

RAMSEY/WASHINGTON COUNTY  
**RESOURCE RECOVERY PROJECT**

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2785 White Bear Avenue • Suite 350 • Maplewood, Minnesota 55109 • 651.266.1194 • 651.266.1177

**MEETING NOTICE**

**RAMSEY/WASHINGTON COUNTY  
RESOURCE RECOVERY PROJECT BOARD**

**DATE:** July 25, 2013

**TIME:** 9:00 am

**PLACE:** Resource Recovery Project/Ramsey County Environmental Health Offices  
2785 White Bear Avenue, Suite 350  
Maplewood, MN 55109

**AGENDA:**

- I. CALL TO ORDER**
- II. APPROVAL OF AGENDA**
- III. APPROVAL OF MINUTES – January 24, 2013**
- IV. BUSINESS (Organized by Program Area)**
  - A. Project Management
    1. 2013 YTD Report on Budget Activity Information
    2. 2014 – 2015 Project Budget Action
  - B. Policy Evaluation – Future of Waste processing
    1. Review of 2013 process and timeline Information
    2. Status of Establishing a Purchase Price Information
    3. Alternative Technologies for MSW Information
  - C. East Metro Organic Waste and Recycling
    1. 2013 progress report Information
    2. Strategy for Transportation Efficiency and Starter Grants Concept Action
  - D. Updates
- V. OTHER BUSINESS**

**RAMSEY/WASHINGTON COUNTY  
RESOURCE RECOVERY PROJECT BOARD  
JANUARY 24, 2013  
MINUTES**

A meeting of the Ramsey/Washington County Resource Recovery Project was held at 9:00 a.m., January 24, 2013 at the Saint Paul - Ramsey County Public Health, Environmental Health Section, in Maplewood, Minnesota.

**MEMBERS PRESENT**

Commissioners Toni Carter, Blake Huffman, Rafael Ortega, Victoria Reinhardt – Ramsey County  
Commissioners Gary Kriesel, Autumn Lehrke – Washington County

**MEMBERS ABSENT**

Commissioner Janice Rettman – Ramsey County  
Commissioners Ted Bearth, Fran Miron – Washington County

**ALSO ATTENDING**

Mary Elizabeth Berglund, Gary Bruns, Trent Danielson, Chris Gondeck, Zack Hansen, Ryan Howell, Tom Ingemann, Lowell Johnson, Julie Ketchum, Sandy Koger, George Kuprian, Sue Kuss, Jennifer Madsen, Harry McPeak, Peder Sandhei, Norm Schiferl, Katie Shaw, Warren Shuros, John Springman, Ryan Tritz, Brent Warthner

Introductions were made.

**APPROVAL OF AGENDA**

Commissioner Huffman moved, seconded by Commissioner Carter, to approve agenda.

Roll Call:           Ayes – 5           Nays – 0           Motion Carried.

**APPROVAL OF THE OCTOBER 18, 2012 MINUTES**

Commissioner Carter moved, seconded by Commissioner Huffman, to approve the minutes.

Roll Call:           Ayes – 5           Nays – 0           Motion Carried.

**SECTION A: GOVERNANCE**

**Election of Officers**

Vice Chair Reinhardt asked for nominations for the position of Project Board Chair. Commissioner Huffman nominated, seconded by Commissioner Kriesel, Commissioner Reinhardt for Chair. Commissioner Reinhardt moved to close nominations and elect Commissioner Reinhardt as Chair of the Project Board.

Roll Call:           Ayes – 5           Nays – 0           Motion Carried.

Commissioner Lehrke arrived.

Commissioner Reinhardt asked for nominations for Vice Chair. Commissioner Huffman nominated Commissioner Lehrke for Vice Chair. Hearing no other nominations, Commissioner Lehrke was elected Vice Chair.

Roll Call:           Ayes – 6           Nays – 0           Motion Carried.

**Appointment of Executive Committee**

Chair Reinhart said the Executive Committee is composed of the Chair, Vice Chair, and a member of the Vice Chair's County. Commissioner Carter nominated Commissioner Kriesel, seconded by Commissioner Huffman to serve on the Executive Committee. The Executive Committee appointees are Commissioners Reinhardt, Lehrke, and Kriesel.

Roll Call:           Ayes – 6           Nays – 0           Motion Carried.

**Appointment of 2013 Budget Committee**

Chair Reinhardt appointed Commissioners Lehrke, Huffman, and Rettman to serve on the Budget Committee.

**SECTION B: ADMINISTRATION**

**2012 Report of Budget Activity**

Sue Kuss said the 2012 monthly disbursements are routine. There were no questions.

**2013 Meeting Schedule**

Commissioner Carter moved, seconded by Commissioner Huffman, to approve the proposed 2013 Meeting Schedule.

Roll call:           Ayes – 6           Nays – 0           Motion Carried.

**SECTION C: PROGRAM UPDATES**

**Policy Evaluation – Future of Waste Processing**

Zack Hansen said the Agreement with RRT is for an additional three years, 2013-2015. The agreement includes an exclusive option to purchase if RRT decides to sell, decides to stop using the facility to process waste or defaults on the agreement. There is an unconditional exclusive option beginning January 1, 2015 through that calendar year.

If the Counties exercise the option in 2015, RRT has the right to reject the purchase. If they do, then the Agreement automatically extends two years through 2017; RRT must meet its obligations and guarantees; the Counties do not pay hauler rebates in 2016 – 2017 and the Counties have a right of first refusal during the extended term.

The Project has directed a two year evaluation process that has been created to set up the decision whether to exercise the option in 2015.

In 2013, there are two key policy issues that are being evaluated.

1. An analysis of waste processing technologies.
2. A policy analysis of issues related to potential purchase of the facility.

There is no preconceived intent to purchase. This is a process to lead a decision by the end of 2015 whether to purchase.

In 2013, Phase 1 is leading to a decision point in early 2014 where we look at this question:

- *Should the Counties proceed to further evaluate purchase of the facility, gather more information, and conduct analysis sufficient to make a decision?*

In 2014, Phase 2 - there is a detailed analysis and due diligence leading to a decision point in late 2014 or early 2015.

- *Should the Counties exercise their option to purchase the facility, continue to contract with a private facility operator, or pursue other processing alternatives?*

The policy analysis on processing has several elements. First is to establish a purchase price. In February, Stoel Rives will hire an appraiser and get an appraisal of the facility. There will be good faith negotiations to attempt to establish a purchase price by March 31. If that fails, the parties will move into binding arbitration to establish the purchase price by December 31.

Other elements out of the policy analysis on processing is information gathering. Coming out of the appraisal process is a better understanding of the technical statuses of the RRT Facility and Xcel Combustion Facilities.

Policy issues related to a County purchase:

- risk analysis – benefits and risks of public ownership
- governance issues
- planning requirements
- waste assurance issue
- financial issues

### **East Metro Organic Waste and Recycling**

Zack Hansen gave an overview of the joint Ramsey & Washington County work on non-residential organic waste management and recycling.

The focus of the program is to provide direct services targeted at large volume organic waste generators, to assist them in moving to separate management of organic waste, market those services and conduct research and development to create tools and evaluate organic waste management.

The East-Metro Commercial Organics and Recycling website is designed with business needs in mind. The site is called BizRecycling and the URL is [www.lesstrash.com](http://www.lesstrash.com). This site will raise awareness and market services, provide local relevant tool kits for businesses, provide access to Project and County consultants, provide connections to other waste management resources, and include a moderated electronic forum for businesses to exchange information.

The Counties have contracted with JL Taitt & Associates, Waste Wise and MnTAP who will provide technical assistance and consultation directly to the businesses at no cost.

Results in 2012:

- JL Taitt & Associates contacted 218 different institutions. Of that 139 were in Ramsey County and 79 in Washington County which were divided between assisted living, hospitals, universities & colleges and public & private K-12.
- Waste Wise contacted over 470 businesses.

The BizRecycling website is designed to fit hand in glove with the work the Solid Waste Coordinating Board is doing on its RethinkRecycling.com website which is focusing on business recycling in 2013. One of the actions to raise awareness among businesses in the metropolitan area is the partnership the Solid Waste Coordinating Board has with Kare11. Beginning in February and extending through Earth Day, which is an 11 week period, Kare11 will be featuring a business recycling advice or steps once a week on Mondays either their 5:00 or 6:00 pm program.

They will be challenging within Kare11 and local businesses to step up in recycling. There will be a different story each week. The Solid Waste Coordinating Board will be sponsoring of this.

**Resource Recovery Facility**

Ryan Tritz, RRT, updated the Project Board on the status of waste hauler delivery contracts and the 2012 Newport waste volumes and efficiencies.

Commissioner Reinhardt questioned the capacity at the Newport Facility. Chris Gondeck said 500,000 tons.

Mr. Gondeck said they will be hosting a clean-up event for the City of Newport.

**SECTION D: OTHER UPDATES**

**MPCA Update**

Peder Sandei, MPCA, stated that at the 2011 legislature required the MPCA to provide a report about the restriction on disposal which is State Statute 473.848 and mandated that MPCA take no enforcement action until February 15, 2013. MPCA has completed and submitted the report to the legislature. Internally, staff has been directed by leadership to prepare a timeline and recommendations regarding what should be done after February 15<sup>th</sup>. No decision has been made at this time. He noted that 100,000 tons of mixed MSW by-passed the Newport Facility in 2012.

**Legislative Update**

Commissioner Reinhardt said that in the Governor's budget, they will retain the SCORE funding.

**ADJOURNMENT**

Chair Reinhardt adjourned the meeting.

Approved:

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Commissioner Victoria Reinhardt, Chair



**RAMSEY/WASHINGTON COUNTY RESOURCE RECOVERY PROJECT  
REQUEST FOR BOARD ACTION**

Project Board Meeting Date: <u>5/23/2013</u>	AGENDA ITEM: <u>A-1</u>
SUBJECT: <u>Report of Budget Activity</u>	
TYPE OF ITEM: <input checked="" type="checkbox"/> Information <input type="checkbox"/> Policy Discussion <input type="checkbox"/> Action	
Submitted By: <u>Joint Staff Committee</u>	

**PROJECT BOARD ACTION REQUESTED:** For information only.

**EXECUTIVE SUMMARY:**

The Resource Recovery Project Board requires that all invoice payments and Budget Adjustments be submitted for review.


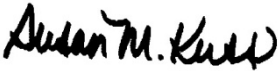
**ATTACHMENTS:**

1. 2013 Resource Recovery Project Budget and YTD Actual Expenditures

**SUBJECT: Report of Budget Activity**

**FINANCIAL IMPLICATIONS:**

**AUTHORIZED SIGNATURES**

<b>Joint Staff Committee</b>	<b>Date</b>
	<b>7.18.13</b>
<b>Ramsey County Attorney</b>	<b>Date</b>
<b>Washington County Attorney</b>	<b>Date</b>
<b>Ramsey County Department of Finance</b>	<b>Date</b>
	<b>7.18.13</b>
<b>Other</b>	<b>Date</b>

# RESOURCE RECOVERY PROJECT 2013 BUDGET & YTD ACTUALS

## Program: Project Management

This Program includes expenses associated with managing the Resource Recovery Project and the Processing Agreement with RRT.

		<u>2013 Budget</u>	<u>2013 Actuals to Date</u>
421102	State Auditor	5,200	-
421208	County Attorney Services	20,000	6,197
421501	Consulting Services	1,500	-
421502	Engineering Services	50,000	52,523
421511	County Project Management Services	250,471	61,529
423309	Records Storage/Retrieval Fee	500	45
424107	Liability & Property Damage	14,205	14,205
424302	Membership & Dues	750	750
424304	Other Travel	10,000	-
424306	Meeting Expenses Account	300	90
424601	Other Services	10,000	-
<b>TOTAL PROJECT MANAGEMENT EXPENSES</b>		<b><u>362,926</u></b>	<b><u>135,338</u></b>



# RESOURCE RECOVERY PROJECT

## 2013 BUDGET & YTD ACTUALS

### PROGRAM: ORGANIC WASTE MANAGEMENT

This program includes funding for the variety of activities that the Project initiated in 2011, following a year-long policy evaluation of organic waste management. The work includes education, consultation and technical assistance; evaluation and recommendations to address collection efficiencies; evaluation of a starter-grants program; and funding for food rescue.

	<u>2013 Budget</u>	<u>2013 Actuals to Date</u>
421501 Consulting Services	330,000	64,438
421502 Engineering Services		11,622
421602 Advertising & Promotion	54,000	-
424601 Other Services	-	
425102 Organic Waste Management	580,000	20,000
<b>TOTAL ORGANIC WASTE MANAGEMENT EXPENSES</b>	<b>964,000</b>	<b>96,059</b>

### PROGRAM: GENERAL OUTREACH

This program includes outreach and education activities targeted at waste generators in the two Counties.

	<u>2013 Budget</u>	<u>2013 Actuals to Date</u>
421602 Advertising & Promotion	362,500	98,553
<b>TOTAL GENERAL OUTREACH EXPENSES</b>	<b>362,500</b>	<b>98,553</b>

### PROGRAM: POLICY EVALUATION

This program is a one-time program that is a result of the policies discussions and development of the 2013-2015 Processing Agreement. There are three main categories of work: Evaluation of processing alternatives, establishing a purchase price for the Facility, and evaluation of the future of processing, including purchase of the Facility.

	<u>2013 Budget</u>	<u>2013 Actuals to Date</u>
421201 Legal Services	189,000	72,232
421501 Consulting Services	85,000	-
421502 Engineering Services	275,000	

# RESOURCE RECOVERY PROJECT

## 2013 BUDGET & YTD ACTUALS

424601 Other Services	40,000	-
<b>TOTAL POLICY EVALUATION EXPENSES</b>	<b>589,000</b>	<b>72,232</b>

# RESOURCE RECOVERY PROJECT 2013 BUDGET & YTD ACTUALS

## PROGRAM: RESOURCE RECOVERY

This program provides funding for hauler rebates.

	2013 Budget	2013 Actuals to Date
424623 Rebates - Resource Recovery Tipping Fees	8,400,000	1,953,835
<b>TOTAL PROCESSING EXPENSES</b>	<b>8,400,000</b>	<b>1,953,835</b>

## EXPENSE SUMMARY

TITLE OF PROGRAM	2013 Budget	2013 Actuals to Date
PROJECT MANAGEMENT	362,926	135,338
ORGANIC WASTE MANAGEMENT	964,000	96,059
GENERAL OUTREACH	362,500	98,553
POLICY EVALUATION	589,000	72,232
RESOURCE RECOVERY	8,400,000	1,953,835
<b>TOTAL PROJECT BOARD BUDGET:</b>	<b>10,678,426</b>	<b>2,356,018</b>

## REVENUE SUMMARY

INTERGOVERNMENTAL REVENUE	2013 Budget	2013 Actuals to Date
314103 Other Participation (Washington County)	2,720,095	342,034
319110 Ramsey County Participation	7,354,331	924,759
318102 Interest on Investments	15,000	-
319105 Insurance Dividends	-	-
Resource Recovery Project Board Fund Balance	589,000	-
<b>TOTAL REVENUE:</b>	<b>10,678,426</b>	<b>1,266,793</b>



**RAMSEY/WASHINGTON COUNTY RESOURCE RECOVERY PROJECT  
REQUEST FOR BOARD ACTION**

<b>Project Board Meeting Date:</b> 7/25/2013	<b>AGENDA ITEM:</b> A-2
<b>SUBJECT:</b> 2014 – 2015 Resource Recovery Project Budget	
<b>TYPE OF ITEM:</b> <input type="checkbox"/> Information <input type="checkbox"/> Policy Discussion <input checked="" type="checkbox"/> Action	
<b>Submitted By:</b> Resource Recovery Project Budget Committee	

**PROJECT BOARD ACTION REQUESTED:**

Discuss and recommend the proposed 2014 - 2015 Resource Recovery Project Budget to the Ramsey and Washington County Boards for adoption.

**EXECUTIVE SUMMARY:**

The Resource Recovery Project Board Budget Committee met on June 27, 2013 to review a draft 2014 – 2015 Ramsey/Washington County Resource Recovery Project (Project) Budget prepared by the Joint Staff Committee. The Budget Committee is recommending a 2014 – 2015 budget to the Project Board. The recommended budget is attached for review prior to the July 25<sup>th</sup> Project Board meeting.

**ATTACHMENTS:**


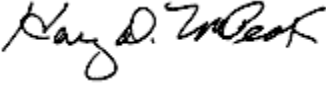
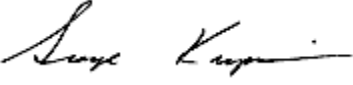
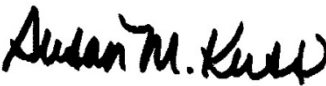
- 1. Memo dated July 19, 2013 from the Budget Committee, including**
  - a. Attachment 1 entitled “Non-Residential Organic Waste and Recycling Work Narrative.”
  - b. Attachment 2, entitled “2014 Policy Evaluations.”
- 2. Proposed 2014 – 2015 Project Budget, including**
  - a. 2014 – 2015 Resource Recovery Project Budget Recommendation
  - b. 2014 - 2015 Resource Recovery Project General Outreach and Education Work Plan
  - c. 2014 - 2015 Resource Recovery Project Non-Residential Recycling and Organic Waste Outline and Budget
  - d. 2014 - 2015 Policy Evaluation Budget
- 3. Draft Resolution**

**SUBJECT:** 2014 – 2015 Resource Recovery Project Budget

**FINANCIAL IMPLICATIONS:**

Explained in the attached documents; recommends a 2014 – 2015 Resource Recovery Project Budget for consideration by the Ramsey and Washington County Boards.

**AUTHORIZED SIGNATURES**

Joint Staff Committee	Date
	7.18.13
Ramsey County Attorney	Date
	7.15.13
Washington County Attorney	Date
	7.18.13
Ramsey County Department of Finance	Date
	7.18.13
Other	Date

June 24, 2013

**To: Resource Recovery Project Budget Committee:**  
**Commissioner Janice Rettman**  
**Commissioner Autumn Lehrke**  
**Commissioner Blake Huffman**

**From: Joint Staff Committee**  
**Zack Hansen, Ramsey County Public Health**  
**Judy Hunter, Washington County Health and Environment**  
**Sue Kuss, Ramsey County Finance**

**RE: 2014- 2015 Project Budget**

**Introduction**

A draft of the 2014 – 2015 Ramsey and Washington County Resource Recovery Project (Project) budget is attached for your review prior to the June 27, 2013 Budget Committee meeting. Prior to 2012 the Project had been approving two-year budgets. The 2012 budget was approved for one year, because the Processing Agreement with RRT expired at the end of 2012 and, processing expenses were unknown at the time the budget was considered for approval. The 2013 budget is also a one-year budget. The 2014 – 2015 budget is proposed for two years, in order to align with the term of the current Processing Agreement with RRT.

The process for consideration of the budget is as follows:

Committee review and action	June 27, 2013
Project Board Action	July 25, 2013
Budget submitted to County Boards for approval	August – September 2013

**2014-2015 Budget Structure**

The Budget is organized into five Programs, so that work being performed can be more closely linked to specific activities. The five categories are:

- **Project Management** - This Program includes expenses associated with managing the Resource Recovery Project and the Processing Agreement with RRT.
- **Non-Residential Recycling and Organic Waste Management** - This Program includes funding for the variety of activities that the Project initiated in 2011, following a year-long policy evaluation of organic waste management. The work includes education, consultation and technical assistance; evaluation and

recommendations to address collection efficiencies; evaluation of a starter-grants program; and funding for food rescue. Added to the work in 2013 has been a coordinated effort to promote recycling by non-residential generators. A narrative summary of the Project's work on non-residential recycling and organics is included as Attachment 1 entitled "Non-Residential Organic Waste and Recycling Work Narrative."

- **General Outreach** - This Program includes outreach and education activities targeted at waste generators in the two Counties.
- **Policy Evaluation** - This Program is a one-time program, starting in 2013 and continuing through 2014, which is a result of the policy discussions and development of the 2013-2015 Processing Agreement. The 2014 work is summarized in a narrative summary in Attachment 2, entitled "2014 Policy Evaluations." There is not budget proposed for this work in 2015, because that work is dependent on policy decisions the Board will make in 2015. As was approved for 2013, staff are recommending that funding for this one-time work use Resource Recovery Project Fund Balance as a source of revenue.
- **Resource Recovery** - This Program provides funding for hauler rebates for delivering waste to the processing facility in Newport.

