

MINUTES OF THE METRO COUNCIL SOLID WASTE COMMITTEE

January 11, 1994

Council Chamber

Committee Members Present: Ruth McFarland (Chair), Roger Buchanan (Vice Chair), Sandi Hansen, Susan McLain, R Monroe, Judy Wyers

Other Councilors Present: Richard Devlin, Mike Gates, Terry Moore, George Van Bergen, Richard Devlin

Committee Members Absent: Judy Wyers

Chair McFarland called the special meeting of the Solid Waste Committee to order at 6:03 p.m.

1. Solid Waste Updates

- General Staff Reports

No staff reports.

2. Ordinance No. 94-527. For the Purpose of Granting a Franchise Renewal to Ambrose Calcagno, Jr., DBA A.C. Trucking For the Purpose of Operating a Solid Waste Transfer Station and Declaring an Emergency

Bob Martin, Director of the Solid Waste Department, addressed the Committee and said the proposed ordinance would grant a franchise renewal to A.C. Trucking for the Forest Grove Transfer Station currently in operation under the existing franchise.

Main Motion: Councilor Monroe moved to recommend Ordinance No. 94-527 to the full Council for adoption.

James Watkins, Engineering and Analysis Manager, addressed the Committee and highlighted components of the franchise application by A. C. Trucking. He referenced a memorandum from Mr. Martin dated January 11, 1993 regarding the Forest Grove Franchise. This document has been made part of the permanent meeting record. Mr. Watkins referred to the chart on the last page of the memorandum entitled "Forest Grove Transfer Rate Analysis." He noted among the options included should Metro waste tonnage to Columbia Ridge exceed 70,000 tons the transportation rate would increase from \$7.50 to \$15.46. He noted also that payment of excise tax would occur on waste from outside the district to the transfer station.

In response to Councilor McLain, Mr. Martin said the waste stream was growing in the 4% to 5% range and it was expected that growth would continue. Councilor McLain asked if more specific information regarding tonnage forecasts was available. Mr. Martin said he could provide information regarding general tonnage forecast predictions, and said there were no changes in the current forecasts. Mr. Martin indicated a further discussion regarding forecasts was upcoming later in the discussion.

The Committee and Staff discussed the transfer rate analysis and the franchise application further. In response to Councilor McFarland, Mr. Martin discussed objectives he felt were satisfied with the proposed franchise: 1) the arrangement of the economics of the franchise agreement would keep the existing franchiser whole and not penalized for a good deal Metro was able to make; and 2) Metro's option to decide where the waste goes would be preserved. He said should Metro take advantage of the negotiation recommended by the Department with Oregon Waste Systems, it would result in a \$8.3 million savings to Metro. He said, in return for the savings to Metro, OWS would not have to sustain an increase in current levels of disposal and transportation costs. Mr. Martin noted should the Council not approve the OWS amendments, the work would be put out to bid. Mr. Martin felt such a bid would be at least as good as current transport and disposal costs. Mr. Martin said approval

of the OWS amendment would offer OWS a rate lower than Metro's actual cost, giving Metro access to \$8.3 savings to share with the region's rate payers.

Chair McFarland emphasized Metro's options were kept open by the proposed franchise agreement and amendments.

In response to Councilor Devlin, Mr. Watkins said different rates could be set by franchisees for outside the county waste, which might be done in order to attract such waste.

Mr. Watkins referenced a document entitled, "Proposed Amendments -- Forest Grove Franchise" dated January 11, 1994, and briefly reviewed the proposed amendments. This document has been made part of the permanent meeting record.

Mr. Watkins referenced the January 11, 1994 memorandum from Mr. Martin, which contained responses to questions relating to the Forest Grove Transfer Station Franchise posed by John Houser, Council Analyst, in his memorandum to the Solid Waste Committee dated January 10, 1994 and briefly reviewed the eight questions and responses from the Department.

In response to Councilor Moore, Mr. Watkins said Metro had a linkage with the datanet at the transfer station, but indicated there was no physical on the spot check made.

Department Staff presented a map charting the routes and existing as well as proposed bypasses. Councilor McLain noted one way streets in the area shown on the map.

In response to Councilor Moore, Mr. Martin felt other factors would offset whether trucks were bigger or smaller, carrying larger and lesser loads. In response to Councilor Moore, Department Staff discussed whether the compactor in place at the transfer station might attract more out of county waste.

