

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

September 5, 1989

Council Chamber

Committee Members Present: Gary Hansen (Chair), Tom DeJardin (Vice Chair) and Mike Ragsdale

Committee Members Absent: Roger Buchanan and Judy Wyers

Other Councilors Present: Richard Devlin, Jim Gardner, Ruth McFarland and George Van Bergen

Also Present: General Counsel Dan Cooper

Chair Hansen called the regular meeting to order at 4:51 p.m.

1. Consideration of Minutes of July 11 and 25, 1989

Motion: Councilor Ragsdale moved for approval of the minutes.

Vote: Councilors DeJardin, Hansen and Ragsdale voted aye. Councilors Buchanan and Wyers were absent. The vote was unanimous and the minutes were approved.

2. Consideration of Resolution No. 89-1133, For the Purpose of Designating the Oregon Processing and Recycling Center as a Major Disposal System Component Pursuant to Metro Code Section 5.01.085 and Authorizing Appropriate Amendments to the Oregon Processing and Recycling Center (OPRC) Franchise Agreement (Franchise No. 7)

Phil North, Solid Waste Planner, explained Wastech, Inc. requested Metro grant a ten year franchise for OPRC and designate it a major disposal system component pursuant to Metro Code Section 5.01.085. He said Wastech was authorized in 1988 to expand its operations to 100,000 tons per year. He said Wastech had stated that, to obtain financing for their proposed expansion, they required a ten-year franchise. He explained to grant OPRC a franchise in excess of five years, Metro must designate OPRC a Major Disposal System Component.

Dan Cooper, General Counsel, explained the resolution had been revised and changed to Resolution No. 89-1133A. He said major changes to the resolution were the addition of several findings in the BE IT RESOLVED section, as well as the addition of language which stated Metro's right to operate the gatehouse "in a manner not inconsistent with the terms and conditions of this franchise." The new language replaced "at its own expense and pay the net proceeds of collections to the operator."

Chair Hansen opened the public hearing. No one appeared to testify. Chair Hansen closed the public hearing.

Motion to Amend: Councilor DeJardin moved to substitute Resolution No.89-1133A for Resolution No. 89-1133.

Vote on Motion to Amend: Councilors DeJardin, Hansen and Ragsdale voted aye. Councilors Buchanan and Wyers were absent. The vote was unanimous and the motion passed.

Main Motion as Amended: Councilor Ragsdale moved to recommend the full Council adopt Resolution No. 89-1133A.

Vote on Main Motion as Amended: Councilors DeJardin, Hansen and Ragsdale voted aye. Councilors Buchanan and Wyers were absent. The vote was unanimous and the motion passed.

Chair Hansen recessed the meeting at 5:10 p.m. The meeting was reconvened at 5:35 p.m.

3. Consideration of Resolution No. 89-1131, For the Purpose of Authorizing Negotiations with Trans Industries to Obtain the Metro East Station (Public Hearing)

Bob Martin, Director of Solid Waste, distributed staff's response-- "Request for Information Regarding the Metro East Station," September 1, 1989,--to Councilor Van Bergen per his August 22, 1989, request for information on Metro's proposed negotiations with Trans Industries (TI). Mr. Martin said staff answered Councilor Van Bergen's questions as fully as possible, but would research the issues further for a more complete response at the full Council meeting September 14, 1989

Mr. Martin discussed environmental issues. He discussed information available on the proposed site. He displayed a map of the TI property and adjacent sites and said the TI site had approximately 20 water wells which were tested periodically. Mr. Martin discussed data from a study by Dames & Moore. He said they performed a study of one well on the American Steel property and performed the bulk of their testing on adjacent sites. He referred to another study done for American Steel for their property by the Roy F. Weston Company which resulted in four bored wells on the American Steel property. Mr. Martin said Kleinfelder of Seattle did an additional study, the results of which were not yet available, which concentrated on soil contamination. Mr. Martin said these studies meant there was a large amount of data to draw from. He discussed the Environmental Protection Agency (EPA) status of the Gould and Shell oil properties adjacent to the TI site.

