



METROPOLITAN SERVICE DISTRICT

1220 S.W. MORRISON, ROOM 300, PORTLAND, OREGON 97205

(503) 222-3671

MSD BOARD OF DIRECTORS

PORTLAND WATER BUREAU
1800 SW 6TH AVE.
AUDITORIUM

OCTOBER 14, 1977
2:00 P.M.

A G E N D A

77-928

MINUTES

77-929

PUBLIC COMMUNICATIONS

ADMINISTRATIVE DIVISION

77-930

CASH DISBURSEMENTS

77-931

CONTRACT 77-109 - LOCAL GOVERNMENT
PERSONNEL INSTITUTE - MSD PERSONNEL
CLASSIFICATION & COMPENSATION STUDY

SOLID WASTE DIVISION

77-932

CONTRACT 77-110 - PORTLAND RECYCLING
TEAM - BOTTLE WASHING FACILITY

77-933

CONTRACT 77-111 - DEPARTMENT OF ENVIRON-
MENTAL QUALITY - BOTTLE WASHING FACILITY

ZOO DIVISION

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VENDING MACHINE BID CONTRACT AWARD

77-935

SPOOK RIDE PRELIMINARY BUDGET REVIEW

OTHER BUSINESS



METROPOLITAN SERVICE DISTRICT

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A G E N D A

<u>PAGE</u>	<u>ACTION RECORD NUMBER</u>	
1	77-928	MINUTES Action - <u>Approve</u> minutes of September 23, 1977
7	77-929	PUBLIC COMMUNICATIONS Action - <u>Receive</u> comments from the public on matters not listed on the meeting agenda
8	77-930	CASH DISBURSEMENTS Action - <u>Approve</u> staff recommendation
9	77-931	CONTRACT 77-109 - LOCAL GOVERNMENT PERSONNEL INSTITUTE - MSD PERSONNEL CLASSIFICATION & COMPENSATION STUDY Action - <u>Approve</u> Contract 77-109 at an expenditure not to exceed \$3,500
16	77-932	CONTRACT 77-110 - PORTLAND RECYCLING TEAM - BOTTLE WASHING FACILITY Action - <u>Approve</u> Contract 77-110

77-928 MINUTES

THE FOLLOWING PAGES CONTAIN THE MINUTES OF THE SEPTEMBER 23,
1977.

THE STAFF RECOMMENDS APPROVAL OF THE BOARD MINUTES.

77-929 PUBLIC COMMUNICATIONS

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

77-930 CASH DISBURSEMENTS

CHECKS FOR PAYMENT OCTOBER 14, 1977:

CHECK NOS. 4361 THROUGH 4509

\$121,713.18

ITEMS OF INTEREST:

KEN BEST CO. (RE-KEY ZOO)	\$1,572.14
BUREAU OF WATER WORKS	3,196.59
BANKERS LIFE	5,760.76
HAW'S DRINKING FAUCET CO.	1,639.78
NORTHWEST NATURAL GAS	1,248.06
PORTLAND GENERAL ELECTRIC	1,856.15
DEPARTMENT OF REVENUE	5,050.19
PUBLIC EMPLOYEES RETIREMENT	11,312.40
BLAKE, MOFFITT & TOWNE	2,795.00
HARDY McEWEN WEISS NEWMAN & FAUST	3,068.16
PACIFIC NW BELL	2,769.63
RENTEX SERVICE, INC.	2,578.04
DEPT. ENVIRONMENTAL QUALITY	51,715.00

THE STAFF RECOMMENDS APPROVAL FOR PAYMENT OF CHECKS No. 4361 THROUGH 4509 IN THE TOTAL AMOUNT OF \$121,713.18.

77-931 CONTRACT 77-109 - LOCAL GOVERNMENT PERSONNEL INSTITUTE -
MSD PERSONNEL CLASSIFICATION & COMPENSATION STUDY

A CLASSIFICATION PLAN IS AN INVENTORY OF DUTIES AND RESPONSIBILITIES OF POSITIONS IN THE SERVICES OF THE METROPOLITAN SERVICE DISTRICT. IT IS A GROUPING TOGETHER INTO CLASSES THOSE POSITIONS THAT ARE BASICALLY SIMILAR IN KIND, DIFFICULTY, RESPONSIBILITY OF WORK PERFORMED, AND IN TRAINING AND EXPERIENCE REQUIREMENTS.

THE SMALLER AN ORGANIZATION THE MORE NECESSARY IT MAY BECOME TO MAINTAIN FAIRLY GENERAL CLASSES FOR THE SIMPLE REASON THAT IT IS IMPOSSIBLE TO FUND AS HIGH A DEGREE OF SPECIALIZATION AS IN LARGER ORGANIZATIONS.

OVER THE YEARS UNDER THE CITY OF PORTLAND AND THEN UNDER CONTROL OF THE PORTLAND ZOOLOGICAL SOCIETY PLANS HAVE BEEN ADOPTED REGARDING THE ORGANIZATION OF THE ZOO, PERSONNEL PROCEDURES, AND JOB CLASSIFICATIONS. SINCE THAT TIME THE ZOO HAS BEEN INTEGRATED INTO THE METROPOLITAN SERVICE DISTRICT AS A DIVISION AND HAS UNDERGONE CONSIDERABLE INTERNAL REORGANIZATION. THE UNION, LABORERS INTERNATIONAL LOCAL 483, HAS HAD CONTINUING PROBLEMS WITH THE CLASSIFICATION SYSTEM BECAUSE THEY CLAIM WE HAVE JOB CLASSIFICATIONS THAT DO NOT CORRESPOND TO DUTIES PERFORMED. MANAGEMENT ALSO IS HAVING PROBLEMS RELATING DUTIES AND A COMPENSATION PLAN TO THE PRESENT SYSTEM.

WE ARE WELL AWARE THAT ANY CLASSIFICATION-COMPENSATION PLAN, ONCE ADOPTED, IS SUBJECT TO CHANGE AND REQUIRES CONTINUOUS UPDATING. HOWEVER, TO DO THIS IT WOULD BE MOST ADVANTAGEOUS TO HAVE A PROFESSIONALLY ESTABLISHED PLAN TO BEGIN WITH. THIS SHOULD ALSO ASSIST US IN LABOR NEGOTIATIONS NEXT YEAR.

THE STAFF CONTACTED THE LOCAL GOVERNMENT PERSONNEL INSTITUTE, AN AGENCY WELL ACQUAINTED WITH THE NEEDS AND PROBLEMS OF LOCAL GOVERNMENTS, DISCUSSED THE NEEDS OF MSD WITH THEM AND RECEIVED THE ATTACHED PROPOSAL FROM THEM. THIS PROPOSAL IS BASED UPON

THE MAXIMUM NUMBER OF JOB CLASSIFICATIONS THAT WE COULD POSSIBLY HAVE.

THE STAFF RECOMMENDS APPROVAL OF CONTRACT 77-109 AUTHORIZING THE COMPENSATION-CLASSIFICATION STUDY WITH FUNDS ALLOCATED FROM THE ZOO FUND CONTINGENCY LINE ITEM. DUE TO STAFF'S DETERMINATION THAT ONLY ABOUT TWO/THIRDS OF THE CLASSIFICATIONS OUTLINED IN THE PROPOSAL ARE APPROPRIATE TO MSD, IT IS RECOMMENDED THAT THE CONTRACT AMOUNT BE APPROVED FOR UP TO \$3,500.

METROPOLITAN SERVICE DISTRICT
BOARD ACTION

NO. 77-931 DATE 10-14-77

	YES	NO	ABST.
BARTELS	/		
GORDON	/		
McCREADY	/		
ROBNETT	/		
SALQUIST	/		
SCHUMACHER	/		
MILLER, CHAIRMAN	/		

Jean M. Wood
Clerk of the Board

L G P I

*local government
personnel institute*

1201 Court St. N.E.
Phone (503) 588-2251

P.O. Box 928
Salem, Oregon 97308

August 16, 1977

RECEIVED
AUG 17 1977

METRO SERVICE DISTRICT

Mr. Charles Estes
Metropolitan Service District
1220 SW Morrison
Portland, Oregon 97205

Dear Mr. Estes:

Enclosed is a formal quotation for conducting a classification and compensation study of the Metropolitan Service District staff. The quotation is based on the work plan outline which we discussed at our meeting August 10. As I indicated at the meeting, you may select to include or exclude those elements which relate to the development of a specific pay plan. The quotation is based on the existence of 51 job classification and approximately 115 employees which would be included in the study.

If I can provide additional information or clarification, please contact me.

Sincerely yours,



Kirk Berger
Personnel Consultant

plw

Enclosure



*local government
personnel institute*

1201 Court St. N.E.
Phone (503) 588-2251

P.O. Box 928
Salem, Oregon 97308

WORK PROGRAM OUTLINE FOR
CLASSIFICATION AND PAY STUDIES

1. CLASSIFICATION ANALYSIS

- 1.0 Meet with department heads and other supervisory personnel to explain the classification and compensation study concepts and specific procedures to be used in the study.
- 1.1 Meet with all employees to explain the classification and compensation study concepts and procedures. Distribute and discuss the position questionnaire to be completed by all employees (if applicable).
- 1.2 Employees complete questionnaire or revise existing job description. Supervisors review employee statements and make statements of their own without changing employee statements.
- 1.3 LGPI reviews completed position questionnaires or revised position descriptions prepared by the employees.
- 1.4 LGPI conducts job audits and interviews of 50 to 75 percent of the employees included in the study for the purposes of gathering additional job-related information or obtaining clarification of information provided in the questionnaire or position description. Interview all supervisory personnel regarding positions within their jurisdiction.
- 1.5 LGPI prepares draft copies of the new classification descriptions. Present the draft copies to supervisory personnel for their review and distribution to all employees.
- 1.6 Employees critique the descriptions in writing and return them to the appropriate supervisor.
- 1.7 Supervisors critique the descriptions and the employees' comments. Supervisors do not alter comments made by employees.
- 1.8 LGPI reviews supervisor and employee critiques and makes appropriate changes in classification descriptions. This process may involve re-interviewing some staff.
- 1.9 Final classification description recommendations are prepared.