In response to Chair McFarland, Mr. Houser concluded Department Staff had answered his questions to his satisfaction.

Councilor McLain indicated she had received phone calls from constituents including the Mayor of Forest Grove and City Councilors with concerns about the transportation routes and noise as well as the 70,000 tonnage cap. Mr. Martin said the Department would continue to maintain a proactive position with regard to determination of transportation routes and welcomed feedback from the local jurisdictions.

At this time Councilor McFarland noted any material for review and consideration should be entered into the record prior to 9 p.m. as anything thereafter would be set over to the next Committee meeting.

In response to Councilor Monroe, Mr. Martin said he believed the transfer station was near a rail line. Councilor Monroe felt the possibility of a rail spur to the transfer station should be pursued, and he requested further information. Mr. Martin said should another method of transport other than trucking be feasible and reasonable, environmentally and economically, he would be interested in looking into such a possibility.

Mr. Martin urged adoption of the proposed ordinance.

Chair McFarland opened a public hearing.

Rod Adams, Attorney for A.C. Trucking, addressed the Committee, and said the proposed franchise agreement would allow A.C. Trucking to continue its franchise and deliver to Riverbend landfill at the current market rate. He said it would allow Metro to take over the disposal and/or transport as it wished without substantially affecting the current competitive rates; that is, he said Metro would contractually retain the option to direct the flow of the waste. Mr. Adams commented on the proposed 70,000 cap amendment and said they were ready to accept the

amendment. He said A.C. Trucking had agreed to fund a compactor should Metro require a compactor at the disposal site Metro chose. He said his company's plans included a pick and sort system which could be implemented at the time a change in the disposal site was completed. He said sound walls and other sound deadening devices were to be constructed to decrease transfer station noises. Mr. Adams said the customer base served by the transfer station was consistently the same as it had been in the past, but noted growth in the area. He said they did not want to lose tonnage because their tonnage could go to 70,001, and thus his company acceded to pay the higher rate to go over the 70,000 cap.

Mr. Adams responded to questions from Councilor Van Bergen. Question #1: Could the facility be moved? Mr. Adams' reading of the franchise was that it was for a specific location, and moving the location would require Metro approval. Question #2: Where does the material come from? Mr. Adams said the material came from the western portion of Washington County. Question #3: How about a change of ownership? Mr. Adams' reading of the franchise indicated a change of ownership in excess of 5% would require modification and approval by Metro. Mr. Adams discussed the transfer stations' right to bring waste from outside the district and said that right was preserved. He noted payment to Metro of excise tax was required on such waste, however. Mr. Adams said A.C. Trucking was satisfied with the proposed franchise agreement, said he believed it conformed with the original Washington County Regional Solid Waste Plan (RSWMP), noting he had read a letter from Washington County Commissioner Bonnie Hayes to the same effect. He urged the Committee to recommend the proposed ordinance for adoption with the proposed amendments.

In response to Councilor McLain, Mr. Adams said his company was comfortable whether the waste either went to River bend or to Arlington

Councilor Devlin's inquired about impact on the rate of return, which had been stated at approximately 14% without the compactor, should the compactor be installed. In response to Councilor Devlin, Charles Marshall, A.C. Trucking, said the company was negotiating at this time for a reduced cost of the compactor below market price, and said should that negotiation prove successful, he felt the rate of return would be slightly lower but not significant. He said modifications to either the transfer station itself or traffic patterns would not be significant.

Councilor Devlin requested Department Staff provide an analysis of cost of installation of the compactor.

Motion to Amend: Councilor McLain moved the recommend the amendments to Ordinance No. 94-527 as proposed Department Staff.

Vote on Motion to Amend: Councilors Hansen, McLain, Monroe and McFarland voted aye. Councilors Buchanan and Wyers were absent.

The vote was unanimous and the motion passed.

Mr. Adams commented regarding an audit of weights which was recently accomplished at the transfer station and at Riverbend by the Metro Finance and Management Information Department. He felt the audit was thorough and credited the FMI Department with good work.

Councilor McLain referenced her additional proposed amendments which were distributed to the Committee and made available to the public at the meeting. The first amendment was related to the 70,000 CAP and the second amendment, Franchisee to Determine Ultimate Disposal Site. This document has been made a part of the permanent meeting record. Councilor McLain indicated she did not wish to further the amendments at this time.

