

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

April 16, 1991

Council Chamber

Committee Members Present: Judy Wyers (Chair), Ruth McFarland (Vice Chair), Tom DeJardin, Jim Gardner, Susan McLain

Other Councilors Present: Larry Bauer

Chair Wyers called the regular meeting to order at 5:28 p.m.

1. Consideration of Minutes for December 18, 1990 and January 2, 1991

The minutes for December 18, 1990 and January 2, 1991 Solid Waste Committee meeting were approved as submitted.

2. Discussion of Public Information Regarding Disposal of Special Waste

Chair Wyers opened a public hearing.

Rod Grimm, Grimm's Fuel Co., said his company has been handling special waste for 10 years. He did not believe a processing facility could operate at \$8.00 per ton rate as indicated in the model for special waste. He presented a handout to the committee for reference, which has been made a part of the permanent meeting record.

A Portland garbage hauler, Gaylen Kiltow, 4810 N.E. 40th, indicated his concerns regarding collection of household hazardous waste (HHW) and noted Metro facilities were refusing to receive HHW at present. He said haulers were told to retain the HHW in their trucks, and proposed Metro set up temporary collection areas at disposal site facilities. He proposed Metro conduct an extensive educational program to regional citizens to inform them these wastes could not be placed in the household garbage can. He said it would be an invasion of privacy to go through the customer's waste.

Councilor McLain noted the Metro Public Affairs Department was preparing a one page flyer for distribution to the public addressing the issues presented. Vickie Rucker, Public Affairs Director, said she had presented a draft copy of the proposed direct mail flyer to the Tri-County Haulers Association on April 15. She said the flyer would go to over 500,000 homes in the Metro region. She indicated the flyer covered rates and HHW, and mailing was planned in mid-May. She said operation of the HHW collection facility at Metro South was set for late summer. Ms. Rucker said also a brochure was available called "How to Prevent Your Home From Becoming a Household Hazardous Waste Site" and said she would arrange for Mr. Kiltow to receive copies.

(Continued)

Chair Wyers closed the public hearing.

3. Resolution No. 91-1437, For the Purpose of Establishing Policy for Development of the Washington County Solid Waste System Chapter to the Regional Solid Waste Management Plan

Rich Carson, Planning and Development Director, and Becky Crockett, Regional Planning Supervisor, presented the staff report.

Mr. Carson said the resolution was based on extensive policy and technical analysis conducted on the Washington County solid waste system. He said the purpose of the resolution was to establish policy direction on key issues, and said the Planning and Development Department would then write the Chapter and initiate procurement for the transfer stations. He said in December 1990, the Metro Council had adopted Resolution No. 90-1358B. This resolution, he noted, recognized and gave priority to the Washington County solid waste system plan provided it was consistent with Metro's Regional Solid Waste Management Plan (RSWMP), which he said was the key test for decisions made by the Council on these policies. He said Resolution No. 90-1358B directed Metro staff and the Council Solid Waste Committee to work with the staff of Washington County and the Washington County Steering Committee to complete the Washington County Chapter for the plan. He added Metro Council outlined policy considerations to be addressed through the technical analysis. He indicated the staff had completed the technical analysis and policy recommendations, which he noted were contained in notebooks provided to the committee.

Mr. Carson said he would focus of three issues staff agreed would be of greatest interest to the committee, which he noted were 1) finance, 2) rates, and 3) procurement.

He introduced Ken Rust, Managing Consultant of Public Financial Management (PFM), a nation wide financial advisory firm specializing in solid waste financing and advisor to Metro since 1989, who presented a summary analysis on finance and rates. He noted also Dan Cooper, Metro General Counsel, would present a summary on the procurement process, and Terry Mohler, of Echo Northwest, was present to answer questions regarding other areas of the analysis.

Mr. Rust said the firm had been asked by Metro to provide assistance in the review of financing options and cost differences related to the construction and implementation of the Washington County transfer station facilities. He said the firm reviewed financing options 1) contained in the Echo Northwest technical report, and 2) developed by private vendors that might provide the transfer station facilities. He said the firm had developed financing costs and cost impacts in detail for each of the financing structures which had been outlined in the Echo report.

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Mr. Rust indicated the firm had looked at three options, which he said included 1) the pure public option in which the facility would be owned and operated by Metro or by Metro contract with private companies. He noted under this plan contracts would be structured so bonds associated with the financing would remain tax exempt. He outlined an option with 2) a private owner and operator of the facility which he said would include some public financing. He recommended Metro secure the second option by a system pledge or limited pledge. The last option Mr. Rust noted was 3) a pure private option financed entirely by a private vendor.