2. COMPENSATION ANALYSIS

- 2.0 Develop a proposed list of comparable employers in cooperation with the organization's staff. The list is to be based upon comparability of positions being surveyed, comparability of agencies being surveyed, competition in the labor market for employes being surveyed, and geographical proximity.
- 2.1 Conduct a comprehensive wage survey and analysis of public and private employers in the surrounding geographic area. Detailed rates of pay are reported in tabular form.
- 2.2 Conduct a separate fringe benefit survey and analysis of public and private employers. (Optional)
- 2.3 Develop a recommended classification and pay plan based on the classification and salary survey results with consideration given to existing internal relationships. The type of plan is established in consultation with the organization. It includes salary range recommendations and placement of individual employes within the plan.
- 2.4 Develop optional plans for the installation of the pay plan.
- 2.5 Estimate cost of installing each pay plan option.

3. CLASSIFICATION AND COMPENSATION REPORT

- 3.0 Prepare a classification and compensation report which includes:
 - a. Final draft of the class specifications.
 - b. Purposes and use of a classification plan.
 - c. Methods for administration of the plan.
 - d. Purposes and use of a compensation plan.
 - e. Explanation of the proper use of pay schedules and methods used in preparing the pay plan.
 - f. Methods for the administration of the pay plan.
 - g. Tabular data showing the impact of alternate pay plans on individual employes salaries and the organization's budget.
- 3.1 Present and explain the recommended plan to appropriate agency officials and work with officials after completion of the study on any matters which may arise out of the implementation of the new plan.

PROPOSAL FOR METROPOLITAN SERVICE DISTRICT
 CLASSIFICATION AND COMPENSATION STUDY
 AUGUST 16, 1977

51 job classifications 115 employes (approximate)

CLASSIFICATION ANALYSIS AND RECOMMENDATIONS

Initial Presentation to Supervisory Staff	1 hour
Initial Presentation to Employees	4 hours
Review of Completed Position Questionnaires	16 hours
Employee Interviews	43 hours
Initial Drafting of Position Descriptions	71 hours
Revision of Position Descriptions	8 hours
Sub-total, Professional Services	143 hours
5 Percent Contingency	7 hours
Total Professional Services	150 hours @ \$20/hour = \$3,000
Secretarial Services	30 hours @ \$8.75/hour = \$263
Total Amount for Classification Analysis & Recommendations	\$3,263

COMPENSATION ANALYSIS AND RECOMMENDATIONS

Developing Salary Survey Questionnaire	3 hours
Collecting Salary Survey Data	15 hours
Tabulating and Summarizing	3 hours
Development of Pay Plan, Rules & Narrative for Management and Non-Union Employees	6 hours
Development of Pay Plan, Rules & Narrative for Union Employees	4 hours
Development of Salary Range Recommendations	6 hours
Computation of Individual Employee Salaries	3 hours
Computation of Total Cost, Budgetary Impact and Cost of Possible Alternative Methods of Implementation	5 hours
Introduction of Recommendations	3 hours
Sub-total, Professional Services	48 hours
5 Percent Contingency	2.5 hours
Total Professional Services	50.5 hours @ \$20/hour = \$1,010
Secretarial Services	8 hours @ \$8.75/hour = 70
Total Amount for Compensation Analysis and Recommendations	\$1,080

OTHER EXPENSES

Actual expenses for travel time, mileage, per diem, lodging and xeroxing are charged at the following rates:

Travel Time	\$10/hour
Mileage	\$.15/mile
Per Diem	\$13/day, prorated by the meal
Lodging	At Cost (if applicable)
Xeroxing	\$.07/page

77-932 CONTRACT 77-110 - PORTLAND RECYCLING TEAM - BOTTLE WASHING FACILITY

ATTACHMENT 1 IS A LEASE AND OPERATING AGREEMENT BETWEEN THE PORTLAND RECYCLING TEAM (PRT) AND MSD FOR A BOTTLE WASHING FACILITY. THIS AGREEMENT WAS DEVELOPED PURSUANT TO BOARD DIRECTION OF AUGUST 26, 1977, THE HIGHLIGHTS OF WHICH ARE AS FOLLOWS:

- 1) MSD WILL FUND THE CAPITAL AND STARTUP COSTS OF THE BOTTLE WASHING FACILITY UP TO A MAXIMUM OF \$50,000 WITH \$35,000 BEING A LOAN. THESE MONIES WILL COME TO MSD FROM THE DEPARTMENT OF ENVIRONMENTAL QUALITY (DEQ) FOR THE STATE OF OREGON.
- 2) THE AGREEMENT PROVIDES FOR THE REPAYMENT OF THE \$35,000 LOAN PLUS INTEREST OVER A THREE-YEAR PERIOD AND ALSO REQUIRES ADEQUATE SECURITY.
- 3) MSD WILL RECEIVE FROM PRT \$2,500 TO COVER MSD'S ADMINISTRATIVE COST.
- 4) MSD WILL RETAIN TITLE TO THE BOTTLE WASHING EQUIPMENT UNTIL THE LOAN IS REPAYED, AT WHICH TIME OWNERSHIP OF THE EQUIPMENT WILL REVERT TO PRT. DURING THE THREE YEAR PERIOD, MSD WILL LEASE THE BOTTLE WASHING EQUIPMENT TO PRT.
- 5) PRT AGREES TO OPERATE THE BOTTLE WASHING FACILITY FOR TEN YEARS IF THERE IS: A) A CONTINUOUS NEED FOR THE FACILITY AND B) THE FACILITY IS SELF-SUSTAINING (INCOME IS SUFFICIENT TO PAY EXPENSES).
- 6) PRT WILL INSURE THE EQUIPMENT AND MAINTAIN IT OVER THE TERM OF THIS AGREEMENT.
- 7) MSD WILL MONITOR THE OPERATION OF THE BOTTLE WASHING FACILITY AND WILL BE A MEMBER OF PRT'S BOTTLE WASHING ADVISORY COMMITTEE.
- 8) THE AGREEMENT PROVIDES REMEDIES IF PRT DEFAULTS.

ATTACHMENT 2 IS THE PROMISSORY NOTE WHEREBY PRT AGREES TO REPAY THE \$35,000 LOAN PLUS INTEREST OVER A THREE-YEAR PERIOD. IN ADDITION, THE PROMISSORY NOTE REQUIRES THE PAYMENT OF THE MSD ADMINISTRATIVE FEE OF \$2,500 WITHOUT INTEREST OVER THE SAME THREE-YEAR PERIOD.

ATTACHMENT 3 IS A DOCUMENT WHEREBY JANET GRAY GUARANTEES TO MSD THAT PRT WILL MAKE ALL PAYMENTS AND WILL COMPLY WITH ALL OF THE TERMS OF THE PROMISSORY NOTE, LEASE AND OPERATING AGREEMENT AND ANY SECURITY DOCUMENTS. Ms. GRAY'S LIABILITY IS LIMITED TO THE SUM OF \$20,000.

THE STAFF RECOMMENDS APPROVAL OF CONTRACT 77-110 BETWEEN MSD AND PORTLAND RECYCLING TEAM, INC., FOR THE OPERATION OF A BOTTLE WASHING FACILITY. THIS APPROVAL IS CONTINGENT UPON SECURING THE PROMISSORY NOTE AND THE GUARANTY.

METROPOLITAN SERVICE DISTRICT
BOARD ACTION

NO. 77-932 DATE 10-14-77

	YES	NO	ABST.
BARTELS	/		
GORDON	/		
McCREADY	/		
ROBNETT	/		
SALQUIST	/		
SCHUMACHER	/		
MILLER, CHAIRMAN	/		

John M. Wood
Clerk of the Board

ATTACHMENT 1

LEASE AND OPERATING AGREEMENT

This Lease and Operating Agreement, made this ____ day of October, 1977, is between the METROPOLITAN SERVICE DISTRICT, a municipal corporation with offices at 1220 S.W. Morrison, Room 300, Portland, Oregon ("MSD"), and PORTLAND RECYCLING TEAM, INC., a non-profit corporation ("PRT").

Recitals

1. MSD is a municipal corporation responsible for solid waste disposal in metropolitan Portland.
2. PRT, a non-profit, tax-exempt corporation, is involved exclusively in the recycling and reuse of solid waste materials, including glass, paper, cardboard and cans.
3. PRT has proposed to MSD that a bottle washing facility (hereinafter the facility) be funded by MSD and operated by PRT. MSD believes that the successful operation of the facility will reduce the amount of solid wastes now being landfilled and will increase the amount of glass and bottles for reuse.
4. PRT represents to MSD that it has the necessary skill and experience to operate the facility.
5. Based on the foregoing, MSD has agreed to fund the capital and start up costs of the facility, up to a maximum of \$50,000, with \$35,000 being a loan to PRT from MSD. The capital funds will come to MSD from the Department of

Environmental Quality for the State of Oregon (DEQ). The loan is contingent upon DEQ's approval of this agreement, the loan documents and the project.

