

MINUTES OF THE METROPOLITAN SERVICE DISTRICT
COUNCIL SOLID WASTE COMMITTEE

October 6, 1987
5:00 p.m. - Room 330

Committee Members: Jim Gardner, Gary Hansen, Corky Kirkpatrick, Sharron Kelley

Committee Members Absent: Tom DeJardin

Other Councilors Present: Mike Bonner

Staff Present: Rich Owings, Dennis Mulvihill, Roosevelt Carter, Steve Rapp, Pat Vernon, Dennis O'Neill

Others Present: Dan Saltzman, Rick Daniels, Bob Hurley, Merle Irvine, Estle Harlan, Jean Roy

Chair Gardner called the meeting to order at 5:08 p.m.

1. CONSIDERATION OF MINUTES

Motion: Chair Gardner moved, seconded by Councilor Hansen, to approve the minutes of August 25, 1987. The motion was approved 4-0.

2. Consideration of Granting a Processing Facility Franchise to K.B. Recycling, Inc.

Steve Rapp, Solid Waste Analyst, reported this item was being removed from the agenda because he understood the owners were concerned about some of the franchising requirements, particularly Metro's right to assume the company if it goes out of business. K. B. Recycling asked for a variance of that requirement. They wished to postpone their consideration of the application. Chair Gardner noted that K. B. Recycling had not completely withdrawn the application, and asked if that variance had been granted to similar franchises. Rich Owings, Solid Waste Director, replied it had not.

3. Briefing on Status of Solid Waste Reduction Program

Dennis Mulvihill, Waste Reduction Manager, presented a brief overview of staff's written report. Councilor Kirkpatrick expressed concern that progress on budgeted work programs was not progressing according to the preset timeline, especially given the staff increases for FY 1987-88.

Chair Gardner asked if spotters were allowed at Clackamas Transfer & Recycling Center (CTRC) and the St. Johns Landfill to redirect high-grade loads. Mr. Owings said more loads could be diverted, but Metro would have to mandate diversion. Problems could result if loads were contaminated because the drivers would not know what was at the bottom of the load.

Councilor Hansen questioned the time available to study waste reduction issues. A discussion followed regarding Metro's waste reduction priorities. Councilor Hansen thought the short-term goal was diversion and the long-term goal was recycling. Mr. Owings agreed, saying he thought the long-term goal would correct itself -- there would be more incentive for the drivers to go to Oregon Processing and Recycling Center (OPRC) because the differential would be much greater. The short-term goal would be diversion since compactors were resulting in a savings of 12 percent.

Jean Roy, member of the Solid Waste Planning Technical Committee, suggested Metro could award grants and influence rates in order to reduce waste. She said she had submitted two proposals which had not been utilized. She suggested rewarding haulers who recycled by giving them discounts on future visits to Metro disposal facilities so that Metro would not have to force haulers and use incentives. Chair Gardner pointed out the hauler fee was currently reduced at OPRC.

Mr. Mulvihill said because of a rate study made last year, a decision was made to raise the transfer fee and the rate differential for yard debris as an incentive at the landfill to draw more haulers to the St. Johns Landfill. He said he had a copy of Jean Roy's proposal and assumed her ideas would be used in the rate review process for FY 1988-89.

Councilor Kirkpatrick asked why the functional planning process was already taking so much time when a good waste reduction plan was already in place.

Mr. Mulvihill replied the waste reduction certification process was behind because it was not seen as an effective program. When it was decided the landfill should be made to last longer, staff time was diverted to work on that priority. The certification program had been difficult to adopt and was also difficult to explain it to local

governments and haulers. He thought Solid Waste Management Plan lacked a pledge that rates be used as an incentive. The Council had the option to raise the rates of those not cooperating.

