



METROPOLITAN SERVICE DISTRICT

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

METROPOLITAN SERVICE DISTRICT
BOARD OF DIRECTORS

PORTLAND WATER BUREAU
1800 SW 6TH AVE.
AUDITORIUM

MAY 14, 1976
2:00 P.M.

A G E N D A

76-521 MINUTES

76-522 PUBLIC COMMUNICATIONS

ADMINISTRATION

76-523 CASH DISBURSEMENTS

DRAINAGE PROGRAM (NO BUSINESS)

SOLID WASTE PROGRAM

76-524 STATUS REPORT - DEQ/MSD LITIGATION

76-525 STATUS REPORT - PRIVATE INDUSTRY
PROPOSALS

76-526 COR-MET SETTLEMENT

ZOO PROGRAM

76-527 RESOLUTION NO. 26 - Zoo OBJECTIVES

OTHER BUSINESS



MAY 12, 1976

TO: MSD BOARD OF DIRECTORS
FROM: MSD STAFF
SUBJECT: STAFF REPORT FOR MAY 14, 1976

ENCLOSED HERewith FOR REVIEW AND RECOMMENDED ACTION ARE
THE FOLLOWING AGENDA ITEMS:

<u>PAGE</u>	<u>ACTION RECORD</u> <u>No.</u>	
1	76-521	MINUTES Action - <u>Approve</u> the minutes of the April 23, April 28, and May 7, 1976 meetings
20	76-522	PUBLIC COMMUNICATIONS Action - <u>Receive</u> comments from the public on items not listed on the meeting agenda
21	76-523	CASH DISBURSEMENTS Action - <u>Approve</u> payment of Vouchers No. 434 through 449 in the total amount of \$18,087.45

<u>PAGE</u>	<u>ACTION RECORD</u> <u>No.</u>	
24	76-524	STATUS REPORT - DEQ/MSD LITIGATION Action - <u>No action</u> required
25	76-525	STATUS REPORT - PRIVATE INDUSTRY PROPOSALS Action - <u>No action</u> required
26	76-526	COR-MET SETTLEMENT Action - (Agenda item set aside)
27	76-527	RESOLUTION NO. 26 - ZOO OBJECTIVES Action - <u>Review and approve if</u> <u>appropriate</u>

76-521 MINUTES

THE FOLLOWING PAGES CONTAIN THE MINUTES FOR ONE REGULAR BOARD MEETING AND TWO SPECIAL BOARD MEETINGS.

THE STAFF RECOMMENDS APPROVAL OF THE MINUTES FOR THE APRIL 23, 1976, APRIL 28, 1976, AND MAY 7, 1976 BOARD MEETINGS.

APPROVED METROPOLITAN
SERVICE DISTRICT
BOARD OF DIRECTORS

ACTION NO. _____

DATE _____

BY _____
CLERK OF THE BOARD

76-522 PUBLIC COMMUNICATIONS

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

76-523 CASH DISBURSEMENTS

THE FOLLOWING PAGES CONTAIN ITEMS FOR PAYMENT OF APRIL EXPENSES.

THE STAFF RECOMMENDS APPROVAL FOR PAYMENT OF VOUCHERS No. 434 THROUGH 449 IN THE TOTAL AMOUNT OF \$18,087.45.

APPROVED METROPOLITAN
SERVICE DISTRICT
BOARD OF DIRECTORS

ACTION NO.