6. This Agreement is to secure payment of each of the following:

(a) Sums due under a certain Promissory Note of the same date, executed by PRT in the sum of Thirty-Five Thousand Dollars (\$35,000.00), with interest, payable in thirtysix (36) monthly payments with the final payment due on the ____ day of _____, 1980.

(b) An administrative fee to MSD of Two Thousand Five Hundred Dollars (\$2,500.00) payable in thirty-six (36) equal monthly installments.

(c) All further sums which may be loaned or advanced by MSD to PRT, and

(d) Any additional sums which may become payable to MSD under the provisions of this Agreement or other security instruments securing this loan.

The parties covenant and agree as follows:

7. (a) PRT will pay when due all secured sums described above.

(b) This agreement is for a term of ten (10) years commencing on the ____ day of _____, 1977 and ending on the ____ day of _____, 1987.

8. (a) PRT will purchase for the account of MSD and free and clear of all and any encumbrances whatsoever the personal property, hereinafter referred to as the Equipment, more specifically set forth in Schedule A attached hereto and made a part hereof. Title to the equipment shall at all times remain in MSD except as otherwise herein provided, and PRT, at its own cost and expense, shall protect and defend the title of MSD.

(b) MSD leases to PRT for a term of three years from the date hereof all of the equipment described in Exhibit _____. At the end of three years, title shall be transferred to PRT in accordance with paragraph 9 and subject to certain terms of this Agreement. PRT agrees that it will continue to operate the facility for at least an additional seven (7) years if there is (1) a continuous need for the facility and (2) the facility is self-sustaining (income is sufficient to pay expenses.) Paragraphs 7(b), 10, 11(a), 12, 15, 17, 26, 29, 30, 31 and 32 will continue to apply to PRT and its operation of the facility during this seven-year period.

(c) PRT shall at all times keep the Equipment free and clear from all levies, attachments, liens, security interests, encumbrances, and charges or other judicial process of every kind whatsoever, shall give MSD immediate

written notice thereof, and shall indemnify and save MSD harmless from any loss or damage caused thereby. PRT will cooperate with MSD and take whatever action may be necessary to enable MSD to file, register or record, and refile, reregister, or rerecord, certificates or financing statements in such offices as MSD may determine and wherever required or permitted by law, for the proper protection of MSD's title to the Equipment. The Equipment is and shall remain personal property irrespective of its use or manner of attachment to realty, and PRT will not cause or permit the Equipment to be attached to realty in such manner that it might become part of such realty without securing the prior written consent of MSD.

9. Upon payment by PRT of the sums due under the above described Note and all other sums which may become payable to MSD under this Agreement or other security instruments securing said Note and if PRT is not otherwise in default under this Agreement, then title to the Equipment shall be transferred to PRT. MSD shall take whatever action is necessary to vest title in PRT.

10. PRT shall use the Equipment solely in the conduct of its business, and in a careful and proper manner, and shall not part with possession of or enter into any lease with respect to the Equipment or any part thereof, nor assign its rights hereunder nor delegate the performance of

its duties hereunder without the prior written consent of MSD.

11. (a) PRT, at its own cost and expense, shall keep the Equipment in good repair, condition, and working order, and shall furnish any and all parts and labor required for that purpose.

(b) PRT shall not make any material alterations to or replacements of the Equipment without the prior written consent of MSD, which consent shall not be unreasonably withheld. All Equipment, accessories, parts, and replacements which are added to or become attached to the Equipment shall immediately become the property of MSD and shall be deemed incorporated in the Equipment and subject to the terms of this Agreement.

12. PRT shall comply with all laws and regulations relating to, and shall promptly pay when due, all license fees, registration fees, assessments, charges, and taxes, municipal, state, and federal, which may now or hereafter be imposed upon the ownership, possession, leasing, renting, operation, control, use, maintenance, delivery, or return of the Equipment, and shall save MSD harmless against actual or asserted violations, and pay all costs and expenses of every character in connection therewith or arising therefrom.

13. The Equipment shall be located at _____, Portland, Oregon, and shall not

be removed by PRT from such location without the prior written consent of MSD. If the Equipment is removed, with the consent of MSD, from the address herein specified, PRT shall advise MSD of its exact location. MSD may at all times enter upon any job, building, or place where the equipment is located for the purpose of making an inventory or an inspection thereof.

14. PRT shall keep the equipment insured against all risks of loss or damage from every cause whatsoever for not less than the remaining balance of the Note, and shall carry public liability insurance, both personal injury and property damage, covering the Equipment. All such insurance shall be in such form and amounts and shall be placed with such companies as MSD holds to be satisfactory to it, which expression of satisfaction will not be unreasonably withheld. PRT shall pay the premiums therefor and deliver to MSD the policies of insurance or duplicates or certificates thereof, and other evidences satisfactory to MSD of such insurance coverage. Each insurer shall agree, by endorsement upon the policy or policies issued by it or by independent instrument furnished to MSD, that it will give MSD thirty (30) days prior written notice of the effective date of any alteration or cancellation of any policy. In case of the failure of PRT to procure or maintain such insurance or to comply with any other provision of this Agreement, MSD

shall have the right, but shall not be obligated, to effect such insurance or compliance on behalf of PRT. In that event, all monies spent by and expenses of MSD in effecting such insurance or compliance shall be paid by PRT to MSD and shall be secured as provided herein.

15. PRT hereby assumes and shall bear the entire risk of loss of and damage to the Equipment from any and every cause whatsoever. In the event of any loss or damage to the Equipment, PRT, out of the proceeds of insurance or otherwise, within thirty (30) days after such loss or damage, shall replace such lost or damaged Equipment with like Equipment, and this Agreement shall continue in full force and effect until the expiration of its term.

16. PRT shall submit to MSD monthly financial statements showing accounts payable and receivable, payroll, payroll and quarterly taxes, sales volume, truck expenses, inventory, and other financial information relevant to the use, operation and income of PRT. PRT shall provide MSD access to all its books and records.

17. PRT shall perform or cause to be performed an annual audit and submit the results of the audit to MSD within thirty (30) days after completion of the audit.

18. PRT shall submit to MSD quarterly progress reports showing the source and amount of each bottle type collected, washed, and reused, cost efficiency, the amount of waste

reduction, and other aspects of its bottle washing operation as required by MSD.

19. PRT will form an Advisory Committee to provide oversight for the bottle washing operation and MSD and DEQ will each have membership on the Committee. The Advisory Committee shall work with PRT and its facility manager and shall review and approve all aspects of the operation, including marketing and promotion, prior to implementation.

20. Key personnel retained by PRT to manage the facility and the premises in which the Equipment shall be located, including but not limited to the General Manager, Program Director, and Business Manager, shall be satisfactory to MSD and shall not be changed without the prior written consent of MSD.

21. The salary of the Manager or managing agent retained by PRT to manage the facility and premises in which the Equipment shall be located shall not be increased more than 10% annually without the prior written consent of MSD.

22. As additional security, MSD at its option may require PRT to assign to MSD all rents and income from the facility and premises in which the Equipment shall be located, and assign to MSD any leases now or hereafter in effect upon said premises or any part thereof, and PRT gives to MSD the authority, upon default, to collect the rents and income from said premises. As additional security, MSD at

its option may obtain a security interest in any other personal property or equipment owned by PRT. PRT agrees that a receiver may be appointed by a court, without regard to the adequacy of the security, for the indebtedness or the solvency of PRT or the presence of waste or danger of loss or destruction of the Equipment, to operate the facility, to possess, manage and control the Equipment and any personal property in which MSD has a security interest as additional security for this loan, and to collect the rents and income thereof and exercise those rights allowed by law.

23. If PRT should fail to make any payment or to do any act as herein provided, or if MSD deems its security under this Agreement to be insufficient, then, without releasing PRT from any obligation hereof, MSD may give to PRT notice of any such default, and if at the expiration of ten (10) days of such notice, the default upon which notice was based shall continue to exist, MSD shall have the right to exercise any of the following remedies:

(a) To declare the entire unpaid balance of the above-described Promissory Note immediately due and payable.

(b) Without demand or legal process, to enter into the premises where the Equipment may be found and take possession of and remove the same, whereupon all rights of PRT in Equipment shall terminate absolutely.

(c) To enter into the premises where the Equipment may be found and take over the operation of the premises in such manner and to such extent as MSD may deem necessary to protect the security of this loan.

(d) To pursue any other remedy available to MSD at law or in equity.

Any expenses, attorney's fees and costs incurred under this section shall bear interest at the interest rate on the secured loan from the date of expenditure until paid and, at MSD's option, may be billed directly to PRT, which billing shall immediately be due and payable, or may be added to the principal amount secured hereby. PRT waives the 10-day notice and agrees that MSD may immediately exercise its rights under this Agreement in the event the equipment or premises are threatened with destruction, repossession or substantial deterioration.

24. Time is material and of the essence hereof. In addition to the provisions of paragraph 23, if a proceeding under any bankruptcy, receivership or insolvency law be instituted by or against PRT, or if PRT makes an assignment for the benefit of creditors, this Agreement shall be in default. Any default under this Agreement shall constitute a default under the Note which it secures, and under all other security instruments securing the Note. Any default under such other instrument of the secured Note shall constitute a default under this Agreement.

25. MSD is not obligated to take any action which this Agreement provides it "may" take. Neither forbearance by MSD in exercising any right or remedy hereunder or any remedy afforded by law, nor any exercise by MSD or those acting in its interest of any right or remedy, shall cure or waive any default or notice of default, nor shall any of the foregoing be a waiver or preclude the exercise of any right or remedy. All remedies provided in this Agreement are distinct and cumulative to each other and to all other rights or remedies, and may be exercised concurrently, independently, or successively.

