

MINUTES OF THE COUNCIL SOLID WASTE COMMITTEE
OF THE METROPOLITAN SERVICE DISTRICT

April 12, 1988

Council Chamber

Committee Members Present:

Gary Hansen (Chair), Tom
DeJardin, Corky
Kirkpatrick, George Van
Bergen

Committee Members Absent:

Sharron Kelley (V. Chair),
Larry Cooper, Jim Gardner

Chair Hansen called the meeting to order at 5:40 p.m.

1. Discussion of Framework Plan - General Issues

Chair Hansen said at the Council Solid Waste Committee (CSWC) meeting April 5, 1988, Presiding Officer Mike Ragsdales suggested the CSWC and the Policy Committee hold a retreat to discuss solid waste policies. Chair Hansen asked staff to list potential policy issues for discussion at the retreat to present at the Policy Committee Friday, April 14. Councilor Van Bergen noted staff's memorandum "Potential Policy Issues for Council/Policy Committee Retreat" assumed the full Council would attend the retreat, in addition to the Committees mentioned.

Responding to staff's memorandum, Councilor Van Bergen said he thought the Presiding Officer's intent for the retreat was to not discuss the Functional Plan, but to target certain key policy issues and decide which action to take on them. Councilor Van Bergen thought the issues listed in staff's memorandum were too lengthy for the type of retreat proposed. Chair Hansen said hazardous waste issues proposed for discussion at the retreat could be postponed for several months. Chair Hansen noted at the April 5 Council Solid Waste Committee meeting, the intent had been to develop a framework plan and that issues of lower priority be postponed. Councilor DeJardin said the Presiding Officer wished to define critical policies.

Councilor Van Bergen said potential privatization of transfer stations and transportation to the Arlington landfill were the most pressing current issues. He asked whether those functions would be fulfilled by several contractors or one contractor. Chair Hansen asked if transfer stations and transportation issues were part of the functional plan or if the Council set policy on those issues. Councilor Kirkpatrick said those functions were part of the Functional Plan.

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Mr. Owings said he thought the purpose of the retreat suggested by the Presiding Officer was so participants could make decisions on policy as a group. He said staff's memorandum was meant to suggest issues for discussion. He said other facilities could be discussed, aside from transfer stations, such as composting plants. Chair Hansen suggested solid waste facilities be listed under "Facility," rather than "Transportation."

Mr. Owings explained staff's memorandum further. He said Item No. 1., Solid Waste Management Concept, was a warm-up; Item No. 2., Waste Reduction, was one of the issues the Council Solid Waste Committee needed to address and assess if waste reduction was an actual waste disposal method; Item No. 3, Special Waste (not including hazardous waste), covered waste that was not desirable to ship to Eastern Oregon. Mr. Owings said the latter two items were issues the Council Solid Waste Committee might wish to focus upon. He said the Committee might want to assess Item No. 6, Regional versus Sub-regional Planning, because Metro would need to decide if there should be a regional system of disposal or if Metro should implement sub-stations. Issues relevant to that subject, Mr. Owings said, were uniformity of rates or sub-regional rates based on the cost of service.

Councilors and staff discussed retreat organization and who the facilitator would be. Mr. Owings said the date had not yet been selected, but that Mr. Andy Cotugno, Director of Transportation, had been suggested as the facilitator.

2. Review of the FY 1988-89 Solid Waste Budget

Chair Hansen said the Council Solid Waste Committee should decide whether the proposed FY 1988-89 Solid Waste budget was in accordance with previous Solid Waste financial policy adopted by the Council. Mr. Owings said staff had drafted a resolution for Solid Waste policies based on a Government Finance Associate (GFA) memorandum dated November 14, 1986. He said it would be ready for the meeting scheduled for April 19.

In response to Councilor Van Bergen's question, Mr. Owings said the issues needed to be resolved were what were the facilities, how much they would cost, how to pay such costs, in addition to the closure of St. Johns. Mr. Owings said costs could be paid out of rates, revenue bonds or a serial levy. For capital facilities such as transfer stations, Mr. Owings said a decision would be needed to decide how to finance them. Bonding 100 percent of the cost, or bonding 75 percent and having 25 percent cash on hand were two of the possibilities, he said. Mr. Owings said an insurance fund was needed and funds for that purpose had been allocated in the new budget.

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Mr. Owings agreed with Councilor Van Bergen's concern about duplicating previous consulting work, but said a financing plan would be needed to demonstrate how Metro would raise such revenues.

The Committee and staff discussed financing issues. Chair Hansen said he did not want to discuss long-term financial policies at this meeting. Councilor Kirkpatrick said some established policy was in place; it was not necessary for staff to approach financial policy from a "zero point."

Mr. Owings referred to the memorandum; "Response to Directions to Prioritize Solid Waste Projects in Proposed Solid Waste Budget." The memorandum identified 17 Solid Waste projects. Mr. Owings said the five most important operations were running the facilities; developing and stabilizing staff to run the facilities; preparing for the transition to the Arlington landfill and development of the East Transfer Station; closing the St. Johns landfill; and creating meaningful waste reduction, waste recovery and recycling programs.

Councilor DeJardin asked whether the West Transfer Station was included in the list. Mr. Owings said the East Transfer Station was considered of first priority. Councilor Van Bergen felt deferring the West Transfer Station to the next fiscal year would be a mistake. Councilor DeJardin agreed with Councilor Van Bergen and said siting decisions would need to be clarified.

Chair Hansen asked Mr. Owings, if transportation issues were resolved or included in the framework plan, what consequences would result if Metro proceeded immediately with projects stipulated in the framework plan. Mr. Owings said where a facility was sited in Washington County would ultimately depend on where the East Transfer Station was sited. Mr. Owings asked if Washington County or the Metro area would pay the extra costs involved in siting a facility. Mr. Owings said that was a policy decision for the Council to make.