DATE

BY

CLERK OF THE BOARD

M. S. D.

CASH DISBURSEMENTS

May 1976

VOUCHER NO.	CHECK NO.	PAYABLE TO:	PURPOSE	AMOUNT	PROJECT CODE
434	434	Wilfred N. Belanger	Oregonian Suscription for April	3.50	401 518
435	435	CRAG	Postage	12.99	401 200
			Postage	9.10	400 200
			Postage	6.72	403 200
			Postage	5.93	301 200
			Printing	16.50	400 200
			Printing	2.94	403 200
			Printing	30.57	301 200
			Printing	216.60	401 200
			Meeting Expense	7.00	401 200
436	436	CRAG	Rent	616.66	401 509
			Rent	50.00	403 509
			Equipment Rental	42.00	401 521
			Administrative OH	297.00	401 502
			Auto Expense	17.50	401 516
437	437	CRAG	Salaries & Fringe	6,708.62	401 200
			Salaries & Fringe	1,577.37	403 200
			Salaries & Fringe	175.15	400 200
			Salaries & Fringe	699.08	301 200
438	438	Daily Journal of Comm.	Notice of Bd. Meeting	19.20	301 530
			Notice of Bd. Meeting	5.12	400 530
			Notice of Intent to Solicit Proposals	22.40	401 530
			Budget Message Meeting	11.20	401 530
439	439	Dictaphone	Tape Recorder & Adapter	202.42	401 550
440	440	Darrel Dunham	April Computer Services	50.00	403 502
441	441	J. K. Gill	Office Supplies	2.00	401 508

- Cont. -

M. S. D.

CASH DISBURSEMENTS

May 1976 Cont.

VOUCHER NO.	CHECK NO.	PAYABLE TO:	PURPOSE	AMOUNT	PROJECT CODE
442	442	Hardy Butler & McEwen	Legal Fees	6,655.26	401 531
				298.00	403 531
				75.00	301 531
443	443	C. C. Kemper	Travel Expense	4.25	401 505
				4.75	301 505
444	444	Multnomah County	Maps	6.00	401 506
445	445	Oregonian Publishing Co.	Notice of Bd. Mtg.	80.29	301 530
			Notice of Intent to Solicit Proposals	30.82	401 530
446	446	Portland Public Schools	Lents School Heat for Public Meeting	6.98	301 515
447	447	City of Portland	Gas, Oil, & Rental on Replacement Car	83.82	401 516
448	448	Willamette Week	Notice of request for Proposals	29.68	401 530
449	449	Jean Woodman	Expense	5.03	301 505
			TOTAL	\$18,087.45	

76-524 STATUS REPORT - DEQ/MSD LITIGATION

AS YOU KNOW, THE MSD IS ENJOINED IN LITIGATION WITH DEQ OVER THE ISSUE OF OUR ABILITY TO BORROW FROM THE STATE OF OREGON. MR. GISVOLD WILL PROVIDE A VERBAL STATUS REPORT ON THIS LEGAL ACTION.

NO ACTION IS REQUIRED.

76-525 STATUS REPORT - PRIVATE INDUSTRY PROPOSALS

SUBSEQUENT TO RESOLUTION No. 25, THE STAFF HAS SOLICITED PROPOSALS FROM PRIVATE INDUSTRY LEADING TO THE IMPLEMENTATION OF MSD'S RESOURCE RECOVERY PROGRAM. THE LAST DATE FOR RECEIVING THESE WRITTEN STATEMENTS OF INTEREST FROM PRIVATE INDUSTRY HAS BEEN DESIGNATED AS MAY 10, 1976. WE ARE CURRENTLY WORKING ON THE EVALUATION OF THESE LETTERS AND PROPOSALS AND WILL PROVIDE A VERBAL REPORT AT THE BOARD MEETING.

NO ACTION REQUIRED.

METROPOLITAN SERVICE DISTRICT

STATUS REPORT ON SOLICITATION
OF PRIVATE INDUSTRY INTEREST IN IMPLEMENTATION OF
THE RESOURCE RECOVERY PROGRAM

Pursuant to direction by the Board, the staff has solicited and received statements of interest from private industry in the implementation of MSD's Resource Recovery Program.