26. PRT will indemnify MSD against any loss whatsoever which may be occasioned by a claim of the lessor or mortgagee of the premises in which this Equipment is located. Such indemnification shall include the costs of any defense which MSD may be put to by virtue of such claim. MSD shall have the right to select counsel and PRT shall pay the reasonable fees of such counsel. MSD's written approval of the lease for the premises must be obtained prior to execution.

27. This Agreement applies to, binds, and benefits all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, assigns and pledgees. If MSD is dissolved or otherwise ceases operation during the term of this Agreement, this Agreement shall remain in full force and effect between PRT and MSD's successor, or if no succes-

sor exists, then the Department of Environmental Quality for the State of Oregon. In this Agreement, whenever the context so requires, the singular includes the plural.

28. Except for any notice required under applicable law to be given in another manner, any notice to PRT provided for in this Agreement shall be given by mailing such notice addressed to PRT at _____, Portland, Oregon.

29. If there is a default by PRT during the seven additional years then MSD may seek specific performance and as liquidated damages the sum of Five Hundred Dollars (\$500.00) for each violation of this Agreement.

30. This Agreement, the above-described Note, and sums due or to become due hereunder may not be transferred or assigned by PRT without the prior written consent of MSD.

31. If any provisions of this Agreement shall be deemed null and void, the remaining provisions hereof shall be deemed severable and remain in full force and effect.

32. This Agreement contains the entire Agreement between the parties, and may not be modified, terminated, or discharged except in writing. This Agreement shall be governed by the law of the State of Oregon.

PORTLAND RECYCLING TEAM, INC.

By _____

METROPOLITAN SERVICE DISTRICT

By _____

ATTACHMENT 2

PROMISSORY NOTE

For value received, the undersigned promises to pay in lawful money of the United States, or its equivalent, to the order of METROPOLITAN SERVICE DISTRICT, a municipal corporation, ("MSD"), at 1220 S.W. Morrison, Room 300, Portland, Oregon, the principal of a loan of Thirty-Five Thousand Dollars (\$35,000.00) obtained from MSD, and interest thereon in thirty-six (36) equal and consecutive monthly payments of _____ Dollars (\$ _____) payable on the tenth day of each and every month, commencing with _____ 10, 1977, plus such additional sums as may be advanced hereafter by the holder of this note to the maker or endorser. The interest included in the aforesaid monthly payments is calculated at the rate of _____ % per annum upon the unpaid monthly balances of principal on the _____ day of each month.

In addition to the aforesaid monthly payments, the undersigned promises to pay to MSD an administrative fee of \$2500.00, without interest, in thirty-six (36) equal and consecutive monthly payments of Sixty-nine and 44/100 Dollars (\$69.44) payable at the same time as the aforesaid monthly payments.

The final payment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable on the _____ day of _____, 19____.

This note may be repaid at any time without penalty.

Each and every maker or endorser of this note hereby expressly waives presentment, protest and notice and hereby consents and agrees that the holder hereof may extend the time of payment of the whole of this note or any part thereof without notice to either maker or endorser and without releasing either maker or endorser from liability hereunder.

If default shall be made in any of the required payments, on the day the same becomes due, any sum not paid as herein provided shall bear interest from such due date at the rate of 10% per annum, and the unpaid balance of principal together with any sums due hereon and interest accruing to date shall at once become payable, without notice, at the option of the holder of this note and bear interest at this rate.

In case suit or action is instituted to collect this note or any part thereof, the undersigned promises to pay, in addition to all other costs reasonably incurred, such additional sum as the court may adjudge reasonable as attorney's fees in said suit or action, which said fees shall be due and payable when the suit is begun and including all such costs and reasonable attorney's fees incurred in any appeal taken therefrom to any appellate court.

In case of default, the undersigned promises to pay such necessary expenses as may be incurred in making collec-

tion of such delinquent payments, including reasonable attorney's fees.

If any payment becomes overdue for a period in excess of fifteen (15) days, a "late charge" of 2¢ for each \$1.00 of each overdue payment, or of \$1.00 per month for each overdue payment, whichever "late charge" is greater, may be made by the holder to defray the expense incident to handling such delinquent payments.

Date: 1977.

PORTLAND RECYCLING TEAM, INC.

By _____

GUARANTY

In order to induce METROPOLITAN SERVICE DISTRICT, a municipal corporation, (hereinafter "MSD"), to loan the sum of Thirty-Five Thousand Dollars (\$35,000.00) to PORTLAND RECYCLING TEAM, INC., a non-profit corporation, (hereinafter "PRT"), for the development of a bottle washing facility to collect, wash and package used bottles for reuse, JANET GRAY (hereinafter "Guarantor"), guarantees to MSD that PRT shall well and truly make all payments and perform each and every term, promise, condition and agreement to be performed by them pursuant to the terms of the promissory note, lease and operating agreement and any security documents. If PRT shall fail to make any of said payments or perform any of said terms, promises, conditions or agreements, Guarantor shall forthwith and without notice or proof of demand, make such payments or perform or cause PRT to perform such terms, promises, conditions and agreements that shall at such time be in default, and shall pay all damages, including but not limited to costs, expenses and attorneys' fees, that MSD may sustain by reason of the failure or default of PRT. Guarantor consents to any and all extensions of time for any and all payments to be made by PRT pursuant to said documents to any amendment to or change in the terms or conditions agreed upon by PRT, and to any waiver of breach which MSD shall

grant to PRT, and Guarantor hereby waives notice of any default whatsoever by PRT and of any amendment to or change in said loan. In the event any action or suit is brought by MSD against Guarantor, Guarantor shall pay to MSD all costs thereof, including reasonable attorney's fees in the trial court and any appellate court in which said action or suit shall be heard. Guarantor's liability hereunder shall be limited to the sum of Twenty Thousand Dollars (\$20,000.00). This guaranty shall terminate when the loan has been paid in full by PRT.

DATED this _____ day of _____, 1977.

JANET GRAY

77-933 CONTRACT 77-111 - DEPARTMENT OF ENVIRONMENTAL QUALITY -
BOTTLE WASHING FACILITY

CONTRACT 77-111 BETWEEN MSD AND THE DEPARTMENT OF ENVIRONMENTAL QUALITY IS FOR A LOAN OF \$35,000 AND A GRANT OF \$15,000 (A TOTAL OF \$50,000) COVERING THE MSD/PORTLAND RECYCLING TEAM BOTTLE WASHING PROJECT. DEQ'S GRANT/LOAN OFFER AND ACCEPTANCE AGREEMENT COVERING THIS FUNDING IS PRESENTED UNDER SEPARATE COVER.

STAFF RECOMMENDS APPROVAL OF CONTRACT 77-111, GRANT/LOAN OFFER AND ACCEPTANCE, IN THE TOTAL AMOUNT OF \$50,000, BY RESOLUTION No. 28, ATTACHED.

METROPOLITAN SERVICE DISTRICT
BOARD ACTION

NO. 77-933 DATE 10-14-77

	YES	NO	ABST.
BARTELS	/		
GORDON	/		
MCCREADY	/		
ROBNETT	/		
SALQUIST	/		
SCHUMACHER	/		
MILLER, CHAIRMAN	/		

[Handwritten Signature]
Clerk of the Board



METROPOLITAN SERVICE DISTRICT

1220 S.W. MORRISON, ROOM 300, PORTLAND, OREGON 97205

(503) 222-3671

R E S O L U T I O N N O. 28

THE METROPOLITAN SERVICE DISTRICT OF PORTLAND, OREGON (MSD) IS A MUNICIPAL CORPORATION VALIDLY ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF OREGON.

MSD HAS PREPARED AND APPROVED A CONTRACT WITH PORTLAND RECYCLING TEAM (PRT) FOR DEVELOPMENT OF A BOTTLE WASHING AND RECYCLING FACILITY.

THE DEPARTMENT OF ENVIRONMENTAL QUALITY (DEQ) HAS OFFERED TO GRANT AND LOAN FUNDS TO MSD FOR THE PURPOSE OF IMPLEMENTING THE BOTTLE WASHING AND RECYCLING FACILITY. MSD HAS REVIEWED THE PROPOSED DEQ OFFER AND ACCEPTANCE OF STATE FINANCIAL ASSISTANCE, A COPY OF WHICH IS ATTACHED, AND DESIRES TO ACCEPT SAID OFFER.

BE IT RESOLVED THAT THE METROPOLITAN SERVICE DISTRICT OF PORTLAND, OREGON, BY AND THROUGH ITS GOVERNING BODY, HEREBY ACCEPTS AND APPROVES THE OFFER OF THE DEQ AS CONTAINED IN THE ATTACHED OFFER AND ACCEPTANCE OF STATE FINANCIAL ASSISTANCE FOR THE BOTTLE WASHING AND RECYCLING FACILITY.

BE IT FURTHER RESOLVED THAT THE CHAIRMAN OR THE VICE-CHAIRMAN OF MSD ARE HEREBY AUTHORIZED TO EXECUTE THE OFFER AND ACCEPTANCE AGREEMENT ON BEHALF OF MSD.

DATED THIS 14 DAY OF OCTOBER 1977.

