

MINUTES OF THE METROPOLITAN SERVICE DISTRICT

COUNCIL SOLID WASTE COMMITTEE

January 26, 1988

Westminster Presbyterian Church Great Hall

Committee Members Present: Larry Cooper, Tom DeJardin, Jim Gardner, Gary Hansen, Sharron Kelley, Corky Kirkpatrick, George Van Bergen

Others Councilors Present: David Knowles

Staff Present: Rich Owings, Kathy McIntyre, Rob Smoot, Dennis O'Neil, Debbie Gorham, Jim Watkins, Joanna Karl, Roosevelt Carter, Chuck Geyer, Ray Barker, Sandy Gurkewitz, Judith Mandt, Dan Cooper, Bob Applegate, Vickie Rocker

Chair Hansen called the meeting to order at 7:03 p.m. Chair Hansen said the meeting would be the start of the decision-making process for the Metro Council with regard to solid waste options. There would be no public testimony taken, he said, although the public would be able to testify at the next Committee meeting February 2, 1988. This meeting was an opportunity for the Councilors to receive testimony from consultants and staff, Chair Hansen said.

1. Overview of Report Schedule

Rich Owings, Director of Solid Waste gave a brief summary of what each agenda presentation would be and who would deliver it. He asked that Agenda Item No. 4 be inserted between Agenda Items No. 6 and 7. Mr. Owings said there was a great deal of material to be covered, and he asked that Councilors jot down specific questions and ask them when all the agenda items had been presented. Mr. Owings announced that all consultants and Solid Waste staff would be in the Council Chamber from 2:00-5:30 p.m. on February 11, 1988, in order to answer Councilors' questions. Mr. Owings also said the Health Impact Review Panel had finalized their report and that their report was ready for presentation.

2. Update of Bacona Road Landfill Siting Costs

Tor Lyshaug, consulting engineer, reviewed the Bacona Road cost estimates. Mr. Lyshaug gave his analysis of the costs. He said all cost estimates were included in the "Landfill Engineering and Cost Analysis" report and staff's "Disposal System Analysis" memorandum to Executive Officer Cusma. Cost factors that would need to be considered, Mr. Lyshaug said, were construction of a road, on-site leachate, wetland litigation, and the cost of environmental impact studies.

3. Out-of-Region Landfill Bid

Dennis O'Neil, Senior Analyst, said he was the project manager for the out-of-region Request for Bids (RFB's) project. Mr. O'Neil said staff used the RFB approach because it produced firm bids and fit the timeline described in Section B of staff's memorandum. Mr. O'Neil said that Metro publicized the process widely, held a bidder's conference, and ultimately had a list of 40 vendors who received RFB documents. Mr. O'Neil summarized the highlights of the bid documents, including the total space required for whatever alternative the Metro Council selected.

Mr. O'Neil said Metro had agreed to make monthly payments over a 20-year time span to reduce uncertainty for bidders. He said the 20-year future waste flow projection had been revised from 25 years, but the revision assumed a 30 percent additional reduction in waste. Mr. O'Neil discussed the performance bond, bond and retainage mixture, protecting the public as well as not limiting the bidders, and measures to prevent unacceptable waste in the landfill.

Mr. Owings thanked Mr. O'Neil for his presentation and said if the Council abandoned the Bacona Road site, the Department of Environmental Quality (DEQ) specified that the other landfill option last at least 20 years. Mr. Owings said other vendors had expressed interest and that Waste Management, Inc., could not have known whether their bid would be the only one.

5. Results of Negotiations with Combustion Engineering and Riedel Environmental International Concerning the Proposed Alternative Technology Project

Debbie Gorham, Project Manager, discussed preliminary negotiations. She said the MOU document was developed in October, MOU negotiations began with Combustion Engineering in November, and negotiations began with Riedel in December. Ms. Gorham said MOU negotiations with Combustion Engineering were finalized and negotiations with Riedel

would continue. Ms. Gorham planned to report to the Council on the status of negotiations with the the latter in April 1988.

Ms. Gorham said the Combustion Engineering estimated tip fee had been adjusted to a higher figure. The original fee was \$38.81 in 1987 dollars. Ms. Gorham explained the adjustment and said all relevant information was summarized in Tab E of staff's report.

Mr. Harvey Gershman, Gershman, Brickman & Bratton, said negotiations had been completed with Riedel. He discussed contractual details with Combustion Engineering. Mr. Gershman also described the facility, projected tip fees, performance guarantees, and projected electricity revenues. He said the facility could be a 450,000 ton per year project.

Mr. Paul Atanasio, Dean Witter, thanked the Solid Waste Committee for their support. He said he felt comfortable with the leveraged lease business deal. He discussed the net facility cost and said to refer to Exhibit F (9) of staff's report.

Mr. Gershman discussed details of the Riedel MOU. Ms. Gorham said the financing plan with Riedel was less firm than the plan with Combustion Engineering.

Mr. Owings reminded the Committee that ash could not be buried for \$20 per ton; he said ash would have to be monofilled. He said Metro would have to develop an ashfill of its own at a rate of \$50 per ton.

6. Findings of Health Impact Review Panel Concerning the Proposed Alternative Technology Project

Ms. Margery Abbot, Project Coordinator, said seven members were selected by the Oversight Committee for the Health Impact Review Panel. The Oversight Committee members were Councilor Gardner, Mr. Joe Schultz, and Mr. Ted Stanwood. The Health Impact Review Panel members were Dr. M.A.K. Khalil, Dr. Trygve P. Steen, Dr. Robert J. O'Brien, Dr. Harold T. Osterud, Dr. Thomas B. Stibolt Jr., Dr. Frank P. Terraglio, and Dr. David P. Thompson.