#### **General Comments About the 2014 - 2015 Budget**

Expenses relate to policy decisions made by the Project Board that reach back to 2011 and 2012:

- Work continues on the ***East Metro Non-Residential Recycling and Organics*** project (which started in late 2011), with activities related to outreach and promotion, consultation and technical assistance, evaluation of methods to improve transportation, economics, and consideration of starter grants.
- The 2013 – 2015 Processing Agreement, approved by the County Boards on September 18, 2012, includes a ***hauler rebate*** (\$28 per ton) with a cap on total County costs (\$8.4 million), but ***no longer includes a processing payment to RRT.***
- In considering the 2013 – 2015 Processing Agreement, the Project Board requested an ***evaluation of alternative waste processing technologies*** that could be considered by the Counties in the future.
- The 2013 – 2015 Processing Agreement also contains revised terms for the Counties' option to purchase the Facility. The 2014 - 2015 budget contains funds for the ***policy evaluation related to the future of processing.*** It should be noted that the work plan and budget for this work has some uncertainty attached, as specific work in 2015 relies on work performed in 2013, and decisions made in late 2014 or early 2015. Because of this, and because it is one-time work, staff recommend that the Project continue to use Project Fund Balance as a revenue source for this work.

#### **2014 - 2015 BUDGET SUMMARIES**

##### **EXPENSES**

The 2014 - 2015 recommended budget is included as separate document; it includes the overall budget and two spreadsheets that show detail for the East Metro Organics and

Recycling program, and the Policy Evaluation work. . The overall 2014 budget is 2.1%, or \$226,000, greater than the 2013 budget, with the increase a result almost entirely because of the additional study of waste processing alternatives, and work related to policy evaluation, including potential purchase of the Facility. Despite the increase, on the revenue side, the County contributions are almost the same as 2013, because of the recommended use of Fund Balance for the Policy Evaluation.

Overall the 2015 budget is 5.5% less than the 2013 budget, because at this time no funds are budgeted for the Policy Evaluation work. County contributions are about the same in 2015 as 2014.

### Expenses

	2012 Actual	2013 Approved	2014 Staff Recommends	Change from 2013	2015 Staff Recommends	Change from 2013
Project Management	\$ 461,898	\$ 362,926	\$ 342,546	(\$ 20,380)	\$ 345,774	(\$ 17,152)
Organic Waste Management	\$ 503,260	\$ 964,000	\$1,030,000	\$ 66,000	\$ 1,030,000	\$ 66,000
General Outreach	\$ 230,274	\$ 362,500	\$ 306,500	(\$ 56,000)	\$ 306,500	(\$ 56,000)
Policy Evaluation	\$ 107,153	\$ 589,000	\$ 805,000	\$ 216,000	\$ 0 <sup>2</sup>	(\$589,000)
Resource Recovery	\$7,239,655	\$8,400,000 <sup>1</sup>	\$8,400,000	\$ 0	\$ 8,400,000	\$ 0
<b>Total</b>	<b>\$8,542,240</b>	<b>\$10,678,426</b>	<b>\$10,884,046</b>	<b>\$ 226,000</b>	<b>\$10,082,274</b>	<b>(\$596,152)</b>

**Notes:**

- <sup>1</sup> The Resource Recovery funding in 2012 is for hauler rebates. *There is no longer a processing payment made directly to RRT.* The Ramsey County portion (73%) is \$6,132,000, the Washington County portion (27%) is \$2,268,000.
- <sup>2</sup> Funds are not included for Policy Evaluation in 2015 because the specific work cannot be identified until policy decisions about the future of processing are made by the Project Board and County Boards. A budget amendment would be made in 2014 to include the necessary funds in this category for 2015.

### REVENUE

Revenue for the Project comes from these sources:

- Contributions from Ramsey (73%) and Washington (27%) Counties
- Interest income on Resource Recovery Fund Balance
- Insurance dividends from MCIT
- Use of Resource Recovery Fund Balance for one-time expenses associated with the Policy Evaluation Program. As of December 31, 2012, the Resource Recovery Fund Balance contains \$5,776,210; using \$805,000 for the Policy Evaluation in 2014 will leave sufficient funds for cash flow management at the Project.



**Revenues**

	<b>2012 Actual</b>	<b>2013 Approved</b>	<b>2014 Staff Recommendation</b>	<b>2015 Staff Recommendation</b>
<b>Ramsey County</b>	\$ 6,219,621	\$ 7,354,331	\$ 7,354,054	\$ 7,356,045
<b>Washington County</b>	\$ 2,300,621	\$ 2,720,095	\$ 2,719,992	\$ 2,720,729
<b>Interest</b>	\$ 3,554	\$ 5,000	\$ 5,000	\$ 5,000
<b>Dividends</b>	\$ 18,657	\$ 0	\$ 0	\$ 0
<b>Fund Balance</b>	\$ 0	\$ 589,000	\$ 805,000	\$ 0
<b>Total</b>	<b>\$8,542,240</b>	<b>\$10,678,426</b>	<b>\$10,884,046</b>	<b>\$10,082,274</b>

**ACTION REQUESTED**

Staff recommend that the Budget Committee discuss and recommend the proposed 2014 - 2015 Resource Recovery Project Budget to the Ramsey and Washington County Resource Recovery Project Board.

## 2014 – 2015 Resource Recovery Project Budget Non-Residential Organic Waste and Recycling Work Outline

### **Background**

During 2011 the Project Board spent a significant amount of time considering policy and strategic direction for managing organic waste in the East Metro area. At meetings in January, April, June and September the Board decided on a vision and milestones for commercial organic waste management, gathered information from the public and private sectors about how to increase further organic waste recovery, provided strategic direction to staff, and authorized a number of contracts and expenditures to set things in motion. Because business decisions on organic waste frequently include discussion of recycling of traditional materials (paper, cardboard, glass, metal) in 2013 the Project expanded outreach activities to include resources that support non-residential recycling.

### **Vision and Milestones**

In April 2011, the Project Board adopted a Vision for Organic Waste Management, as well as milestones looking to year 2020. The vision is:

*By 2020, the Waste Management system will value and manage organic waste as a resource, and incentives will be in place to manage organic waste higher on the hierarchy. Comprehensive organic waste management services will be readily available and be offered by the private sector. Architects and developers will design and build for multiple stream collection. Generators and haulers will work together to tailor organics collection services, and pricing will be an incentive for separate management of organic waste. There will be multiple opportunities for organic waste, and end markets for products derived from organic waste will be thriving*

### **2014 Work Plan**

#### **A. Education, Consultation and Technical Assistance**

1. ***Continue to develop and fine-tune a list of potential commercial generators of organic waste and recyclables for outreach efforts.*** Maintaining an accurate database of businesses is key to targeted outreach. Most of this work can be done in-house with the respective County GIS staff, but it may be necessary to secure an intern or temporary employee to help with data entry and database management. This database will also help in recycling outreach efforts.
2. ***Maintain, Expand and Improve the East-Metro Non-Residential Organics and Recycling Website.*** The Project has launched the website BizRecycling at the URL [www.lesstrash.com](http://www.lesstrash.com). This is an essential element for the Counties' efforts to increase recycling and organic management for non-residential generators. The website is targeted at local businesses in Ramsey and Washington Counties, with resources tailored to meet their needs.

In 2014 - 2015 the following steps are expected, and the recommendation is to continue to contract with Risdall, the site developer, to continue work on the site.

- a. Maintain the site, including updating content;
- b. Expand the site to include more tools targeted at specific sectors, based on content developed during 2013;
- c. Continue to expand the site to include broader and deeper information about non-residential recycling;
- d. Pursue more case studies and best-practice resources that can help businesses make sound economic decisions about waste management.
- e. Expand the site to include resources for businesses on hazardous waste management, and pollution prevention.

3. **Contract for consulting and technical assistance services for 2014-2015.** Staff recommends that the Project continue to provide consulting services to high volume generators of organic waste, and expand to targeted commercial organics generators. In the past two years we have learned that outreach on organics leads to interest in recycling, and so the work of the Project seeks to combine consultation on organic waste management and recycling. To do that, staff recommend that Minnesota Waste Wise and JL Taitt and Associates continue to be retained. MnTAP has been a valuable partner in developed elements of the organic waste program, but the type of service they provide doesn't appear to be the best fit moving forward into 2014.

For 2014 staff recommends the following:

- a. **JL Taitt and Associates** to provide technical assistance and consultation services for institutional generators, such as school districts, hospitals and nursing homes, alternative care facilities, and colleges and universities.
- b. **Minnesota Waste Wise** is a member-supported 501(c)(3) affiliated with the Minnesota Chamber of Commerce, that delivers strategic environmental consulting to help businesses save money through waste reduction, resource conservation and energy efficiency. The Project retained Waste Wise in 2012 for direct consultation for businesses on organic waste. Staff propose to redirect a portion of the funds that had been allocated to MnTAP to Waste Wise to expand their reach. Further, Ramsey County has had separate contracts for several years with Waste Wise for recycling advice, and staff recommend that work be rolled into the Project Contract, eliminating the need for a separate Ramsey County Contract.

## B. Outreach

This work has two overall objectives. First, to raise awareness about organic waste management and recycling options among businesses and institutions, and second, to market the organic waste management services available from the Project and Counties to assist large volume generators of organic waste.

1. **Marketing:** Continue to use the services of Risdall (beyond the website assistance) to provide marketing expertise to assist in devising methods to directly reach non-residential generators, including targeted organic waste generators. Risdall will continue to assist in devising methods to best reach targeted audiences and to assist in developing the strategies to market those services.
2. **Outreach materials:** Materials are needed for use by staff, consultants, and others to promote organic waste and recycling services. In 2013 a graphic design firm, Lure Design, was hired following a competitive procurement process. In 2014 – 2015 funds are allocated for continued graphic design services for development, as well as production, of materials with a consistent branded theme. The design services are used for development of direct mail items, brochures and promotional materials, technical assistance materials used by staff and consultants, as well as the look of electronic ads.
3. **Broad Outreach Campaign:** Implement a broad outreach campaign to raise awareness among all potential non-residential generators about recycling and organic waste management.
4. **Targeted Campaign:** Target high volume organic waste generators for additional specific messages and availability of technical assistance.
5. **Evaluate:** level of awareness among generators using survey tools, focus groups, and feedback gathered by consultants.

## C. Financial Interventions and Securing Capacity

### 1. Securing Capacity

At its September 2011 meeting, the Resource Recovery Project Board adopted Resolution 2011-RR-03, which provided authorization to proceed with a number of activities related to organic waste. One element of the resolution said:

“Authorize staff to further discuss organic waste transfer capacity with transfer station operators, and, if appropriate, develop, issue, and evaluate either a request for proposals (RFP) or request for expressions of interest (RFI), with a report back to the Project Board in early 2012.”

In December 2011, working with Foth, the Project issued a "Request for Expressions of Interest," (RFEI) and distributed it broadly. The purpose of the RFEI was to assist the Resource Recovery Project in determining how best to pursue provision of transfer station capacity to receive and transport commercial and residential *organic* wastes collected in the two counties to organics processing facilities located inside or outside the two counties. The RFEI provided background information, and asked a number of general questions to solicit input from potential service providers. Five responses were received, as well as several inquiries and requests to "stay informed." Because of time constraints that resulted from the protracted negotiations with RRT in 2012 as well as staffing changes in the Counties, this work was put "on hold."

During 2013, the Project has been evaluating options to increase the separate management of organic waste. In 2013, the Project's engineering consultant re-contacted the responders to the RFEI, as well as other members of the industry, to 1) determine whether there had been changes in the market and 2) their reaction to different options for County involvement in transportation economics. That work is being completed in June 2013, and will be presented to the Project Board in July. Funding is included in the 2014-2015 budget to provide for some level of intervention, depending on the Board's decision.

## **2. Targeted Grants Program**

Using financial grants targeted for specific purposes has been successful in other parts of the U.S. and Canada to increase recycling and organics management. The Project Board authorized staff to design a targeted 'Starter Grants' program for commercial businesses, with the grant design and proposed costs for a grants program being presented to the Project Board. Work on this activity was postponed from 2012 to 2013, and a report will be presented in July or September 2013.

## 2014 – 2015 Resource Recovery Project Budget Policy Evaluations Work Outline

Two policy evaluations are taking place in 2013, an analysis of waste processing technologies other than production of refuse-derived-fuel (RDF), and evaluation of the potential purchase of the Facility in Newport. Both evaluations follow from the development and approval of the 2013 – 2015 Processing Agreement, and contribute to the analysis of how the Counties should continue processing waste after 2015.

2013 categories of work:

**1. Technology Options Analysis –**

- A general scan of existing and emerging technologies for processing waste.
- A detailed analysis of those technologies most likely to fit the East Metro area.
- A comparative analysis to examine the technical, policy, legal, permitting, siting, reliability and financial issues and compare the technologies evaluated in the previous task with landfilling and RDF production.

**2. Evaluation: Future of Processing and Potential Purchase of the Resource**

**Recovery Facility -** This evaluation is an outgrowth of the Option to Purchase provisions in the 2013 – 2015 Processing Agreement, and consists of two parts: establish a purchase price by December 31, 2013 and policy analysis leading to a decision point in 2015 about the future of waste processing.

- **Establishing a Purchase Price**
- **Identifying the Overarching Policy Issues**
- **Technical Status of the RRT Facility**
- **Policy Issues Related to County Purchase of Facility, such as ownership, governance, planning requirements, waste assurance**
- **General financial analysis**
- **General overview of Operational issues**

The work in 2013 leads to a decision point 1 - (Likely in early 2014): *Should the Counties proceed to further evaluate purchase of the facility, gather more information, and conduct analysis sufficient to make a decision?*

2014-2015 Categories of Work

In 2014 there will be a need for more detailed Phase 2 work, with the specifics depending on the decision made. For purposes of the 2014 – 2015 budget, the following is an outline of work in various categories.

## **Phase 2: Detailed analysis and more specific analyses (2014)**

The work in this phase is dependent on the work performed in the first phase. This phase is intended to gather the *detailed* information needed to make a decision regarding the future of processing, and whether to purchase the Facility. With regard to Facility purchase, this would be the “due-diligence” phase. The following categories are likely to be included.

- **Transaction Issues – Due diligence**
  - Financial and legal issues associated with acquisition of the Facility, such as legal review of contracts and assignments, deed and easement issues, permitting, purchasing protocols, etc.
  - More detailed engineering examination of the facility and assets that would be acquired.
- **Policy Issues** – Based on the preliminary work from 2013, more advanced policy development focused on the decision made in 2013. This would include specific legal, financial and policy analysis, definition of options, and development of implementation materials for the categories of:
  - Facility Ownership
  - Governance structure
  - Outlining necessary Master Plan amendments
  - Framing decisions on waste assurance contracts or ordinances
- **Financial issues – Detailed work based on the direction selected by the County Board, to further develop specific information for**
  - Financing facility purchase;
  - Projecting operating costs;
  - Options to finance operating costs
  - Capital analysis and facility maintenance/improvement costs
- **Facility Operational Issues -Building on 2013 work, identifies specific projections for**
  - A scope of operations
  - Labor – Framing the specific alternatives available to the Counties for the facility
  - Continued detailed work on operating agreements

**Decision point: *Should the Counties exercise their option to purchase the facility?***

**RESOURCE RECOVERY PROJECT  
2014 - 2015 BUDGET RECOMMENDATION**

	2012 Project Board <u>Actual Expenses</u>	2013 Project Board <u>APPROVED</u>	2014 Joint Staff <u>RECOMMENDATION</u>	2014 Budget Committee <u>RECOMMENDATION</u>	2015 Joint Staff <u>RECOMMENDATION</u>	2015 Budget Committee <u>RECOMMENDATION</u>
<b>Program: Project Management</b>						
This Program includes expenses associated with managing the Resource Recovery Project and the Processing Agreement with RRT. Included in this						
<b>421102 STATE AUDITOR</b>	4,858	5,200	5,200	5,200	5,200	5,200
The Project Board is required to have the State of Minnesota audit Project records. Estimate is from Ramsey County Budgeting & Accounting.						
<b>421208 COUNTY ATTORNEY SERVICES</b>	37,079	20,000	45,000	45,000	45,000	45,000
The Project Board continues to receive services from Ramsey and Washington County Attorney's Office. As the 2013 - 2015 Processing Agreement is implemented, and the policy evaluation proceeds, as well as the process for establishing a purchase price, there is a continuing need for County Attorney services to work on issues related to those agreements, as well as regional work and work on other planning and policy matters. In addition, there is the need for coordinated legal discussions dealing with ordinance and contract issues, such as the hauler rebate, waste deliveries, etc.						
<b>421501 CONSULTING SERVICES</b>	0	1,500	1,500	1,500	1,500	1,500
<b>Computer Consultant:</b>						
The Project currently contracts with an information systems consultant, Superior Consulting, to assist the Project in programming services used to process invoices from RRT, and to manage the Hauler Rebate Program. The amount proposed each year for 2014 and 2015 is \$1,500, which is the same amount budgeted in 2013.						
<b>421502 ENGINEERING SERVICES</b>	73,162	50,000	50,000	50,000	50,000	50,000
<b>Engineering Consultant:</b>						
Foth is the Project Board's technical and engineering advisor. The scope of engineering services for 2014 and 2015 will include monitoring of waste deliveries pursuant to RRT's waste delivery agreements; assisting in Hauler Rebate compliance; assisting in monitoring the Processing Agreement with RRT; conducting spot checks for waste origin; serving as a liaison with waste haulers for the Project; providing recommendations on the management of certain waste streams including Construction and Demolition and Industrial waste; continuing to evaluate solid waste market issues; monitoring progress in meeting processing goals; assisting on regional and county planning issues; and continued work on organic waste management. In addition, there are specific tasks associated with the evaluation of alternatives, the appraisal and process to establish a purchase price, and the evaluation of potential purchase of the Facility. The budgeted amount for the on-going work is \$50,000 The budget contains other funding for Foth in the Policy Evaluation program.						



