

MINUTES OF THE COUNCIL BUDGET COMMITTEE
OF THE METROPOLITAN SERVICE DISTRICT

March 17, 1992

Council Chamber

Committee Members Present: George Van Bergen (Chair), Sandi Hansen
(Vice Chair), Jim Gardner, Judy Wyers

Committee Members Absent: Richard Devlin

Other Councilors Present: Ruth McFarland, Roger Buchanan

The meeting was called to order at 6:00 p.m.

■ PHASE I - FY 1992-93 PROPOSED BUDGET

Chair Van Bergen stated the purpose of Phase I of the Budget Process was to hear the budget requests from Metro departments, raise questions and/or issues which need to be resolved during the process, hear from Council staff regarding questions or issues, and provide information to members of the Governmental Affairs Committee for comment on the proposed budget during the latter part of the process.

1. SOLID WASTE REVENUE FUND

A. Revenue Estimates

Solid Waste Director Bob Martin introduced the department's Finance Director, Roosevelt Carter, who presented a handout to the Committee outlining solid waste revenues and expenditures in all departmental accounts. This document has been made a part of the permanent meeting record. Mr. Carter went on to give an overview of each account. In response to Councilor McFarland, Mr. Carter confirmed solid waste rates had not yet been set. Mr. Carter explained interest was earned on pass through monies held in Metro accounts for debt service payments on the composter. John Houser, Council Analyst, noted the document before the Committee stated the rate was based on 1.09 million tons, and said both the program narrative in the budget notebook and the proposed budget document indicated the rate was based on a 1.13 million ton estimate, and he asked from which figure the revenue rates were derived. Mr. Martin said the difference in the two figures represented recycling by OPRC and East County Recycling, both of which, he noted had been exempted from paying Metro rates to the extent that waste is recycled including payment of user fees. He said this was reflected in the 1.09 million ton figure, even though 1.13 million tons was expected to be received at the facilities. In response to Councilor Wyers, Mr. Martin said the department planned to bring forward an itemized projection of revenue estimates at each facility.

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COUNCIL BUDGET COMMITTEE

March 17, 1992

Page 2

B. Operating Account Programs

Mr. Martin discussed assumptions regarding facilities, and said it was assumed Metro South and Metro Central would continue to operate FY 1992-93. He noted the assumption regarding suspension of compost facility operations until a projected date of February 1993 was uncertain, and said no restart date had been submitted by the owner, Credit Suisse. Mr. Martin said this assumption impacted the amount budgeted and noted the department's estimate was subject to change based on potential changes in the situation. Mr. Martin said although the current fiscal year's proposed budget included an additional gatehouse operation start up in a Washington County transfer station, it was now known this would not occur, and said the proposed FY 92-93 budget contained no requests for new personnel for gatehouse operations. He said additional issues in the budget included the ramifications of the reorganization of the Planning Department by the Executive Officer, effective April 1, 1992. He said the Solid Waste Department would receive four FTE positions from the current department, and noted a transfer payment to support the Recycling Information Center. He said proposed changes would reflect a net overall reduction from 86.8 FTE, current fiscal year, to 80.15 FTE, proposed.

► Administration

Judith Mandt, Administration Manager, described the function of the Administration Division as being divided into four areas: 1) department management and administration; 2) support services for Solid Waste Divisions; 3) administration of solid waste records; and 4) staffing for three Community Enhancement Program Committees. She said the proposed FY 92-93 budget reflected an increase for the Administration Division from \$431,173 FY 91-92 to \$541,409, of which \$66,000 were increases in Personal Services from Cost of Living Allowances and merit increases. She said the Materials & Services category was increased \$44,000 due to consumer price index increases, line item costs previously budgeted in other divisions combined into Administration; e.g. postage, printing and telephone costs.

► Operations

Sam Chandler, Solid Waste Facilities Manager, referenced page 7 of the handout and noted Personal Services were increased by \$312,138 due to pay increases and a fully staffed Household Hazardous Waste (HHW) Facility at Metro South, the development and staffing of a new HHW facility at Metro Central and additional staff at St. Johns Landfill.

He said a \$1.1 million budget was proposed for the Metro South facility and \$756,000 for Metro Central based on planning estimates prior to actual operation. He said currently after six weeks of operation there was concern that the \$1.1 million figure could be \$200,000 too low. He said actual cost per month was approximately \$105,000 with 250 customers per week. Chair Van Bergen noted customer cost to Metro was about \$100 each. Mr. Chandler commented Metro's Household Hazardous Waste single

COUNCIL BUDGET COMMITTEE

March 17, 1992

Page 3

day events cost approximately \$130,000 each, about \$200 per customer. Mr. Martin suggested a unit limitation was possible, but said ways to save cost to Metro could deter use of the facility. Mr. Chandler noted state law prohibited charging the customer. The Committee discussed legislation and staffing issues concerning the HHW facilities.

Mr. Chandler noted budgeted amounts for the closure of St. Johns Landfill appeared to be adequate.