Vote on Main Motion as Amended: Councilors Hansen, McLain, Monroe and McFarland voted aye. Councilors Buchana and Wyers were absent.

The vote was unanimous and the motion passed.

3. Resolution No. 93-1848. For the Purpose of Authorizing the Executive Officer to Enter into a Franchise Agreement with Willamette Resources, Inc. (WRI) for Construction of the Metro West Station

Mr. Martin presented the staff report, and indicated he did not support entering into a franchise agreement with WRI for construction of Metro West Station at this time.

Mr. Martin discussed proposed plans for diverting waste to Metro Central, and responded to Councilor Hansen in the affirmative that such plans had been reviewed with the haulers.

The Committee and Staff discussed ways and means of diversion of waste to Metro Central further. Councilor Monroe indicated the Committee would be interested in timely reports concerning diversion plan implementation.

Councilor Hansen expressed interest in new figures. Mr. Martin indicated he intended to present figures to the Rate Review Committee January 12, 1994 at 5:30 p.m.

Motion: Councilor Hansen moved to forward Resolution No. 94-1848 to the full Council without recommendation.

Chair McFarland recessed the Committee at 8:15 p.m.

Chair McFarland reconvened the Committee at 8:22 p.m.

Chair McFarland opened a public hearing.

Merle Irvine, Vice President, Willamette Resources, Inc., addressed the Committee, and referred to the statement of the Executive Officer in July 1993 in which she opposed the Wilsonville transfer station. He recalled she stated that tonnage was declining and that Staff had projected the trend would continue or level out, creating an excess capacity in the existing system, in which case a new facility was not needed. Mr. Irvine recalled the Executive Officer stated Staff's projected rate impact of \$4.15 per ton should Wilsonville be put on line, was too much of a financial burden for the region's rate payers. Mr. Irvine was concerned over the Staff's projections of declining waste, and noted actual tons to the transfer station system in 1992 represented a 5% increase in tonnage over previous years. Mr. Irvine said his company had requested ECO Northwest and Reiter Northwest to conduct an independent outlook through FY 2000 for WRI to analyze why Metro forecasted declining tonnage, to provide a tonnage forecast using standard adopted forecasting procedures, and to examine the Synergetic Resources report presented to the Committee recently.

Paul Reiter, Reiter Northwest, presented on overhead display their review of Metro's March 1993 Waste Forecast as well as their independent outlook through the year 2000. A document containing hard copies of the Reiter Northwest/ECO Northwest presentation has been made part of the permanent public meeting record. Mr. Reiter contended Metro's March 1993 forecast methodology was not technically defensible nor did it support policy analysis or produce logical results. He said the recent declines in Metro's tonnages were primarily due to three factors: the economic downturn, the ramping-up of curbside recycling, and the rapid increase of Metro's prices vis-à-vis its competitors. Mr. Reiter noted tonnages prior to 1990 were growing at about 4% per year, which he said was an overstatement in the long run due to a period of rapid economic growth. He said tonnages were beginning to grow again noting 1993 increases. He said factors affecting tonnage were increases in employment, population and construction. He felt the economic downturn was slowing and noted stabilizing prices. Mr. Reiter said as of November 1993, 1993 tonnages were up 32,400 tons over 1992. Mr. Reiter felt precision in forecasting was not likely but said with given parameters sound assumptions could be made with four to five year projections. He felt tonnage projections should be at approximately 1.4% to 1.7% per year. He noted using the SRC model to forecast tonnage an increase of about 2% per year in tons would occur, and noted employment was projected to increase again, affecting tonnage projections in kind. Mr. Reiter commented Synergetic Resources Corp., hired by Metro, had appeared before the Committee and had made similar points.

Mr. Irvine felt increasing tonnages would help stabilize the Metro rate system. He noted that using the Metro decreasing model showing a tonnage base of 463,000 tons, tonnage rates would rise according to one Metro projection in the year 2001 to a regional rate of \$126 per ton. Mr. Irvine noted WRI's previous letter of credit had been a matter of concern, and said a new letter of credit had been obtained as a resource for WRI from the U.S. National Bank of Oregon as of December 30, 1993 with more favorable terms including an annual fee of 1% and an initial term of 5 years with three 5 year options for renewal. He noted Congressional legislative decisions concerned with flow control were about 50/50 either in favor and against.