<b>421511 COUNTY PROJECT MANAGEMENT SERVICES</b>	249,036	250,471	255,296	255,296	258,524	258,524
<p>The Joint Powers Agreement provides that the Project does not have its own staff, but that staff are provided by Ramsey County, and that the Project will pay for staffing costs. In addition, other Ramsey and Washington County staff costs associated with Public Health, Budgeting and Accounting, Information Services and Contract Services are to be paid for services provided. This line item includes costs for support staff to the Project and Project Management costs, as well as rent and other overhead costs.</p> <p>Line Items that had previously been included separately in the Project Budget, but are now included in this single line item include: Personnel Costs; Budgeting and Accounting Services (421511); Data Processing Services - Other (421401); Data Processing Services - Mtce (421402); Purchasing (421512); Microfilm/Microfiche Processing (421520); Printing/Stationary (421603); Postage (421701); Telephone - Local Service (421707); Buildings and Office Space (422402); Employee Development (423111); Workers Compensation Insurance (424103); Conference and Seminar Expenses (424303); Mileage/Parking (424501); Messenger Service (424507); Office Supplies (431101); Software (432202); Data Processing Equipment (441211)</p>						
<b>423309 RECORDS STORAGE/RETRIEVAL FEES</b>	179	500	500	500	500	500
<p>The Project processes and disseminates large amounts of electronic data which is backed up by Business Data Records for protection of historical backup tapes and disks.</p>						
<b>424107 LIABILITY &amp; PROPERTY DAMAGE</b>	16,632	14,205	14,000	14,000	14,000	14,000
<p>On May 28, 1998, the Project Board approved the purchase of tort liability insurance from the Minnesota Counties Insurance Trust in addition to its self insurance fund accumulation of \$600,000. This amount is an estimate based on 2013 costs.</p>						
<b>424302 MEMBERSHIP &amp; DUES</b>	750	750	750	750	750	750
<p>Minnesota Resource Recovery Association: \$75C</p>						
<b>424304 OTHER TRAVEL</b>	0	10,000	10,000	10,000	10,000	10,000
<p>Funds may be used by Commissioners and Joint Staff for travel to resource recovery facilities to examine alternate technologies or methods, or conferences and seminars that pertain to the future of waste processing.</p>						
<b>424306 MEETING EXPENSES ACCOUNT</b>	202	300	300	300	300	300
<p>This line item is used for meeting expenses for the Project Board and Executive Committee, as well as other meetings called by the Joint Staff Committee.</p>						
<b>424601 OTHER SERVICES</b>	80,000	10,000	110,000	110,000	110,000	110,000
<p>Most services for Project work in 2014 and 2015 are included in other line items. \$10,000 is placed in this line item as a contingency for outside services that may be needed for various projects. This line item contains \$100,000 for an agreement with an accounting firm (Currently Olsen-Thielen) to conduct audits of waste haulers for compliance with the Counties' respective County Environmental Charge requirements. This contract replaces contracts of equal value that the Counties have previously held. Staff recommend using Olsen-Thielen in 2014, and issuing an RFP in 2014 for services in 2015 and beyond. Funding for the audit contract is \$50,000 per County.</p>						
	<b>2012</b>	<b>2013</b>	<b>2014 JSC</b>	<b>2014 BUD. COMM</b>	<b>2015 JSC</b>	<b>2015 BUD. COMM</b>

TOTAL PROJECT MANAGEMENT EXPENSES

\$461,898	\$362,926	\$492,546	\$492,546	\$495,774	\$495,774
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	2012 Project Board	2013 Project Board	2014 Joint Staff	2014 Budget committee	2015 Joint Staff	2015 Budget committee
	<u>Actual Expenses</u>	<u>APPROVED</u>	<u>RECOMMENDATION</u>	<u>RECOMMENDATION</u>	<u>RECOMMENDATION</u>	<u>RECOMMENDATION</u>
<b>PROGRAM: NON-RESIDENTIAL RECYCLING AND ORGANIC WASTE MANAGEMENT</b>						
This program includes funding for the variety of activities that the Project initiated in 2011, following a year-long policy evaluation of organic waste management. The work includes education, consultation and technical assistance; evaluation and recommendations to address collection efficiencies; evaluation of a starter-grants program; and funding for food rescue.						
<b>421501 CONSULTING SERVICES</b>		330,000	390,000	390,000	390,000	390,000
<b>Web Design and Marketing Consultant</b>						
During 2012 the Project designed and launched the new web site BizRecycling at www.lesstrash.com, which serves as a resource to non-residential generators in the East Metro area on management of organic wastes and recycling. In 2014 - 2015 the Project will continue work on the web site to include 1) site maintenance and updating content, 2) further expanding the site to include tools targeted at specific sectors for organics management, broader and deeper information about non-residential recycling, and information about pollution prevention and hazardous waste management. Risdall is the consulting firm that was selected through a procurement process in 2012, and will continue this work, for a total for each year (2014, 2015) not to exceed \$70,000, for both web work and marketing work, with \$50,000 allocated to web work, and \$20,000 for marketing work.						
<b>Institutional Technical Assistance and Consulting on Organic Waste</b>						
JL Taitt and Associates provides technical assistance and consultation services for institutional generators of organic waste, such as school districts, hospitals, nursing homes, alternative care facilities, and colleges/universities. Staff recommend that this firm continue to be retained to work on management of organic waste with these generators, in an amount not to exceed \$80,000 for each year 2014 and 2015, which is the same amount as 2013.						
<b>Minnesota Waste Wise</b>						
Waste Wise is a non-profit subsidiary of the Minnesota Chamber of Commerce that delivers strategic environmental consulting to businesses. In 2012 the Project first retained Waste Wise to provide direct consultation to businesses, and that work continued in 2013. Staff recommend continuing to contract with Waste Wise in 2014-2015. This line item is increased in both 2014 and 2015 from 2013 from \$90,000 to \$220,000. There are two reasons. First, staff recommend allocating funds previously designated for working with MnTAP to Waste Wise. MnTAP has been a valued consultant, but the services MnTAP offers are no longer the best fit. Staff recommend that the Waste Wise contract be extended to cover additional outreach with an additional \$50,000. Second, Ramsey County has separately contracted with Waste Wise for several years for service on recycling. Since the Project is now a lead entity on managing non-residential recycling and organic waste advice, staff recommend that the work for Ramsey County be included in this budget. This means the Ramsey County work would be included in the Project contract, and a separate Ramsey County budget item and contract would not be needed; that amount is \$80,000.						
<b>Graphic Design Consultant</b>						
The Project produce a variety of materials, both hard copy and electronic, related to its outreach efforts for residential and non-residential waste generators. Funds are budgeted for graphic design services to provide a consistent and quality look to the Projects efforts. Lure Design was hired in 2013 after a competitive procurement process for these services. The contract amount for 2014 and 2015 is \$20,000 each year.						

<b>421602</b>	<b>ADVERTISING AND PROMOTION</b>	270,215	54,000	100,000	100,000	100,000	100,000
	<b>Non-Residential Generators</b>						
	The 2013 budget contains funding to maintain communication with the public on solid waste issues. There are two broad categories for outreach, outreach aimed at residents of the two counties (Found in the General Outreach program budget, below), and specialized outreach to non-residential generators on recycling and organic waste management. Both County Master Plans identify the need for increased recycling by the non-residential sector as essential to reach recycling targets required by the MPCA. The Project now coordinates efforts by the two Counties to work with the non-residential sector, and communications to raise awareness among businesses and institutions is a critical part of that work. For the 2014 and 2015 budget staff recommend that the outreach to non-residential generators on organic waste management be funded at \$110,000 each year. This is not an overall increase in the budget; funds were in two line items in prior years. The specific expenditures will be guided by the marketing plan developed with Risdall and County staff.						
<b>425102</b>	<b>Organic Waste Management</b>	233,045	580,000	540,000	540,000	540,000	540,000
	Since 2008 the Project has provided funding for Second Harvest Heartland to provide food rescue services at major grocery stores for perishable food, distributing that food to agencies that feed people. This budget includes funding in the amount of \$40,000 to continue that work by Second Harvest Heartland.						
	Also included in this line item are funds allocated for the separate management of source separated organic material. Funding for outreach and promotion of Project related services for non-residential generators of organic waste and recycling, as well as technical assistance and consultation is found in other line items of this budget. During 2013 the Project Board is evaluating options to increase the separate management of organic waste. This line item includes funding of any activities related to organic waste management related to addressing waste collection efficiencies (such as organics waste transfer or rebates to haulers of organic waste) and starter grants to stimulate more recovery of organic waste.						
	<b>TOTAL NON-RESIDENTIAL RECYCLING AND ORGANIC WASTE MANAGEMENT EXPENSES</b>	<b>2012</b>	<b>2013</b>	<b>2014 JSC</b>	<b>2014 BUD. COMM</b>	<b>2015 JSC</b>	<b>2015 BUD. COMM</b>
		<b>\$503,260</b>	<b>\$964,000</b>	<b>\$1,030,000</b>	<b>\$1,030,000</b>	<b>\$1,030,000</b>	<b>\$1,030,000</b>

	2012 Project Board <u>Actual Expenses</u>	2013 Project Board <u>APPROVED</u>	2014 Joint Staff <u>RECOMMENDATION</u>	2014 Budget committee <u>RECOMMENDATION</u>	2015 Joint Staff <u>RECOMMENDATION</u>	2015 Budget committee <u>RECOMMENDATION</u>
<b>PROGRAM: GENERAL OUTREACH</b> This program includes outreach and education activities targeted at waste generators in the two Counties.						
<b>421602 ADVERTISING AND PROMOTION</b>		362,500	306,500	306,500	306,500	306,500
<p>The 2014-2015 budget contains funding to maintain communication with the public on solid waste issues. There are two broad categories for outreach, outreach aimed at residents of the two counties, and specialized outreach to non-residential generators on recycling and organic waste management. The 2014 - 2015 effort for residential generators is the same level as 2013, and totals \$306,500. The the outreach to non-residential generators is found in a seaparate part of the budget.</p> <p><b>Residential Generators</b></p> <p>For residential generators, the Project has implemented a communication plan over the past several years that uses a variety of outreach tools to reach different audiences. Information provided is focused on action , raising awareness and providing information about "how to." Follow up research has shown that the residential generators appreciate this type of service. General outreach messages in 2014-2015 will include information about recycling, household hazardous waste, yard waste, waste-to-energy, and other ways to manage waste.</p> <p>These messages will be conveyed using two main types of tools, including annual production of a "green guide" for each County, mailed to every household in each County, as well as the use of electronic ads on a variety of web sites. The messages used are designed to coincide with the Solid Waste Management Coordinating Board's campaign. The Project will continue to assist schools and other groups with tours of the Facility; partner with schools in a strategic approach on food waste management opportunities; continue to use Trash Trunks; and joint outreach on household hazardous waste.</p>						
<b>TOTAL GENERAL OUTREACH EXPENSES</b>	<b>\$0</b>	<b>\$362,500</b>	<b>\$306,500</b>	<b>\$306,500</b>	<b>\$306,500</b>	<b>\$306,500</b>

	2012 Project Board <u>Actual Expenses</u>	2013 Project Board <u>APPROVED</u>	2014 Joint Staff <u>RECOMMENDATION</u>	2014 Budget committee <u>RECOMMENDATION</u>	2015 Joint Staff <u>RECOMMENDATION</u>	2015 Budget committee <u>RECOMMENDATION</u>
<p><b>PROGRAM: POLICY EVALUATION</b></p> <p>This program is a one-time program that is a result of the policies discussions and development of the 2013-2015 Processing Agreement. There are three main categories of work: Evaluation of processing alternatives, establishing a purchase price for the Facility, and evaluation of the future of processing, including purchase of the Facility. The work in 2014 - 2015 is entirely dependent on the policy decision(s) that will be made by the Project Board later in 2013 or early 2014. This budget assumes that the Board decides to proceed to further evaluate purchase of the Facility and continued examination of new technologies. Because of that uncertainty, staff recommend this program be funded using Fund Balance. A separate work plan is included that breaks down estimated work, lead consultants, and preliminary cost estimates.</p>						
<p><b>421201 LEGAL SERVICES</b></p> <p>In 2013 the Project's attention is focused on the policy issues related to the future of processing, as well those related to the option to purchase language in the new Processing Agreement, including establishing a purchase price. In 2014 and 2015 outside legal assistance will be needed for work on the continued examination of policy and legal issues. Stoel Rives, the Project's legal adviser, would be involved in work on transaction issues, policy issues (such as ownership issues, governance structure, planning and permitting, and waste assurance). Legal assistance related to financing and various agreements are expected as well. The Project will continue to contract with Stoel Rives, LLC for Kevin Johnson's work.</p>	107,153	189,000	355,000	355,000		
<p><b>421501 CONSULTING SERVICES</b></p> <p><b>Financial Advisor</b></p> <p>Included in the evaluation of processing alternatives and the potential purchase of the facility is a need for financial analysis. This includes review of issues that related to ownership analyses, Facility financing, operating costs and financing, and capital analyses, and assistance on cost projections. Following a procurement process, the Project retained a Springsted, Inc. The amount recommended is \$70,000.</p>		85,000	70,000	70,000		
<p><b>Communications Consultant</b></p> <p>As the Project examines alternatives to processing or possible purchase of the facility, it will be important to communicate with waste haulers, municipalities and the public. Similar communications occurred when the Project worked on the energy issue with Rock Tenn. It is recommended that the Project retain services to assist with this communication. Staff recommend \$25,000 for this work.</p>			25,000	25,000		

**421502 ENGINEERING SERVICES**

**Engineering Consultant:**

Foth is the Project Board's technical and engineering advisor. There are specific tasks associated with the policy evaluation, including further evaluation of technologies and integrating technologies into long term plans, detailed examination of the Facility and assets as part of due diligence, assistance on waste assurance issues, work on preparing estimated operating costs, capital analyses, a scope of operations, and evaluation of various agreements.

**424601 OTHER SERVICES**

In the event other services are needed during the policy evaluation, funds are included in this line item as a contingency.

	2012	2013	2014 JSC	2014 BUD. COMM	2015 JSC	2015 BUD. COMM
421502 ENGINEERING SERVICES		275,000	315,000	315,000		
424601 OTHER SERVICES		40,000	40,000	40,000		
<b>TOTAL POLICY EVALUATION EXPENSES</b>	<b>\$107,153</b>	<b>\$589,000</b>	<b>\$805,000</b>	<b>\$805,000</b>	<b>\$0</b>	<b>\$0</b>

	2012 Project Board	2013 Project Board	2014 Joint Staff	2,014 Budget committee	2015 Joint Staff	2,015 Budget committee
<u>PROGRAM: RESOURCE RECOVERY</u>	<u>Actual Expenses</u>	<u>APPROVED</u>	<u>RECOMMENDATION</u>	<u>RECOMMENDATION</u>	<u>RECOMMENDATION</u>	<u>RECOMMENDATION</u>
This program provides funding for the processing of waste at the Facility in Newport, and in 2014 and 2015 includes funding for hauler rebates.						
<b>TITLE OF ACCOUNT AND EXPLANATION</b>						
<b>422306 PROCESSING PAYMENT</b>	3,026,168	0	0	0	0	0
Under the new 2013 - 2015 Processing Agreement there is no longer a processing payment made directly to RRT.						
<b>424623 REBATES - RESOURCE RECOVERY TIPPING FEES</b>	4,213,487	8,400,000	8,400,000	8,400,000	8,400,000	8,400,000
The Processing Agreement provides that the Counties will pay a hauler rebate for each ton of waste delivered for processing, at the rate of \$28 per ton in 2014 and 2015, with total expenses capped at \$8,400,000 per year, pursuant to the Processing Agreement with RRT.						
<b>TOTAL PROCESSING EXPENSES</b>	<b>2012</b> \$7,239,655	<b>2013</b> \$8,400,000	<b>2014 JSC</b> \$8,400,000	<b>2014 BUD. COMM</b> \$8,400,000	<b>2015 JSC</b> \$8,400,000	<b>2015 BUD. COMM</b> \$8,400,000



<b>EXPENSE SUMMARY</b>						
<b>TITLE OF PROGRAM</b>	<b>2012 Project Board Actual Expenses</b>	<b>2013 Project Board APPROVED</b>	<b>2014 Joint Staff RECOMMENDATION</b>	<b>2014 Budget committee RECOMMENDATION</b>	<b>2015 Joint Staff RECOMMENDATION</b>	<b>2015 Budget committee RECOMMENDATION</b>
PROJECT MANAGEMENT	461,898	362,926	492,546	492,546	495,774	495,774
NON-RES RECYCLING AND ORGANIC WASTE MGT	503,260	964,000	1,030,000	1,030,000	1,030,000	1,030,000
GENERAL OUTRECH		362,500	306,500	306,500	306,500	306,500
POLICY EVALUATION	107,153	589,000	805,000	805,000	0	0
RESOURCE RECOVERY	7,239,655	8,400,000	8,400,000	8,400,000	8,400,000	8,400,000
Refunds & Reimbursement Clearing						
<b>TOTAL PROJECT BOARD BUDGET:</b>	<b>8,311,966</b>	<b>10,678,426</b>	<b>11,034,046</b>	<b>11,034,046</b>	<b>10,232,274</b>	<b>10,232,274</b>
<b>REVENUE SUMMARY</b>						
<b>INTERGOVERNMENTAL REVENUE</b>	<b>2012 Project Board Actual Expenses</b>	<b>2013 Project Board APPROVED</b>	<b>2014 Joint Staff RECOMMENDATION</b>	<b>2014 Budget committee RECOMMENDATION</b>	<b>2015 Joint Staff RECOMMENDATION</b>	<b>2015 Budget committee RECOMMENDATION</b>
314103 Other Participation (Washington County)	2,300,408	2,720,095	2,783,492	2,783,492	2,784,229	2,784,229
PERA Rate Increase Aid						
319110 Ramsey County Participation	6,219,621	7,354,331	7,440,554	7,440,554	7,442,545	7,442,545
<b>REVENUE FROM USE OF MONEY &amp; PROPERTY</b>						
318102 Interest on Investments	3,554	15,000	5000	5,000	5,500	5,500
<b>OTHER REVENUES</b>						
319102 Recovery Prior Years Expenses		0	0	0	0	0
319103 Recoveries of Expenses						
319105 Insurance Dividends	18,657	0	0	0	0	0
Resource Recovery Project Board Fund Balance		589,000	805,000	805,000	0	0
<b>TOTAL REVENUE:</b>	<b>8,542,240</b>	<b>10,678,426</b>	<b>11,034,046</b>	<b>11,034,046</b>	<b>10,232,274</b>	<b>10,232,274</b>

**Note :** The 2014 and 2015 expenses and revenue increases included in this budget are the result of shifting contract work from County budget to the Project in two areas: Consulting Services for Oranic Waste and Recycling (Ramsey County's Waste Wise Contract) and CEC Audit Services (Olsen-Thielen, current vendor) for both Counties. This represents a \$180,000 shift from Counties to the project; County budgets will be adjusted accordingly.

**2014 - 2015 Resource Recovery Project General Outreach and Education Work Plan**

Month	Item*	Audience	Total Cost
Jan - Dec	Monthly Online Ads on ~ 10 web sites	Ramsey & Washington Internet Users	\$156,000.00
Feb-Mar	Ramsey Guide	Ramsey Residents	\$90,000.00
Sep	Washington Guide	Washington Residents	\$33,000.00
Tours	Busing costs for students to take field trips for Facility tours	K-12 Students in the two Counties	\$2,500
Trash Trunk Maintenance and Materials	Upkeep and replacement of materials related to Trash Trunks, and other items that promote the Project	Schools and community groups in the two Counties	\$25,000
<b>Total Adv. &amp; Promotion</b>			<b>\$306,500</b>

**2015 Resource Recovery Project Outreach and Education Work Plan**

Month	Item*	Audience	Total Cost
Jan - Dec	Monthly Online Ads on ~ 10 web sites	Ramsey & Washington Internet Users	\$150,000.00
Feb-Mar	Ramsey Guide	Ramsey Residents	\$94,000.00
Sep	Washington Guide	Washington Residents	\$35,000.00
Tours	Busing costs for students to take field trips for Facility tours	K-12 Students in the two Counties	\$2,500
Trash Trunk Maintenance and Materials	Upkeep and replacement of materials related to Trash Trunks, and other items that promote the Project	Schools and community groups in the two Counties	\$25,000
<b>Total Adv. &amp; Promotion</b>			<b>\$306,500</b>

**2014 - 2015 Resource Recovery Project Non-Residential Recycling and Organic Waste Outline and Budget**

Category	Activity	Consultant/Services	2012 Budget	2013 Budget	2014	2015	Location in 2013 Budget
Education, Consultation, Technical Assistance	Continue to develop and fine-tune a list of potential commercial generators of organic waste for outreach efforts.	Purchase data		\$10,000	\$10,000	\$10,000	421511 - County Project Management Svcs.
	Maintain, Expand and Improve the East-Metro Commercial Organics and Recycling Website	Risdall	\$40,000	\$40,000	\$50,000	\$50,000	421501 - Consulting Services
	Contract for consulting and technical assistance services for 2013 - Institutions	JL Taitt	\$80,000	\$80,000	\$80,000	\$80,000	421501 - Consulting Services
	Contract for consulting and technical assistance services for 2013 - Businesses; increase reflects work picked up by Waste Wise that MNTAP had done, as well as including Ramsey County work on recycling that had previously been funded in a separate Ramsey County Contract.	MN Waste Wise	\$80,000	\$90,000	\$220,000	\$220,000	421501 - Consulting Services
	Contract with MnTAP for consulting and technical assistance services for 2013	MnTAP	\$80,000	\$80,000	\$0	\$0	421501 - Consulting Services
Outreach to General Non-Residential Audiences, and to targeted high and medium volume organic waste generators	Use the services of Risdall (beyond the web site assistance) to provide marketing expertise to assist in devising methods to directly reach non-residential generators, including high and medium-volume organic waste generators	Risdall	\$20,000	\$20,000	\$20,000	\$20,000	421501 - Consulting Services
	Procure graphic design services to assist with development of direct mail and electronic outreach tools	Lure Design	\$0	\$20,000	\$20,000	\$20,000	421501 - Consulting Services
	Production costs for messages used in the campaigns; contacting all businesses and institutions using outreach efforts that will include a combination of direct mail, electronic ads, one-to-one specialized outreach; and other methods outlined in the marketing plan.	Printing, Postage, Targeted electronic communications, and other outreach production and distribution	\$75,000	\$54,000	100,000	100,000	421602 - Advertising and Promotion
Securing Capacity	Placeholder funding for cost to improve transportation efficiency: based on the option of providing hauler rebates @ \$30/ton for 15,000 tons		See "Organics" below	\$500,000	\$450,000	\$450,000	425102 - Organics Management
Starter Grants	Design and implement a targeted 'Starter Grants' program for commercial businesses, with the grant design and proposed costs for a grants program being presented to the Project Board; assumes program starts in second half of 2013.		See "Organics" below	\$50,000	\$50,000	\$50,000	425102 - Organics Management
Organics	Unallocated Pending Further Analysis of Transfer Capacity and Starter Grants		\$625,000				425102 - Organics Management
Organics Recovery	Enhanced recovery of edible food for people	Second Harvest Heartland	\$40,000	\$40,000	\$40,000	\$40,000	425102 - Organics Management
<b>Total</b>			<b>\$1,000,000</b>	<b>\$984,000</b>	<b>\$1,040,000</b>	<b>\$1,040,000</b>	