Mr. Martin said a consultant could be hired to analyze all available reports. Councilor McFarland asked how contaminants got on-site. Mr. Martin said contaminants on the Gould property were the result of off-site lead migration. Mr. Martin discussed migration prevention. Mr. Martin said the regulatory agencies did not seem inclined to make the TI site part

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of any Superfund issues. He said it did not appear from the history of the site that it would become a Superfund site and did not appear as if additional contaminants would migrate onto the site. He said the Weston report concluded from the history of the site it did not appear to be a future Superfund site and that contaminants now off-site would not migrate.

Ray Barker, Council Analyst, asked staff what issues Metro should be aware of with regard to site acquisition. Mr. Martin said Metro should be aware of the issues related to acquisition of a property next to a Superfund site and that staff should determine what future action was necessary at this time and in the future. He said staff had access to a great deal of information which required analysis before Metro acquired the property and could do so while in negotiations with TI. Councilor McFarland asked if Metro looked at any other sites which were adjacent to Superfund sites. Mr. Martin said Metro had looked at the Portland stockyards site; at Norcal's proposed site which had lime and acetate and a history of industrial activity; the three sites proposed by Riedel/Wastech which all had past landfill activity; and Killingsworth Fast Disposal (KFD) which had problems normally associated with landfills. He said none of those sites were adjacent to a potential Superfund site.

Chair Hansen opened the public hearing. He stated individual citizens would have three minutes to testify, neighborhood representatives 10 minutes and proposers 15 minutes.

Jim Whitfield, Oregonians for Cost-Effective Government, said his organization reviewed staff's report and the R. W. Beck & Associates' (RWB) report and was glad to see Metro recommended good, cost-effective proposals. He said Oregonians for Cost-Effective Government believed taxpayers and rate payers should have a lighter load in lieu of constant financing via the public sector. He said one problem was that staff recommended a turn-key alternative which called for Metro ownership and public revenue bond funding which left Metro taxpayers at risk for environmental and other liabilities. He said private firms had offered to take all the risk and fund the operation themselves. He asked Metro to return to the drawing board and re-evaluate the full risk of the turn-key operation to the taxpayers.

Rick Paul, 16240 S.E. Baxter Road, Portland, said he was an employee of the Smurfit Newsprint Corporation and distributed written testimony. He said Smurfit was most concerned about the buy-back center for recycling materials at Metro East Station. He asked if the proposed buy-back center would be an incentive program or if it would be a competitive business financed by government.

Bill Donald, 6218 N.W. Saltzman Road, Portland, addressed traffic issues. He said traffic on Saltzman Road and St. Helens Road was already heavy because of trucking and commuter traffic. He asked why Saltzman Road was not included in Metro transportation studies related to the proposed Metro

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East Station. He said the TI proposal was misleading in its assessment of traffic impact on the area. He said residents affected were angry they were not notified until mid-August 1989 about the proposed transfer station when the proposed transfer station became an issue in June.

Lenard R. Kilpatrick, 9605 N. Hodge Ave., Portland, said he was a resident of North Portland and a concerned rate payer. He expressed concern about rising utility rates and their impact on seniors with fixed incomes.

Paul Bingman, 5575 N.W. Willbridge, expressed concern about odor. He said Metro had only assumed responsibility for chemical issues, but said odor was an equal problem. He said he would like to see DEQ odor maps. He said garbage dumping was already a huge problem on Saltzman and other roads. He expressed concern about traffic and noise issues. He said the transfer station location selected was unfortunate, but said the situation would be tolerable if Metro addressed these issues at once.

Carl Goetze, Shell Oil Company plant manager, said he worked across the street at 5880 N.W. St. Helens Road across from the TI/American Steel site. He expressed concern about traffic issues primarily on 61st Street. He said Metro's traffic impact assessment indicated 868 trucks per day would be added to that street. He said that study was done in April and said Shell had since added 50 more trucks which hauled gas and combustible liquids. He did not believe the traffic study dealt with the real issue of adding 868 trucks. He said it was of interest to note railroads prohibited gas trucks from crossing railroad tracks.