Mr. Irvine recalled Mr. Adams' previous comments regarding a possible negative impact on the Forest Grove facility should the Wilsonville facility be built, which resulted in doubt whether Forest Grove could operate profitably in that event. He referenced the Forest Grove franchise application, Exhibit 241, Schedule 1.6, containing a table showing, at the 70,000 ton current level, a profit of \$400,000 on \$1.5 million gross revenue. Mr. Irvine noted this was 25% profit, which he said was an attractive profit margin. He said Mr. Adams testimony before the Committee was not consistent with what was submitted in the Forest Grove franchise application. Mr. Irvine felt Mr. Adams' testimony was directed at closing the gap on competition rather than on facts.

Mr. Irvine closed with comments on the statement to the Committee made by the Executive Officer on June 15, 1993 in a previous Committee meeting, in which he recalled she had stated the franchise negotiated between WRI and Staff was an excellent franchise and the best way to implement the Washington County chapter of RSWMP. He recalled the uncertainties, e.g. economic downturn, tonnage declines, and subsequent excess capacity in the system as expressed by the Executive Officer were grounds for her recommendation not to build. Mr. Irvine questioned whether the same set of factors still applied.

Mr. Houser discussed the forecast model comparison made on page 3 of the document concerning Snohomish County, Washington, noting at a point in the future beyond 1995 a similarity between the two regions seemed to disappear. Mr. Reiter commented the Boeing industry and employment force had an impact on the forecast, noting more rapid growth prior to 1990 and said both the industry and the employment force had softened and declined.

In response to Mr. Houser, Mr. Reiter said he arrived at the 100,000 ton recycling figure by working from 80% to 90% of what Seattle had accomplished. He said he had not contacted anyone at SRC to further verify agreement with what he had produced using their figures. He indicated he had used their documentation and felt assured that Metro would rebut if appropriate.

In response to Councilor Devlin, Mr. Irvine said he would provide comparison of costs in his franchise proposal to the Forest Grove proposal.

Robert Peterson, Beaverton resident, addressed the Committee and felt Metro was behaving responsibly to look at the savings potential as citizens were interested in such financial saving..

Estl Harlan, Tri County Council, a haulers association, addressed the Committee and referenced Mr. Martin's comments regarding shifting loads from Metro South to Metro Central. She said the haulers had concerns regarding shifting of loads, and said the haulers encouraged the use of a voluntary diversion system, encouraging self haulers and other commercial users, and said they agreed more flow would need to be diverted than any of the above would arrive at. Ms. Harlan noted additional problems to the region's system by the composter shutdown. She said the Tri County Council still supported the Wilsonville Transfer Station be built with today's dollars which she said would cost less than tomorrow's dollars.

Mr. Martin observed the forecasting done by Mr. Reiter was based on the assumption that we are out of the economic downturn, and Mr. Martin did not feel that was an accurate assumption. He said Metro had expended all reserves and contingency budgeted and had laid off an entire department during Metro's recent history and significant downturn. He said he did not want to see a repeat scenario, and said he wanted to see correction of the

basic rate structure before committing to major long term capital expenditures. Mr. Martin agreed the ramping up of curbside recycling in the region replicated what was taking place in Seattle and Snohomish County, but, he said, the total waste involved comprised less than 25% of the waste stream. He said there was a large potential for future recycling in the commercial sector including retail and construction demolition, and felt estimates of 150,000 tons were low. Mr. Martin commented on recent changes to Metro's revenue stream and felt it would not be prudent to commit to the Wilsonville transfer station at this time. He felt reasons to build or not build could be given, but he tendered the suggestion that we should look at the consequences should the facility be built and tonnage drop off. He said rates would spiral upward and staff layoffs would occur. Then, he said, what would the consequences be if the facility was not built, and tonnage increased. He said the system could handle an upturn in tonnage as it stands currently, and there would not be a severe rate increase.

Terry Petersen, Planning and Technical Services Manager, referenced Mr. Reiter's report, and did not agree with Mr. Reiter's conclusions. Mr. Petersen said the decision was made in the spring of 1993 to develop three basic decision scenarios, 1) an upper tonnage forecast, a forecast in which the tonnage rate grew at about the rate population was projected to grow; 2) a lower tonnage forecast that followed the trend during the four year period referred to by Mr. Reiter, which Mr. Petersen said was to establish a lower bound as a reference point for discussion about the probability and consequences of being high or low; and, 3) a midpoint between the two, a nearly no-growth scenario. Mr. Petersen said when he was asked which was the most probable, he believed the mid-range was the likelihood. Mr. Petersen felt it would have been irresponsible on his part to say recycling has reached its peak and there would only be continuing growth in transfer station tonnage. He said it also seemed reasonable to conclude a nearly no-growth scenario was a possibility and should be considered as the future of facilities in the region was planned.