Consulting Services	\$390,000	\$390,000
Organics Management	\$540,000	\$540,000
Adv & Promo	100,000	100,000
	\$1,030,000	\$1,030,000

2014 - 2015 Policy Evaluation Budget					
Category	Activity	Lead Consultant/Services	2014	2015	Location in Budget
Technology Issues	Further evaluation of technology options based on 2013 work; integrating technology into long term plans	Foth	\$100,000		421501 - Consulting Services
Transaction issues	Financial and legal issues associated with aquisition of the Facility.	Stoel Rives	\$80,000		421201 - Legal Services
		Springsted	\$10,000		421501 - Consulting Services
	Detailed engineering examination of the Facility and assets	Foth	\$75,000		421502 Engineering Services
Policy Issues	Facility Ownership analysis	Stoel Rives	\$25,000		421201 - Legal Services
		Springsted	\$10,000		421501 - Consulting Services
		Foth	\$10,000		421502 Engineering Services
	Governance Structure	Stoel Rives	\$25,000		421201 - Legal Services
	Planning Issues	Stoel Rives	\$50,000		421201 - Legal Services
	Waste Assurance issues	Foth	\$20,000		421502 Engineering Services
		Stoel Rives	50000		421201 - Legal Services
Financial issues	Financing Facility purchase	Springsted	\$20,000		421501 - Consulting Services
	Projecting Operating Costs	Foth	\$25,000		421502 Engineering Services
	Options to Finance Operating Costs	Foth	\$30,000		421502 Engineering Services
		Springsted	\$5,000		421501 - Consulting Services
		Stoel Rives	\$20,000		421201 - Legal Services
	Capital analysis and facility maintenance/improvement costs	Foth	\$20,000		421502 Engineering Services
		Springsted	\$20,000		421501 - Consulting Services
Operational Issues	Scope of Operations	Foth	\$35,000		421502 Engineering Services
	Labor - Framing alternatives	Foth	\$15,000		421502 Engineering Services
		Stoel Rives	\$20,000		421201 - Legal Services
	Operating Agreements	Foth	\$10,000		421502 Engineering Services
		Stoel Rives	\$30,000		421201 - Legal Services
Supporting Consultant Services	Review of documents, general advice	Foth	\$15,000		421502 Engineering Services
	Review of documents, general advice	Stoel Rives	\$15,000		421201 - Legal Services
	Review of documents, general advice	Springsted	\$5,000		421501 - Consulting Services
	Public Communications	Communications Consultatng	\$25,000		421501 - Consulting Services
<b>Total</b>			\$765,000	\$0	

Consultant Summaries	2014	2015
Foth	\$355,000	\$0
Springsted	\$70,000	\$0
Stoel Rives	\$315,000	\$0
Communications	\$25,000	0
TOTAL	\$765,000	\$0

**RESOLUTION 2013-RR-\_\_**

WHEREAS, Ramsey and Washington (the “Counties”) desire to continue to benefit, protect and ensure the public health, safety, welfare and environment of the Counties’ residents and businesses through sound management of solid waste generated in the Counties; and

WHEREAS, The Counties have entered into a Joint Powers Agreement that creates the Ramsey/Washington County Resource Recovery Project (the Project) for the purpose of administering the Counties rights and obligations under the Processing Agreement with RRT and overseeing other joint solid waste activities; and

WHEREAS, The Joint Powers Agreement for the Resource Recovery Project provides that authority for approval of Resource Recovery Project budgets remains with the respective County Boards; and

WHEREAS, The Joint Powers Agreement provides that the Executive Committee of the Project is authorized to execute contracts approved in the Project budget in accordance with Section IV.B of the Joint Powers Agreement for the Resource Recovery Project; and

WHEREAS, The Ramsey/Washington County Resource Recovery Project Board Budget Committee has prepared and recommended a Project budget for 2014-2015. NOW, THEREFORE BE IT

RESOLVED, The Ramsey/Washington County Resource Recovery Project Board hereby approves and recommends that the Ramsey and Washington County Boards approve the 2014-2015 Resource Recovery Project Budget as recommended by the Resource Recovery Project Board Budget Committee as follows:

<b>Expenses</b>	<u>2014</u>	<u>2015</u>
Project Management	\$ 492,546	\$ 495,774
Organic Waste Management	\$ 1,030,000	\$ 1,030,000
General Outreach	\$ 306,500	\$ 306,500
Policy Evaluation	\$ 805,000	\$ 0
<u>Resource Recovery</u>	<u>\$ 8,400,000</u>	<u>\$ 8,400,000</u>
	<b>\$11,034,046</b>	<b>\$10,232,274</b>

<b>Revenues</b>	<u>2014</u>	<u>2015</u>
Washington County Participation	\$ 2,783,492	\$ 2,784,229
Ramsey County Participation	\$ 7,440,554	\$ 7,442,545
Interest Income	\$ 5,000	\$ 5,500
<u>Resource Recovery Fund Balance</u>	<u>\$ 805,000</u>	<u>\$ 0</u>
	<b>\$11,034,046</b>	<b>\$10,232,274</b>

\_\_\_\_\_  
Victoria Reinhardt, Chair  
Ramsey/Washington County Resource Recovery Project Board

July 25, 2013



**RAMSEY/WASHINGTON COUNTY RESOURCE RECOVERY PROJECT  
REQUEST FOR BOARD ACTION**

<b>PROJECT BOARD MEETING DATE:</b> <u>7/25/2013</u>	<b>AGENDA ITEM:</b> <u>B-1</u>
<b>SUBJECT:</b> <u>Review of 2013 Policy Evaluation Process and Timeline</u>	
<b>TYPE OF ITEM:</b> <input checked="" type="checkbox"/> Information <input type="checkbox"/> Policy Discussion <input type="checkbox"/> Action	
<b>SUBMITTED BY:</b> <u>Joint Staff Committee</u>	

**PROJECT BOARD ACTION REQUESTED:** For information only.

**EXECUTIVE SUMMARY:**

The Project is conducting a policy evaluation on the future of waste processing in 2013 – 2014, consisting of two parts. The first is an obligation of both the Counties and RRT within the Processing Agreement to establish an option purchase price by December 31, 2013. The second is a policy analysis leading to a decision point in 2015 about the future of waste processing, and in particular, whether to exercise the option to purchase the facility.

The policy analysis, as originally structured, is a two-phased process leading to two decision points related to acquiring the Facility. Phase 1 (2012 – 2013) includes information gathering and a preliminary analysis, leading to a decision point (likely in late 2013/early 2014) addressing this question: *Should the Counties proceed to further evaluate purchase of the facility, gather more information, and conduct analyses sufficient to make a final decision?* The second phase (2014 into early 2015) will include a detailed and more specific analyses, leading to a second decision point (Likely late in 2014/early 2015): *Should the Counties exercise their option to purchase the facility, continue to contract with a private facility operator, or pursue other processing alternatives?*

Attached are documents that provide an outline of the current work on the policy analysis, for discussion by the Board at its July 25<sup>th</sup> meeting.

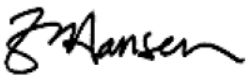
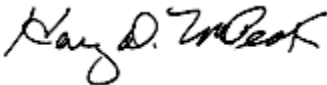
**ATTACHMENTS:**

1. Memo to Project Board dated July 18, 2013

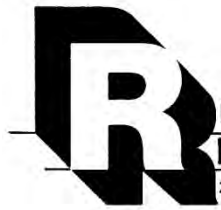
**SUBJECT: Review of 2013 Policy Evaluation Process and Timeline**

**FINANCIAL IMPLICATIONS:** None

**AUTHORIZED SIGNATURES**

<b>Joint Staff Committee</b>	<b>Date</b>
	<b>7.18.13</b>
<b>Ramsey County Attorney</b>	<b>Date</b>
	<b>7.18.13</b>
<b>Washington County Attorney</b>	<b>Date</b>
<b>Ramsey County Department of Finance</b>	<b>Date</b>
<b>Other</b>	<b>Date</b>





RAMSEY/WASHINGTON COUNTY

**RESOURCE RECOVERY PROJECT**

2785 White Bear Avenue • Suite 350 • Maplewood, Minnesota 55109 • 651.266.1194 • 651.266.1177

**July 18, 2013**

**To: Resource Recovery Project Board**

**From: Joint Staff Committee**

**Re: Policy Evaluation: Review of 2013 Process and Timeline**

The Project is conducting a policy evaluation on the future of waste processing in 2013 – 2014, consisting of two parts. The first is an obligation of both the Counties and RRT within the Processing Agreement to establish an option purchase price by December 31, 2013. The second is a policy analysis leading to a decision point in 2015 about the future of waste processing, and in particular, whether to exercise the option to purchase the facility.

The policy analysis, as originally structured, is a two-phased process leading to two decision points related to acquiring the Facility. Phase 1 (2012 – 2013) includes information gathering and a preliminary analysis, leading to a decision point (likely in late 2013/early 2014) addressing this question: *Should the Counties proceed to further evaluate purchase of the facility, gather more information, conduct analyses sufficient to make a final decision?* The second phase (2014 into early 2015) will include a detailed and more specific analyses, leading to a second decision point (Likely late in 2014/early 2015): *Should the Counties exercise their option to purchase the facility, or continue to contract with a private facility operator, or pursue other processing alternatives, or discontinue supporting waste processing services??*

Attached to this memo is an outline of the policy analysis work, consistent with the work plan presented to the Board earlier this year. The Board is requested to review this outline, and provide feedback on its content.

## 2013 - Policy Analysis General Outline

### Phase 1: Information gathering and preliminary waste processing analysis

#### 1. Analysis of Waste Processing Technologies beyond refuse derived fuel

- Technology Scan
- Analysis of Selected Technology
- Comparative Analysis

#### 2. Technical Status of the RRT Facility

Foth Environment and Infrastructure will produce a report that documents the current status and condition of the Newport Facility and the two Xcel powers plants. The Newport Facility review will include a review of permits and regulatory requirements, general status of processing equipment, buildings and facilities, mobile equipment, and performance metrics. The report expected in the fall of 2013.

#### 3. Overarching Policy Issues

- **OWNERSHIP** – This policy issue describes the options for ownership, and outlines the benefits and risks of each. For components of Ownership Risk Analysis – see *Ownership Risk Allocation Matrix*, Attachment 1. Options for Ownership:
  1. “Privatization” - The term “privatization” is most commonly used to refer to any shift of government activities or functions from a public agency to the private sector. With privatization, according to the Federal Office of Management and Budgets definition, there is no government ownership and control and there is no service contract or fee-for-service agreement between the agency and the private sector after a commercial activity or enterprise has been privatized. In the case of resource recovery, this would be the situation that exists if the Counties no longer had a contract with the owner/operator of the Facility.<sup>1</sup>
  2. “Public-private partnership” - A public-private partnership is a contractual agreement that gives a private organization responsibility to provide a facility or service that has traditionally been provided by a public entity, such as a State agency or local government. This can include design, construction, renovation, operation, maintenance, or financing of practically any service or facility that benefits the public. This describes the current situation between the Counties and RRT.<sup>2</sup>

3. "Public" – This is the case where the government entity owns the facility that provides the public service.

**Notes:**

1. *Issue Brief: Privatization vs. Public-Private Partnerships: A comparative analysis.* California Debt and Investment Advisory Commission. Issue Brief CDIAC #07-04. August 2007.  
[www.treasurer.ca.gov/cdiac/publications/privatization.pdf](http://www.treasurer.ca.gov/cdiac/publications/privatization.pdf)
2. *Controlling Risk without Gimmicks: New York's Infrastructure Crisis and Public-Private Partnerships.* Office of the State Comptroller. January 2011. [www.osc.state.ny.us/reports/infrastructure/pppjan61202.pdf](http://www.osc.state.ny.us/reports/infrastructure/pppjan61202.pdf)

- **GOVERNANCE** – This policy issue investigates the governance options available to the Counties, describes the processes to implement and consequences associated with each. (see Attachment 2 – *Waste Processing Governance Outline*)
  1. Describe the dimensions of a regional solid waste system
  2. Identify and analyze the options
    - a. Joint Exercise of Powers
    - b. Intergovernmental Service Agreement
    - c. Intergovernmental Service Transfer
    - d. Legislatively Established Entity
    - e. Waste Management District<sup>2</sup>
  3. Provide examples
- **PLANNING REQUIREMENTS** - Evaluate the requirements associated with public ownership, including identifying any changes needed to County Solid Waste Master Plans, County Ordinances, Waste Designation Plans.
- **WASTE ASSURANCE** – Identify and Evaluate the options legally available to the County to assure that waste is delivered to a facility
  - Options
    1. Open market
    2. Contracts
    3. Waste Designation

- **FINANCE**
  - a) Options for financing facility purchase, with analysis of the pros/cons, and implementation steps and a timeline
  - b) Operating cost Projections
  - c) Options to finance operating costs
  - d) Capital analysis and facility maintenance/improvement costs
  
- **OPERATIONAL ISSUES**
  - a) Scope of operations – an outline of all operational issues associated with the Facility
  - b) Labor – Outline of alternatives available to the Counties for the facility, including public employees, private contract(s)
  - c) Operating agreements

**Phase 2: Detailed and Specific Analysis – TBD**

**ATTACHMENT 1**

<b>Ownership Risk Allocation Matrix</b>			
<b>Risk</b>	<b>Description</b>	<b>Public Ownership</b>	<b>Public-Private Partnership</b>
Full value for public fund	The risk that public funds used for a service are not efficiently or effectively used		
Changes in law or regulations	The risk that federal, state or local laws will change and affect the financial or operating status of the facility. For example, the Supreme Court decision striking down flow control		
Technology risk	The risk that result in the chosen technology will not be effective, or becomes outdated		
Waste Assurance risk	Risks associated with assuring a waste supply; a waste supply is necessary for a revenue stream to allow the facility to successfully operate		
Environmental liability	Legal liability under federal and state laws for the facility as well as residue from the facility disposed in landfills		
Energy market risk	Risks associated with energy markets and pricing for energy		
Commodities value risk	Risks associated with commodities markets for the sale of materials recovered from waste		
Performance risk	Risks associated with assuring that the facility performs to standards		
Operating risks	The risk of operating and maintaining the asset or facility within its design capacity and capability as well as in accordance with established performance criteria for service quality, safety, employee and community satisfaction, and community relations.		
Preventive Maintenance Risks	Preventive maintenance risks (and any associated costs) over the contract term.		
Residual value risk	The value of the facility after a period of time; in the case of the resource recovery facility it is the value of the facility after the bonds have been retired.		
Changes in tax laws	Risk of changes in laws that will affect the financial performance of a facility		
Uncontrollable circumstances	Risk that circumstances will arise that affect the ability of the facility to operate and provide the public service.		

## Waste Processing Governance Outline

### **Dimensions of a Regional Solid Waste System<sup>1</sup>**

- a) Decision Making Authority
- b) Leadership/Political Climate
- c) Service Delivery
- d) Policy/Planning
- e) Revenue and Financing
- f) Regulation
- g) Education
- h) Governance Structure

#### Note

1. Adapted from *Summary Research of Regional Solid Waste Management Governance Systems*, Prepared for the Solid Waste Management Coordinating Board by Dakota County Environmental Management and Office of Planning and Analysis Departments, September 2010.

### **Options for Resource Recovery Governance**

1. Joint Exercise of Powers

The Joint Exercise of Powers Act (Minnesota Statutes, section 471.59) is the principal part of the Minnesota Statutes addressing local intergovernmental cooperation.

The law authorizes local governments to enter into agreements with each other to provide services or other functions. The units of government that may cooperate include all cities, counties, townships, school districts, political subdivisions of adjoining states, and any agency of the state or the United States. This book deals with local general-purpose government and will look only at agreements among cities, townships, and counties.

2. Intergovernmental Service Agreement

This is the most common form of cooperative arrangement in Minnesota. It is an agreement-either formal or informal, written or oral-between two or more governments about the delivery of a service or services. These agreements may take many forms. For example, a city may rent another city its sewer cleaning equipment once a year; another city may agree to plow the roads of smaller cities and townships in the area; or the cities and townships in a county may create an economic development office that serves the entire region.

3. Intergovernmental Service Transfer

The permanent transfer of total responsibility for the provision of a service from one governmental unit to another. For example, a city or township that finds it is not cost effective or practical to provide a particular service, such as waste disposal, might turn over to the county or another government body the responsibility for providing that service.

4. Legislatively Established Entity

An authority or district established by the Minnesota Legislature, with the purpose structure and authority defined in Statutes. Examples of entities related to environmental issues include the Metropolitan Mosquito Control District and the Western Lake Superior Sanitary District.

5. Waste Management District

Minnesota law provides that a group of counties can petition the Commissioner of the MPCA to establish a waste management district, which is a unit of government with specific duties and authorities established in State law.

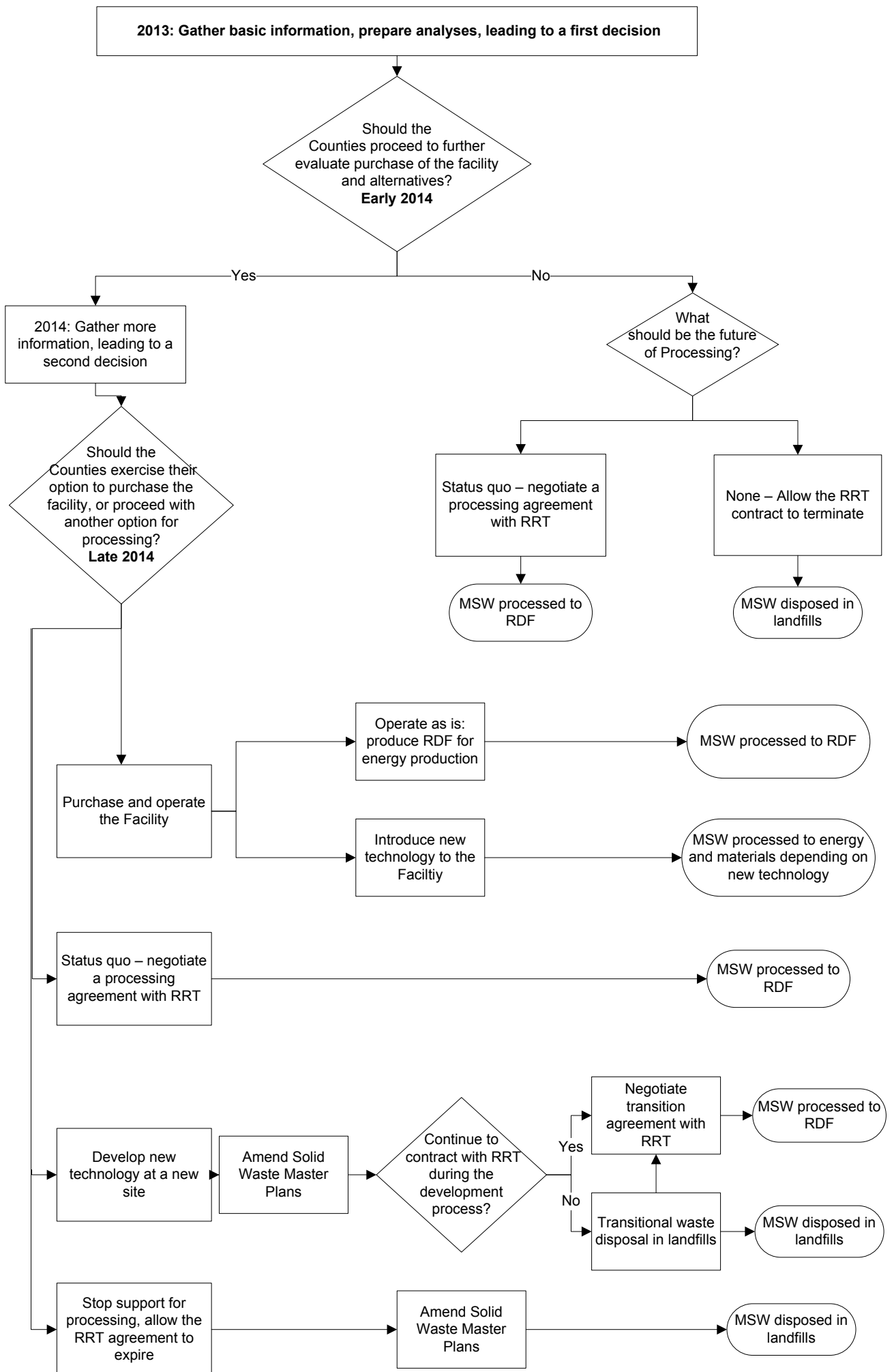
### **Examples of Regional Governance Systems**