Mr. Rust said PFM concluded pure private financing without a Metro pledge was only accessible to a company able to make a substantial equity commitment to the facility project and concluded such financing was not available. He said PFM had concluded that the pure public option or the public/private option were the options available.

He explained financing costs associated with the two available options and referenced the report for further details. He said the pure public option borrowing cost was estimated at approximately 7.9%, and the public/private option borrowing cost was estimated at approximately 8.5%, total interest cost. He noted cost differential based on per ton basis of total system tonnage was determined to be approximately \$.09 per ton or \$111,000 per year, which he said could be outweighed by costs associated with the process of siting a publicly-owned facility.

Mr. Rust said the rate impact per ton based on debt service and operating costs in each of the two available options were estimated for the first full fiscal year of operation 1993-94 at \$.62 per ton higher for the public/private option over the pure public option with estimated tonnage fees that year at about \$73 per ton. He said about \$.11 of the difference resulted from financing costs variables of the two options and the remaining \$.51 difference resulted from property taxes paid by a private owner. He noted a resultant shift of revenues and expenses from property tax payers to solid waste rate payers would occur.

Councilor Gardner commented that the owner of a pure private facility would receive a return on an equity investment, which would be the owner's profit. He noted with a private facility/publicly backed, the equity investment and the return profit would be less. Councilor Gardner asked if the PFM analysis had assumed a profit for an owner/operator of a facility financed through the public/private method and would that be considered a cost not seen a pure public ownership. Mr. Rust indicated operating losses could be carried forward for a period of time, and said further detailed information would be needed to provide an answer to the question.

Chair Wyers asked regarding the cost impact of one or two or three facilities on the financial analysis. Mr. Rust said the firm had reviewed for cost impact of two proposed facilities at present. Staff and Councilor

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DeJardin concurred the analysis concluded that cost would be increased for more than two facilities smaller in scale.

In response to Chair Wyers, Mr. Rust indicated total property taxes for the two facilities would be approximately \$500,000 for the fiscal year 1994, which was estimated to be the first full year of operation.

Mr. Cooper said after study of the analysis a long term franchise would have to go through a competitive process similar to the process used for Metro Central, in which Mr. Cooper noted Metro established a set of criteria and released a Request for Proposals. He said if two proposed service areas were described in the Washington County Chapter, proposals could be accepted from any party who had a site within either service area, and noted Metro would not legally be limited to the two sites which have been identified. Chair Wyers questioned the actuality of the competitive process as Metro had two sites and two proposers selected. Mr. Cooper said Metro went forward with the competitive process and had received only one bid. Mr. Carson said the process was open to all proposers for either one of the two areas.

Mr. Carson noted the Washington County Steering Committee was presenting amendments to the resolution consistent with RSWMP. He said staff believed the technical analysis demonstrated a privately owned facility could be financed in a cost effective manner, and \$.62 per ton was within the scope of cost effectiveness. He said the policy recommendation allowed for the option to release an RFP if the private sector failed to deliver a privately owned site. He said staff recommended procurement of a privately owned site, and said if no site was delivered to Metro, an RFP be released that included a turn-key at a publicly owned site.

In response to Councilor McLain Becky Crockett, Regional Planning Supervisor, said the time line for the process had not been included in detail in the key policies. She said staff was interested in Council consensus on major policies for the Washington County chapter of RSWMP, which would then be written to include specifics.

Chair Wyers opened a public hearing.

Steve Larrance, Washington County Commissioner, testified before the committee and noted he had served as chair for the Washington County Solid Waste Facility Design Steering Committee. He introduced other members of the committee which included two representatives from Washington County cities, Tom Barthel, City of Wilsonville, and Cliff Clark, Mayor of Forest Grove, and introduced also Don Hamburg, representative from the Washington County Haulers Association. He named other members in the audience which included Buzz Walker, Bob Peterson, President of the Haulers Association, Shirley Huffman, Mayor of Hillsboro, Emily Crone representing the City of Tualatin, and Marian Garbarino. He said John Atkins, City of Beaverton, and Liz Newton, City of Tigard, were also active members of the Steering

Committee. He said others present who helped with coordination were Mike McKeever, McKeever/Morris Consultants, and DeLynn Kies, Washington County Solid Waste Manager.

He noted the Steering Committee and six Metro Councilors had been present at the review of the analysis, and said the committee was in agreement with the findings in the analysis. He distributed the Steering Committee's recommendations to the Solid Waste Committee for review. He said the public/private option was indicated, and said interested parties would like the plan to go forward without further amendments and recommended the plan be put to the procurement test.