Mr. Owings then distributed financial statements on the St. Johns Reserve Fund. Mr. Owings said staff felt ramping of the rates would be the best method in which to build the fund. Mr. Owings said St. Johns would need a final cap on the facility and that gas and leachate would need proper disposal. Mr. Owings said the Department of Environmental Quality (DEQ) estimated closure would cost \$25.8 million. Mr. Owings felt rate ramping would generate the funds needed in 1991 for final closure. Mr. Owings said some estimates on the landfill closure were as high as \$50 million. Staff assumed ramping in three steps; one increase every year for three years. Mr. Owings said rates could also be ramped every six months at a rate of \$4.50 per period.

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Chair Hansen said he preferred to discuss rate ramping at the Council Solid Waste Committee May 3 when members of the Solid Waste Rate Review Committee would be present.

Councilor Van Bergen asked staff what data they used for the basis of their financial estimates. Mr. Owings said staff's suggestion was to begin building the Reserve Fund at the present time instead of trying to raise them in 1991. Councilor Van Bergen said he understood but that revenue bonds would be paid from rates and wanted concrete figures.

Councilor Kirkpatrick asked staff how the 1991 rate could be predicted at \$56 per ton when transportation costs were as yet unknown. Mr. Owings said the estimates were based on staff's analyses done in January 1988. Mr. Owings then discussed consulting contracts. He said consulting contracts for FY 1988-89 were \$2.8 million. Mr. Owings said \$1 million had been allocated in FY 1987-88. Councilor Kirkpatrick noted the increase was considerably more.

The Committee and staff discussed funds and fund transfers. Chair Hansen said the St. Johns Rehabilitation Fund was state mandated and should of necessity be at the top of the list. Chair Hansen said the Contingency fund was possibly debatable, as was the unappropriated balance. Chair Hansen said Councilor Knowles had suggested not that staff cut building or enhancement funds, but to assess which of the 17 projects could be eliminated.

Councilor Kirkpatrick asked staff what Metro was required to do by law. She asked what Metro's responsibility was with regard to hazardous waste. Mr. Owings said Metro was not required to hold a hazardous waste round-up until the Arlington landfill was in place. Mr. Owings said waste shipped to Arlington would need to be screened because the site could refuse unacceptable materials.

Ms. Jennifer Sims, Director of Management Services, spoke to the Committee about debt reduction. Ms. Sims discussed how long it would take and what it would cost Metro to pay outstanding loans from DEQ on schedule. Staff did a budget analysis of the money owed and interest accrued. Ms. Sims said at the present loan rate, Metro could be conservative and do nothing, or it could invest at more than seven percent and possibly create some funds. Ms. Sims said the total amount of debt including debt payments was \$7.5 million. Ms. Sims recommended investment of the funds.

Chair Hansen said Councilor Collier had informed him the Budget Committee would meet April 13. On April 25, the Budget Committee would go through the budget fund by fund. Chair Hansen said Councilor Collier would like the CSWC's recommendations for the Solid Waste budget by the meeting of April 25. Chair Hansen asked the Committee if

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they wished Council staff to begin preparing specific amendments to the budget; or if they would like to scan budget items specifically; or if anyone wished to make a motion to have the Council address.

Councilor Kirkpatrick said the Committee had several options; it could move that staff remain at last year's budget level or specify the 17 projects be shortened. Councilor Kirkpatrick noted the proposed FY 88-89 budget was higher and preferred to keep collection costs as low as possible.

The Committee directed Council staff to prepare an analysis of the proposed Solid Waste budget in order to give direction to the Council Solid Waste Committee.

Mr. Owings said staff's report recommended what programs were essential and what programs could be deferred. Councilor Kirkpatrick suggested placing the transfers at the top of the list as necessary projects and then re-evaluating the \$17.4 million required. Mr. Owings said the General Fund had doubled. Councilor Kirkpatrick said the CSWC might want to make the same recommendation the Zoo Committee had done which was to reduce the General Fund. Mr. Owings said print and postage costs had been reduced. Mr. Owings said the big question was how much would be set aside for the St. Johns Reserve Fund. Councilor Kirkpatrick said that item could be placed behind other items and then the list could be re-assessed to see how it sorted out. Councilors and staff discussed the contingency fund which was approximately 8 percent of the Solid Waste budget.

Chair Hansen declared the public hearing open.

Ms. Estle Harlan, Tri-County Council, distributed a memorandum to the Committee which stated the solid waste industry's concerns about the proposed budget. Ms. Harlan said the industry would like to know Metro's policy for fund balances; how Metro would determine it had gained enhanced programs, facilities and personnel worth a 69.6 percent increase in the budget; and how would Metro determine the credibility of projected cost figures. Ms. Harlan praised Metro staff, but said these questions had to be answered.

Councilor Kirkpatrick said performance auditing had been budgeted in last year's budget for Solid Waste staff. Councilor Kirkpatrick said performance auditing would be done this year.

Ms. Harlan said the increases due to the proposed rate-ramping would be tremendous. Ms. Harlan said the industry needed to be able to explain the cost increases. Ms. Harlan said the Tri-County Council would need assurance whether enough funds were put into the St. Johns Reserve Fund. Ms. Harlan said semi-annual increases would be impossible.

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Chair Hansen said if items came in under budget, those savings could be transferred to the General Fund. Ms. Harlan asked how savings would be offset against next year's budget.

No one else appeared to testify on the issue; Chair Hansen declared the public meeting closed. Chair Hansen adjourned the meeting at 7:21 p.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Paulette Allen", followed by a horizontal line.

Paulette Allen, Clerk
SWC88.103