#### Legislatively Established:

1. Delaware Solid Waste Authority
2. Western lake Superior Sanitary District, Minnesota
3. Palm Beach County solid Waste authority
4. Metropolitan Mosquito Control District, Minnesota
5. Others that may be identified

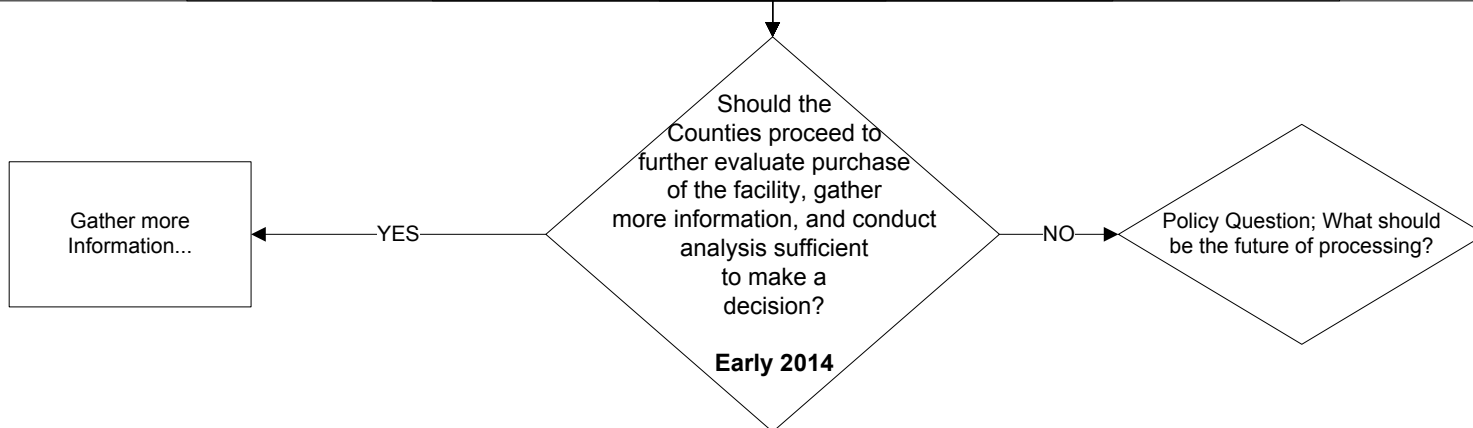
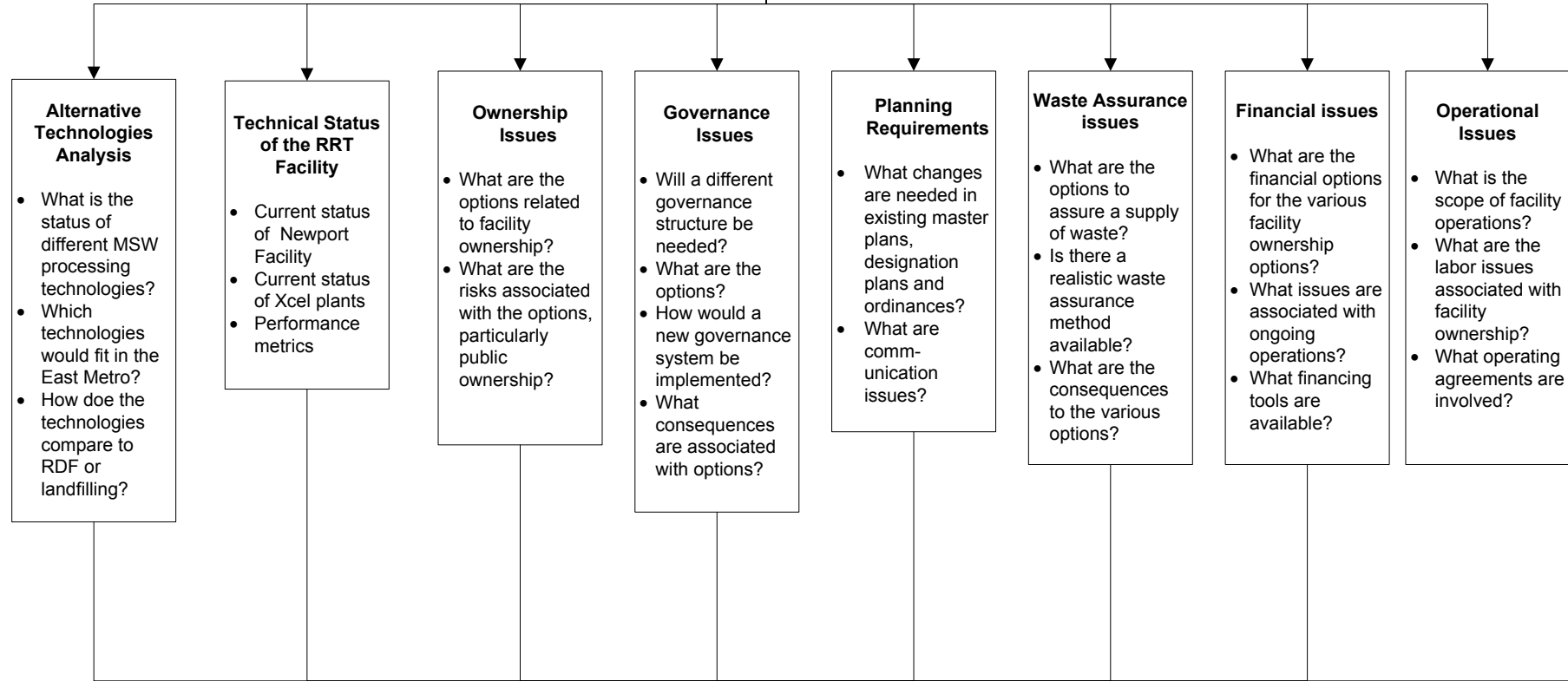
#### Joint Powers Agreement

1. Tri-County (Stearns, Benton, Sherburne) Minnesota
2. East Central Solid Waste Commission
3. Pope-Douglas
4. Northern Tier Solid Waste Authority (NTSWA) Pennsylvania
5. Spokane Regional Solid Waste System, Washington
6. Others that may be identified





**2013 – Gather information and conduct analysis leading to the first decision**





**RAMSEY/WASHINGTON COUNTY RESOURCE RECOVERY PROJECT  
REQUEST FOR BOARD ACTION**

<b>PROJECT BOARD MEETING DATE:</b> <u>7/25/2013</u>	<b>AGENDA ITEM:</b> <u>B-2</u>
<b>SUBJECT:</b> <u>Status of Establishing an Option Purchase Price</u>	
<b>TYPE OF ITEM:</b> <input checked="" type="checkbox"/> Information <input type="checkbox"/> Policy Discussion <input type="checkbox"/> Action	
<b>SUBMITTED BY:</b> <u>Joint Staff Committee</u>	

**PROJECT BOARD ACTION REQUESTED:** For information only.

**EXECUTIVE SUMMARY:**

The Project is conducting a policy evaluation on the future of waste processing in 2013 – 2014, consisting of two parts. The first is an obligation of both the Counties and RRT within the Processing Agreement to establish an option purchase price by December 31, 2013. The second is a policy analysis leading to a decision point in 2015 about the future of waste processing.

The purpose of establishing a purchase price up-front is so the Counties will know their costs before any decisions are made about purchase of the Facility. The 2013 – 2015 Processing Agreement sets up a two-step process, with good faith negotiations attempting to establish a price by March 31, 2013. If that effort fails, the binding arbitration would be used to establish a price by the end of the year. Establishing a price does not commit the Counties to exercise the option. More detail about the process is in the attached memorandum.

The 2013 budget contains funding to support these activities, including funds to securing an appraisal of the process; perform good faith negotiations with RRT; and, if necessary, proceed into the arbitration process. Stoel-Rives is the lead entity working on this project, with some support from Foth and Springsted. County staff and attorneys will be working on this as well.


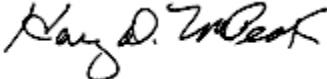
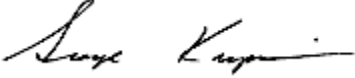
**ATTACHMENTS:**

- 1. Memo to Project Board dated July 18, 2013

**SUBJECT: Status of Establishing an Option Purchase Price**

**FINANCIAL IMPLICATIONS:** None

**AUTHORIZED SIGNATURES**

<b>Joint Staff Committee</b>	<b>Date</b>
	<b>7.18.13</b>
<b>Ramsey County Attorney</b>	<b>Date</b>
	<b>7.18.13</b>
<b>Washington County Attorney</b>	<b>Date</b>
	<b>7.18.13</b>
<b>Ramsey County Department of Finance</b>	<b>Date</b>
<b>Other</b>	<b>Date</b>



RAMSEY/WASHINGTON COUNTY

**RESOURCE RECOVERY PROJECT**

2785 White Bear Avenue • Suite 350 • Maplewood, Minnesota 55109 • 651.266.1194 • 651.266.1177

**July 18, 2013**

**To: Resource Recovery Project Board**

**From: Joint Staff Committee**

**Re: Status of Establishing an Option Purchase Price**

Staff and consultants to the Resource Recovery Project have been proceeding through the process set forth in the Processing Agreement with RRT for negotiating an “option purchase price” for the Facility (See Section 9 of the Agreement, Attached).

During negotiation of the Processing Agreement with RRT the Counties made it clear, as part of the option to purchase discussions, that the purchase price if the option were exercised should be established up front, and the price should reflect only certain parameters. The Processing Agreement sets forth the specific process to be followed in establishing a purchase price by the end of 2013. That process:

- Began upon execution of the Agreement;
- Is based *only* on
  - The value of the land and buildings comprising the Facility, *plus*
  - The value of the Facility’s machinery and equipment, rolling stock including transfer trailers and mobile equipment such as loaders and yard tractors, *plus*
  - The value of all existing spare parts and tools inventory, *plus*
  - The value of all office furniture and computer equipment and software, *plus*
  - RRT’s documented capital costs incurred during the Term of the Agreement minus depreciation on those capital costs.
- Provides that the value of County rebates is not included in determining the purchase price;
- Follows this timeline -
  - Good faith negotiations from execution through 3/31/2013.
  - If, negotiations are not successful, then the parties will proceed with binding arbitration to establish an option purchase price by 12/31/2103

Both parties have performed appraisals, using different methodologies, and the values placed on the facility by the parties are quite different. Attempts by the parties to negotiate a price by March 31 were not successful, and the parties are preparing for the arbitration process set forth in the Agreement. Kevin Johnson from the firm of Stoel-Rives will attend the Project Board meeting on July 25 to provide further information.

## **Attachment**

### RAMSEY AND WASHINGTON COUNTIES SOLID WASTE PROCESSING AGREEMENT RESOURCE RECOVERY TECHNOLOGIES, LLC

#### **ARTICLE 9 OPTION TO PURCHASE**

**Section 9.01 Option to Purchase.** The Counties shall have an exclusive option (the "Option") to purchase all, but not less than all, of the Facility and the Facility Equipment upon the occurrence of any of the following:

- (A) RRT decides to sell the Facility;
- (B) RRT decides to cease using the Facility for Waste Processing and/or RDF production; or
- (C) The Counties terminate this Agreement as a result of an Event of Default by RRT; or
- (D) The Counties, beginning on January 1, 2015, and at any date thereafter through December 31, 2015, decide to purchase the Facility.

**Section 9.02 Notice of Event; Notice of Exercise.** The Option shall be exercised as follows:

- (A) In the event RRT desires either (1) to sell the Facility or (2) to cease using the Facility for Waste Processing and/or RDF production, RRT will provide notice to the Counties at least 120 days prior to such sale or cessation. The Counties will have a period of 60 days following receipt of such notice to provide notice to RRT of their election to exercise the Option.
- (B) In the event the Counties terminate this Agreement as a result of an Event of Default by RRT, the Counties will have a period of 60 days following the date of such termination to provide notice to RRT of their election to exercise the Option.
- (C) In the event the Counties desire to exercise the Option pursuant to Section 9.01(D), the Counties must provide notice to RRT of their election to exercise the Option, at which time RRT will have the right to reject such purchase of the Facility by providing written notice to the Counties within 30 days of receiving the notice of the Option exercise from the Counties.

**Section 9.03 Facility Transfer Process and Terms.** In the event the Counties provide notice of their election to exercise the Option, the Counties and RRT shall enter into good faith negotiations to complete a Purchase Agreement establishing the terms of the transfer of ownership and operation of the Facility from RRT to the Counties or one of the Counties or a special purpose entity established by the Counties or one of the Counties.

- (A) The transfer of the Facility shall occur within 180 days after notice of exercise of the Option, provided that an Option Purchase Price has been established. If an Option Purchase Price has not been established before expiration of the 180 day period, the transfer shall occur within 30 days of establishment of the Option Purchase Price. If the option is being exercised pursuant to Section 9.01(D) on or prior to June 30, 2015, and RRT has not rejected, the transfer will occur on December 31, 2015. If the transfer occurs after December 31, 2015, this Agreement shall continue upon its same terms until the transfer of ownership occurs, at which point it shall terminate.
- (B) The purchase price applicable upon exercise of the Option as provided for in Section 9.01 (the "Option Purchase Price") shall be comprised of:
  - (1) the value of the land and buildings comprising the Facility, *plus*
  - (2) the value of the Facility's machinery and equipment, rolling stock including transfer trailers and mobile equipment such as loaders and yard tractors, *plus*

- (3) the value of all existing spare parts and tools inventory, *plus*
  - (4) the value of all office furniture and computer equipment and software, *plus*
  - (5) RRT's documented capital costs incurred during the Term of the Agreement minus depreciation on those capital costs.
- (A) Any calculation for determining the value of the Facility shall assume a value of zero (\$0) dollars for any rebates provided by the Counties.
- (B) The Counties and RRT will negotiate in good faith to arrive at the Option Purchase Price by March 31, 2013. Should RRT and the Counties not arrive at a negotiated Option Purchase Price by March 31, 2013, the Parties shall initiate binding arbitration to establish the Option Purchase Price by December 31, 2013. The arbitration costs will be equally shared by the Parties, and the arbitration hearings will be conducted in St. Paul, Minnesota and administered by the American Arbitration Association under its Arbitration Rules for the Real Estate Industry. To the extent agreed upon by the Parties, the Expedited Process shall be used. If requested, RRT will provide full access to the Facility to the Counties' agents for an appraisal.
- (C) The establishment of the Option Purchase Price either through negotiation or arbitration does not commit the Counties to purchasing the Facility, but is only a step in the determination of whether the Counties wish to exercise the Option to purchase.
- (D) RRT shall ensure that its Hauler delivery agreements, Fuel Agreement(s), Landfill Agreements and other key agreements are assignable to the Counties and its assignees in the event of transfer of the Facility to the Counties prior to the end of the Term, and Extended Term, unless an agreement terminates prior to the Term, or Extended Term, and such agreement is not extended or renewed. RRT shall provide evidence of such assignability to the Counties by January 31, 2013. RRT shall also allow the Counties and their appraisal agents to view the key terms of such agreements as part of the Counties' appraisal.

**Section 9.04 Termination of Option.** The Option shall terminate immediately in the event the Counties do not provide notice of their election to exercise the Option within the relevant time periods set forth in Sections 9.01 and 9.02 of this Agreement. If the Counties provide notice of their election to exercise the Option pursuant to Section 9.01(0) and RRT rejects such exercise, the Option provided in Section 9.01(B) and (C), both at the Option Purchase Price established in Section 9.03(C), shall continue through the Extended Term, and the Option in 9.01(A) shall continue through the Term, at the Option Purchase Price established in Section 9.03(C).

**Section 9.05 RRT Rejection; Extension of Agreement.** In the event the Counties exercise the Option pursuant to Section 9.01(0) and RRT rejects such exercise, the Term of this Agreement shall automatically extend for two years up to and including December 31, 2017 provided (i) the Counties will not be obligated, effective January 1, 2016, to provide the hauler rebate program set forth in Article 5, and (n) effective January 1, 2016, the Counties will retain a right of first refusal ("ROFR") to match any third party offer to purchase the Facility. Thus, if RRT receives an offer from a third party to purchase the Facility, RRT shall within thirty (30) days of receiving such offer, provide all of the offer terms to the Counties, along with such information as requested by the Counties so that the Counties are able to sufficiently evaluate the offer. The Counties shall have sixty (60) days to either agree to purchase the Facility pursuant to the same terms as the third party offer, or provide notice to RRT that it will not match the offer.

**Section 9.06 Termination Pursuant to Section 9.** If the Facility transfers from RRT ownership pursuant to this Article 9, this Agreement shall terminate on the date of such ownership transfer.



**RAMSEY/WASHINGTON COUNTY RESOURCE RECOVERY PROJECT  
REQUEST FOR BOARD ACTION**

<b>PROJECT BOARD MEETING DATE:</b> <u>7/25/2013</u>	<b>AGENDA ITEM:</b> <u>B-3</u>
<b>SUBJECT:</b> <u>Alternative Technologies for MSW –Task 1 - Technology Scan</u>	
<b>TYPE OF ITEM:</b> <input checked="" type="checkbox"/> Information <input type="checkbox"/> Policy Discussion <input type="checkbox"/> Action	
<b>SUBMITTED BY:</b> <u>Joint Staff Committee</u>	

**PROJECT BOARD ACTION REQUESTED:** For information only.

**EXECUTIVE SUMMARY:**

Two policy evaluations are taking place in 2013, an analysis of waste processing technologies other than production of refuse-derived-fuel (RDF), and evaluation of the potential purchase of the Facility in Newport. Both evaluations follow from the development and approval of the 2013 – 2015 Processing Agreement, and contribute to the analysis of how the Counties should continue processing waste after 2015.

For the review of alternative waste technologies, the Project is conducting a three-part analysis of, with the work carried out primarily by Foth, Environment and Infrastructure, with support from Stoel-Rives and the financial advisor. There are three tasks, with reports related to each task. The report on the First task, a scan of alternative technologies, is presented here. The other two reports will follow later in 2013.

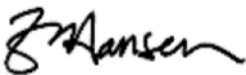
**ATTACHMENTS:**

- 1. Memo to Project Board dated 7/18/2013**
- 2. Summary of Task 1 Report**
- 3. Full report: *Alternative Technologies for MSW – Task 1 - Technology Scan* (provided in electronic form only)**

**SUBJECT: Alternative Technologies for MSW – Task 1 - Technology Scan**

**FINANCIAL IMPLICATIONS:** None

**AUTHORIZED SIGNATURES**

<b>Joint Staff Committee</b>	<b>Date</b>
	7/18/2013
<b>Ramsey County Attorney</b>	<b>Date</b>
<b>Washington County Attorney</b>	<b>Date</b>
<b>Ramsey County Department of Finance</b>	<b>Date</b>
<b>Other</b>	<b>Date</b>





RAMSEY/WASHINGTON COUNTY

**RESOURCE RECOVERY PROJECT**

2785 White Bear Avenue • Suite 350 • Maplewood, Minnesota 55109 • 651.266.1194 • 651.266.1177

**July 18, 2013**

**To: Resource Recovery Project Board**

**From: Joint Staff Committee**

**Re: Alternative Technologies for Municipal Solid Waste: Task 1 - Technology Scan**

**Background**

Two policy evaluations are taking place in 2013, an analysis of waste processing technologies other than production of refuse-derived-fuel (RDF), and evaluation of the potential purchase of the Facility in Newport. Both evaluations follow from the development and approval of the 2013 – 2015 Processing Agreement, and contribute to the analysis of how the Counties should continue processing waste after 2015.

The evaluation of alternative processing technologies was requested by the Project Board at its August, 2012 meeting, during discussions about the 2013-2015 Processing Agreement. The Project has previously researched alternate technologies four times since 2000. These studies have occurred over the past decade as technologies have emerged and improved. The current work, which is focused for the policy evaluation, builds on the previous work.

1. *Research Study of Alternative Waste Processing Technologies, April 2000*
2. *Research Feasibility of Dedicated Combustion Facility, April 2000*
3. *Updated Research Study of Alternative Waste Processing Technologies, September 2004*
4. *Updated Research Study of Gasification, Plasma, Ethanol and Anaerobic Digestion Waste Processing Technologies, May 2008*

In 2013 the Project is conducting a three-part analysis, with the work carried out primarily by Foth, Environment and Infrastructure, with support from Stoel-Rives and the financial advisor. The three tasks listed below; this Board item presents the report on the first task.

**Task 1. Technology Scan** - A broad scan of existing and emerging technologies for processing waste, with a high-level feasibility study to discern which technologies may realistically work in the East Metro. This is a review of the processes, vendors, projects and environmental performance for selected emerging technologies. These include gasification, pyrolysis, mass-burn, plasma arc,

anaerobic digestion, and mixed waste processing to recover materials for fuel generation (plastics) and recycling. The level of effort for this work is similar to that performed for the Research conducted in 2008.