RAYMOND L. MILLER, CHAIRMAN

METROPOLITAN SERVICE DISTRICT
 BOARD ACTION
 77-934 10-14-77
 NO ABST.
 BARTELS
 GORDON
 McCREADY
 ROBNETT
 SALQUIST
 SCHUMACHER
 MILLER, CHAIRMAN

77-934 VENDING MACHINE BID CONTRACT AWARD

THE METROPOLITAN SERVICE DISTRICT REQUESTED BIDS FOR THE INSTALLATION AND SERVICING OF VENDING MACHINES PROVIDING FOOD FOR HUMAN CONSUMPTION AT THE WASHINGTON PARK ZOO. BIDDERS WERE INFORMED THAT THESE MACHINES GENERATED APPROXIMATELY \$63,700 GROSS REVENUES THE PRECEDING TWELVE MONTHS WITH APPROXIMATELY \$13,000 COMMISSION PAID TO THE SERVICE DISTRICT; THAT CIGARETTE MACHINES HAD BEEN EXCLUDED FROM THIS CONTRACT; AND THAT THE MACHINES WILL BE COMBINED AND LOCATED IN AN AREA DESIGNED TO BE SUITABLE AND PLEASING FOR THEIR USE AND SHOULD INCREASE THEIR REVENUES. THEY WERE INFORMED THEY COULD TOUR THE PROPOSED LOCATION OF THE MACHINES.

BIDS WERE RECEIVED FROM THREE BIDDERS: CANTEEN COMPANY OF OREGON, ADVANCED AUTOMATIC SALES, AND COAST VENDING MACHINE COMPANY. THE BID SUBMITTALS ARE LISTED ON THE FOLLOWING PAGE.

STAFF RECOMMENDS ACCEPTING THE BID BY CANTEEN COMPANY OF OREGON FOR THE FOLLOWING REASONS:

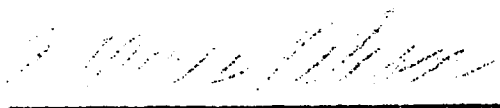
1. THE COMMISSION PERCENTAGE PROPOSED FOR MSD IS THE HIGHEST OF THE BIDDING COMPANIES.
2. THE PROPOSED TREATMENT OF THE VENDING AREA IS ACCEPTABLE TO THE ZOO STAFF.
3. THE PRESENTATION PREPARED BY CANTEEN COMPANY IS MORE COMPLETE, MORE PROFESSIONAL, AND SHOWS THE AVAILABILITY OF RESOURCES TO DRAW ON FOR HELP IN SUCCESSFULLY IMPROVING THE VENDING MACHINE OPERATION OF THE ZOO.
4. THE CANTEEN COMPANY HAS BEEN SERVICING THE MEMORIAL COLISEUM FOR SEVERAL YEARS AND WE WERE INFORMED THEY HAVE BEEN VERY PLEASED WITH THE SERVICE AND THAT THE COMPANY HAS BEEN VERY COOPERATIVE WHEN ANY UNUSUAL DEVELOPMENTS HAVE OCCURRED.
5. CANTEEN COMPANY PROPOSES USING NEW MACHINES EQUIPPED WITH MODERN ACCOUNTING DEVICES THAT SHOULD CUT DOWN ON MALFUNCTIONS AND PROVIDE BETTER SERVICE TO OUR CUSTOMERS.

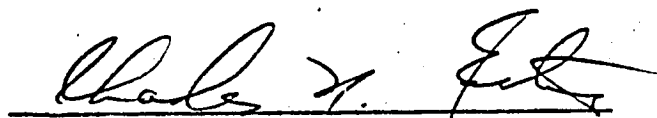
September 30, 1977

3:00 p.m.

Bid Opening for Vending Machine Contract at the Washington
Park Zoo

<u>Three Bids</u>	<u>Item</u>	<u>%</u>	<u>Sale Price</u>
CANTEEN:	Hot Beverages vending	22.6	20¢
	Cold Beverages vending	22.6	20¢
	Candy vending	22.6	20¢ & 25¢
	Ice Cream vending	22.6	25¢
	Hot Canned Food vending	22.6	40¢ & 55¢
	Health Food Vending	22.6	20-75¢
	Food Merchandiser	22.6	25-85¢
ADVANCED AUTOMATIC SALES:	Hot Beverage vending	25	25¢
	Cold Beverage vending	30	25¢
	Candy vending	17	15-40¢
	Ice Cream vending	15	25¢
	Hot Canned Food vending	20	40-55¢
	Health Food Vending	5	25-50¢
	Food Merchandiser	5	25-75¢
	<i>Weighted Average 17.2%</i>		
COAST:	Hot Beverage vending	15	none given
	Cold Beverage vending	15	
	Candy vending	15	
	Ice Cream vending	15	
	Hot Canned Food vending	15	
	Health Food Vending	15	
	Food Merchandiser	15	


A. Marie Nelson, Secretary


Charles Estes, Accounting
Systems Manager

amm
file #1.10.J.16

77-935 SPOOK RIDE PRELIMINARY BUDGET REVIEW

THIS YEAR'S BUDGET ACCOUNT 12-629 PROVIDES \$3,500 FOR SPOOK RIDES. PRESENTLY IDENTIFIED COSTS WILL EXCEED THIS FIGURE BY \$2,000 AS FOLLOWS:

SPOOK RIDE COORDINATOR	\$1,600
KAY LEE PERFORMANCES AND WORKSHOP	1,050
PERFORMERS: FIRE EATER/SWORD SWALLOWER, JUGGLER, MIME	1,500
YOUTH PARTICIPANT'S SUPERVISOR	400
COSTUME DESIGN AND MATERIAL	575
MATERIAL FOR SPECIAL EFFECTS	150
CONSULTANT FOR SPECIAL EFFECTS	225
TOTAL	<u>\$5,500</u>

THE \$3,500 WAS NEVER INTENDED TO REPRESENT THE FULL COST ASSOCIATED WITH THIS EVENT AS WAS NOTED IN STAFF REPORT 77-915 ON SEPTEMBER 9, 1977.

OTHER COSTS AS WELL AS REVENUES INCLUDING THOSE ASSOCIATED WITH CANTEEN SERVICES, TICKET SALES, TRAIN RIDES, SECURITY, MAINTENANCE, PUBLIC INFORMATION, ETC., ARE BEING CAREFULLY MONITORED AND STAFF WILL BE PREPARED TO GIVE A MORE COMPLETE REPORT TO THE BOARD PRIOR TO ANY REQUESTS FOR ADJUSTMENTS DURING CONSIDERATION OF A SUPPLEMENTAL BUDGET.

NO ACTION REQUIRED.

OTHER BUSINESS

77-936 DISCUSSION OF BALLOT MEASURE 2

approved attorney recommenda-
tion shown on the attached
memo.

M E M O R A N D U M

TO: CHUCK KEMPER
FROM: DEAN P. GISVOLD DATE: October 14, 1977
RE: Ballot Measure No. 2 (SJR 32)

You asked me to review SJR 32, which would amend Article XI-D of Oregon Constitution, and its implementing legislation (Chapter 732, 1977 Oregon Laws) to determine their applicability and impact on MSD's proposed resource recovery project in Oregon City.

Attached are copies of the following:

1. SJR 32.
2. Chapter 732, 1977 Laws.
3. A September 8th Press Release from the Effective Energy Policy for Oregon Citizens organization.
4. Voter pamphlet material in support of Measure No. 2.

Description of Measure No. 2.

The people will be asked on November 8, 1977 to vote on an amendment to the Oregon Constitution which will allow the State of Oregon to allocate state funds to public or private utilities or agencies for the development or

conservation of natural energy resources which are nonnuclear in nature.

The amendment also allows the State of Oregon to sell general obligation bonds to provide the necessary funds for implementing the program. The amendment requires the state to give priority "in distribution of both the funds allocated and the energy developed to the public and private utilities or agencies operating within the State of Oregon in whole or in part in proportion to the share of Oregon's energy demands each such utility or agency supplies at the time of the enactment of this section".

Description of implementing legislation (Oregon Energy Conservation and Production Act of 1977.)

Two types of development projects are contemplated by the Act: Projects that produce electrical energy and projects that convert or develop an energy resource into a usable non-electric form of energy. The Act requires the governor to designate energy resources that may be developed for either type of project. In addition, the Governor must endeavor to designate specific electrical projects that are cost-effective, small scale, close to the point of use, have the least adverse environmental impact and involve, where possible, cogeneration in cooperation with industry.

In designating non-electrical projects, the governor must endeavor to meet the foregoing criteria and to designate projects that utilize geothermal resources for space heating or projects that emphasize the conversion of agricultural and other wastes into usable fuels.

The Director of the Department of Energy will administer the program. Although it is not explicit in the Act, I presume that the emergency board will have to allocate funds to the Department of Energy for administration and loans.

An existing utility must be involved, solely or in conjunction with any person (the definition in the Act includes public and private corporations), in an electric project, while a non-electrical project may be undertaken by any person or utility.

Applications are made to the Director for funding. If the Director determines that a loan would assist in the generation of electric energy, the saving of electric energy or the creation of non-electric energy and would be in the public interest, the Director can approve a loan on terms and conditions imposed by the Director. The repayment period is limited by the repayment period of the bonds and the interest rate will be equal to the bond rate plus one-half of one percent or the cost of administration, whichever is greater. In making electrical project loans, the Director must endeavor

to loan to each utility a percentage of the total funds that become available for such projects equal to a percentage of electrical energy supplied by the utility to customers within the state on the date of the loan.

In allocating funds for any project the Director must prefer those projects that provide the greatest long-term benefits to the people of the State of Oregon.

Discussion.

The MSD - Publisher's resource recovery project (MSD Project) would appear to be a likely candidate for funding under the Act; solid waste certainly will be designated as a potential energy resource and the MSD project meets many, if not all, of the statutory criteria.

