



METROPOLITAN SERVICE DISTRICT

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

MSD BOARD OF DIRECTORS

PORTLAND WATER BUREAU
1800 SW 6TH AVE.
AUDITORIUM

FEBRUARY 27, 1976
2:00 P.M.

A G E N D A

76-479

MINUTES

76-480

PUBLIC COMMUNICATIONS

ADMINISTRATIVE

76-481

ACCOUNTS PAYABLE

DRAINAGE PROGRAM

(NO BUSINESS)

SOLID WASTE PROGRAM

76-482

STATE EMERGENCY BOARD ACTION

ZOO PROGRAM

(NO BUSINESS)

OTHER BUSINESS

76-483

MSD/CITY OF PORTLAND AGREEMENT
FOR ZOO ELECTION FUNDING

EXECUTIVE SESSION

76-484

DEQ GRANT OFFER AND ACCEPTANCE



METROPOLITAN SERVICE DISTRICT

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

FEBRUARY 25, 1976

TO: MSD BOARD OF DIRECTORS
FROM: MSD STAFF
SUBJECT: STAFF REPORT FOR FEBRUARY 27, 1976

TRANSMITTED HERewith FOR CONSIDERATION AND RECOMMENDED ACTION
ARE THE FOLLOWING ITEMS:

<u>PAGE</u>	<u>ACTION RECORD No.</u>	
1	76-479	MINUTES Action - <u>Approve</u> the minutes of February 13, 1976
9	76-480	PUBLIC COMMUNICATIONS Action - <u>Receive</u> comments from the public on items not listed on the meeting agenda
10	76-481	ACCOUNTS PAYABLE Action - <u>Approve</u> the Accounts Payable listing Vouchers No. 361 through 378 in the total amount of \$7,677.78

76-479 MINUTES

THE FOLLOWING PAGES CONTAIN THE MINUTES OF THE FEBRUARY 13,
1976 BOARD MEETING.

THE STAFF RECOMMENDS APPROVAL OF THE BOARD MINUTES.

76-480 PUBLIC COMMUNICATIONS

THIS AGENDA ITEM ALLOWS THE BOARD TO RECEIVE COMMENTS FROM THE PUBLIC ON ITEMS NOT LISTED ON THE MEETING AGENDA.

76-481 ACCOUNTS PAYABLE

THE FOLLOWING PAGES CONTAIN THE ACCOUNTS PAYABLE LISTING FOR
FEBRUARY 1976.

THE STAFF RECOMMENDS APPROVAL OF THE ACCOUNTS PAYABLE VOUCHERS
No. 361 THROUGH 378 IN THE TOTAL AMOUNT OF \$7,677.78.

ACCOUNTS PAYABLE

FEBRUARY

VOUCHER NO.	CHECK NO.	PAYABLE TO:	PURPOSE	AMOUNT	PROJECT	CODE
361	361	Wilfred N. Belanger	January Oregonian	3.50	401	518
362	362	Bennet Sales Book	Receipt Books	137.75	403	508
363	363	Boise Cascade	Office Supplies	46.02	401	508
364	364	Daily Jrnal of Comm.	Notice of Bd. Mtg.	22.40	400	530
365	365	Connie Eliason	Travel Expense	3.45	401	505
366	366	J. K. Gill	Office Supplies	27.00	401	508
367	367	Hardy, Butler, etc.	December Services	5,037.00	401	531
				92.00	403	531
				3.13	301	531
368	368	Merle Irvine	Travel Expense	4.05	401	505
369	369	C. C. Kemper	Travel Expense	27.50	401	505
370	370	John Lansing	Public Information Services thru 2/27/76	650.00	401	530
371	371	John Lansing	Expenses	78.80	401	530
			Telephone	(22.69)	401	510
372	372	Wesley Myllenbeck	Services as Hearing Officer	1,125.00	301	502
373	373	Oregonian Publishing	Public Notices	26.66	403	530

- Cont. -

- 11 -

ACCOUNTS PAYABLE

FEBRUARY

VOUCHER NO.	CHECK NO.	PAYABLE TO:	PURPOSE	AMOUNT	PROJECT	CODE
374	374	Pacific NW Bell	Monthly Service	1.90	301	510
				10.10	403	510
				198.47	401	510
375	375	Portland State Univ.	Printing	41.18	401	506
				18.75	403	506
				8.02	401	506
			Supplies	6.65	403	508
376	376	The Printshop	Reproduction	95.00	401	506
377	377	The City of Portland	Gasoline	8.39	401	516
378	378	Rians	Sandwiches for Board Meeting	<u>27.75</u>	400	515
			TOTAL	\$7,677.78		