Dr. Trygve P. Steen, Co-Chairman, said the draft issued by Health Impact Review Panel, Report on the Trash Incineration and Recycling Facility Proposed for Columbia County, Oregon, had the unanimous approval of each panel member. Dr. Steen quoted the Report:

The Panel cannot say that the trash recycling and incineration facility as proposed by the Metropolitan Service District and Combustion Engineering will be safe.

Dr. Steen said the information on ash disposal was vague, as well as the impact of airborne pollution and the ash itself. He said there was not enough operating experience to provide sufficient data and no need to proceed with the plant. Dr. Steen said the primary risk factors were air pollution, direct air intake from the proposed facility, pollution of animals such as cattle, and disposal of the ash. Dr. Steen urged the Metro Council to pursue all recycling options.

Dr. Steen also discussed possible stack heights of the proposed facility and who would be exposed to pollutants. He said present standards do not address the incineration of municipal waste. He pointed out that Oregon has a high air stagnation rate.

Dr. M.A.K. Khalil, Co-Chairman, discussed accumulation of heavy metals and referred to the summaries at the beginning of each chapter.

Mr. Owings thanked the three panel members and said in the previous week Combustion Engineering settled on the Clatskanie site with full railroad capabilities as well as barge capabilities.

Chair Hansen thanked the three panel members also and asked if they would be available to speak before the full Council when Councilors had had time to read the report.

4. Cost Analysis of Landfill Options

Mr. Terry Moore, ECO Northwest, discussed landfill costs. He described changes in the cost analysis and referred to the "Landfill Engineering and Cost Analysis" report prepared by ECO Northwest. Mr. Moore said the main question was how to calculate a single estimate of costs per ton for waste facilities that have different functions, lives, cost flows, waste flows, and percentages of waste handled.

The answer, Mr. Moore said, was to convert the cash flow for each facility to the present value in 1988 dollars and to calculate a consistent cost per ton for each facility. A graph was displayed which illustrated the economic analysis, constant cost per ton, and levelized cost; and also the financial analysis and variable cost per ton (tip fee). Mr. Moore said the discounted sum of the levelized cost multiplied by tons in each year equalled the discounted sum of the tip fees multiplied by tons in each year. Mr. Moore said the levelized costs of all facilities in the system would be added in proportion to the amount of waste they handled to derive a cost per ton for the entire system.

Ms. Rebecca Marshall, Government Finance Associates, distributed to Committee members a sample formula chart titled "Economic Versus Financial Analysis; What is the Cost versus can I Afford It?," to

illustrate annual cost as opposed to total cost with regard to landfill disposal options. Ms. Marshall discussed cost options further and said financial analysis would give annual tip fees, but would not indicate what time span, 10 years, 20 or 30 years, to decide upon.

Mr. Owings told the Committee they could decide what option would be best for the region; a 40 year solution, or what would be the best buy for the first 15 or 20 years. He said there was a definite delivery date for the out-of-region landfill, but an unknown delivery date for the Bacona Road site.

7. System Cost Analysis

Mr. Owings gave an overview of the system cost analysis. Staff displayed graphs and charts included in staff's reports which explained system schematic options and costs for Bacona Road; system cost model comparisons, and levelized component costs per ton.

Chair Hansen called for a recess at 8:59 p.m. The meeting reconvened at 9:10 p.m.

Councilor Kelley asked about air emissions in general, and more specifically, about Marion County air emissions. She asked Mr. Moore about costs and total savings in his report. Mr. Moore referred her to the final two graphs in the report submitted by ECO Northwest. He said the final paragraph would have to be considered hypothetical because more information has since been collected. Councilor Kelley also asked about the status of the interim landfill in Klickitat County. Mr. Owings said staff did not know the status of an interim landfill in Klickitat County and that the system cost analysis was based on on waste which would be diverted to an unknown landfill while the Bacona Road site was under construction.

In answer to Councilor DeJardin's query, Mr. Owings said staff had explored a favored-nations addendum with Oregon Waste Systems. Councilor DeJardin asked if the same theory would apply to the contract with Combustion Engineering. Councilor DeJardin and Mr. Gershman discussed the merchant option. Mr. Gershman said the Combustion Engineering project was not large enough for the merchant option or the favored-nations option.

Councilor Knowles asked Mr. Dan Cooper, General Counsel, about the approval process of the bidder. Mr. Cooper said since the one bidder went through the full bidding process, the Metro Council only had to put their stamp of approval on them. Mr. Cooper said there were five specific actions or nonactions that could disqualify a bidder from an accepted bid.

COUNCIL SOLID WASTE COMMITTEE
January 26, 1988
Page 6

Councilor Knowles asked the Health Impact Review Panel if they had weighed the energy gained from the burner against possible health risks. Dr. Kahlil said the Panel had not been asked to; they had evaluated waste disposal, not energy benefits.

Councilor Kelley and Dr. Kahlil discussed the impact of the burner on the air shed in Columbia County. Councilor Kelley asked the Panel whether their findings would have been different if the burner were to be sited in a sparsely populated area. Dr. Steen said since the particulates would travel at least half a mile away, the site would have to be evaluated.

Councilors and the Panel further discussed the Panel's report.

All business on the agenda having been attended to, Chair Hansen adjourned the meeting at 9:40 p.m.

Respectfully submitted,



Paulette Allen, Clerk
SWC88.026/D.1