Through the past three months, since the February 19 E-Board meeting, the staff has communicated with:

Raytheon Service Co.
Waste Management, Inc.
Williams Brothers, Urban Ore, Inc.
Schnitzer Steel Products Co.
Consolidated Waste Services, Inc.
Resource Recovery Byproducts
White, Weld, and Co.
Allis Chalmers Mfg. Co.
Teledyne National
Continental Can
American Can
Titan Environmental Services
Western Waste Corporation

Of these, the following have requested information or shown moderate interest but have chosen not to acknowledge this interest in some written form for various reasons - usually time allowed for response:

Raytheon Service Co.
Schnitzer Steel Products Co.
Continental Can
American Can

Both Waste Management, Inc. and Williams Brothers, Urban Ore, Inc. have shown substantial interest but felt too restrained by MSD's time frames to offer some kind of meaningful commitment. This has been extremely disappointing to the staff since the high level of expertise and experience represented by these companies enable them to be in an outstanding position to best understand MSD's problems.

The remaining firms showing interest have provided some kind of a proposal of initiating action leading to some point of implementation, rather than opting for more time.

In retrospect, the following conclusions can be drawn:

1. The time allowed and the manner for response provided does nothing more than verify that given the right situation, there is interest, abilities, and resources available from private industry to own, design, construct and operate a resource recovery system.
2. Depending on the sharing of investment and the abilities and experience of the firm involved, there is likely to be many combinations of cost and risk trade-offs.
3. Due to the implied interest on the part of private industry, it will be difficult to get a release from the contract review board for direct negotiation with any single firm.
4. All of the proposals except for CWSI acknowledge a need for MSD to guarantee a minimum quantity of waste. It is doubtful that such a guarantee could be obtained to the satisfaction of the investor without local government agreements and/or a substantial judicial ratification of MSD's statutory authorities. The first phase of the RRB proposal professes no need for the guarantee of a minimum quantity of solid waste.
5. To provide the greatest opportunity to achieve the best balance of risk and cost, it is imperative that MSD has the option of totally owning the proposed facilities. Such an option would be best exercised only if the costs or risks

from some form of private ownership is necessary.

6. Without the support of the legislature and the release of funds for implementation of the project, the Solid Waste Program's ability to become
 - a. financially self-sustaining,
 - b. negotiate intergovernmental agreements, and
 - c. receive serious response from private industryis greatly diminished. (Before private industry is willing to invest the time and money required to prepare a comparative proposal, they need some assurance that MSD can proceed.)
7. If the issue is survival of MSD's solid waste staff, at uncertain cost of money or quality in the program, at least two options appear viable at this time:
 - a. Western Waste Corporation has indicated their intent to offer a prepaid franchise fee if negotiations with their firm begin before June 1, 1976;
 - b. John Knapp and Harold Alexander say that they are in a position to move ahead with the operation of their facility by July 1 which, in theory, could enable MSD to levy an areawide user fee.

The following are highlights of written statements furnished by each of the firms responding to MSD's solicitation of private industry's interest.

TELEDYNE NATIONAL

Mr. Ken Shepherd of Teledyne has met with the staff and submitted a written proposal addressing his firms' ability to design, construct and operate MSD's facilities. Additionally, he has proposed a financing method which would allow for Industrial Pollution Control Bonds financing of not only the facilities proposed by MSD, but also Publisher's heat recovery or steam plant. Under this concept, Publisher's equity contribution would be about one-

sixth of the total cost of both facilities and MSD would probably not need to acquire capital funding through the E-Board.

Mr. Shepherd and the president of Teledyne National will meet with Publisher's, MSD and probably DEQ early next week to provide additional details on this financing concept. The staff is encouraged by this proposal, but many unresolved questions exist with regard to the suggested financing method.

Teledyne National is a well established reputable firm experienced nationally in solid waste facility design, construction and operation.

CONSOLIDATED WASTE SERVICES, INC.

CWSI has provided, in addition to their proposal submitted in December, 1975, a schedule of specific tasks they intend to accomplish within the next two years which lead to the development of a full regional waste recovery system by as early as 1980.

Essentially, we have indicated the Board and staff's willingness to work with and negotiate a specific agreement but CWSI's position seems to be that they would first like to acquire the RRB site.

CWSI offers the advantage of being in the best position of any would-be proposer to assist MSD in the problems associated with flow control.