- 12 -

76-432 STATE EMERGENCY BOARD ACTION

THE FOLLOWING PAGES CONTAIN A STAFF REPORT ON THE FEBRUARY 19, 1976, EMERGENCY BOARD MEETING FOR CONSIDERATION OF THE MSD GRANT/LOAN APPLICATION TO FUND THE SOLID WASTE PROGRAM.

THE STAFF RECOMMENDS APPROVAL OF THE RECOMMENDATIONS CONTAINED IN THE REPORT.

February 25, 1976

EMERGENCY BOARD REPORT

AND RECOMMENDED ACTION BY MSD

INTRODUCTION

On February 19, 1976, the Emergency Board Sub-committee recommended to the full Emergency Board that the MSD be loaned \$176,000 to purchase the land for the South Processing Station. The purpose of this action was to test the legality of MSD to borrow Pollution Control Bond funds from the State of Oregon. This action passed by a vote of 3 - 2.

On Friday, February 20, 1976, the full Emergency Board approved this action by a vote of 11 - 3. A previous motion was submitted by Representative Akeson that would approve the MSD Program in concept and condition release of funds contingent upon review and approval of an updated financing plan. Further, this motion stated that \$176,000 be released for purchase of the subject land to test the legality of a state loan. This motion was defeated 9 - 4 with one abstaining.

The reason that the financing plan concern was expressed was that at 2:00 P.M. on Tuesday, February 17, 1976, Parker notified MSD staff that his potential for private financing was dim and he wanted everyone to be aware of the problem. DEQ was notified of this development and on Noon, February 18, 1976, a meeting was held with DEQ staff, MSD staff, Vice Chairman Duris and others. The DEQ Director returned to Portland that evening and concurred with the recommendation made during the noon meeting to proceed with an Emergency Board presentation and increase the funding request to include funding of that equipment to be financed privately by Parker. This funding

requirement would be contingent upon MSD resubmitting the financing plan and revised rate ordinance.

The Emergency Board expressed concern over the audacity of DEQ to request the "up to" funding allocation. Those that attended the hearing were given the impression that the decision had already been made. However, it should be noted that after 3 hours of debate (both days) the Emergency Board indicated strong interest in the MSD Program and possibly be supportive if the financing plan would be resubmitted. Our indication is to return to the Emergency Board as soon as possible.

POSSIBLE OPTIONS

In order to sort out the possible options available to MSD as a result of the Emergency Board action and Parker Northwest's failure to obtain private financing, the following options are presented and discussed:

1. Parker to continue to seek private financing.
2. Public financing and private operation for the South Processing Station and Transfer Station.
3. Private financing and operation for the North Portland Processing Station at an initial 500 T/D capacity.
4. Revenue bond or tax base election.
5. Extend MSD staff financing from Emergency Board.
6. Phase out MSD Solid Waste Program.

The following discussion on impacts of each of these options has been developed by listing advantages and disadvantages. It should be noted that this discussion is presented objectively and some impacts may possibly be overlooked.

1. Parker to continue to seek private financing.

ADVANTAGES

- . The MSD program could continue as originally envisioned without delay.
- . Costs could be maintained to those levels developed within the last 6 months.
- . Design, construction and operating concept developed during the RFP process could be maintained.
- . Continuation of an optimum risk split of public/private capital.
- . Continuation of an optimum flexibility for developing new markets and sharing revenues.

DISADVANTAGES

- . Private financing may not be available.
 - . Parker's viability and reputation has been impacted by the Emergency Board meeting.
2. Public financing and private operation for the South Processing Station and Transfer Station:

ADVANTAGES

- . The long term dump fee potentially is lower due to lower interest rate.
- . Lower interest rate from public funds.
- . Capital funding may be available - may be only source.
- . MSD could assume operation of the facilities easier in the case of contractor failure.
- . Retain ownership to garbage at the station and benefit from recovered materials revenues.
- . Quiets criticism of windfall profits for private companies.
- . Handle all wastes delivered.