Councilor Hansen asked if in the next few weeks, the Council's power could be used to create incentives to divert loads inappropriate for disposal at St. Johns to be disposed at the processing station. Mr. Owings said the rate ordinance would have to be changed and a surcharge could be adopted. Councilor Hansen said clear warning would have to be given to haulers. Chair Gardner said the "threat" of a surcharge would be tremendous incentive.

Mr. Owings reported waste reduction certification was a two-phased program. The first phase was to make sure collectors recycled. That phase was accomplished. The second phase was to work with jurisdictions who managed the collectors. Mr. Owings and Councilor Kelley discussed who was to originally have been certified -- local governments or the haulers. Councilor Kirkpatrick pointed out those decisions should have been made in 1986.

Chair Gardner was concerned the certification standards to be implemented in 1988 had not yet been adopted. The prospect of things being on hold for two years was "distressing," he said.

Mr. Owings asked for committee consensus on the issue of waste reduction priorities.

Councilor Kelley said she was glad to be back on track with the certification program. She knew the Department of Environmental Quality (DEQ) had accepted it, but said she thought it was in all our best interests to take a look at certification for haulers and to investigate how Lane County did business.

Mr. Owings asked if Councilor Hansen's issue to impose a surcharge to divert waste went to the full Council if there would be some sort of surcharge or mandatory diversion of loads from St. Johns, and would it also apply to CTRC? Councilor Hansen suggested waiving more rates at the landfill as long as such actions were appropriate.

Don Carlson asked staff to explain the rationale for short-term diversion.

Councilor Kelley asked Mr. Mulvihill to report on hazardous waste at the Solid Waste Subcommittee meeting on October 20, 1987.

4. Status on Rate Review.

Mr. Owings introduced Roosevelt Carter, the new Operations Manager for the Solid Waste Department. Carter said the timeline for the rate

review began formally next week and would be tied to Metro's new fiscal year. The 60 days notice to haulers of a rate increase was incorporated into the staff's schedule. Mr. Carter said more time would be needed for an in-depth analysis of rates. He wanted all rate action to dovetail with specific Council procedures coming up, i.e., the Memorandum of Understanding (MOU) process on resource recovery, landfill bids, and waste reduction programs. He was targeting a December date for completion.

Mr. Carlson asked what kinds of rates needed to be changed. Mr. Rapp noted that rates and reserve accounts all had an effect on total costs.

Mr. Carlson asked when the Council could examine financial policies determining rate changes? Councilor Kirkpatrick said she had expected to discuss the financial policies earlier, and said it was difficult to have the Rate Review Committee look at the existing situations and revenue rates when they didn't know what the policies were.

Mr. Owings said that some agency issues should be presented to the Council because they are not "solid-waste-specific," including bonding, reserve accounts, and capital. Specific solid waste issues could be handled as part of a rate resolution. Staff would draft a resolution for Council consideration which would state the Council's policies regarding charitable agencies and other matters. The Council would then tell staff what rates to set for those agencies.

Mr. Carlson said agency policies were developed for Solid Waste so that if they were adopted, the rate-making-process would be based on sound financial policies.

Councilor Bonner asked how the cost of a resource recovery project could be factored into new rates. Councilor Kelley thought rates should go up in small increments to absorb the projects' costs. Chair Gardner said the perception was 10 years from now the rates would be substantially higher. Councilor Bonner said raising of the rates should begin now so the public was aware of the crisis they were facing. Councilor Hansen thought rates could increase 16 percent annually which would be alarming the public.

Mr. Carter resumed his presentation. He discussed meeting with the Rate Review Committee in January and the Solid Waste Committee by February 9, 1988. The first Council hearing on proposed rates would be in March 11, and March 25 for a hearing and adoption. Some of the issues would be rate incentives for recycling; financial management alternatives such as reserve accounts; capital repair and replacement; and operating acquisitions.

After discussion, Chair Gardner said it would be a large workload for the Council and staff to work on the budget and the rates program

concurrently. Councilor Hansen thought rates should be discussed by the Council in addition to the Rate Review Committee.