Lynnda Steenslid, Weyerhaeuser Paper Company, said she managed the Weyerhaeuser waste paper recovery facility located in Beaverton. She said Weyerhaeuser had operated that buy-back facility since 1969. She said Weyerhaeuser supported competition but opposed competition financed by Metro. Ms. Steenslid listed all the buy-back centers in the greater metropolitan area. She said market competitiveness had been reinforced by closure of the North American Recycling Plant. She said Weyerhaeuser closed their plant in North Portland. Ms. Steenslid said Weyerhaeuser would not legally complain about another buy-back center, but protested Metro involvement. She asked if Metro thought privately run buy-back centers were not already doing a good job.

Chair Hansen said Ms. Steenslid raised important issues and said the Solid Waste Committee would look at buy-back center issues closely.

Jock Mills and Rob Guttridge, Oregon Environmental Council. Mr. Mills distributed written testimony and asked how the proposed transfer station would affect recycling efforts in the Metro watershed. He said the effect of transfer station operations on recycling should be better understood before Metro proceeded. He asked if the avoided cost incentive would discourage source separation. He asked if avoided cost payments to transfer stations was the most effective incentive. He said waste recovery

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was not necessarily deemed recycling and said recyclables should be separated at their source and recycling should not involve an unnecessary subsidy that could be otherwise passed on to those who source separate.

Chair Hansen noted when the avoided cost concept was included in the RFP, the rationale was that in the regional solid waste system, source separation was the preferred method of recycling. He said that part of the RFP was written to address materials which slipped through the system.

Jeanne Roy, Recycling Advocates, said their organization did not believe 25 percent was an adequate required recycling rate and did not believe an automated plant could achieve it. She said the only other company which used similar equipment to process mixed solid waste made refuse derived fuel to be burned. She said OPRC planned to do the same and said OPRC's input was cleaner than mixed garbage. She said the TI proposal said wood would be shredded which she said would probably replace hog fuel. She criticized the proposed bag system. She said the Metro proposal did not give a preference to recycling incentives. She discussed co-mingling which she said statistics had proved resulted in a lower rate of recycling. Ms. Roy said Recycling Advocates was not opposed to source co-mingling. Ms. Roy asked Metro to re-evaluate the proposal and to give preference to recycling.

Judy Roumpf, Association of Oregon Recyclers, concurred with the testimony given by Ms. Steenslid and said the Metro East Station buy-back operation was not needed; that the proposed bagged residential recycling system posed problems; that commercial waste sorting proposed seemed positive; that materials recovery incentive for avoided cost needed more analysis; that Metro should make clear the transfer station was a waste processing facility and not a recycling center as stated in Metro's August 15 press release; and stated a fast track process could be counterproductive.

Frank Dixon, Neighbors West/Northwest president, said he did not think citizen participation had not been allowed to develop appropriately. He said his organization only learned of the proposed transfer station in August and was still in the process of coordination with various neighborhood associations to educate them about the site proposal and receive their comments. He said the neighborhood associations needed additional time to analyze the proposal and pertinent issues as well as a viable and meaningful way in which to participate in the process.

Chair Hansen said the RFPs were publicly opened mid-June. He said the Solid Waste Committee had instructed the Public Affairs Department to notify all interested neighborhood associations as soon as the proposals were received. Mr. Dixon said he met with neighborhood associations who had stated they had not received any formal notice. He said his organization was a coalition neighborhood association and supposed to disseminate information received to pertinent neighborhood associations. Chair Hansen said Metro went directly to individual neighborhood

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associations. Councilor Wyers said she had strongly requested that all affected neighborhood associations be informed. She asked the Public Affairs Department to show her copies of all letters and announcements issued to neighborhood associations and to coordinate future communications with Mr. Dixon and Neighbors West/Northwest.