RESOURCE RECOVERY BYPRODUCTS

RRB has submitted an agreement signed by John Knapp and Harold Alexander. The format of the agreement is essentially similar to the Parker Contract. The concept of the agreement consists of a phased approach similar to that suggested by CWSI which could lead to implementation of a full recovery system in the north half of the metropolitan area by 1980 or earlier.

RRB offers the advantage of having an existing permit from DEQ,

appropriate land use designations and an existing operation which they claim could be expanded into the type of facility MSD is proposing. Additionally, they would propose to commence with a slightly expanded operation by July 1, 1976, which could lead to implementation of an areawide MSD user fee.

WESTERN WASTE CORPORATION

Western Waste Corporation has indicated that they would like to own, design, construct and operate solid waste processing facilities. They would franchise with MSD. They have a stated interest in working with the local collection industry although no firm communications have been initiated.

To the best of our knowledge, Western Waste Corporation is a relatively newly formed corporation composed of individuals experienced in various facets of resource recovery with reportedly strong financial abilities.

Western Waste has offered to prepay a franchise fee to enable continuance of MSD's regulatory staffing after June 30, 1976.

TITAN ENVIRONMENTAL SERVICES

Titan Environmental Services has submitted a written proposal which affirms their interest in designing, constructing and operating a facility owned by MSD. They would also propose to handle the marketing function. Although they do not appear adverse to some private ownership participation, they are opposed to the private ownership concepts MSD has proposed, such as a full and open audit of books, limit on return on investment, etc.

Considering MSD's work to date, they point out specific advantages for MSD to proceed with total public financing through the State Pollution Control Grant/Loan Program. The main consideration appears to be what Titan says is a lower system cost.

Titan has spent a great deal of time working with the staff and researching the specifics of our program. They are a national firm experienced in solid waste disposal and management and we feel that they are in a position to strongly stand behind any commitment they could make.

WASTE MANAGEMENT

Waste Management, who is a private, well-respected solid waste management firm, has spent a great deal of time and effort attempting to work out specific problems they see in the MSD program. They have indicated that should MSD be able to make certain assurances which they believe cannot now be made, Waste Management and Parker could acquire the necessary financing to make our original public/private concept work.

The staff believes that Waste's viewpoint represents a strong but conservative outlook on resource recovery that assures less risk and the greatest potential for success of any given system. Should MSD be able to provide the assurances Waste Management seeks, chances are that the costs and risks to the public and any private investor are greatly reduced.

Unfortunately, MSD has run out of time in working with Waste Management to not only work out the specific assurances required, but also to restore the Parker Contract to its original validity.

76-526 COR-MET SETTLEMENT

(THIS AGENDA ITEM HAS BEEN SET ASIDE FOR FUTURE CONSIDERATION).

76-527 RESOLUTION NO. 26 - Zoo OBJECTIVES

UNDER SEPARATE COVER YOU WILL RECEIVE A RESOLUTION PREPARED TO DEFINE THE GENERAL OBJECTIVES THE ZOO WILL ATTEMPT TO ACHIEVE OVER THE NEXT SEVERAL YEARS. THE 1976-77 FISCAL YEAR BUDGET ADDRESSES THESE OBJECTIVES BY ALLOCATING FUNDS TO THOSE APPROPRIATE AREAS. THIS RESOLUTION SHOULD BE A FRAMEWORK FROM WHICH THE MSD CAN BUILD, IF THE ZOO LEVY IS PASSED.

THE STAFF RECOMMENDS REVIEW OF RESOLUTION No. 26 AND APPROVAL IF APPROPRIATE.

APPROVED METROPOLITAN
SERVICE DISTRICT
BOARD OF DIRECTORS

ACTION NO. _____

DATE _____

BY _____

CLERK OF THE BOARD



MSD Board

5-14-76

NAME

REPRESENTATION

Alan Hayakawa

The Oregonian

MIKE DOWNS

MULTNOMAH COUNTY

John M. Wright

City of Portland

DAN HOOPER

CRAB

WARREN ILIFF

Portland Zoo

J. J. Sini

Western Union Corp.