operating Officer to execute the contracts for Disposal System Planning consulting with the most qualified proposers; and

3. Metro will develop and execute an Outreach & Communication Plan as called for in the work plan for the Transfer Station System Analysis to ensure the interests of stakeholders are incorporated into the analysis. The plan will identify the roles and responsibilities of MPAC, SWAC and other key stakeholders. The plan will address the interaction between the Metro Council, staff and key stakeholders.

ADOPTED by the Metro Council this _____ day of _____, 2005.

David Bragdon, Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney

072105c-03

**Columbia Environmental – Ordinance No.04-1063A
Status / Schedule / Potential Council Action & Conditions
July 21, 2005**

Proposal from Columbia Environmental

- Metro's Chief Operating Officer (COO) and Columbia Environmental agree to extend the application review period until October 1, 2005. The Metro Code allows for an extension of the timeline by mutual agreement between the applicant and the COO. The purpose of the extension is to provide time for Metro to develop an ordinance and a franchise agreement to approve the application, for the Council's consideration, in accordance with Council's general direction at the July 7, 2005 Council Meeting.
- In addition, Columbia Environmental has proposed to pay a Metro fee of \$3 per ton of wet waste that would otherwise go to Metro transfer stations. Over the course of one year, \$3 per ton would generate about \$114,000 for Metro. This would account for about 28% of the \$400,000 cost increase to Metro and Metro customers, as a result of the 38,000 tons lost to Columbia Environmental.

Options for Council Consideration to Mitigate Impact on Ratepayers

In order to implement mitigation measures that would help offset the impacts of lost tonnages to Metro's public transfer stations, the Metro Council could:

1. **Adjust Caps at Existing Transfer Stations.** As part of franchise renewals, the Metro Council could reduce caps at one or all transfer stations in an amount equal to the 38,000 tons lost to Columbia Environmental.
 - Forest Grove transfer station's current franchise expires at the end of 2007.
 - The existing three local transfer stations franchises will expire at the end of 2008 (Pride, Troutdale and WRI).
2. **Restructure Metro's Rates.** During the annual rate review process, the Metro Council could adopt a rate structure that would insulate Metro's tip fee from solid waste tonnage diversions to other solid waste facilities (e.g., allocate Metro's fixed costs to the Regional System Fee).
3. **Assess Transfer Station Fees.**
 - Charge a \$10.50 per ton fee on wet waste delivered to Columbia Environmental, as a condition of approval; or
 - Charge a \$2.50 - \$3.00 per ton on the first 38,000 tons at all transfer stations, during the franchise renewal process.

Other Council Actions

- Under a separate ordinance, extend the moratorium on new transfer stations until the conclusion of Disposal System Planning.
- Under a separate resolution, approve a wet waste Non-System License (NSL) for 38,000 tons of wet waste deliveries to a Waste Management landfill from Columbia Environmental.

Potential Franchise Conditions for Columbia Environmental

- Tonnage authorization for wet waste set at 38,000 tons per year.
- Payment to Metro of \$3 per ton of wet waste received by Columbia Environmental.
- Establish a material recovery rate consistent with applicant's proposal in the franchise agreement. In addition, require the applicant to provide the Council with a biennial report detailing its innovative recovery activities.
- Franchise conditions requiring that any change in ownership or control be subject to Council approval. This is a standard franchise condition, but will be clarified to ensure that it also applies to changes in ownership or control of either of the two partners that own Columbia Environmental, LLC.
- Other conditions may be included to ensure the proposed facility and activities are consistent with the franchise application submitted to Metro.

Proposed Schedule

<u>Council Meeting</u>	<u>Council Consideration / Action</u>
July 21, 2005	<ul style="list-style-type: none">• Chief Operating Officer and Columbia Environmental agree to extend application review period until October 1, 2005.• Ordinance No. 04-1063A carried over indefinitely.
August 18, 2005	<ul style="list-style-type: none">• Potential new ordinance introduced for Council 1st Reading to approve a franchise for Columbia Environmental.• Two ordinances will then be available for Council consideration: 1) to approve the application with conditions (new ordinance), and 2) to deny the application (Ord. No. 04-1063A).
September 22, 2005	<ul style="list-style-type: none">• Council 2nd Reading of new ordinance and Public Hearing. Potential Council action on either ordinance.
September 29, 2005	<ul style="list-style-type: none">• Additional Public Hearing (if needed).• Council must act before Saturday, October 1, 2005, or the application is deemed approved.

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072105c-04

M E M O R A N D U M

600 NORTHEAST GRAND AVENUE PORTLAND, OREGON 97232-2736
TEL 503-797-1540 FAX 503-797-1793



METRO

Date: July 20, 2005
To: Council President David Bragdon
cc: Councilors; Michael Jordan, Chief Operating Officer
From: Councilor Susan McLain *Susan McLain*

Re: Request to Begin Enforcement Proceedings

I request that you schedule a vote by the Council at the earliest convenient date on the question whether to begin enforcement proceedings against Multnomah County under Title 8 of the Urban Growth Management Functional Plan (UGMFP).

As we have known for some time, and heard again from property owners in the area at the Council meeting on July 14, the county has failed to complete comprehensive planning for Area 93, added to the urban growth boundary (UGB) on December 5, 2002. The Council set a deadline of two years for completion of the planning. The deadline was March 5, 2005, two years after the effective date of the ordinance that added Area 93 to the UGB (Ordinance No. 02-969B). Not only has Multnomah County not completed the deadline, it has made little or no progress toward completion of the planning.

According to Title 8, the Council may begin proceedings to enforce the UGMFP if the Council has "good cause to believe" that a city or county is not in compliance with the functional plan. The Council may take this action upon the request of a Councilor or the Chief Operating Office. Metro Code section 3.07.870A. I am making this request today.

I understand that completion of comprehensive planning for Area 93 is a low priority for Multnomah County. But I believe that the planning will be relatively simple, given that the Council designated the area for residential use only. Also, I understand that some of the property owners have offered financial assistance to the county to complete the planning. I worry that failure to complete the planning in a timely fashion will result in non-urban development in areas newly added to the UGB by property owners who turn to Measure 37 in frustration with the slow pace of planning. Finally, I believe it is important that the county and Metro fulfill their planning obligations in order for the 2040 Growth Concept to succeed.