George Ward, 4941 S.W. 26th Drive, Portland, said he was a consulting civil engineer and recommended Metro acquire Norcal-owned property adjacent to the St. Johns Landfill.

Pam Harden, Kenton Neighborhood Association chair, said she had understood community response would be based on the proposal evaluation document. She said negotiations with the vendor ranked first should take place without negotiations with the vendor ranked second. She said the Riedel/Wastech proposed location(s) should have carried more weight since they were closer to the waste centroid. She said North Portland had had the landfill for over 50 years and it was another area's turn to assume solid waste disposal. She said Reidel/Wastech proposed the only reasonable traffic solutions. She discussed other proposals, including the Rose City Resource Recovery proposal and said the Portland stockyards site was not designated as appropriate land-use for this purpose. Ms. Harden addressed issues related to hazardous waste; noise, dust and odor; site preparation; traffic; and zoning.

John Drew, owner Farwest Fibers and Oregon Recycling, said he had served as chair of the Waste Reduction Subcommittee to the Metro's Technical Committee. He read from the Metro Waste Reduction Plan which he said emphasized waste reduction and source separation to achieve high-grade waste loads. He discussed documents developed by those committees and said their goal was to achieve 52 percent recycling by 2009. He said the committees had strong feelings on waste reduction and source separation. He asked the Solid Waste Committee not to abandon what the two committees had determined to be proper Metro policy. He asked Metro not to run a buy-back facility and not to allow co-mingling. He said there was always a struggle between private versus public financing.

Fred Kahut, said he operated KB Recycling. Mr. Kahut stated for the record he was opposed to any type of Metro owned buy-back center. He said he applied to Metro for a franchise permit in 1987 and two variances which were denied. He said he spoke with Metro staff at that time to change the application decision. Mr. Kahut said Metro ordinances were inconsistent and should adjusted.

Written testimony was submitted for the record from The Residents of Saltzman Road who stated they felt strongly that the traffic on St. Helens Road, Saltzman Road and Balboa Road was already heavy. Their letter expressed concern that businesses located on those roads were not cited in the transportation study prepared by TI. The letter noted the DEQ Auto Test station was located directly across Balboa Road and was heavily used.

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The letter stated the recommended single lane for left turned onto Balboa and that Saltzman was a strong candidate for rear end collisions. The association wished to clarify the vehicle total which would use the transfer station and said the TI report showed 1,736 vehicles would use the facility and Metro's assessment showed 1,020 vehicles would use the facility which was a difference of 716 vehicles. The association expressed concern they were not notified about the proposed site until mid-August 1989 when they understood the site was under consideration June 1989.

Chair Hansen asked if any other members of the public wished to testify. No one appeared to testify and Chair Hansen concluded the citizen portion of the public hearings.

Chair Hansen recessed the meeting at 7:24 p.m. The meeting reconvened at 7:38.

Chair Hansen opened the proposer public hearing.

Thomas Brennan, Norcal, distributed "Norcal Solid Waste Systems, Inc. Presentation to: Metropolitan Service District Solid Waste Committee September 5, 1989." Mr. Brennan responded to Metro staff's evaluation of the Norcal proposal which was rated fourth. He said Norcal offered a reasonable proposal at the lowest cost and was still not chosen. Mr. Brennan said he wished to discuss site access, material recovery rates and cost. He said transportation difficulties cited by Metro staff were inadequate queuing space, no PUC approved public rail crossings, and potential train delay. Mr. Brennan presented new transportation access. He said Norcal's executive analysis of traffic would be available for staff review. He said to improve transportation access it was necessary to acquire new property. He said the owner of the property would accept Norcal-owned buildings as payment. He said the new access had been approved by the PUC. He said the new access would only change the total cost of their proposal by \$25,000.