However, conflicts and ambiguities in the amendment and the act cause me concern about whether the program will be implemented soon enough to allow MSD to plan for and rely on such funds.

First, the amendment gives existing utilities a priority in the distribution of all the funds allocated and all the energy developed, while the act gives the utilities priority only on electrical projects. Since the Constitution would control, it is theoretically possible for existing utilities to pre-empt other applicants.

Second, the act uses the date of the loan in determining priorities among the utilities, while the amendment uses the date of enactment in determining priorities for state funds.

Third, the act permits loans to "persons" for non-electrical projects. This appears to be contrary to the amendment which permits loans only to "public or private utilities or agencies". The word "agencies" is undefined and could be held to mean "governmental agencies", thereby excluding private industry. Depending on the final structure of the MSD - Publisher's relationship, such an interpretation of the word "agencies" might preclude loan funds to the MSD project.

Fourth, it is unclear as to how much utility participation is needed in an electrical project to qualify for a loan. The MSD project includes steam and electrical generation and would appear to qualify under either or both of the project categories in the act. Perhaps a contract with a utility to purchase the power generated and to sell power back to Publisher's would satisfy the act and would not duly complicate the MSD project.

These conflicts and ambiguities may be present serious problems to the underwriting of the bonds. Litigation may be necessary to resolve these problems.

Assuming passage of the amendment and that the funds are not preempted by the utilities, I believe the biggest problem to be one of time. At some point in the future, the MSD Board and Publisher's Paper Company will be asked to make

final decisions on the financing structure of this project. Will MSD and Publisher's be able absolutely to rely on a specific amount of funds under this program?

Summary.

On balance, I recommend that the MSD Board support this Constitutional Amendment. The principal reason for my recommendation is that the energy funds ~~will~~ ^{could} provide an additional source of funds, in whole or in part for the MSD project. Tax exempt industrial revenue bonds and pollution control bond funds apparently at this time have limitations on their use for the electrical generation portion of the MSD project. It appears that other financing techniques, probably more extensive, would be needed if the revenue bonds or pollution control monies are not usable for that portion of the project. Energy funds on the other hand, would seem to be available for at least the electrical portion of the project and perhaps even for the entire project and would have a much lower interest rate. I believe the intent of the legislation is good and that the legal and technical problems are solvable.

Dean Gisvold

DPG:ep

METROPOLITAN SERVICE DISTRICT
BOARD ACTION

NO. 77-936 DATE 10-14-77
YES NO ABST.

- BARTELS
- GORDON
- MCCREADY
- ROBNETT
- SALQUIST
- SCHUMACHER
- MILLER, CHAIRMAN

YES	NO	ABST.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Dean Miller
Clerk of the Board

OTHER BUSINESS

77-937 SOLID WASTE PROGRAM - TELEDYNE NATIONAL'S ROLE - PHASE I ENGINEERING DESIGN

UNDER MSD'S PRESENT AGREEMENT WITH PUBLISHERS PAPER COMPANY, IT WAS ANTICIPATED THAT TELEDYNE NATIONAL WOULD BE RETAINED AS A CONSULTANT. WITH THE CONCURRENCE OF THE MSD BOARD, PUBLISHERS ENTERED INTO A SUB-CONTRACT WITH TELEDYNE NATIONAL TO DO CERTAIN PHASE I ENGINEERING DESIGN WORK. AS THE WORK PROGRESSED, PUBLISHERS BECAME DISSATISFIED WITH TELEDYNE'S PERFORMANCE.

AS A SOLUTION TO THIS PROBLEM, PUBLISHERS RENEGOTIATED THE DISTRIBUTION OF WORK BETWEEN THE BECHTEL CORPORATION AND TELEDYNE NATIONAL. PUBLISHERS HAS ALSO REVIEWED TELEDYNE'S COMPLETED WORK AND SUBMITTED A REQUEST FOR PAYMENT CORRESPONDING WITH PUBLISHERS' ESTIMATE OF THE VALUE OF COMPLETED WORK.

A LETTER FROM PUBLISHERS WILL BE SUBMITTED AT THE BOARD MEETING DEFINING THIS ESTIMATE. THIS AGENDA ITEM PROVIDES AN OPPORTUNITY FOR THE BOARD TO CONSIDER THE VARIOUS ASPECTS OF THIS SITUATION.

THE FOLLOWING POINTS SHOULD BE KEPT IN MIND:

- 1) MSD'S AGREEMENT IS WITH PUBLISHERS PAPER COMPANY. DISBURSEMENTS UNDER THIS AGREEMENT ARE TO PUBLISHERS PAPER COMPANY FOR COSTS INCURRED IN THE PERFORMANCE OF PHASE I ENGINEERING DESIGN WORK AS SPECIFIED IN THE SCOPE OF WORK AND BUDGET.
- 2) PROJECT MANAGEMENT INCLUDING REVIEW OF SUB-CONTRACTORS PROGRESS PAYMENTS RESTS WITH PUBLISHERS. MSD BECOMES CONCERNED IF THE TERMS AND COMMITMENTS SPECIFIED IN THE AGREEMENT BETWEEN PUBLISHERS AND MSD ARE JEOPARDIZED.

- 3) ALTHOUGH PUBLISHERS' VALUE ESTIMATE OF TELEDYNE'S COMPLETED WORK RENEGOTIATION OF BECHTEL AND TELEDYNE SUBCONTRACTS NECESSITATES DRAWING ON CONTINGENCY MONIES IN THE AGREEMENT BUDGET, THE TOTAL COST AND SCOPE OF WORK IS UNCHANGED.

~~THE STAFF RECOMMENDS THE BOARD PROVIDE AN OPPORTUNITY FOR PUBLISHERS AND TELEDYNE TO COMMENT, AUTHORIZE PAYMENT TO PUBLISHERS PURSUANT TO PUBLISHERS' REQUEST, AND APPROVE SELECTION OF BECHTEL TO PERFORM WORK TASKS PREVIOUSLY ASSIGNED TO TELEDYNE IN ACCORDANCE WITH SECTION 3.1 OF CONTRACT 77-036.~~

Amended to eliminate approval of payment to Teledyne by Publishers Paper.

**METROPOLITAN SERVICE DISTRICT
BOARD ACTION**

NO. 77-937 DATE 10-14-77

	YES	NO	ABST.
BARTELS	<input checked="" type="checkbox"/>		
GORDON	<input checked="" type="checkbox"/>		
MCCREADY	<input checked="" type="checkbox"/>		
ROBNETT	<input checked="" type="checkbox"/>		
SALQUIST	<input checked="" type="checkbox"/>		
SCHUMACHER	<input checked="" type="checkbox"/>		
MILLER, CHAIRMAN	<input checked="" type="checkbox"/>		

Jean Miller
Clerk of the Board

October 13, 1977

Mr. Chuck Kemper
Metropolitan Service District
1220 S. W. Morrison
Portland, Oregon

Subject: Contract for Phase I Engineering

Dear Chuck:

Enclosed for your approval are copies of Bechtel's proposal for \$110,000 extending the work to be done by them under the terms of their subcontract with Publishers to provide engineering services for the Phase I effort on the Resource Recovery Facility. This subcontract revision is a result of our cancellation of Publishers subcontract with Teledyne National. Under the terms of this contract revision, Bechtel would now complete the Teledyne contract and provide the services previously to have been provided by Teledyne. Included in the Bechtel proposal is an approximate \$25,000.00 provision for a subcontract to provide the input of an operations consultant into the project. The Bechtel proposal is based on a quotation from Teledyne National to provide these inputs and we feel, based on their operating experience at Baltimore, Teledyne is qualified for this role.

Based on their performance to date, we believe the Bechtel Corporation well qualified to do this work and recommend this subcontract for your approval.

Also enclosed is our letter of August 11, 1977 to Teledyne National formally terminating our Agreement with them for the Phase I Engineering services now to be supplied by Bechtel. This letter of termination is an outgrowth of our dissatisfaction with the progress of the engineering performed by Teledyne.



OREGON C. U. P. AWARD
Publishers Paper Co. has been named the first recipient of the Oregon C. U. P.
(Cleaning Up Pollution) Award for outstanding achievements in protecting the
environment.

419 MAIN ST., OREGON CITY, OREGON 97045, TELEPHONE (503) 656-5211

R.P.C.-1

In connection with the Teledyne termination, enclosed for your action and payment are Teledyne invoices no. 40601, 40603 and 40604 covering their work to the point of termination. Against the total of those invoices we are requesting the MSD's payment in the sum of \$21,531.00 direct to Publishers.

As the basis for the evaluation of the work performed by Teledyne to the point of termination, we utilized the original scope of work with its respective budgeted hours. Based on time sheets, progress reports, technical reports, and other information supplied by Teledyne during the course of the work, we determined the percentage complete of each of the items of the original scope of work. This analysis is tabulated on the attached drawing and is summarized below:

TELEDYNE CONTRACT COMPLETION

<u>TASK NO.</u>	<u>BUDGETED HOURS</u>	<u>% COMPLETE</u>	<u>HOURS COMPLETE</u>
1	80	100	80
2	60	85	50
3	600	40	240
4			
5	120	10	12
6			
7			
8			
9			
10			
11			
12	100	50	38
13	20	50	<u>100</u>

Total Hours 520

At Average \$30 \$15,600.00

Disbursements:

Invoice No. 40601	2,544.00
40603	2,015.00
40604	<u>1,372.00</u>

\$21,531.00

It is believed by Publishers that this represents a fair and equitable settlement for the value of the work performed by Teledyne under the terms of their subcontract.