Councilor DeJardin thanked the Steering Committee for their efforts and said their hard work was appreciated.

Mr. Barthel testified before the committee and noted a portion of the technical analysis was based on the assumption that a site be built in or around Wilsonville. He said Wilsonville land use laws allowed for a facility siting, and noted an application for such a facility was currently before the city. He said neighborhood groups had been formed to review and resolve the issues surrounding the siting of the proposed transfer stations and thanked Tom DeJardin, Steve Larrance, Mr. Boitano of United Disposal, as well as the consultants and citizens for their support and participation. Councilor DeJardin noted he was pleased to hear land and appropriate zoning were available for the siting of a facility.

Mayor Clark testified before the committee and indicated a site which was in current operation in Forest Grove could be expanded. He noted the cooperative process prevailed in Washington County and said he was interested in continuing the same.

Mr. Hamburg testified before the committee and said from an industry standpoint he supported the two transfer station concept.

Bill Duncan, President of the Garden Acre Neighborhood Association, testified the Garden Acre Neighborhood Association opposed to the proposed siting of the transfer station in the Garden Acre neighborhood near Wilsonville, and said the reasons included 1) environmental quality risk, 2) services not available or provided for such as sewer, 3) property values depreciation, and 4) Washington County Steering Committee criteria not met. He presented a handout to the committee detailing the position of the neighborhood association he represented, which has been made part of the permanent meeting record.

Councilor McFarland addressed the issue of leachate raised by Mr. Duncan, and noted she understood a transfer station does not leach into the soil.

Councilor McLain asked regarding discussion of the intersection failure at the Stafford interchange.

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Mr. Cooper said he would review the document presented by Mr. Duncan and provide a response. Chair Wyers suggested Mr. Duncan contact Karla Forsythe, Council Analyst, regarding an answer to Mr. Cooper's review of his testimony.

Myron Rowe, Garden Acre neighborhood resident, testified before the committee and said he lived near the proposed site. He said he believed it was unfair for others who did not live in the area to decide to site a facility in the Garden Acre neighborhood. He said the area had already a hazardous waste site - Wescomp, a propane site and a rendering plant and he believed other areas should do their share.

Mike McKeever, McKeever/Morris Consultants, presented a five page letter for the record from the head of the land use and transportation division of Washington County on the transportation issues that are being worked on surrounding the Wilsonville site.

Chair Wyers closed the public hearing.

Councilor McFarland raised a question regarding the ownership options portion of the clarifying amendments brought forward by the Washington County Steering Committee. She said in order to maintain the integrity of the Council as a public body she felt the option for the pure public option should be retained.

Mr. Cooper said applications for a franchise would be sought subject to Metro criteria, then should criteria not be met, the option of pure public ownership remained.

Councilor McFarland said she perceived the amendment as closing the door to pure public ownership.

Mr. Cooper said the policy options were interrelated and interdependent, and said it was within legal bounds to first consider private ownership and then revert to public ownership if criteria have not been met.

In response to Chair Wyers, Mr. Cooper said the language drafted in the resolution before the committee reconciled the options, and said redundancy in clarifying the intent was proper.

Chair Wyers commented it was appropriate for the Solid Waste Committee to take time to deliberate and discuss the issues before them. She noted the question had been raised whether or not it was proper for government to preclude a competitive bid on both the procurement and operation of the proposed facilities. She said it was the responsibility of government to obtain the lowest price and inject competition into the process. Chair Wyers was concerned about the propriety of shifting the property taxes to the solid waste rate payers, and said through committee review other options might be fashioned such as a turn key proposal along with a private

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ownership proposal. She noted the \$.51 per ton difference would be absorbed by rate payers throughout the region, and said the funds would benefit Washington County. Chair Wyers requested the committee provide direction regarding these issues.

Councilor Gardner commented the issues were interrelated and the analysis before them from the staff gave a set of recommendations on all of the issues from which choices would be made to fit together into a system. He noted assumptions had been made regarding the waste flow, service areas, private vs. public ownership and financing options, and said it was necessary to keep the interrelation of the issues in mind. Councilor Gardner said he would require time for consideration of the issues at hand and the formation of possible amendments. He added the committee should reach a conclusion regarding its recommendations to the full Council. He was concerned regarding the possibility of a transfer of approximately one half million dollars per year from the region's rate payers to the taxing districts in which the facilities would be located.