Mr. Brennan discussed railroad traffic. He said Metro staff said approximately 20 trains crossed by the site and took 3.5 minutes per train but could take up to 10 minutes per trip. Mr. Brennan said he spoke Norcal spoke with Union Pacific officials who stated there were up to 18 crossings and not as many as previously estimated. He said Union Pacific assured Norcal their peak crossing time was from 5 p.m. to 4 a.m. He said there would be a maximum of six out of the 18 total trains crossing between 5 a.m. and 5 p.m. which was the peak transfer station period. He said the railroad did not change crews during that time and said Union Pacific could verify that. Mr. Brennan referred to his July 21, 1989, letter to Jim Shoemake, Solid Waste Facilities Superintendent, in which he stated he was informed by Jim Watkins, Engineering & Analysis Manager, that Norcal erroneously guaranteed material recovery rates in Form G of the RFP rather than Performance Guarantees in Form F. His letter requested correction of the error. Mr. Brennan referred to a table in Norcal's report which

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demonstrated the correct materials recovery rate Norcal would have proposed.

Mr. Brennan said including the cost of the new access and suggested equipment, Norcal's proposal would still be the cheapest. He said at Norcal the employees were the owners. He said Norcal and its predecessors had been in business for over 80 years without financial or labor difficulties. He said their PUC permit would be approved, access would be obtained, the queuing would be adequate, that their materials recovery rate was realistic, and they were the lowest priced vendor public or private.

Councilor Wyers asked if Norcal had any contamination on their proposed site. Mr. Brennan said their site was at Level 3 and was almost, if not completely, clean. Councilor Ragsdale asked Mr. Brennan if Norcal, in revision of their traffic impact, attempted to rescore their evaluation points. Mr. Brennan said Norcal now believed itself to be ranked second. Chair Hansen requested Mr. Cooper to determine the parameters of change allowable in proposals. He said new traffic information improved Norcal with regard to points. Councilor Ragsdale asked Mr. Brennan to submit to Metro staff Norcal's new ranking analysis at the special meeting Thursday. Councilor Devlin asked if it was possible to differentiate between changes made in proposals by the proposer as opposed to data Metro was aware of and the proposer modified in response. Mr. Cooper said he would submit that information Thursday.

Charles Bird, Riedel Waste Disposal Systems, Inc. distributed "Testimony on Metro East Station Evaluation August 1989." Mr. Bird said Riedel believed in complicated evaluation processes non-deliberate errors could be made. He said with evidence from Riedel to that effect, Riedel was confident they would be considered the first ranked proposer. Mr. Bird discussed Riedel Waste Disposal Systems and Wastech, Inc.'s joint venture to form Riedel/Wastech and submit a proposal for the Metro East Station and their suggestion of three existing sites: OPRC, Riedel Transfer Station (RTC) and Killingsworth Public Transfer Center (KPTC). He said because of site locations and the separation of disposal functions, traffic impact would be minimized. Mr. Bird discussed numeric errors, interpretive errors, unjustified low management scores, neighborhood support, guaranteed recovery rate, and minimum guarantees.

Councilor Buchanan asked how long OPRC had been in operation.

Merle Irvine, OPRC vice-president, said the OPRC site had been in existence since 1973. He said Wastech took over ownership in 1985. Councilor Buchanan asked if their proposal meant Metro would purchase an on-going operation. Mr. Irvine said the three operations were offered for different ownership options and/or that Metro could purchase one, two or all three of the facilities. Councilor Buchanan said he understood the Riedel/Wastech proposal was higher because it meant Metro would purchase an existing business. Mr. Irvine said Wastech would have to relocate if Metro purchased

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OPRC. Mr. Bird said Riedel thought Metro would want to purchase RTC and it was thought the addition of OPRC would enhance the offer. He said RTC had full transfer station capabilities. Councilor Ragsdale asked Mr. Bird for his opinion of Riedel's rescoring of their bid. Mr. Bird said the Riedel/Wastech proposal was clearly the best proposal. Councilor Ragsdale asked Mr. Bird to submit that documentation.

