



**METROPOLITAN SERVICE DISTRICT**

527 S. W. HALL, PORTLAND, OREGON 97201 222-3671

METROPOLITAN SERVICE DISTRICT

NOTICE OF SPECIAL BOARD OF DIRECTORS MEETING

NOTICE is hereby given that the governing body of the Metropolitan Service District will hold a special Board meeting on December 29, 1975, at the MSD Office, 527 SW Hall, in Portland, Conference Room D, at 12:00 Noon, for the purpose of considering a contract between the Metropolitan Service District and Parker Northwest Construction Company.



METROPOLITAN SERVICE DISTRICT

527 S. W. HALL, PORTLAND, OREGON 97201 222-3671

BOARD MEETING

DECEMBER 29, 1975

NAME

REPRESENTATION

| NAME              | REPRESENTATION               |
|-------------------|------------------------------|
| MIKE DOWNS        | MULTNOMAH COUNTY             |
| JOHN GREENWAY     | THE OREGONIAN                |
| John & Sansing    |                              |
| Gifford E. Shuley | Siro Corp. Las Vegas, Calif. |
| Richard Glanz     | M.D.C.                       |
| BOB BROWN         | DEQ                          |
| Mark [unclear]    | ATTORNEY                     |
| 7/3               | ACME TRADING                 |
| Dean Smith        | Oregon Journal               |
| George Parker     | Parker Northwest             |
| John [unclear]    | " "                          |

December 29, 1975

TO: MSD Board  
FROM: MSD Staff  
SUBJECT: STAFF REPORT: PNW CONTRACT PRICES

On December 22, Parker furnished the staff with a range of his anticipated contract rates for operation of the processing and transfer station. Prior to this time, the staff in developing a detailed financial plan, had prepared projections of disposal fees based on estimated processing costs and recovered revenues.

After receiving Parker's processing and transfer costs last Tuesday, the staff estimate was redone. The projected disposal costs, a summary of the calculations, and the assumptions used are shown on the following pages.

The staff has informed Parker that unless his basic rate could be lowered to something in the order of \$9.50/ton while keeping the overage rate essentially the same, the viability of the program would be severely challenged.

RECOMMENDATION:

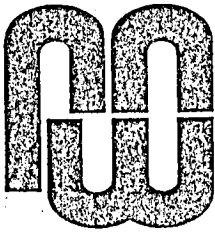
Based on the outcome of the projected disposal costs, and without knowing Parker's actual contract figures, the staff recommends the second of the following two options:

1. Unless Parker's processing costs can be lowered to something close to \$9.50/ton while keeping the overage rate similar to or lower than \$3.75, negotiations with Parker will be terminated or continued into the next year, that the contract not be signed, and that any proposals currently before the Board be considered.
2. Sign contract at the given contract rates, assuming that the revenue from the light fuel fraction will be higher than the \$4.50/ton figure used in the staff's projections. If Parker's processing costs are as high as he projects, this will be reflected in the yearly audit provided for in the contract.

PROJECTED DISPOSAL COSTS

|           | CITY COUNCIL<br>8/75 |        | STAFF ESTIMATE<br>12/75 |        | W/PARKERS COSTS<br>12/21/75 |          |
|-----------|----------------------|--------|-------------------------|--------|-----------------------------|----------|
|           | \$/ton               | \$/mo. | \$/ton                  | \$/mo. | \$/ton                      | \$/mo.** |
| PHASE II  | \$6.38               | \$0.49 | \$6.68                  | \$0.51 | \$7.33                      | \$0.56   |
| PHASE III | 6.11                 | 0.47   | 6.84                    | 0.53   | 8.26                        | 0.66     |

\*\* One can, once a week, residential service

**PARKER-NORTHWEST CONSTRUCTION CO.**

December 29, 1975

Metropolitan Service District  
527 S. W. Hall  
Portland, OR 97201

Attention: Dean Grisvold

Dear Dean:

This will confirm our conversation of December 26, 1975 to the effect that we have not been able to contact our finance broker since our meeting of December 23, 1975.

This means there are two items on the financing that are still open and unresolved as far as we are concerned, and they both relate to the time period paragraph and penalties that were added during the meeting.

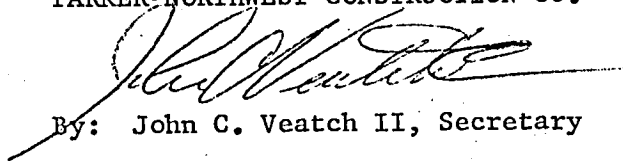
First, the time limit for commencement of operation is longer than the time set in the telegram of intent from our broker.

Second, the damage clause for delays has not been discussed. It is obvious that if a delay causesterrmination of our financing, the damages may cover our costs and loss of profit but cannot substitute for our financing. There may be an additional stand-by fee for delays or there may have to be a rescision clause.

Regardless, whatever is required by the finance people will be disclosed to you prior to January 26, 1976. It may be necessary to amend the contract at that time to incorporate the requirements of the finance people.

Very truly yours,

PARKER-NORTHWEST CONSTRUCTION CO.

  
By: John C. Veatch II, Secretary

JCV:jh