Mr. Petersen said he was glad to see the report although he disagreed with the Reiter recommendation based on the results.

Councilor McLain commented it was important for the Committee to hear such information in order to make further analysis toward a decision. In response to Councilor McLain, Mr. Petersen said SRC agreed there were advantages to disaggregating forecasting models, and said the conceptual approach was a program the division had been working on for some time.

Councilor Devlin asked when the decision was made that restarting the compost facility proposal was not a viable option. Mr. Martin and Mr. Houser recalled about February, 1993. Councilor Devlin said he was having difficulty with the current process, and said depending on the difference in assumptions used, any conclusion can be drawn. He understood the assumptions now made by the Department were that Metro could operate Metro Central at its full capacity, could operate Metro South at its current operational level if necessary, and could continue Forest Grove. He said looking back at the time when the compost facility was still in operation, if the same assumptions were used, his understanding was there was approximately 1.2 million capacity without Wilsonville. Councilor Devlin noted that although the projections had changed somewhat, they had not changed dramatically. He said why wasn't the issue raised at the time. Mr. Martin said some Staff were, that capacity was being spread too thin, and that there would not be enough tons to fill all the capacity needs in all the facilities. Mr. Martin said his frame of mind at that time was that it was a given that a transfer facility in each of the three counties was to be accomplished. He said that was the original plan when he came to his position at Metro, and his intent at the time was to follow through and implement that strategy. He said not much time was spent debating what the Council had already decided, which was there were basically three waste sheds, and that a transfer system in each waste shed was to be established. Mr. Martin said the numbers were being called into questions, and there were more places to put the waste than were needed.

Councilor Devlin said he believed there were legitimate disagreements between a multitude of parties over what was the right decision and when it should be made. He said there had been an extensive four to five year process with both the vendors and officials in the region. He felt could be said it was incumbent upon Metro when it was first thought there was a reason to make the call, that Metro should have been there to make the call. He likened the situation to waiting for the game to be played and the trophy to be presented, and then waiting for the referee

to make the call after the fact. He said if the case were actually as clear as presented by some, Metro should have been able to make the call prior to now.

Councilor Moore said she understood the forecasts were based on waste delivered rather than waste generated. She said she understood that Metro could not require all generated waste be delivered to the transfer stations if such waste were considered a commodity. Mr. Petersen said that was not quite correct. He said Metro did have flow control, which meant Metro had some say over where waste went. He said there were differences of opinion, and that while ECO Northwest emphasized source-separated recycling, waste was being diverted from transfer stations that did not require source-separation. He said the MDC recovery facility was a good example in which mixed waste was being taken to a franchised facility.

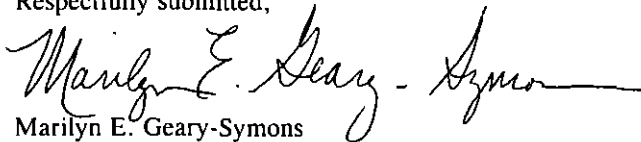
Councilor Moore and Mr. Petersen discussed the issue further. Mr. Martin said waste could be diverted from processing facilities to transfer stations and to ultimate disposal, sacrificing recovery for the sake of keeping the system financially solvent. He said the potential existed that cost effective recovery could be diminished, which he said would be a tragic way to handle things. Mr. Petersen said the question was where would the waste stream be delivered. Chair McFarland commented she had similar concerns.

Councilor McLain indicated she would vote with the caveat that the purpose of sending it to the full Council was to forward the item without recommendation for further discussion and Councilor comment at that time. Chair McFarland concurred and clarified the resolution would be forwarded without any recommendation from the Committee either for or against.

Vote: Councilors Hansen, McLain, Monroe and McFarland voted aye. Councilors Buchanan and Wyers were absent.

There being no further business, the meeting adjourned at 10:02 p.m.

Respectfully submitted,



Marilyn E. Geary-Symons
Committee Recorder