**Task 2: Detailed Analysis** - This will include a detailed analysis of those technologies most likely to fit the East Metro area. This work will be an in-depth review of these technologies, possibly site-visits, and evaluation of the applicability of the technology to Ramsey and Washington Counties. The level of effort for this work is more involved, and is similar to the work performed to evaluate development of an RDF Facility at Rock-Tenn (July 2006) or to analyze Anaerobic Digestion (June 2009).

**Task 3: Comparative Analysis** –The comparative analysis will examine the technical, policy, legal, permitting, siting, reliability and financial issues and compare the technologies evaluated in the previous task with landfilling and RDF production.

### **Report Findings**

Foth's report on the first task, *Alternative Technologies for Municipal Solid Waste*, is attached, preceded by a summary document. This includes research on the technologies of gasification, pyrolysis, plasma arc, mass burn, anaerobic digestion, mixed waste processing, and plastics-to-fuel. The purpose of this report is to provide a general overview using published information on the selected technologies. The data collected will be used to extrapolate information on how the technology would perform on the waste stream in Ramsey and Washington Counties, over time.

The report concludes that pyrolysis and plasma arc are not technically proven or economically viable at the scale needed for our waste stream to be considered further at this time. Mass burn, while proven, viable, and relatively cost effective technology, has been demonstrated to be difficult for public acceptance and permitting and could be very difficult to implement. Depending on the performance of gasification plants, that are now just coming on-line, the technology could hold promise in the future. The concept of a "systems" approach with mixed waste processing, anaerobic digestion, plastics to fuel, and production of RDF has potential for consideration.

### **Next Steps**

Based on this report, Foth will next conduct an in-depth review of the technologies reviewed, except for pyrolysis and plasma arc, and evaluate the applicability to the East Metro area.



**RAMSEY/WASHINGTON COUNTY RESOURCE RECOVERY PROJECT  
REQUEST FOR BOARD ACTION**

<b>PROJECT BOARD MEETING DATE:</b> 7/25/2013	<b>AGENDA ITEM:</b> C-1
<b>SUBJECT:</b> East Metro Organic Waste and Recycling Progress Report	
<b>TYPE OF ITEM:</b> <input checked="" type="checkbox"/> Information <input type="checkbox"/> Policy Discussion <input type="checkbox"/> Action	
<b>SUBMITTED BY:</b> Joint Staff Committee	

**PROJECT BOARD ACTION REQUESTED:** For information only.

**EXECUTIVE SUMMARY:**

During 2011 the Project Board spent a significant amount of time considering policy and strategic direction for managing organic waste in the East Metro area. Based on that direction, work began in 2012 to implement programs to increase further organic waste recovery, continues into 2013. Because business decisions on organic waste frequently include discussion of recycling of traditional materials (paper, cardboard, glass, metal), work in 2013 includes an expansion of outreach activities to include resources that support non-residential recycling.

The Project's work on non-residential organic waste and recycling is referred to internally as the East Metro Organics and Recycling (EMOR) program. That work is carried out by a number of County staff assigned to work on various aspects of EMOR, along with consultants. Inter-county work teams have been organized to manage projects in each category of work.

The attached memo provides a status report on results from 2012, as well as work progress mid-way into 2013.


**ATTACHMENTS:**

- 1. Memo to Project Board dated 7/18/2013**

**SUBJECT: East Metro Organic Waste and Recycling Progress Report**

**FINANCIAL IMPLICATIONS:** None

**AUTHORIZED SIGNATURES**

<b>Joint Staff Committee</b>	<b>Date</b>
	<b>7/18/2013</b>
<b>Ramsey County Attorney</b>	<b>Date</b>
<b>Washington County Attorney</b>	<b>Date</b>
<b>Ramsey County Department of Finance</b>	<b>Date</b>
<b>Other</b>	<b>Date</b>



RAMSEY/WASHINGTON COUNTY

**RESOURCE RECOVERY PROJECT**

2785 White Bear Avenue • Suite 350 • Maplewood, Minnesota 55109 • 651.266.1194 • 651.266.1177

**July 18, 2013**

**To: Resource Recovery Project Board**

**From: Joint Staff Committee**

**Re: East Metro Organics and Recycling – 2013 Status Report**

During 2011 the Project Board spent a significant amount of time considering policy and strategic direction for managing organic waste in the East Metro area. At meetings in January, April, June and September the Board decided on a vision and milestones for commercial organic waste management, gathered information from the public and private sectors about how to increase organic waste recovery, provided strategic direction to staff, and authorized a number of contracts and expenditures to set things in motion.

Because business decisions on organic waste frequently include discussion of recycling of traditional materials (paper, cardboard, glass, metal) this work plan was expanded to include those areas

**Vision and Milestones**

In April 2011, the Project Board adopted a Vision for Organic Waste Management, as well as milestones looking to year 2020. The vision is:

*By 2020, the Waste Management system will value and manage organic waste as a resource, and incentives will be in place to manage organic waste higher on the hierarchy.*

*Comprehensive organic waste management services will be readily available and be offered by the private sector. Architects and developers will design and build for multiple stream collection. Generators and haulers will work together to tailor organics collection services, and pricing will be an incentive for separate management of organic waste. There will be multiple opportunities for organic waste, and end markets for products derived from organic waste will be thriving*

**East Metro Organics and Recycling Program**

The Project's work on non-residential organic waste and recycling is referred to internally as the East Metro Organics and Recycling (EMOR) program. That work is carried out by a number of County staff assigned to work on various aspects of EMOR, along with consultants. Inter-county work teams have been organized to manage projects in each category of work.

The following is a status report on results from 2012, as well as work progress mid-way into 2013.

#### **A. Education, Consultation and Technical Assistance**

1. ***Continue to develop and update a list of commercial generators of organic waste for outreach efforts.*** The Project, working primarily with Washington County's GIS staff, has been maintaining an accurate database of businesses which is used to targeted outreach work. An intern has been hired to assist with focused work on adding information this data to map past and current participating or targeted businesses and assist in planning future outreach work. This work involves taking past reports and documents and adding notes such as when the establishment was last contacted, response to outreach efforts and program type.
  
2. ***Maintain, Expand and Improve the East-Metro Non-Residential Organics and Recycling Website.*** In early 2013 the Project launched its BizRecycling web site at the URL [LessTrash.com](http://LessTrash.com). This is an essential element for the Counties' efforts to increase recycling and organic management for non-residential generators. The website is targeted at local businesses in Ramsey and Washington Counties, with resources tailored to meet their needs. The project is working with Stoel-Rives to secure a trademark for the BizRecycling logo and concept, and that work is proceeding well.

Work in 2013 includes the following:

- a. Ongoing site maintenance, including continual improvement of content;
- b. Expanding the site to include broader and deeper information about non-residential recycling;
- c. Adding tools such as calculators, video and mapping features;
- d. Now using Twitter as a social media strategy, at <https://twitter.com/BizRecyclingMN>.
- e. We have changed the site design to make sure that it fits with mobile applications.

Because the site is relatively new, and promotional efforts are just rolling-out the evaluation metrics are not significant. We expect that to change with increased outreach efforts beginning in July. So far in 2013:

- 412 people have visited this site 827 times
- 49.7% of the site users were new users
- Average time spent on the site was almost 9 minutes
- Each visitor looked at an average of ten pages within the site.
- 79% of visitors directly entered the site (by typing in LessTrash.com); 10 % resulted from a search (such as on Google) and 11% were referred, linking from another site.

### 3. Outreach

This work has two overall objectives. First, to raise awareness about organic waste management and recycling options among businesses and institutions, and second, to market the services available from the Project and Counties to assist generators of organic waste and businesses that want to recycle.

- a. *Marketing Plan*: Risdall has worked with staff to develop a marketing plan, which includes identifying specific audiences and methods to reach those audiences within the Project Budget. The outreach efforts dovetail with efforts of the individual counties, as well as the Solid Waste Management Coordinating Board.
- b. *Outreach efforts*: Materials have been and are being developed for use by staff, consultants, and others to promote the BizRecycling organic waste and recycling services. For example, a leave-behind brochure, and PowerPoint template for use by staff and consultants. The focus in 2013 is on electronic ads on websites that research has showed are most frequented by businesses, which are:
  - Twin Cities Business Magazine ([tcbmag.com](http://tcbmag.com))
  - Wall Street Journal Digital
  - Minnesota Business ([Minnesotabusiness.com](http://Minnesotabusiness.com))
  - Startribune.com
  - Pioneer Press ([twincities.com](http://twincities.com))
  - Twin Cities Business Journal ([bizjournals.com/twincities](http://bizjournals.com/twincities))
  - Xfinity.com

Funds are also set aside for graphic design services to prepare print materials with a consistent branded theme. The design services would be used for development of direct mail items, brochures and promotional materials, technical assistance materials used by staff and consultants.

### 4. *Contract for consulting and technical assistance services*

In 2013 the Project continues to provide consulting services to assist businesses with recycling organic waste and traditional recyclables. Minnesota Waste Wise, JL Taitt and Associates and MnTAP continue to provide high-quality targeted service to non-residential waste generators.

- ***JL Taitt and Associates*** provides technical assistance and consultation services for institutional generators, such as school districts, hospitals and nursing homes, alternative care facilities, and colleges and universities.

In 2012 that included hosting a food waste recovery workshop at Boutwells Landing a facility in Stillwater that resulted in the launch of several food waste recycling programs including Lakeview Hospital in Stillwater and two Cerenity Senior Care facilities in St. Paul, and Eagle Crest in Roseville. In 2013 work continued building on the foundational work from 2012 and earlier while developing new prospects and programs. Specific work projects include:

- **Assisted Living Facilities**-Several new prospects are working to launch programs in 2013 and 2014. Staff from the facilities are meeting with consultants and are planning for organic waste program development. The new facilities include locations Stillwater, two in St. Paul and one in Roseville.
- **Colleges, Universities, and Large Institutions**- Current projects include work with Bethel and Concordia Universities, meeting with their food service providers, analyzing waste services invoices, and presented findings and recommendations to key personnel. Bethel recently launched a recycling program for food case plastic wrap & shrink wrap. Concordia is preparing to launch a new food waste diversion program. Next steps include maximizing use of existing programs and to develop a presentation for contracted food service staff and provided follow-up assistance to program managers.
- **K-12 Public and Private Schools**- Assisting Saint Paul Schools with organics, recycling, and waste programs including site visits to other schools programs and interviewing service providers. A new organics recovery program in Afton-Lakeland Elementary Schools will launch in fall 2013. Also completed development of a targeted list private schools for 2013 work and will be initiating field work when staff return in the fall.
- **Minnesota Waste Wise** delivers strategic environmental consulting to help businesses save money through waste reduction, resource conservation and energy efficiency. The Project retained Waste Wise in 2012 for direct consultation for businesses on organic waste. In 2012 Waste Wise made over 475 contacts in efforts to engage businesses, and successfully provided assistance to 63 businesses. Through June 2013, Waste Wise made 225 contacts in efforts to engage businesses, have engaged 38 businesses, are working with an additional 15 businesses who were previously contacted in 2012, have provided initial on-site evaluations for 35 businesses, and revisited 20 businesses for additional follow-up work on-site.
- **Minnesota Technical Assistance Program (MnTAP) consultation and technical assistance.** In 2012 the Project contracted with the Minnesota Technical Assistance Program (MnTAP) for research and outreach on organic waste. Two projects were completed, one with a food processor (Land-o-Lakes) and the second with a number of restaurants. In 2013, MnTAP is following up with Ramsey and Washington food processors, looking to optimize their organics waste management; working with corporate kitchens on recycling and organics management; researching the potential for providing recycling and organics management assistance at local events; and following up with two area universities to address their organics management.

## **B. Financial Interventions and Securing Capacity**

### **1. Securing Capacity**

At its September, 2011 meeting, the Resource Recovery Project Board authorized staff to work on methods to address route-density issues associated with organic waste



collection. That included further examination of transfer capacity. During late 2012 and 2013 Foth Environment and Infrastructure and staff have examined a number of options to address route-density issues, and have had ongoing dialogue with an number of firms in the organic waste management collection industry. Staff will be providing information on this work in a separate item for the Project Board.

## **2. Targeted Grants Program**

Using financial grants targeted for specific purposes has been successful in other parts of the U.S. and Canada to increase recycling and organics management. The Project Board authorized staff to “design a targeted ‘Starter Grants’ program for commercial businesses, with the grant design and proposed costs for a grants program being presented to the Project Board. Staff continue to research and identify opportunities, and will be presenting information on this work in a separate item for the Project Board.

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**RAMSEY/WASHINGTON COUNTY RESOURCE RECOVERY PROJECT  
REQUEST FOR BOARD ACTION**

<b>PROJECT BOARD MEETING DATE:</b> 7/25/2013	<b>AGENDA ITEM:</b> C-2
<b>SUBJECT:</b> Organic Waste Transportation Efficiency and Targeted Grants	
<b>TYPE OF ITEM:</b> <input type="checkbox"/> Information <input type="checkbox"/> Policy Discussion <input checked="" type="checkbox"/> Action	
<b>SUBMITTED BY:</b> Joint Staff Committee	

**PROJECT BOARD ACTION REQUESTED:**

Direct staff to prepare implementation plans and materials to address, first organic waste collection and transportation efficiency, either through hauler rebates or generator incentive grants, and, second, for targeted grants to non-residential waste generators, and to bring those plans back to the Project Board for consideration at the September 2013 meeting of the Project Board.

**EXECUTIVE SUMMARY:**

During 2011 the Project Board spent a significant amount of time considering policy and strategic direction for managing organic waste in the East Metro area. Included in actions taken in late 2011 was direction to staff from the Project Board in two areas related to financial interventions to result in greater recovery of organic waste. The first action was addressed by conducting a forum with industry officials and discussions with the Project Board around the economics of organics collection. Recommendations from the industry were to look for ways to help address issues of route density, and make collection more economical during a start-up period. The Board authorized staff to further discuss organic waste transfer capacity with transfer station operators, and, if appropriate, develop, issue, and evaluate either a request for proposals (RFP) or request for expressions of interest (RFI), with a report back to the Project Board in early 2012.

A second issue was in response to comments from waste generators, and that was the need to help with financial barriers to starting new programs for organics and recycling. To address this, the Board authorized staff to design a targeted "Starter Grants" program for non-residential organic waste generators, with the grant design and proposed costs being presented to the Project Board for consideration in 2012. Both items are discussed in this memo, with action requested.


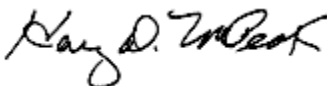
**ATTACHMENTS:**

1. Memo to Project Board dated 7/18/2013
2. Memo from Foth dated 7/18/2013

**SUBJECT: Organic Waste Transportation Efficiency and Targeted Grants**

**FINANCIAL IMPLICATIONS:** None based on this action. It should be noted that in 2013 funds are budgeted for these programs, with \$50,000 designated for Targeted Grants, and \$490,000 for transportation efficiency issues. The proposed 2014 – 2015 budget includes \$50,000 for targeted grants each year, and \$450,000 for transportation efficiency.

**AUTHORIZED SIGNATURES**

<b>Joint Staff Committee</b>	<b>Date</b>
	<b>7.18.2013</b>
<b>Ramsey County Attorney</b>	<b>Date</b>
	<b>7.18.13</b>
<b>Washington County Attorney</b>	<b>Date</b>
<b>Ramsey County Department of Finance</b>	<b>Date</b>
<b>Other</b>	<b>Date</b>



RAMSEY/WASHINGTON COUNTY

**RESOURCE RECOVERY PROJECT**

2785 White Bear Avenue • Suite 350 • Maplewood, Minnesota 55109 • 651.266.1194 • 651.266.1177

**July 18, 2013**

**To: Resource Recovery Project Board**

**From: Joint Staff Committee**

**Re: Organic Waste Transportation Efficiency and Targeted Grants**

**Background**

During 2011 the Project Board spent a significant amount of time considering policy and strategic direction for managing organic waste in the East Metro area. At meetings in January, April, June and September the Board decided on a vision and milestones for commercial organic waste management, gathered information from the public and private sectors about how to increase further organic waste recovery, provided strategic direction to staff, and authorized a number of contracts and expenditures to set things in motion.

Included in actions taken in late 2011 was direction to staff from the Project Board in two areas related to financial interventions to result in greater recovery of organic waste. The first action was intended to address an issue raised by industry officials in discussions with the Project Board around the economics of organics collection. Recommendations from the industry were to look for ways to help address issues of route density, and make collection more economical during a start-up period. The Board authorized staff to further discuss organic waste transfer capacity with transfer station operators, and, if appropriate, develop, issue, and evaluate either a request for proposals (RFP) or request for expressions of interest (RFEI), with a report back to the Project Board in early 2012.

A second issue was identified during 2011 in response to comments from waste generators, and that was the need to help with financial barriers to starting new programs for organics and recycling. To address this, the Board authorized staff to design a targeted “Starter Grants” program for non-residential organic waste generators, with the grant design and proposed costs being presented to the Project Board for consideration in 2012.

Because work on the Processing Agreement during 2012 took more time than expected, work on these two programs was delayed into 2013. Both items are discussed in this memo, with action requested.

**Transportation Efficiency**

During late 2012 and 2013 Foth Infrastructure and Environment and staff have examined a number of options to address route-density issues, and have had ongoing dialogue with an number of firms in the organic waste management collection industry. As reported to the Board in 2012, the Project issued a Request for Expressions of Interest (RFEI) to identify firms that may be interested in providing transfer capacity for organic waste. The concept of the Counties assisting in the economics of collection by Organic Waste Transportation Efficiency and Targeted Grants

providing conveniently located transfer capacity to organic waste collectors came from industry, and the RFEI was intended to test the market. Based on the responses to the RFEI, the concept of transfer capacity continued to be discussed with industry periodically in 2012, with little consensus emerging about how it could be effectively developed, what investments the Project should make in such transfer capacity, and what the net effects would be.

During 2013 the Project became aware of other options, and began to float these concepts with the industry, to determine if there were alternatives to providing transfer capacity to address route-density issues. The attached memo from Foth Infrastructure and Environment reviews the results of this conversation.

At this time, staff and consultants believe the Project should rule out subsidized transfer capacity as well as on-going rebates directly to waste generators. Two concepts deserve further development: one would be rebates for organic waste collectors, similar to rebates currently provided to waste haulers that deliver waste MSW for processing at the Newport facility. The second is a form of a start-up grant, which would provide one-time funding directly for businesses that begin organic waste recycling to cover the first three months of service.

Staff would like to develop one or both of these alternatives, and bring back to the Board an implementation plan for consideration at the September meeting.

### **Targeted Grants**

The overall purpose of a Targeted Grants program would be to help businesses bridge barriers in undertaking or improving recycling and organic waste recovery programs, leading to ongoing program improvements that divert increasing portions of recyclables and organic waste from what businesses discard in the trash.

The following is a list of common barriers for businesses that have been identified variously through business surveys and focus groups, discussions with businesses by county staff and consultants, and from the literature. For some businesses there might be only one key barrier, while for others there could be multiple barriers.

- Small volumes of discarded recyclables/food/SSO
- Small volumes of waste overall
- Storage space: indoor, outdoor
- Cost vs. trash-only collection
- Lack of bins/carts/totes/buckets
- Lack of clear, helpful signage/labeling
- Business staffing issues: time, training, turnover
- Lack of knowledge (management, employees, customers)
- Low priority vs. other business issues
- Multi-tenant building issues: shared services, landlord issues
- For organics: the “yuck factor” for handling food waste; may be different haulers for organics versus trash/recycling; or organics services may not be available or too costly due to route density issues

According to several sources, including the Project’s vendor Waste Wise, the biggest hurdle for many businesses in initiating or expanding recycling and organic waste programs is simply finding a way to get

started, which often means addressing one or more of these barriers. Once the change has begun, businesses may readily accept recycling and separate organic waste collection programs, even if they cost a little more. A combination of technical assistance and targeted grants may help businesses address start-up barriers.

Attached to this memo is a Discussion Paper that outlines a Targeted Grants program concept. It is recommended that the Board direct staff to prepare an implementation plan for targeted grants, that would be consistent with a proposed program for transportation efficiencies, and return to the Board for consideration.

## Attachment 1

### **Ramsey/Washington Targeted Grants for Businesses for Recycling and Food Waste/Source-separated Organics Discussion Paper**

The Ramsey/Washington County Resource Recovery Project (R/W Project) has budgeted funds for targeted grants for businesses in the two counties as an incentive to develop and/or enhance recycling and food waste/source-separated organics (food/SSO) programs. \$50,000 has been approved for 2013, with approval of an additional \$50,000 for 2014 and another \$50,000 for 2015 expected.