October 13, 1977

Page 3

I have reviewed the situation on several occasions with Teledyne and I believe there is general agreement on the facts and status of their work, but needless to say, Teledyne would like reimbursement for the total of their invoices.

However, it is my understanding from Bob Turley of Teledyne, that they will abide by the MSD's decision on fair reimbursement.

Based on your approval of the Bechtel contract by October 14, 1977, we anticipate no delays in the overall project schedule as currently established. Due to the reassignment of work and other problems incurred at the start of the Phase I Engineering we believe we are now slightly behind the original project schedule; but, we believe this time can and will be made up.

While this reassignment of work scope results in an increased commitment of approximately \$7,000.00 over the \$125,000.00 subcontract with Teledyne, it does not affect the contract or contract sum between Publishers and the MSD. As you know, against the contract sum of \$530,000.00 we had previously made commitments of \$474,000.00, leaving \$56,000.00 in uncommitted funds. Of this \$56,000.00 remaining, \$50,000.00 had been designated for contingencies and the \$7,000.00 would be deducted from this contingency fund.

We feel the consolidation of the total engineering effort with the Bechtel Corporation will result in a well thoughtout, integrated design and will result in the least overall project cost.

Very truly yours,

Roy H. Ruel
Chief Engineer



RHR:cn
Enclosures

August 11, 1977

Mr. Robert S. Turley
President
Teledyne National
19601 Nordhoff Street
Northridge, California 91324

Dear Mr. Turley:

Confirming our discussion on Monday, August 8, 1977, we are terminating, as of that date, Teledyne National's services being rendered to Publishers Paper Co. in connection with the design of the Metropolitan Service District's South Processing Plant. This termination is based on Teledyne's failure to perform the required terms and conditions of this Agreement in that the following specific tasks have not been performed or have been performed in an incomplete fashion.

Task No. 2: Prepare Design Parameters

Task No. 3: Describe Alternative Systems Concepts and Evaluate

- A. Report cost and risk factors on each storage alternative, including detail analysis and tests.
- B. Prepare alternative process flow charts with material and energy balances.
- C. Prepare alternate capital and operating cost estimates.
- D. Recommend process flow.

Task No. 8: Specification Preparation

Task No. 12: Market Analysis of Non-Energy Products

Since Teledyne, at that date, had been on the project approximately twelve weeks, these tasks, in accordance with the project schedule, forming a part of the Agreement, should have been essentially completed. A subsequent telephone conversation



OREGON C.U.P. AWARD
Publishers Paper Co. has been named the first recipient of the Oregon C.U.P.
(Cleaning Up Pollution) Award for outstanding achievements in protecting the
environment

419 MAIN ST., OREGON CITY, OREGON 97045, TELEPHONE (503) 656-5211

PPC. 4

Mr. Robert S. Turley
President
Teledyne National
August 11, 1977

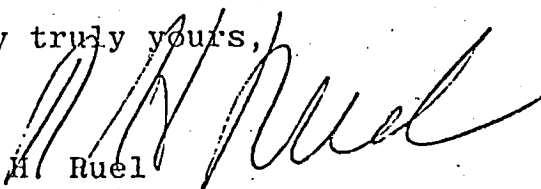
Page 2

with you, wherein you stated that Teledyne had incurred costs in excess of \$50,000, 40% of the budgeted amount, would further indicate that Teledyne should be at this point on their schedule of work tasks. Instead, we find that only the first work task, Tour and Analyze Existing Plants, has been performed.

As I stated in the meeting, we are making this termination with some regret, since we believe the involvement of a firm such as Teledyne, familiar in refuse processing plant operation, is essential to the success of the project.

In order to close this matter we would now appreciate obtaining your final billings in accordance with the Agreement. Also, as previously requested, we would appreciate obtaining your time sheets for your initial billing, as well so that we may recommend this invoice for the Metropolitan Service District's approval.

Very truly yours,


Roy H. Ruel
Chief Engineer

RHR:cn

INVOICE

INVC NO.	40603
DATE	August 1, 1977

SOLD TO: Publishers Paper Company 419 Main Street Oregon City, Oregon 97045	FOR PROJECT: MSD South Processing Plant Phase I Engineering
---	--

TERMS
Net 10 days

CUSTOMER ORDER NO. P. O. No. 17528	JOB NO. 30-012-355
--	------------------------------

ITEM NO.	QUANTITY	DESCRIPTION	UNIT PRICE	EXTENSION
		Professional Services Rendered from July 2 to July 29, 1977		
		<u>Classification</u>		<u>Hours</u>
		Professional Specialist	\$ 41.10	\$ 7,180.17
		Senior Member Professional Staff	31.85	2,073.44
		Member - Professional Staff	19.52	6,303.01
		TOTAL		\$ 15,556.62
		<u>Out of Pocket Expenses (Invoices Attached)</u>		
		Travel	\$ 1,935.77	
		Rent	317.00	
		Other	78.55	
		Sub-Total	2,331.32	
		10%	233.13	
		TOTAL		2,564.45
		TOTAL AMOUNT DUE		<u><u>\$ 18,121.07</u></u>

PPC 7

P. O. Box 805
Northridge, CA 91328

INVOICE

DATED

September 12, 1977

40604

SOLD TO:

Publishers Paper Company
419 Main Street
Oregon City, Oregon 97045

FOR PROJECT:

MSD South Processing Plant
Phase I Engineering

TERMS

Net 10 days

CUSTOMER ORDER NO.

P. O. No. 17528

JOB NO.

30-012-355

ITEM NO.	QUANTITY	DESCRIPTION	UNIT PRICE	EXTENSION
		Professional Services Rendered from July 30 to August 8, 1977		
		<u>Classification</u>		
			<u>Hours</u>	
		Professional Specialist	88.9	\$ 41.10
		Senior Member Professional Staff	16.0	\$ 31.85
		Member - Professional Staff	82.9	\$ 19.52
		TOTAL	187.8	\$ 5,781.60
		<u>Out of Pocket Expenses</u>		
		Travel		\$ 1,372.01
		Rent		94.28
		Sub-Total		\$ 1,466.29
		10%		146.63
		TOTAL		1,612.92
		TOTAL AMOUNT DUE		\$ 7,394.52

PPC 8

Bechtel Incorporated

Engineers—Constructors

Fifty Beale Street
San Francisco, California

Mail Address: P.O. Box 3965, San Francisco, CA 94119



October 10, 1977

Publishers Paper Company
419 Main Street
Oregon City, Oregon 97045

Attention: Mr. Roy H. Ruel
Chief Engineer

Subject: Resource Recovery Facilities
Phase I Engineering
Bechtel Job No. 12434-001
Extra Work (EW-1)
BLP-20 File 2.1

Dear Mr. Ruel:

This letter replaces our letter to you (BLP-14) dated August 16, 1977 for extra work on the resource recovery processing plant facilities. This letter is intended to combine that extra work order with additional services requested by you in recent weeks. The requested compensation is a combination of both efforts.

In accordance with the terms of our Contract (Article III, Changes and Extra Work), we are pleased to submit our proposal for expanded work scope in the area of preliminary engineering of the resource recovery processing plant facilities. Our proposal, contained herein, consists of an outline of scope to be performed by Bechtel, an estimate of manhour efforts and the resultant cost, as well as a discussion on schedule, available personnel and the adequacy of the entire first phase engineering report.

SCOPE

The scope of the work agreed to on the resource recovery processing portion of the project shall be designated Extra Work No. 1 (EW-1). This scope consists of the following new tasks:

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<u>Task No.</u>	<u>Description</u>
H-3	Describe and evaluate alternate processing plant systems, including an analysis of alternate process flow diagrams, preparation of capital and operating costs estimates and recommend a process flow scheme. (The alternates to be evaluated will be generally those discussed at the meeting held on August 3, recorded by Conference Notes No. S-36).
H-4	Prepare Mechanical Layouts, including plans and line layouts of the processing plant equipment and elevations of the critical interface areas.
H-5	Describe all pollutants expected to be emitted from the processing plant.
H-6	Prepare inputs for Construction Analysis, including control system specifications and block diagrams as well as electrical schedule and building layout requirements.
H-7	Not used.
H-8	Prepare specifications or modified specifications for major processing plant equipment.
H-9	Coordinate specifications with suppliers and obtain budget quotations.
H-10	Prepare capital cost estimates for the processing plant equipment.
H-11	Provide input to the economic feasibility analysis prepared by others.
H-12	Not Used.
H-13	Provide general coordination in correspondence, meetings, and schedules.
H-14	Prepare a final report with appropriate sections on the processing plant, including editing and general publications.

Tasks H-1 and H-2 are not a part of this scope. They have been

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performed by others.

<u>Task No.</u>	<u>Description</u>
J-1 Mechanical Layouts	<p>Prepare engineering analysis and evaluation of plant and equipment layouts and criteria relative to <u>operation considerations</u>, including, access, safety, operability, maintainability, etc.</p> <p>State, local and insurance carrier requirements and recommendations will be included in this task as well as an economic evaluation of the costs of protective systems relative to the cost of insurance.</p> <p>Review drawings of the administrative and employee offices and facilities, control rooms, shops, storage and public facilities and provide operational considerations relative to the layout and criteria established.</p>
J-2 Environmental Control	<p>Prepare engineering and environmental analysis and evaluation of the environmental effects of <u>plant operation</u>, including those listed below:</p> <ul style="list-style-type: none">● Fugitive dust● Odor● Vibration● Wastewater discharges● Particulate emissions● Noise● EMI <p>This work will include recommendations for mitigating such environmental impacts associated with plant operation.</p>
J-3 Transportation Analysis	<p>Prepare an evaluation of the following transportation requirements and the effects of variations in the material quality such as sanitary versus non-sanitary landfill and various grades of ferrous products.</p>

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Task No.Description

- Transportation and storage of primary digester sludge and knots used as a supplemental fuel supply for the RDF boiler.
- Transportation and disposal of residue material, including fly and bottom ash and non-combustibles segregated at the front-end facilities.
- Transportation and sale of ferrous and other potential revenue producing by-products, such as aluminum, glass products and flyash.