Councilor McLain agreed committee discussion was necessary, and noted the committee had received the technical analysis eight or nine days prior to the meeting. She said neighborhoods had valid concerns for discussion such as transportation and traffic issues. She said consideration of the funding package and amendment language were important, and said it should be clear that three options, private, public/private, and public were available.

Chair Wyers said the questions pertaining to transportation, land use, competition and procurement, possible tax shift, the recommendations of the Steering Committee, and from Council staff were subject to review and amendment drafts. She said the item would be placed on the Solid Waste Committee agenda for the meeting of May 7 for consideration. She requested the information be given to all the Councilors regarding the issues at hand and said she would take a poll of their comments.

Councilor McFarland said she was uncomfortable with bonds guaranteed with public funds without the opportunity for public ownership.

Chair Wyers called for a five minute recess at 7:30 p.m.

The committee reconvened at 7:36 p.m.

Chair Wyers observed any information the committee received which was regarded as incorrect could be addressed by memo to the committee, and said the committee would review the material presented.

4. Resolution No. 91-1423, For the Purpose of Approving the Lease of Metro Owned Property Located at the Junction of Southwest 209th Avenue and Tualatin Valley Highway in Aloha, Oregon

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Neil Saling, Regional Facilities Director, presented the staff report and said the resolution before the committee gave Metro permission to lease over eight acres originally purchased for the west side transfer station in 1986 for \$810,000. He the property was adjacent to Intel, and said Intel wanted to lease the property for three years at \$4,000 per month. He added Intel was interested in purchasing the property should Metro decide to sell later.

In response to Councilor Gardner, Mr. Saling said Intel was interested in using the property for parking, and said their long range plans included building on the property. Mr. Saling said Intel agreed to protect the wetlands on the property.

In response to Chair Wyers, Mr. Saling said Metro was not interested in selling the property until the Washington County solid waste facilities system was in place.

Mr. Saling noted the lease stated Metro had the right to repossess if necessary on short notice and that Intel build no structures on the property. Councilor Gardner asked what would Metro have to do to legally assert the right to reposses. Todd Sadlo, Assistant Counsel, indicated Metro would owe damages if the lease was terminated by Metro. The committee and staff discussed the issue further and agreed language providing for early termination be drafted and negotiated with Intel.

Motion as Amended: Councilor McLain moved to recommend Resolution No. 91-1423 to the full Council for adoption as amended.

Amended language was drafted to read:

"BE IT RESOLVED,

1. The 8.26 acre Metro parcel at the corner of Oregon Highway 8 (Tualatin Valley Highway) and SW 209th Avenue will not be needed for public use within the [~~three-year~~] term of the attached lease with Intel Corporation, made part of this Resolution by referencing; and

2. The Executive Officer is authorized to execute a lease in substantially the form of the attached lease with Intel Corporation for use of the 8.26 acre Metro property[-], so long as the lease contains a provision for early termination which could allow possession by Metro with 90 days notice, without penalties."

It was agreed by the committee and staff that the substantive concepts in the amended resolution would be drafted into the lease language.

Vote on Motion as Amended: Councilors McLain, Gardner and Wyers voted aye.



The vote was unanimous and the motion passed.

6. Committee Information Requests

Ms. Forsythe referred to her memorandum dated April 9, 1991.

Bob Martin, Solid Waste Director, indicated the department was reviewing the documentation relevant to the first request noted in Ms. Forsythe's memo and would prepare a report upon conclusion of their review.

Chair Wyers indicated Jennifer Sims, Finance and Management Information Director, had a list of all items in the Finance and Management Information pertinent to solid waste financial reporting, and said Ms. Sims noted the Solid Waste department had a similar interrelated list. Chair Wyers requested the Solid Waste department provide a comparable list to the chair for aid in addressing committee requests for information and reports to the appropriate department.

With regard to the second item in the referenced memorandum, Ms. Forsythe said Councilor Van Bergen had asked if the data presented in the Metro Solid Waste Information System (SWIS) report indicated whether recycling was succeeding or failing.

In response to the third item in the referenced memorandum, Mr. Martin said the Solid Waste department designed the SWIS report to consolidate solid waste data and fulfill a Metro contractual obligation to Jack Grey Transport and Oregon Waste Systems by providing regular updates on anticipated tonnages. He said it was a quarterly report with a three year projection based on two years historical data which is then reconciled and compared to actual data on an ongoing basis. In addition, he noted, other interested parties in the region used the report for analysis for waste reduction efforts, facilities development, and for Metro consultants.