Research on recycling/organics grants to businesses in several other jurisdictions is summarized in the appendices: Appendix A summarizes Hennepin County's recently approved Business Recycling Incentive Grant program for helping businesses and nonprofits begin or enhance organics and recycling programs. Appendix B summarizes programs for small to modest recycling and food/SSO grants for businesses and others in Alameda County, California; Boulder, Colorado; Cedar Rapids/Linn County, Iowa; and Chittenden County, Vermont.

#### Purpose of R/W Targeted Recycling and Food/SSO Grant program

The overall purpose of R/W Targeted Grants is to help businesses bridge barriers in undertaking or improving recycling and food/SSO recovery programs, leading to ongoing program improvements that divert increasing portions of recyclables and food/SSO from what businesses discard in the trash. The grant program would be designed to be as administratively simple as possible, to impose as little administrative "pain" on grantees, while focusing on increasing the level of recycling and organics management.

#### R/W Project technical assistance

The R/W Project intends to continue contracting with Waste Wise and J.L. Taitt and Associates in 2014 and 2015 to identify and provide technical assistance on recycling and food/SSO programs for businesses and institutions in the two counties. Thus, the consultants can help promote the availability of Targeted Grants, identify businesses and institutions for which a targeted grant might be suitable, help interested businesses in the application process, and coordinate initial start up training and education. Waste Wise reports that a number of businesses they have met with have asked whether funding assistance was available.

#### Barriers for businesses for implementing or enhancing recycling and/or food/SSO programs

The following is a list of common barriers for businesses that have been identified variously through business surveys and focus groups, discussions with businesses by county staff and consultants, and from the literature. For some businesses there might be only one key barrier, while for others there could be multiple barriers.

- Small volumes of discarded recyclables/food/SSO
- Small volumes of waste overall
- Storage space: indoor, outdoor
- Cost vs. trash-only collection
- Lack of bins/carts/totes/buckets
- Lack of clear, helpful signage/labeling
- Business staffing issues: time, training, turnover
- Lack of knowledge (management, employees, customers)

- Low priority vs. other business issues
- Multi-tenant building issues: shared services, landlord issues
- For organics: the “yuck factor” for handling food waste; may be different haulers for organics versus trash/recycling; or organics services may not be available or too costly due to route density issues

According to several sources, including Waste Wise and Taitt, the biggest hurdle for many businesses in initiating or expanding recycling and food/SSO programs is just finding a way to get started, which often means addressing one or more barriers. Once the change has begun, businesses may readily accept recycling and organics programs, even if they cost a little more. A combination of technical assistance and targeted grants may help businesses address start-up barriers.

Potential types of eligible expenses for a Targeted Grants program: Examples are included. The intent would be to be flexible in funding, at least during the first year.

- Bins, barrels, sorting stations, and containers for collecting recyclables and organics.
- Totes, carts, cart tippers, and other waste containers for transporting to containers service by hauler.
- Compactors, balers, and organics management systems for storage, managing odor and space concerns for businesses generating large quantities of recyclables or organics.
- Up to 6-month supply of compostable plastic bags for lining organics collection containers and compostable food service ware.
- New reusable food service ware if converting from disposable food service ware.
- Construction of upgrades to loading docks & enclosures.
- Software, equipment, and/or systems that help businesses gain efficiencies in material usage.
- Labels/educational materials.

#### Eligible applicants

Both for-profit and non-profit organizations that are not eligible under other county grant programs (Such as Ramsey County’s Public Entity Innovations Grants, or School Bin Grants) would be eligible, excluding the state, regional and federal government, as well as the University of Minnesota and MNSCU facilities. Targeted Grants could be available to any business that is sufficiently “excited” to initiate or expand recycling and/or food/SSO. Applicants would have to have a visit from one of the Project’s vendors as part of the process to verify the application, and check on things like current on-site waste operations and equipment, discuss the applicant’s objectives and approach, and to assist with preparing the grant application and project reporting after implementation..

#### Grant administration and grant payment structure issues

Every effort would be made to make the administration as simple as possible, while being within the spirit of Ramsey County contracting and accounting procedures, as administered by Saint Paul – Ramsey County Public Health (SPRCPH).

For recycling bins/carts/containers, one option would be for the R/W Project and counties to procure an array of such bins/carts/containers. This approach is similar to Ramsey County’s currentbin grants program for public entities. Another example is Hennepin County’s new program for providing Accelerated Grants to businesses for bins.



### Grant amounts

- Information from the programs in the appendices and from Waste Wise suggest that relatively small grant amounts might be useful to some businesses (e.g., Boulder provides \$250 rebates).
- In the first year, grants would be first-come-first-served. Based on experience, that could be modified in subsequent years by increasing funding, or making the grants competitive.
- There would likely be a maximum grant amount of \$10,000.

### Reporting and evaluation

At a minimum grantees should be required to report both baseline pre-grant and post-grant quantities of materials recycled, separated for food/SSO, and placed in the trash.

## **Appendix A**

### **Summary of Hennepin County Business Recycling Incentive Grant Program (BRIP)**

In June 2013 the Hennepin County Board approved its Business Recycling Incentive Program policy, with the overall purpose of providing funds for profit and nonprofit businesses and institutions as a front-end inducement to establish, enhance and expand programs to divert recyclables and organics from the waste disposal stream. The program is expected to increase recycling and organics recycling by ~ 3,000-8,500 tons per year. The intention is to have more grantees getting smaller grants than giving out a few big grants.

#### Funding and grant types

- \$300,000 authorized for 2013 for a combination of two types of grants:
  - Accelerated Grants
    - Ongoing grant program. Up to \$10,000 per grantee; primarily ( $\geq$  60% of grant) to purchase recycling and/or organics collection containers. Grantees will order containers from the County, which will publish a list of preselected containers and procure those containers from County vendors. Expected purchase of ~2,000-3,000 containers annually.
    - Reimbursement for other eligible expenses.
    - No match required.
    - Term: begin within 3 months, grant term  $\leq$  12 months.
  - Open Competitive Grants
    - Twice per year solicitations. Up to \$50,000, for up to 18 months each.
    - Requires a 25% match (no in-kind) for grants over \$10,000.
    - 20% up front, 60% reimbursement after receipt of documentation of expenditures, 20% reimbursement of expenditures after required final report received.
- Subject to availability of funds, \$500,000 each year in 2014 and 2015. Of the \$500,000, \$300,000 for Accelerated Grants and \$200,000 for Open Competitive grants.
- ~ 60-75 accelerated grants & 5-10 open competitive grants will be awarded annually.

#### Eligible recipients

- For-profit businesses located in Hennepin Co., including multifamily housing.
- Non-profits located in Hennepin County for educational, religious, healthcare, housing or other purposes.

#### Eligible expenditures

Generally:

- New supplies, equipment purchases and installation, hauling service charges, and construction.
- Intent of supporting modest capital expenditures. Any equipment purchased must be used beyond the grant term.

Selective examples:

- Bins, barrels, sorting stations, and containers for collecting recyclables and organics within facilities.
- Totes, carts, cart tippers, and other waste containers for transporting to containers service by hauler.
- Compactors, balers, and organics management systems for storage, managing odor and space concerns for businesses generating large quantities of recyclables or organics.

Organic Waste Transportation Efficiency and Targeted Grants

- Up to 6-month supply of compostable plastic bags for lining organics collection containers and compostable food service ware.
- New reusable food service ware if converting from disposable food service ware.
- Up to 3 months of initial cost of hauling or recyclables and/or organics.
- Construction of upgrades to loading docks & enclosures; up to a \$5,000 or \$10,000 maximum, depending on business size.
- Software, equipment, and/or systems that help businesses gain efficiencies in material usage.

Ineligible expenditures (including but not limited to:)

- Labor costs incurred to collect and manage waste and recycling, including consultant and project management costs.
- Containers normally provided by a waste or recycling service (e.g., carts, dumpsters, roll-off boxes).
- Dishwashing equipment and upgrades to dishwashing rooms.
- Vehicle-related expenses such as trucks, trailers, etc.
- All equipment and containers intended to collect and move trash. Also, pallet jacks, janitorial carts and similar equipment.

Reporting

- All grantees will be required to report actual expenses and quantities of material diverted from the disposal stream and amount of waste disposed at the start and end of the project.

Implementation Schedule

- Board approval on June 11, 2013.
- Hennepin staff is starting to develop the guidelines and application documents.
- They are expecting to do a soft launch of the BRIP in August, with a more obvious launch in September. This September timeframe is when they will be more formally promoting the availability of a suite of services, including on-site assistance, labels and signage (which have been available on-line for a couple months now, but not promoted), and the grants.

## Appendix B

### Summary of Other Selected Local Government Business Recycling Incentive/Grant Programs

#### **Alameda County Waste Management Authority (StopWaste.Org), California (East Bay, including Oakland, Berkeley)**

##### Mini Grants

- One of several grant programs
- Designed to provide small amounts of money, within a brief period of time, for a specific and limited purpose. Minimum of \$1,000 and maximum of \$5,000. \$15,000 total available for program for the fiscal year, with applications accepted on a first-come, first-served basis.
- Focus on innovative projects regarding discard management, product decisions and/or communication.
- Eligible applicants include private firms, non-profit organizations, public agencies, individuals and others.
- Eligible expenses:
  - Program start-up costs; e.g., recycling bins, signage, retro-fitting garbage containers with recycling receptacles, and other equipment such as trucks and vans.
  - One-time educational outreach programs that promote source reduction, reuse, recycling and buy recycled.
  - Waste diversion projects that directly divert materials from the waste stream through system changes or other process modifications; need to calculate cost per ton for implementation.
  - Price differential for purchase of recycled content products.
  - Other focus areas may be considered.
- Final report required; mid-term progress report may be required.

#### **Cedar Rapids/Linn County Solid Waste Agency**

##### Community Partnership Grant Program

- Annual grant program since 1996, with over \$500,000 invested in over 100 diversion/recycling/reduction projects.
- Eligible applicants include businesses, non-profit agencies & organizations, schools, and communities.
- Program focus is on:
  - Recycling: diverting items such as paper, plastic or electronic wastes from landfill
  - Organics: diverting organics/food waste from landfill
  - C&D: diverting waste wood, shingles, carpet and metals
  - Water quality improvements: storm water management projects that must use Agency compost
  - Waste reduction: such as replacing disposable products with reusable items
- Up to \$7,500 for eligible materials and/or equipment. Competitive process.
- At least 25% hard (cash) match; “soft match” can strengthen a grant application.
- All applicants must contact Iowa Waste Exchange to schedule a site visit for a free and confidential waste audit and consultation.
- Applications must describe how success will be measured.
- If applying for equipment, application must include minimum of two equipment bids/cost proposals.

- Grant agreement provides for reimbursement basis.

### **City of Boulder, Colorado**

#### **Business Zero Waste Start-Up Rebate**

- To assist with upfront costs of implementing new waste diversion services, City will rebate up to a maximum \$250 per business for purchase of additional recycling or compost collection items including, but not limited to: inside collection containers, compostable collection bags (liners for compost containers), compostable service ware and/or compostable take-out containers.
- Businesses must be adding additional recycling or compost collection services.
- Documentation: Businesses fill out incentive form and provide W-9, receipts or paid invoices, and verification of additional services from hauler.

#### **Business Recycling Coupon**

- For businesses starting a new recycling program, city will provide a coupon for free collection for first 3 months.

### **Chittenden (County) Solid Waste District, Vermont (includes Burlington)**

District offers Recycling and Composting Container Grants; last round July 2012-June 2013.

- For purchase of public recycling containers to pair with existing public trash containers, and/or containers for indoor collection of food scraps to be composted. Specific examples of suitable containers are listed on web site.
- Initial competitive grant round; then first-come first-served until funds disbursed.
- Grants, on reimbursement basis, cover 40% of cost of new containers, excluding sales tax. Number of containers not limited.
- Eligible applicants include businesses, non-profit organizations, schools and municipalities.
- Containers must be used for at least 5 years.
- Several container requirements, including color, at least 25% post-consumer recycled content, and clear labeling with a decal listing all acceptable materials (provided by or approved by District).



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July 18, 2013

TO: Zack Hansen (Ramsey County)  
Judy Hunter (Washington County)

Cc: Norm Schiferl (Ramsey County)  
Gary Bruns (Washington County)

FR: Dan Krivit, Jessie Graveen, and Warren Shuros  
(Foth Infrastructure & Environment, LLC)

RE: Ramsey/Washington County Resource Recovery Project (Project):  
Options to Increase Food/SSO Recovery

## Executive Summary

Under direction of Project staff, Foth conducted a series of phone and email interviews with 13 food waste and source separated organics (food/SSO) service providers. The Project staff and consultant team formulated four different options for review and comment by the service providers:

Option #1 – Request for proposal (RFP) leading to food/SSO transfer station capacity

Option #2 – Food/SSO hauler rebates

Option #3 – Rebates direct to food/SSO generators

Option #4 – New organic waste accounts pilot program

In addition to the interviews, Foth conducted a very preliminary cost-benefit analysis to examine both the impact on increasing “new” tons as well as a relative cost per “new” ton. It was understood that combinations of options were possible, but that Project funding was limited. The four options were not intended to be mutually exclusive. It was also understood that the “targeted starter grants” program would likely be used in addition to any of these four options (see Project staff memo dated 7/18/2013 for more details).

*The information contained in this memorandum is considered privileged and confidential and is intended only for the use of recipients and Foth.*

Results indicate that the options #2 and #4 have the greatest feasibility both in terms of acceptance by the private service providers and in terms of cost-benefit.

The RFP option (#1) leading to food/SSO transfer station capacity was the most expensive and, perhaps, the least certain to increase new tons of food/SSO material. Plus, it could tend to favor one processing technology over another.

The rebates directly to generators option (#3) could have the highest administrative overhead costs and may not be as effective in increasing new food/SSO tons for recovery.

The program design and implementation details of Options #2 (food/SSO hauler rebates) and #4 (new organic waste accounts pilot program) need to be discussed. Also, how the overall package, together with the “targeted starter grants”, needs to be discussed so that a coordinated, comprehensive plan is developed.

## Introduction

Improving recovery of food waste and source separated organics (food/SSO) is a priority for Ramsey and Washington Counties. Through a joint powers board, the Ramsey/Washington County Resource Recovery Project (The Project) and Counties are working together to explore options to increase organic waste recycling opportunities. A key barrier limiting the growth of food/SSO recovery has been identified as the high cost of transportation due to the lack of adequate food/SSO route density and the distance to existing processing facilities/end markets.

## Descriptions of Four Alternative Options

The Project has recently explored four options for increasing food/SSO collection services and transfer capacity in the East Metro area. These options are not mutually exclusive and various combinations may be feasible.

### Option #1

#### Release an RFP for SSO Transfer Station Services

The Project Board could issue a request for proposals (RFP) for a short-term contract for transfer capacity of various types of commercial organic waste. This is one option to address collection/transportation inefficiency. The RFP would be focused on facilities that have the potential to be fully permitted and operational by 2016 with possibly a preference for faster implementation if possible and cost competitive.

Project staff were considering a preference for a transfer station (or multiple transfer stations) that can handle multiple types of commercial food waste and organic waste.

Project staff were considering this transfer station(s) option to handle more than one type of food waste / SSO, including, but not limited to:

- ◆ Food to livestock  
(e.g., direct to hogs and/or cattle)
- ◆ Food waste for manufacturing into animal feed supplements  
(e.g., bakery waste, proteins, and other commercial/industrial food waste by-products)
- ◆ SSO to compost  
(with the potential to include food/SSO to anaerobic digestion in the future)

The detailed terms and limits of Project payments to the contractor(s) were not finalized by Project staff. Alternatives that were under consideration included:

- ◆ Fixed payment based on a portion (e.g., 50%) of the proposed fixed costs to improve or expand and existing transfer station.
- ◆ A dollar per ton operating payment for a period of two to three years as a part of the Project's start-up financial assistance.

Multiple forms of supply development (e.g., outreach, technical assistance to commercial establishments, hauler rebates, generator rebates, pilots, etc.) could be pursued, but Project staff were not considering offering minimum supply guarantees.

## Option #2

### Food/SSO Hauler Rebate<sup>1</sup>

The Project could develop a flat hauler rebate program for food waste and other SSO materials. Participating haulers could receive a rebate for a specific time period for food/SSO delivered to a designated facility similar to how the current hauler rebate program works for mixed municipal solid waste (MSW) delivered to the RRT – Newport facility. This food/SSO hauler rebate program could be:

- ◆ Explicitly established for a shorter-term timeframe (e.g., a maximum of three to five years).
- ◆ Established on a technology (or end market) neutral pricing schedule. All types/forms of commercial food waste / SSO could be treated equally and the Project would pay directly to haulers the same amount without a preference by technology.

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<sup>1</sup> The term is labeled “hauler rebate” due to the familiarity of the hauler rebate program managed by the Counties for MSW delivered to the RRT Newport Resource Recovery Facility. However, this hauler rebate for organics could be applied to all collectors of food waste and other forms of SSO from generators and not just commercial solid waste haulers. Therefore, the revised term for this option is now called “food/SSO hauler rebate”



- ◆ During the initial phase of the hauler rebate program, the Project could elect not to try to distinguish “old” (or existing) food/SSO tons from “new” tons. This proposed strategy could treat all food/SSO tonnage equally, at least for the first year. Part of the intent would be to better establish the baseline of current food/SSO recovery efforts while setting the stage for additional incentives for new tons in a later phase. The Project staff and consultant team believes that a modest financial incentive such as this hauler rebate program for all food/SSO recovery could improve our estimates of actual tons currently recovered while still promoting new collection operations.
- ◆ Project staff and consultant team recognize that this new hauler rebate program should be accompanied by a continued and expanded training/education component for haulers and generators. This training/education should emphasize the need for clean, high quality food/SSO. Maintaining, if not enhancing, quality of feedstock (regardless of end use application) will be one of the most important strategies to assure that food/SSO recovery is sustainable in the long-term.
- ◆ Project staff and consultant team are currently assuming that the hauler rebate could require some form of agreement with participating service providers. In exchange for the rebate funds, participants could be required to scale their loads and report their tonnages of food/SSO. The end market that processes the food/SSO into a new product could be disclosed and should be licensed or permitted as required by appropriate local and state authorities.

### Option #3

#### Direct Rebates to SSO Generators

The Project could provide rebates (or some other form of incentive payments) directly to selected, eligible commercial establishments who start or improve their food waste / SSO recycling collection efforts.

- ◆ This option must be coupled with planned technical assistance, outreach and case studies, including more extensive use of the Project’s new [www.LessTrash.com](http://www.LessTrash.com) web site. The focus should be on how commercial establishments save money.
- ◆ The rebates to generators could be targeted to aim at the “lowest, largest hanging fruit” (i.e., find the most likely and willing large commercial establishments that are not yet doing food/SSO separation/recycling).

### Option #4

#### New Organic Waste Accounts Pilot

The Project could develop a free, three-month food/SSO pilot option. Participating haulers could receive payment from the Project for the first three months of new food/SSO recovery services (e.g., to cover collection and processing costs) if delivered to an approved facility (or facilities). Below are some of the tentative program terms that were under consideration.

- ◆ This new organics account pilot option would be explicitly established for “new” commercial food/SSO collections only. Both the hauler and the commercial establishment customer could be required to certify that this is a new food/SSO collection operation for the customer (and not just an existing operation switching to a different hauler) upon application to the Project to participate in the pilot program.
- ◆ The commercial establishment would select and contract with the food/SSO hauler of their choice. The Project would remain neutral as to which food/SSO provider (or processor) the establishment should select. The Project could regularly update its list of food/SSO service providers that it publishes on its *LessTrash.org* web page.
- ◆ The commercial establishment could be asked to execute a short, simple memorandum of understanding (MOU) with the Project that outlines the details, responsibilities and schedule for all three parties (establishment, hauler, the Project) for the pilot.
- ◆ One intent of the pilots and the MOUs is to allow the commercial establishments to implement separate organics collection, downsize its mixed MSW collection service if possible, and offset the organics collection cost with savings due reduced level of trash service along with avoided CEC and SWMT fees. There may also be savings in the longer term relating to food waste reduction due to the focus on excess food scraps (e.g., reduced amounts of food purchased). This downsizing and savings calculation would be part of the expectations itemized in the MOU.
- ◆ This pilot program could run for 2013 through the end of 2014 with an evaluation of results at the end of 2014.
- ◆ The MOU could provide for the Project to follow up after the free pilot period six months and a year after the food/SSO program started to find out if the commercial establishment continued and sustained the new food/SSO collections based on savings alone.
- ◆ The Project could remain neutral at this time as to the technology (or end market). All types and forms of food waste / SSO would be treated equally under this pilot program.
- ◆ Monthly invoices from haulers to the Project for the pilot program could be required to show line item details (e.g., collection services; processing tipping fees or revenues; equipment rental for items such as dumpsters, food waste barrels, food waste carts or compostable liners).
- ◆ The pilot program would be restricted to collections from commercial generators located within Ramsey and Washington counties.
- ◆ The pilot program should include a training/education component for haulers and generators. This training/education should emphasize the need for clean, high quality food/SSO.