Review of Request for Bids for Eastern Oregon Landfills

Dennis O'Neil, Senior Analyst, passed out a memorandum entitled "Request for Bids for Landfill Disposal of Solid Waste," which was updated after the September 29, 1987, Solid Waste Subcommittee meeting. Rich Owings said staff said they had taken the Councilors' and the vendors' concerns into account and recommended that a transfer station and a transport station not be built at the present time. Staff could prepare a Request for Bids (RFB) or a bid in December when it would be known where the landfill would be located. Mr. Owings went on to say it made more sense to tie a transport and a transfer station together rather than transport and landfill. He strongly recommended just bidding the landfill portion only. Discussion followed between Chair Gardner, Rich Owings, and Councilor Kelley regarding the estimated cost of transport.

Councilor Kirkpatrick said it was important to get the best rate for the haulers. If separating the costs would keep the rates down, that method should be encouraged. Councilor Kirkpatrick also said the concept of "publicly owned, privately operated" needed to be investigated. She preferred the RFB process for that reason.

Mr. Owings discussed Option 6 of the RFB for Landfill Disposal of Solid Waste. Chair Gardner noted that burner residue was not necessarily included in the waste stream. Mr. Owings said ash, in his opinion, was solid waste; there needed to be included in bids and options.

Item No. 7 of the above-mentioned RFB will probably be a performance bond for at least \$100,000. Mr. Owings wanted to make it clear that Metro could contract with a public landfill and not just a private landfill.

On No. 10 there was speculation as to how prices would escalate. Solid Waste proposed a 4 percent limit on the Consumer Price Index (CPI). Rich Owings said one of the difficulties with the CPI was that it might not be a true reflection of landfill costs. A suggestion would be to use the CPI "no limit," but allow the vendors to indicate a CPI percentage. Those bids would then be applied to base prices and a 4 percent annual inflation rate would be assumed over 20 years. That would be the basis for the awarding of the bids, he explained.

Chair Gardner said a uniform CPI percentage would have to be identified to compare the bids on an equal basis. Mr. Owings explained that after the bid award, the vendor's factor would be applied to the real CPI. The last performance bond would be related to the option they bid on.

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If the bid was on all the waste, it would be a \$20 million bond, if they were bidding on only a portion of the waste, the requirements would be less.

Chair Gardner asked if projected, the schedule remained the same. Mr. Owings said the project could be set back one week.

Chair Gardner asked from the vendor's point of view, the effect of the bidder not having control over the transportation. Mr. Owings said that could be easily handled, pointing out that if the burner were built in St. Helens, waste could be barged. Chair Gardner said transportation cost analyses would be done over a variety of modems. Mr. Owings thought it appropriate for a vendor to say what type of transportation was required for the landfill.

Chair Gardner then asked for comments from vendors.

Rick Daniels of Waste Management of Oregon said RFB's were not a common method of seeking landfill services. He requested vendors make proposals to Metro. Councilor Hansen pointed out that Metro was guaranteeing a certain amount of the cost overhead. Bob Hurley of Environmental Waste Systems also spoke, agreeing with Mr. Daniels.

Merle Irvine of Wastech said the revised Solid Waste memorandum addressed his concerns. Regarding the capital and operating issue, if there is a garbage burner, he would have to include in his response enough capital for barges and transportation costs.

Metro's requirement for a \$20 million performance bond was discussed. Mr. Owings said the surety of the bond would take care of the risk if the original operator defaulted. Chair Gardner asked why such a large bond was needed. Merle Irvine said it protected both the vendor(s) and Metro. Irvine said his concerns were for the quantity of unknown factors, the short time period, and that the vendors had to protect themselves. Chair Gardner said that the reason for the RFB is for staff to get good costs on the landfill to compare with resource recovery.

Chair Gardner adjourned the meeting at 7:40 p.m.

Respectfully submitted,



Paulette Allen
Clerk

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