Jeff Stone, Solid Waste Planner/Analyst, discussed the data in the SWIS report and distributed a spreadsheet report to the committee which he also discussed. He noted that both he and Terry Peterson, Associate Solid Waste Planner, co-authored the report. He said the data developed for the report had been found useful when necessary to project tonnage figures for the new composter.

In response to Chair Wyers Mr. Stone said cost to produce the report was 1) imbedded in the two staff salaries, plus 2) \$2,000 budgeted for printing costs. Chair Wyers asked if the report could be produced on a less frequent basis. Mr. Martin said it was part of the normal duties of the staff involved to manage the data, that reports were formatted in the computer system, and it was not subsequently difficult to produce the report quarterly. He said another benefit was an up to date capability of review. Mr. Martin agreed to include an expanded overview summary for the benefit of the committee and lay people.

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Debbie Gorham, Waste Reduction Manager, said monitoring tonnage changes over time gave the department an indication of the success of specific waste reduction programs. She said the annual recycling survey conducted each year provided additional data.

In response to Chair Wyers Ms. Gorham noted the proposed budget had \$40,000 proposed for a survey of curbside recycling, and said the results would be included in the SWIS report.

The committee and staff further discussed data in the spreadsheet.

Mr. Martin, in response to the fourth item in the memorandum, said a meeting had occurred with Mr. George Ward and others regarding proposals for petroleum contaminated soil. He indicated franchise issues, landfill space issues, landfill gas issues and DEQ regulatory issues were being addressed. He said no conclusion had been drafted.

In response to Chair Wyers Mr. Martin said the department had completed a report on medical waste management which would be distributed to the committee.

5. Discussion of Budget Issues

The committee discussed the budget process and how to improve in the process.

Mr. Martin noted he had the Council staff recommendations before him for approximately one week. He said Council staff and the department had both been concerned about the contingency account and given effort to a workable solution. He noted after the excise tax had been included in the revenue summary and revenue recalculated, \$400,000 was added to the proposed budget revenue figures, which he noted would assist to fund the thrifts.

Mr. Martin said he disagreed with the KPMG Peat Marwick audit report assessment and in particular regarding staffing for next fiscal year. He also disagreed with the concept of marketing de-emphasis. He said there was disagreement with Council recommendations on some cuts. He said during the budget process he would provide the basis for the proposed line items where necessary and accept cuts when merited.

Ms. Forsythe said the Council staff budget analysis was directed toward putting issues representing Councilors' interests on the table in the form of budget recommendations for the purpose of full discussion. She indicated the issues devolved into three categories which included 1) whether or not implementation of the performance audit recommendations should be undertaken and relative cost impact, 2) de-emphasis in marketing and the 1% for Recycling program, 3) cuts in which she said also is the issue of sufficient contingency. Ms. Forsythe said some cuts were

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arbitrary cuts in Council staff's efforts to increase the Contingency Fund balance.

The committee and staff discussed further methods to improve the budget process.

Mr. Martin noted the department was prepared to make a presentation to the committee regarding the audit characterization of the department, and said he felt it was premature to make budget decisions based on the audit. In response to Chair Wyers, Ms. Forsythe said Councilor comments on the audit were forthcoming within about a week, and noted Councilors other than Budget Committee had received copies of the audit on April 16. Chair Wyers noted the Executive Officer had responded to the audit. Ms. Forsythe indicated the issue of whether or not to implement the audit recommendations would be under discussion at the April 17 Budget Committee meeting.

The committee and staff continued discussion regarding the efficacy of timing in the budget process involving input of materials and response time requirements.

7. Solid Waste Staff Updates

o General Staff Reports

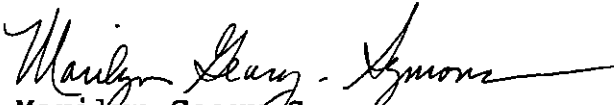
Mr. Martin said the compost facility had been operating for approximately two weeks, and said the facility was expected to be an effective asset to the system.

Mr. Martin indicated he wanted to address the issue brought before the committee by Mr. Kiltow regarding household hazardous waste collection. Councilor McLain suggested the issue be placed on the next committee meeting agenda. Ms. Forsythe proposed she contact the interested parties to frame the issues for focused discussion. Mr. Martin said the department could give presentation pertaining to "flow management" including issues of HHW, liquid waste, small quantity generators, soil issues, etc. to the committee.

The committee and staff discussed the budget process further.

The meeting adjourned at 9:29 p.m.

Respectfully submitted,

  
Marilyn Geary Symons  
Committee Clerk