Michael Sievers, Rose City Resource Recovery (RCRR) project manager, said RCRR was a division of Schnitzer Investment Corporation. He referred the Committee to his September 1, 1989, letter to Chair Hansen which stated the proposal evaluation did not rate them the best proposer. Mr. Sievers referred to Councilor Van Bergen's request about the relationship between RCRR and Waste Management in the proposal submitted. He said that relationship was stated clearly in the executive summary that Waste Management would serve as RCRR's construction manager and be involved in the design of the facility in order to allow RCRR to use the extensive experience of Waste Management. He said once the facility doors opened for business, Waste Management would no longer be involved in the project. Mr. Sievers asked the Committee and the full Council to reject the evaluation process submitted and support RCRR's proposal on the grounds of good policy choice. He discussed environmental issues, private versus public ownership, technical analysis, and location. He asked Metro to consider commitment to a local company with a good recycling record. Mr. Sievers referenced environmental reports with regard to the proposed TI site. He said RCRR's proposal was clearly the best proposal. Councilor Ragsdale asked Mr. Sievers to submit documentation of how RCRR thought they should have scored.

Chair Hansen said this meeting's testimony had cast some doubt upon the Evaluation Committee. He asked Mr. Sievers, if Metro were to reject TI as the first ranked proposer, if he would recommend complete re-evaluation of the remaining three proposers. Mr. Sievers said RCRR ranked second and felt they would be the first ranked proposer in the event of rejection of TI.

The Committee and Mr. Sievers discussed RCRR's LUBA issues. Mr. Sievers said RCRR's request for continuance was based on the fact that in July, two members of the Portland City Council's members were not in attendance and RCRR requested to be heard when all City Council members would attend. He said RCRR learned in August the Mayor would not be present at a meeting and RCRR requested another extension. Mr. Cooper explained related LUBA issues and timelines. Councilor Van Bergen said he thought once zoning was decided it was not subject to change. Mr. Cooper explained decided zoning was subject to change especially in view of certain proposed uses. Mr. Sievers said RCRR had appealed the rezone decision and said all the property surrounding their site had been granted H-I status.

Rich Owings, Trans Industries project manager, said he would not try to rebut previous testimony. He said Metro staff had already explained their

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proposal extensively. He said they followed Chair Hansen's request and submitted information to Mr. Barker on their scoring and that they were the first ranked vendor.

Mr. Owings addressed environmental issues surrounding the TI/American Steel property. He said information on the site had been submitted to DEQ and EPA. He said TI proposed to seal the site with a cement slab so that rainwater would not leach the site. Mr. Owings said transportation improvements that TI proposed would be done in a timely manner. He said those improvements were on the Department of Transportation's project list. Mr. Owings said if a buy-back center was not wanted, it could be dropped from the proposal. He said TI's price or recycling rate was not contingent on a buy-back center offered. Mr. Owings discussed financial risk and said TI stood ready to own and operate the facility.

Councilor DeJardin asked about aquifers located on the TI property and asked how a ten-inch cement slab would not create difficulty with flow underneath the slab. Mr. Owings said the amount of contamination on the property was very small. He said the cement slab would more than mitigate the contamination and not impede aquifer flow. Mr. Owings said TI was willing to do construction for the price offered. He said this situation was not similar to the Oregon Convention Center site in which Metro had to assume responsibility for contamination.

Councilor Devlin told Mr. Owings that any documentation TI could provide to clarify their proposal would be to TI's advantage. Mr. Owings concurred and said they had made the Roy F. Weston report available to Metro and DEQ as well as the report's background information, and would make TI's own investigation available to Metro staff September 6.

Chair Hansen thanked all those who had testified for their time and effort. Councilor Ragsdale requested staff to submit information on materials recovery rates and guarantees. He said Riedel/Wastech had sound arguments on cost criteria and said the proposers should be prepared to address those guarantees at the special meeting September 7.

Councilor Van Bergen expressed concern about TI's proposal. He asked if staff would analyze all material submitted. He asked Mr. Cooper to report on Metro's legal responsibilities September 7.

Chair Hansen adjourned the meeting at 9:04 p.m.

Respectfully submitted,



Paulette Allen
Committee Clerk
SWC89.248