J-4
Budget
Estimates

Prepare estimates of all annual administrative, operating and maintenance costs and other budget information, including the following:

- Salaries, including all allowances
- Salary indirects
- Maintenance and repair
- Working capital, supplies, spare parts and consumables.
- Revenues
- Evaluation of O&M costs versus capital investments.

Prepare detailed operating organization charts, staffing requirements and schedules, complete with annual operating budgets.

J-5
Market Analysis
of Non-Energy
Products.

Prepare a market analysis of non-energy products, including the following:

- Material quality requirements
- The market and projected base pricing schedule for ferrous metals.

Task No.Description

J-6

Reports & Data

This market assessment will include analyses of existing and future markets and the anticipated stability and continuity of said markets.

Letters of Intent for the above products will be obtained.

The following information will be included in weekly and monthly status reports for the above tasks:

- Statement of work accomplished during the previous report period.
- Statement of work forecasted for the following reporting period.
- Project personnel.
- Project organization chart (monthly report only).

SUPERVISION & FINAL REPORTS

In addition to the above tasks, Bechtel will supervise and review the activities of Teledyne National, as a subcontractor for certain tasks, update the project schedule, prepare material for the PAC meetings and provide editing and art work for the above tasks in the final report.

MANHOURS AND COSTS

Based on the foregoing scope, we have estimated a manpower requirement of approximately 3300 manhours to be expended within the anticipated schedule. This effort will require a compensation of \$110,000, and we propose that this be added to the lump sum amount presently contained

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in the Contract - Article IIa (new total of \$434,000). EW-1, therefore, would be a lump sum to be paid in equal monthly amounts over the course of the remaining five months (October through February). No change will be required to Article IIb - Manner and Times of Payment. As in the case of the current scope of work, we will provide you with a monthly progress report which indicates the degree of completion of each of the EW-1 scope items in support of our monthly billings.

SCHEDULE

With your timely approval of the scope and cost above, and anticipating a notice to proceed date of no later than October 12, 1977, we believe that no resultant change in overall schedule should be incurred. As you are aware, we are unable to subcontract work to Teledyne until you have reached a settlement on previous activities in this program. It is recognized that the overall CPM type schedule will have to be modified to reflect this scope revision and to establish new milestone dates.

This work, plus the detail work planning necessary for control will be the first efforts completed. The resultant new milestones will be submitted for approval before the schedule is issued, hopefully, before the PAC meeting scheduled for October 12, 1977.

PERSONNEL

Bechtel has the resources immediately available for the increased scope. Personnel familiar with front-end processing requirements will be brought onto the project as needed, both in San Francisco and Oregon City. Suppliers will be contacted and a series of presentations will be scheduled regarding equipment selection and processing configurations. Bechtel will utilize personnel familiar with front-end processing facilities to coordinate and review the activities of Teledyne National for the work subcontracted to them. The present Bechtel facilities in Oregon City and San Francisco are more than adequate for the increased efforts.

ADEQUACY OF THE ENTIRE PROGRAM

It is recognized that this change order provides the information necessary to complete the resource recovery processing inputs as well as operation and marketing requirements necessary for the entire scope of work envisioned for the project. With the expected inputs from Times Mirror, Publishers Paper and White, Weld Co., Inc., on the financial and institutional portions of the project, we believe that the product of our

Publishers Paper Co.


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collective efforts will be entirely sufficient for the intended purposes of the first phase engineering program. We have already begun the "H" tasks as authorized by you verbally, and we are proceeding with subcontract discussions on the "J" tasks.

Should you have any questions on the scope, costs or other data presented in our proposal for EW-1, please call me at (415) 768-3772 or Frank Cain on (415) 768-7028. We look forward to your approval, and wish to thank you for the opportunity to propose on this work.

Sincerely yours,


J. G. Dillon
Vice President

JGD:sc

OTHER BUSINESS

77-938 ZOO DIVISION TRAVEL REQUEST

ON NOVEMBER 2 PROJECT DIRECTORS FOR GRANTS FROM HEW'S FUND FOR THE IMPROVEMENT OF POST SECONDARY EDUCATION PROGRAM ARE MEETING IN ZION, ILLINOIS. THIS IS A REQUEST THAT OUR GRANT DIRECTOR, VICTOR STEVENS, BE ALLOWED TO ATTEND THIS CONFERENCE. THE MONEY IS BUDGETED IN ACCOUNT 26.1-608. THE COSTS WILL BE AS FOLLOWS:

FOOD AND LODGING	\$ 62.50
TRAVEL	320.00
REGISTRATION	10.00
TOTAL	<u>\$392.50</u>

THE STAFF RECOMMENDS APPROVAL FOR VICTOR STEVENS TO ATTEND THE NOVEMBER 2 MEETING AT A COST NOT TO EXCEED \$392.50.

**METROPOLITAN SERVICE DISTRICT
BOARD ACTION**

NO. 77-938 DATE 10-14-77

	YES	NO	ABST.
BARTELS	/		
GORDON	/		
McCREADY	/		
ROBNETT	/		
SALQUIST	/		
SCHUMACHER	/		
MILLER, CHAIRMAN	/		

Jean McLaughlin
Clerk of the Board

OTHER BUSINESS

77-939 SB 714 EFFECT ON MSD EMPLOYEE FRINGE BENEFITS FOR PREGNANCY

SB 714 WHICH BECAME LAW OCTOBER 4, 1977, REQUIRES THAT PREGNANCY BE TREATED THE SAME AS ANY OTHER CONDITION AS FAR AS EMPLOYER-PROVIDED FRINGE BENEFITS. WE RECEIVED THE ATTACHED NOTICE FROM OUR LONG-TERM DISABILITY INSURANCE CARRIER FOR NON-UNION EMPLOYEES WHICH STATES THAT TO COVER PREGNANCY IN THE CURRENT PROGRAM WILL REQUIRE A RATE INCREASE FROM .57% TO .65% WHICH IS APPROXIMATELY AN INCREASE OF \$38 PER MONTH TOTAL. WE HAVE BEEN ASSURED BY UNION 483 THAT OUR BASIC HEALTH BENEFIT PACKAGE COMPLIES WITH THE NEW STATE LAW.

THE BOARD HAS TWO OPTIONS:

- 1) TAKE NO ACTION IN WHICH CASE OUR PROGRAM WILL BE EXTENDED FOR PREGNANCY WITH THE COST INCREASE SHOWN ABOVE.
- 2) NOTIFY THE INSURANCE CARRIER WE DO NOT WISH OUR POLICY CHANGED FOR PREGNANCY WHICH IN EFFECT MEANS MSD WILL BE SELF-INSURING ANY MATERNITY CLAIMS WHICH ARISE.

THE STAFF RECOMMENDS OPTION (1) (NO ACTION BE TAKEN) AND AUTHORIZE THE INCREASE IN TOTAL BENEFIT COSTS OF APPROXIMATELY \$38 PER MONTH.

STANDARD INSURANCE COMPANY
October 11, 1977



Metropolitan Service Dist.
Attn: Chuck Estes
1220 SW Morrison
Portland, OR 97205

home office: Portland, Oregon 97207
P. O. Box 711
(503) 248-2700

#379554

RE: MATERNITY BENEFITS

In mid-September you received an informational letter from us stating that S.B. 714 was to become law on October 4, 1977, and that the bill required that pregnancy be treated the same as any other condition as far as employer-provided fringe benefits in Oregon are concerned.

UNLESS YOU TELL US OTHERWISE, YOUR POLICY WILL BE AUTOMATICALLY AMENDED AS OF OCTOBER 4, 1977 TO COVER PREGNANCIES IN THE SAME MANNER AS ILLNESSES. YOUR NOVEMBER PREMIUM STATEMENT WILL SHOW A HIGHER PREMIUM TO REFLECT THE INCREASED COVERAGE. THE AMENDMENT WILL BE EFFECTIVE AS SOON AS YOU PAY THE INCREASED NOVEMBER, 1977 PREMIUM. ONLY PEOPLE WHO ARE ACTIVELY AT WORK AFTER OCTOBER 2, 1977 WILL BE COVERED FOR PREGNANCY RELATED DISABILITY

Your current premium rate (without maternity benefits) is .57%

The premium rate with pregnancy related disability benefits included will be .65%

This new rate is based on some assumptions concerning the age distribution and number of females in your group. This rate will be used until your next renewal date, at which time a more accurate calculation can be made.

IF YOU DO NOT WANT THIS CHANGE MADE IN YOUR POLICY, PLEASE LET US KNOW BY OCTOBER 15, 1977 AND WE WILL PREPARE YOUR NOVEMBER PREMIUM STATEMENT AT THE LOWER RATE.

If you do want this change made in your policy, no action is required except to pay the increased November, 1977 premium when you receive the premium statement. A formal amendment will be sent to you at a later date.

We regret that this change in your policy and the increase in the premium rate could not be made in a more orderly and timely fashion. However, we were prevented from acting sooner because no rulings had been made on the law by the State of Oregon until a few days ago.

Sincerely,

Wayne V. Roberts
Wayne V. Roberts, Actuary
Group Insurance Department

WVR/mb

Approx \$38 MORE @ MONTH