- . Will open facility operation to other private companies.

DISADVANTAGES

- . Must return to the Emergency Board for approval of a new financing plan requiring an increase of funds to about \$10.5 million.
 - . May require new local jurisdiction resolutions.
 - . Must return to City Council with revised financing plan.
 - . Initial dump fee costs higher because of higher capital requirements.
 - . MSD Board policy change would be required relating to public/private relationship.
 - . Cost of legal work for law suit was not planned. This is required because we are borrowing from the State.
 - . May lose law suit.
 - . Staff funding expires June 30, 1976.
 - . Equipment and operation would go out to bid.
 - . RFP process used again.
 - . MSD will assign and let contract for operation and equipment.
 - . No contractor may bid on the RFP process or operating contract.
 - . Rate ordinance No. 33 will require amendment.
 - . Implementation schedule slide
3. Private financing and operation for the North Portland Processing Station at an initial 500 T/D capacity:

ADVANTAGES

- . Not necessary to return to Emergency Board for approval.
- . Could implement a lower rate fee initially - no state payback included.

- . No expenditure of Pollution Control Bond funds.
- . Lower dump fee possible.
- . Could continue to test MSD ability to borrow from State with less schedule impact.
- . MSD can continue with no state funding.
- . Could test the viability of flow control and rate ordinance with less capital investment.
- . Extend the life of St. Johns Landfill.

DISADVANTAGES

- . Require returning to the City Council and it is questioned whether the City would approve.
- . Need DEQ approval relating to design capacities and engineering safety factors.
- . Long range implications for the total system may limit MSD options.
- . Initial impact of the North Portland Processing Station on "demo" sites would be greater.
- . Private proposals may not obtain financial support and fail.
- . May not be in the public interest.
- . May not be able to complete contracts with private companies in time.
- . Contract Review Board approval will be required.
- . Decreasing volume to St. Johns Landfill.
- . Amendment to Ordinance No. 33

4. Revenue Bond or tax base election:

ADVANTAGES

- . Credibility of MSD is established.
- . Private lenders would feel safer in investing in MSD Programs.
- . Financing would be less controversial and Emergency Board and other agencies would be more apt to provide support even if disagreements exist.

DISADVANTAGES

- . Probably will not pass unless extensive campaign is launched.
- . No funds exist to hold an election.
- . Return to City of Portland and request extension of joint resolution.
- . Financing plan would have to be developed and approved.
- . Unforeseen legal problems could be raised relating to MSD bonding.
- . Implementation schedule slide.

5. Extend MSD staff financing from Emergency Board:

ADVANTAGES

- . Provide financing to MSD so that additional work can be completed.
- . Allow MSD to proceed on a more relaxed schedule.

DISADVANTAGES

- . Loss of more credibility with Emergency Board.

- . Not a popular option.
- . Local governments may not remain convinced of MSD being able to solve solid waste problems in this area.
- . City of Portland will have to make some hard decisions for themselves.
- . Return to the City of Portland and request extension of joint resolution.
- . Implementation schedule slide.

6. Phase out MSD Solid Waste Program:

ADVANTAGES

- . Local jurisdictions can proceed with their respective programs.
- . Save public capital funds.

DISADVANTAGES

- . May not be responsible for MSD Board.
- . Problem still exists - an uncoordinated disposal arrangement.

RECOMMENDATION

After consideration of the alternatives and assuming that the MSD resources are depleted by July 1, 1976, the staff would recommend that the MSD Board approve:

1. Assisting Parker to continue to seek private financing as originally developed for the DEQ Grant Application

This option may be wishful thinking, however, the other options on detail review will cause system costs to increase.

2. Developing a financing plan that would lead to complete public financing of the South Processing Station and Transfer Station and return to the Emergency Board at the earliest possible date for consideration

This approach would also require the MSD Board approving: enjoining the State of Oregon regarding the ability to borrow funds, amending rate ordinance No. 33, and amending a Board policy related to public/private relationships.

3. Seek private financing and operation for the North Portland Processing Station at an initial 500 T/D capacity

This would require MSD Board to negotiate seriously and quickly for operation of the North Portland Processing Station.

In summary, MSD should proceed as far as possible. The loss of private financing by Parker is a setback that will require additional work to be required by the MSD staff. Other alternatives listed are not possible unless other resources are provided and additional time allowed.