► Budget and Finance Division

Mr. Carter referenced page 5 of the departmental handout, the Budget and Finance Division, and said the division was responsible for developing and monitoring the department's annual budget, rates, administration, data base and information management. He called the Committee's attention to an increase in Personal Services due to cost of living and merit increases plus the transfer of 1.00 FTE from the Engineering and Analysis Division to the Budget and Finance Division. He said an increase in the Materials and Services area of \$864,000 related to dues and payments to other agencies was formerly associated with individual facilities in the Operations Division and had been transferred to the Budget and Finance budget.

► Engineering and Analysis Division

James Watkins, Engineering & Analysis Manager, referenced page 7 of the departmental handout, and said the department was responsible for development of major waste disposal system facilities and projects from the planning phase to operations. He noted the permanent staffing level had decreased from FY 1991-92 as explained in the report, and noted an overall 17% increase in Personal Services. He said Materials and Services had an overall reduction of 37%. He noted the overall Engineering & Analysis budget had a total increase of less than \$2000 proposed for FY 1992-93. He said goals of the division were closing the St. Johns Landfill, development of a transfer and material recovery facility in Washington County, construction of a HHW facility at Metro Center, roof repair at Metro South and restarting the compost facility.

Chair Van Bergen asked Mr. Houser for an overall review explaining the reasons for the interdepartmental transfers of engineer positions since it was his understanding such transfers were not feasible due to specific engineer abilities. Mr. Watkins noted development of construction management services capabilities, and said a transfer of 0.5 FTE was a training experience looking toward the goal of reduction of construction management services currently provided at the landfill. He said he had sacrificed a 0.5 FTE to work on the Sears building in order to gain additional experience on such a facility.

► Waste Reduction Division

Waste Reduction Manager Debbie Gorham referenced page 11 in the departmental handout and said the division was responsible for the reduce, reuse, recycle, compost and recover before landfilling programs for the region. She said the goal was to reach 50% recycling and recovery by the year 2000, and said the state law goal for 1995 was 45% if the compost facility was in operation and contributing to that goal, or 40%, if not. She said no increases were proposed to the Waste Reduction staff, and referenced other highlights as outlined in the handout such as the 1% for Recycling Program, Home Compost Demonstration sites in the region and continuation of market research and development of recycled products, and the "Buy Recycled" conference.

In response to Councilor Gardner, Ms. Gorham said the Home Compost Demonstration sites would be conducted with a contract award rather than with a Metro employee. Councilor Wyers noted this issue would be discussed further as a policy question. In response to Chair Van Bergen, Ms. Gorham said compliance with the DEQ waste reduction Order was near 98% complete with high grade materials recovery facilities for the region under current discussion, and she noted the final reporting requirement was set for January 1993.

► Planning Team

Mr. Martin described the proposed budget for the Planning team within the Solid Waste Department totalling 4.0 FTE, \$287,659, and said discussions were underway to further develop the solid waste planning effort. Councilor Wyers asked what was the basis for budgeting for four additional planning staff without a work program. Mr. Martin said it was his intention that by the time the transfer occurred the first of April a work schedule would be framed. He said originally 6.5 FTE were budgeted in the current fiscal year in solid waste planning, and said the 4.0 FTE represented a reduction in effort assigned to solid waste planning and a transfer of the remaining effort to the Solid Waste Department.

Deputy Executive Officer Dick Engstrom agreed with Mr. Martin and agreed Councilor Wyers' request for a clear work program for the staff under discussion was appropriate. He said before the budget process was completed such a program would be made available.

► Public Affairs

At the request of the Chair, Vickie Rocker, Director of Public Affairs, and the rest of the Committee agreed since three of the four Councilors present had heard the Public Affairs Proposed Budget, she would brief Councilor McFarland individually at another time.

COUNCIL BUDGET COMMITTEE

March 17, 1992

Page 5

► St. Johns Closure Account

James Watkins, Solid Waste Engineering & Analysis Manager, referenced page 10 of the handout from the department, and said the two figures represented on the bar chart of \$10 million and \$16.2 million were not to be added together, but rather, he said, represented an appropriation level for contracts overlapping from one fiscal year to the following. He outlined St. Johns Closure Account highlights as described in the handout.

Chair Van Bergen commented regarding his concern about the size of the fund amounts for the landfill closure. Mr. Watkins noted the ending fund balance available as of June 30, 1991 was \$28.6 million, and said the department had expended approximately \$2.6 million as of June 1991.

In response to Councilor Hansen, Mr. Watkins said closure costs for Midway Landfill in Southeast Seattle had been approximately \$90 million, which included property costs surrounding the landfill. He said the purchase of subgrade embankment material was adding cost to the St. Johns closure, and noted the landfill was settling at a greater rate than had been anticipated.

Councilor Gardner raised questions regarding potential long term costs for mitigation of future unknown problems and possible maintenance of a permanent reserve. Mr. Watkins said Metro was obligated to do a risk assessment of the landfill, and noted a staff member would be starting the process in April, 1992 to prepare documents for hiring a firm to conduct the work.

Mr. Martin said the original closure plan included estimates for 10 years of monitoring and maintenance according to state law at the time, and said federal law had since extended that responsibility to a thirty year period.

► Construction Account

Mr. Watkins referenced page 9 of the handout, and said the bar graph did not reflect \$3.5 million FY 1991-92 plus \$1,090,000 FY 1992-93 in expenditures, but said rather it was an appropriation level. He said approximately \$1,020,000 was in the account, and said interest earnings on the account funds were not currently known. He said current estimates for cost of design and construction of the HHW facility at Metro Central were at \$1,020,000 leaving no contingency funding. He noted the rule was to appropriate approximately 5% to contingency.

Chair Van Bergen questioned the necessity for a second HHW facility, and Councilor Wyers questioned the amount of funding for contingency. Mr. Watkins clarified a distinction concerning modifications costs.

COUNCIL BUDGET COMMITTEE

March 17, 1992

Page 6

▶ General Account

Mr. Watkins referenced page 8 of the departmental handout and noted the 60% overall reduction in appropriation level in the General Account from the FY 1991-92 budget, and he outlined the major projects for which capital purchases from the account would be made as highlighted in the handout.

▶ Renewal and Replacement Account

Mr. Watkins referenced Attachment A of the handout which briefly described each of the Solid Waste accounts, and said the Renewal and Replacement Account was established for all capital assets of the Metro Disposal System for repairs to or the replacement or renewal of capital assets, and was not for costs of extensions, improvements or additions.

Mr. Watkins said the roof at Metro South had been evaluated by an engineer and repairs were deemed necessary. He noted the account was funded at approximately \$1.2 million and the repairs were expected to cost approximately \$540,000. He said a firm would be retained this year to study the levels at which this account should be maintained for the purposes intended.

In response to Councilor McFarland, Mr. Watkins said the funding for this account was from rates.

Chair Van Bergen raised an issue regarding responsibility for the roof problems and Mr. Martin indicated he would review with Counsel the possibility of pursuing a claim against the architect.

- ▶ Debt Service Account
- ▶ Master Project Account

Mr. Carter referenced Attachment A in which the purpose of both the Debt Service and Master Project Accounts was described. He noted \$2.7 million in the proposed budget FY 1992-93 for the Debt Service Account and \$2.8 million in the Master Project Account.

Mr. Carter said the operator of the composter facility must collect revenue to cover their debt service which would be paid to Metro then passed through the Master Project Account to the trustee and then the bondholders.

Bob Ricks, Finance & Management Information Senior Management Analyst, commented that Metro debt service overall was reviewed by a Finance & Management Information staff person, noting individual departments were responsible for their areas.

COUNCIL BUDGET COMMITTEE

March 17, 1992

Page 7

► Contingency

Mr. Martin said two types of Contingency funds were represented in the FY 1992-93 Proposed Budget: 1) Restricted Contingency, applicable only to specific uses; e.g. St. Johns Closure Project or Renewal and Replacement Contingency; 2) Operating Contingency, applicable as protection from inaccuracies in tonnage forecasting. He said a summary of the \$5.4 million Contingency was approximately \$1.9 million Operating Contingency, \$2 million Restricted Contingency for St. Johns Closure, and \$1.55 million for Renewal & Replacement Unrestricted Contingency. Mr. Martin said he believed tonnage forecasting would improve in accuracy based on improvement in methods used.

► Transfers

Mr. Martin referenced a document handed out to the Committee showing a comparison of total transfers between fiscal years 1991-92 and 1992-93. This document has been made a part of the permanent meeting record.

The Committee and staff discussed a FY 1992-93 Proposed Budget loan of \$390,000 to the Transportation Department for a vehicle registration program. The Committee was interested in further review of the issue. Mr. Martin noted a total decrease in transfers of \$163,730 or a 2.71% decrease. In response to Councilor Gardner, Mr. Martin said although the Planning Department decreased from \$1.21 million to \$0, \$288,000 was proposed in the Solid Waste Operating Budget FY 1992-93 to support the portion of the Planning Department moved to the Solid Waste Department, and said the funds were reflected in the budget as a transfer.

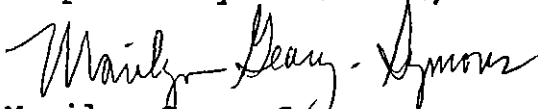
► Rehabilitation and Enhancement

Judith Mandt, Administrative Manager, outlined features of approximately \$465 thousand to be transferred to communities for rehabilitation and enhancement or to mitigate the impact of operating disposal facilities in those communities. She said three Metro Enhancement Committees were currently functioning, noting the North Portland Enhancement Committee was in its fifth year of operation, and briefly described the activities of the other enhancement committees.

Councilor Wyers requested Mr. Houser draft a list of policy issues raised at the meeting.

There being no further business, the meeting adjourned at 8:25 p.m.

Respectfully submitted,



Marilyn Geary-Symons
Committee Clerk