- ◆ Project could require that the MOU designate the processor of the food/SSO. Project could also ask the processor to verify the food/SSO hauler is indeed bringing in food/SSO loads as specified by the MOU.

Project staff are considering developing a separate but related targeted “starter grant” program to provide direct incentives for selected commercial establishments that want to begin collection and recovery of food/SSO. A white paper outlining the concepts of this Targeted Grant program is included in a separate Project staff memo (dated 7/18/2013).

## Methods Used to Evaluate Options

Three rounds of emails followed by phone surveys were conducted with commercial organic waste recovery service providers including both haulers and processors. Each survey round emphasized a different set of options:

- ◆ The first survey round (conducted in late April/early May) outlined the first three options: RFP leading to a SSO transfer station; food/SSO hauler rebate; and food/SSO generator rebate.
- ◆ The second survey round (conducted in early July) described the food/SSO hauler rebate concept in more detail (including a suggested starting rebate amount of \$2.50 per ton).
- ◆ The third survey round (conducted in mid July) describe a different, fourth option, the new organics account pilot concept.

Originally in April, 11 different organizations were contacted within the first survey round. Then, in the second round of interviews, two more were added such that a total of 13 organizations were contacted. Representatives from the following organizations were contacted:

- ◆ Advanced Disposal
- ◆ Aspen
- ◆ Barthold Farms / Recycling
- ◆ Endres
- ◆ Eureka
- ◆ RRT
- ◆ Sanimax
- ◆ Second Harvest Farms
- ◆ Second Harvest Farms – North
- ◆ SET / The Mulch Store
- ◆ SKB
- ◆ Shakopee Mdewakanton Sioux Community (SMSC)
- ◆ Trojes

Foth staff conducted the phone interviews with the organizations to discuss their individual responses to the questions posed in each email packet. The results of these phone interviews were summarized in separate Foth memo reports to Project staff including more detailed verbatim responses.

Foth compiled a comparative analysis of the four options (see Table 1). Tentative/preliminary assumptions were made about relative administrative costs and recovery effectiveness for each option. These preliminary assumptions were not based on detailed analysis but rather general industry experience for this preliminary assessment.

## Interview Results

The 13 organizations represent the three key types of food / organic waste recycling and recovery:

- ◆ Food to pigs
- ◆ Food for manufacturing of animal feed
- ◆ SSO to compost

One of the respondents (Sanimax) has announced under separate email communication their preliminary plans to develop a “renewable energy project” (aka an anaerobic digester) to recover organic waste, but this facility is not yet permitted or under construction.<sup>2</sup>

### **Need for Government Assistance:**

There is strong (but not unanimous) consensus that there is a need for some form of government assistance to increase the amount of source separated organic waste. There is extensive support that government should provide public education, outreach and help to increase awareness about the various options for food waste / SSO recovery. Most respondents believe that government assistance is needed to help improve the collection system efficiencies, at least as initial “kick-start” assistance and at least for SSO to compost.

Many respondents expressed the opinion that the primary forms of current food waste recovery in Ramsey and Washington Counties (food to pigs; food to manufacturing of animal feed) are already well established and may not need Project assistance to continue. These food waste streams currently recovered are from larger generators and/or generally are higher value food scrap resource with high nitrogen and/or protein content.

The recovery of the more fibrous food and non-recyclable paper waste streams may be more appropriate for SSO to compost development. The commingling of non-recyclable paper with food waste in residential and smaller commercial establishment SSO recovery programs will make this feedstock less suitable for feeding to pigs or manufacturing into animal feed. However, this non-recyclable paper can be an important source of carbon which is an essential part of the composting recipe.

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<sup>2</sup> Dan Ostrenga (Sanimax – Organic Solutions), email to undisclosed recipients, subject line “Sanimax –Update” (April 29, 2013).

Several of the respondents suggested that the separation and collection of food/SSO could be mandated through municipal ordinances and food establishment licenses at the city level.

### **Option #1 – Project RFP for Transfer Station Capacity:**

There is low to moderate consensus from the respondents interviewed that a Project RFP for increased transfer station, as a general concept, would help improve food/SSO recovery. However, most respondents agree with the intent of such an RFP: (1) improving collection efficiency; and (2) increase “new” tons of food/SSO.

Foth observed that there are strong and often differing opinions about the details of any such RFP. The following are comments from individual interviews and do not represent consensus.

- ◆ General comment – It is not worth it for the Counties to invest in anything unless it will improve efficiency.
- ◆ The Project should not limit the RFP to “existing” transfer station facilities. This would be unfair to those that want to propose a new site or transfer station operation.
- ◆ The SKB – Malcolm transfer station is the only “existing” transfer station with capacity to take on a new stream of commercial food/SSO.
- ◆ A transfer operation may contaminate the food waste streams and make it less suitable for the higher value market options such as food to pigs or food to manufacture of animal feed.
- ◆ Separate food/SSO tipping, storage bunkers, and handling procedures would be required that may interfere with or reduce the capacity to handle mixed MSW or other current waste streams.
- ◆ Depending on the source and quality of commercial food waste received, the transfer station may need to be designed to handle and treat free-flowing liquids delivered within the food/SSO. Special drainage infrastructure may likely be required (e.g., drains, sewer lines and/or holding tanks for liquids capture, recovery and separate treatment). This comment was received from multiple respondents.
- ◆ This option does not assure a competitive tip fee for all potential service providers, and will create a competitive advantage for the owner of the new transfer station. Therefore, this option will not encourage service providers to start setting up collection programs for organics, nor will it assure increasing density of organics programs, since there is no incentive for other providers to enter the market or create their own infrastructure to compete.
- ◆ While a food/SSO transfer station may help, it may not dramatically increase the amount of food/SSO tonnage collected.

- ◆ Such an food/SSO transfer station may not be able to monitor “new” vs. “old” tons.
- ◆ The Project should provide better estimates of the volumes of food/SSO anticipated.
- ◆ If the RFP was open to anyone, not just existing facilities, the farmers could propose a truck to truck transfer station set up that could properly manage the high liquid food waste they collect. This would avoid the need to unload the material onto a tipping floor.
- ◆ The Project should consider minimum tonnage guarantees and a “put or pay” type of contract terms in the RFP. Investments in the food/SSO transfer capacity may require such supply assurances.
- ◆ The Project should consider using the hauler rebates for a few years before releasing an RFP (or otherwise developing a publicly supported transfer station) to first help document food/SSO tonnage and establish better estimates of anticipated volumes.
- ◆ The transfer station may not help all haulers, depending on location and food/SSO quality specification.
- ◆ A transfer station would help composters, but not necessarily end users that use food waste to pigs or food to manufactured feed. Markets such as food to pigs and food to manufactured feed typically have their own internal fleet that collect material directly from the generators and deliver the material directly to their own processing facilities.

Several of the organizations had responded to the Project’s Request for Expression of Interest (RFEI) for transfer station capacity in January 2012. Companies that submitted written responses to the RFEI included: Endres, Sanimax, SET (dba the Mulch Store), SKB, and Veolia (since purchase by Advance Disposal). The details of these responses have been previously reported to Project staff in earlier Foth memo reports (January 25, 2012 and March 9, 2012)

**Option #2 – Food/SSO Hauler Rebates:**

The “hauler rebate” option was generally well received, but the proposed amount of \$2.50 per ton was universally regarded as way too low to make a significant difference. Some respondents suggested increasing the food/SSO hauler rebate level to \$5 or even \$10 per ton.

There were many individual comments from interview respondents in support of the hauler rebates and some concern that haulers could target existing customers of other end users and claim them as new customers. The following are comments from individual interviews and do not represent consensus.

- ◆ This hauler rebate option makes sense. This option could make significant increases in “new” tons of commercial food/SSO if the amount of the rebate is attractive enough.

- ◆ One respondent noted the subsidy at the Hennepin County Brooklyn Park Transfer Station (BPTS) is about \$50 per ton (about \$65 per ton actual cost less the \$15 per ton subsidized tipping fee). So the Project concept of a \$2.50 per ton rebate may be overshadowed by the west metro area influence and economic pull of the Hennepin County BPTS subsidized tipping fee.
- ◆ All of the respondents were OK with the proposed Project concept of tonnage reports and requirements for truck scale weights as a means to both record results of the initiative and help verify that the food/SSO material was going to legitimate recovery operations and not disposed.
- ◆ All of the food/SSO processor respondents also indicated they would be willing to participate with the Project in reporting merchant loads of food/SSO materials delivered to their facilities. This was suggested as a secondary means to verify that the food/SSO material was recovered and not disposed.
- ◆ The current Project hauler rebate program for deliveries of mixed MSW to Newport works well. A similar, new food/SSO hauler rebate program would give haulers more incentive to get started into this new line of service.
- ◆ A training/education component should accompany the hauler rebate program in order to maintain a clean, high quality food/SSO stream.
- ◆ The emphasis on quality of food/SSO collected is more important for sustainable market development than collection of “new” tons.
- ◆ This is the most competitive and equitable option – it provides an equal advantage to all potential organics service providers, and helps to build density, which leads to sustainability that will allow these programs to continue to flourish without county support.
- ◆ This option requires each service provider to be as competitive as possible in order to get business from generators. The hauler rebates can be removed as the market develops, and a gradual cost increase (if needed) can be passed through the haulers (as competitively as possible so as not to lose the customer) to the generator.
- ◆ A hauler rebate would make commercial food/SSO collection more feasible from an economic stand point from the perspective of haulers wanting to get into this new line of service or are currently in this line of service.
- ◆ A hauler rebate program appropriately shifts the burden to the haulers for finding effective ways to collect food/SSO. It could be a good method to encourage haulers to figure out the separation and transportation issues.
- ◆ Make sure the rules/guidelines for any hauler rebate program are air-tight, without loop-holes. For example, the Project would need to make sure the food/SSO material

ends up with the intended recovery market and not just landfilled or otherwise disposed.

- ◆ The Counties will want some proof that the material went to a licensed end user. Perhaps the end user also has to report how much tonnage each hauler brought to their facility.
- ◆ Would haulers receive rebates for new customers only? If so, the farmers are at risk of losing customers to haulers since the haulers could potentially designate the generator as a “new” customer to them. If this is ONLY for new customers or new tons, the county needs to track which customers are existing customers and not award the hauler a rebate for customers that just switched service providers.
- ◆ The rebate should be offered to all food/SSO haulers, not just “trash” haulers.
- ◆ The farmers are concerned they would lose customers to haulers since haulers could potentially sell to the customer that if they switch service providers they could be considered “new” and then receive a rebate.
- ◆ If the counties decide only to award new generators, they need to track the current generators and the current tonnage.
- ◆ This is a good option and could be coupled with generator rebates. This is probably the most efficient option for the Counties.
- ◆ Education is a key component of this option.
- ◆ Start with a lower rebate amount and then gradually increase it until you start to see tons increase.
- ◆ Could establish a sliding rebate schedule depending on haul distance. For example, \$X per ton for food/SSO delivered from sources within 5 miles of the facility; \$2X per ton for food/SSO within 5 to 10 miles; etc.
- ◆ Such a per ton subsidy to haulers to help offset their costs of transportation could be conditioned on the commercial food/SSO being delivered to the proper end use processing facility.
- ◆ Today, offering to compost a generator’s food/SSO might actually not be cheaper than landfilling within mixed MSW. Even though there is tax saving for composting food/SSO vs. mixed MSW landfilling, this savings is usually offset by the cost of the compostable bags and other added costs. A hauler rebate would provide some breathing room for haulers to build better efficiencies in their collection systems so more commercial establishments can participate. Once this economy of scale hits a break even threshold point, the generators should actually start saving money.



- ◆ This hauler rebate option could be a shorter program compared to the transfer station option. This shorter timeframe for the hauler rebate program is due in part because of the lower overall cost. A three year trial period is suggested to fully test the efficacy of a hauler rebate in increasing food/SSO commercial tonnages.
- ◆ The hauler rebate program should run for at least five years in order for haulers to have adequate time to generate more density in their routes.
- ◆ The hauler rebate program allows for closer tracking of tons which would help determine the volume that could be managed by a transfer station in the future.
- ◆ Comparing the hauler rebate to the generator rebate option, it is all about who can sell the program. If rebates are given to all commercial haulers in the two Counties, they will be able to sell the program to more generators. If a hauler rebate is used, the Counties will be depending on haulers to sell the program to generators. If a generator rebate is used, County staff may play a larger role in outreach to generators.
- ◆ The RRT/MSW rebate program is working well. If the transfer station could offer rebates to haulers, they would likely target a few haulers. Collecting this material is not feasible for all haulers. Rebates are a tool that needs to be put into the hands of the people who can make a difference.
- ◆ Part of management / administrative challenge with hauler rebates is verifying where the tons are coming from (i.e., location of the commercial food/SSO customer / generator). It would be easier if all the metro area Counties participated, then it wouldn't matter where the food/SSO came from.
- ◆ There are benefits to a generator if they can have one service provider (closed-loop) rather than multiple service providers for their different waste streams. If one hauler can provide all of a generator's waste management services, they can assist the generator with tracking how their waste streams are changing (what is being landfilled vs. recycled vs. food/SSO) and provide education on waste management.

There was one strong dissenting opinion about hauler rebates. One respondent equated the proposed hauler rebate to the tip fee subsidy program at Hennepin County Brooklyn Park transfer station. The respondent stated that the Hennepin County program demonstrated that it is not effective in producing high quality food/SSO as the incoming food/SSO is highly contaminated.

### **Option #3 – Direct Rebates to Food/SSO Generators:**

The “direct rebate to generators” option was generally well received with some concerns regarding actually creating efficiency, route density, and the level of government involvement that would be required. There were many individual comments from interview respondents in support of the generator rebates. The following are comments from individual interviews and do not represent consensus.

- ◆ This option won't help with the efficiency. Haulers need to price this service at a level that is economical and right now, there aren't many disposal options. Lots of generators don't produce enough of this material to make it worth collecting (from an economic standpoint). Larger generators make sense for them to haul, but smaller generators usually make more sense for a pig farmer to service.
- ◆ Would the generator rebate be available to generators with existing food/SSO recovery programs already in place? This could be an incentive for businesses already separating their food/SSO to be encouraged to find ways to increase their food/SSO tonnage.
- ◆ This direct rebate to generators option is most likely to generate "new" tonnage. It is time to implement this option.
- ◆ This option could more easily identify/monitor "new" tons.
- ◆ Financial savings (e.g., avoided waste disposal, revenue from sale of valuable scrap commodities) directly to generators is part of the existing incentives package that current food waste recovery companies provide to commercial customer suppliers. Such economic benefit directly to generators is essential for the program of food/SSO to be successful.
- ◆ This option would help generators deal with real or perceived additional costs to set up and implement a food/SSO program. A generator will see additional savings in having a food/SSO program by reducing the tonnage landfilled just in the amount of CEC tax they are charged.
- ◆ This option requires the largest government involvement and creates ongoing dependency on government support, rather than investing in future sustainability. Record keeping and administrative costs would be extreme, and the rebates to the individual entities would require some accountability to get the full benefit of the county's investment.
- ◆ Generator rebates would not create an assurance of density or create a situation where programs were likely to continue once the rebates were removed.
- ◆ Some might perceive these changes as expensive (e.g., purchasing compostable bags) so a rebate would provide some "funding" for the necessary changes.
- ◆ It is all about dollars & cents when it comes to the commercial generator executives. A direct rebate might offer some incentive.
- ◆ A training/education component MUST accompany the generator rebate program in order to maintain a clean quality food/SSO stream. It might be harder to ensure a clean product from smaller sources. The direct generator rebate is a good option that could be coupled with the hauler rebate program.

- ◆ Look to Hennepin County and the educational support they have offered Randy's for their residential organics program.
- ◆ The Project should target the large generators.
- ◆ Generators could tell their hauler where they want the material to go. Generators could haul it themselves (a garbage truck isn't needed).
- ◆ The direct generator rebate program skips the middleman.
- ◆ This option would require even more management than the second option. Business establishments probably don't have anything in place to "track" their food/SSO tons. A process would need to be defined that they can follow. May increase staffing needs both at the County level and for the generators.
- ◆ If a generator can dispose of something for a relatively low cost, likely a small rebate won't be enough incentive for them to change their disposal methods (especially if it would require more rigorous book-keeping/tracking).
- ◆ The rebate would need to be scaled to account for VERY small generators (that produce less than a ton per reporting period).
- ◆ An added benefit of food/SSO programs is that generators typically increase their traditional recycling programs as well. Food/SSO participants begin to examine their waste stream more closely.
- ◆ This option will not tamper with the cost of disposal or subsidize the transfer / processing costs.
- ◆ The generators are the folks who have to make the changes in order to begin separating food/SSO.
- ◆ Wal-Mart is currently doing this and producing a very clean stream. If they can do it, other larger generators should also be able to do it (Target, SuperValu). It makes sense to target the "large/low hanging fruit".
- ◆ This option will help get "early adapters" on board, but it will not achieve the end goal of maximizing tonnage. Some generators participate because it is the right thing to do. Don't limit the rebate to large government facilities. The rebates should be available to all companies, including private companies, and small to medium size companies.

#### **Option #4 – New Organic Waste Accounts Pilot:**

The "new organic waste accounts pilot" option was generally well received with some concerns regarding the length of the pilots and whether the service would be sustained in the

long term. There were many individual comments from interview respondents in support of the concept. The following are comments from individual interviews and do not represent consensus.

- ◆ Good concept, but the education/training component must be integral to the overall plan. Both the food/SSO haulers and the commercial establishments will need training provided by the Project. This training component should be completed before a commercial establishment starts the actual pilot collection operations.
- ◆ Three months may not be long enough to fully plan, implement, shake-down and optimize a new food/SSO collection program at a commercial establishment. The Project should require that the collection program be sustained at least for a year after the pilot period.
- ◆ Commercial establishments with existing food/SSO recovery and collection systems may feel that they are not being treated fairly. The Project should look for means to recognize existing and past investments in addition to this new organic waste accounts pilot concept.
- ◆ The details of the proposed memorandum of understanding (MOU) are critical to the success of this option. The expectations and service standards for all parties (commercial establishment, food/SSO hauler, Project) should be clearly spelled out.
- ◆ Follow-up monitoring and reporting will also be critical to make this option a long-term success.

## Preliminary Evaluation of Options

Table 1 displays a very preliminary comparative analysis of the three options. Table 2 itemizes additional detailed cost assumptions and a very preliminary summary cost-benefit analysis for each option. This analysis is based on a five-year cost-benefit schedule used to calculate five-year cumulative costs and tonnages based on assumed roll-out schedules.

These tables are based on a series of policy and program performance assumptions. These are presented as one hypothetical scenario to compare the four options. Alternative scenarios can be modeled as requested with different assumptions including:

- ◆ Tons per year of food/SSO recovered under each option,
- ◆ Year option / tons would start
- ◆ Project share of capital costs for a transfer station
- ◆ Total capital costs to upgrade a private transfer station
- ◆ Operating grants
- ◆ Project effort for administration (i.e., Full Time Equivalents – FTEs)

The findings and conclusions contained in this Foth memo are necessarily dependent on these assumptions.



Table 1  
Alternative Options: A Comparative Analysis

	<b>Option #1 Transfer Station RFP</b>	<b>Option #2 food/SSO Hauler Rebate</b>	<b>Option #3 Direct Rebate to food/SSO Generators</b>	<b>Option #4 New Organics Accounts Pilot</b>
<b>Description:</b>	<ul style="list-style-type: none"> <li>◆ Short-term contract</li> <li>◆ Expansion or modification of existing transfer stations could occur more quickly but at least by 2016</li> <li>◆ Preference for multiple types of commercial organic waste</li> <li>◆ The Project may contract with more than one company</li> <li>◆ Proposers could be encouraged to team with other companies</li> <li>◆ End markets would be the Contractor's responsibility</li> <li>◆ Multiple forms of supply development, but no supply guarantees</li> </ul>	<ul style="list-style-type: none"> <li>◆ Direct payment to haulers</li> <li>◆ Short-term contract (e.g., maximum of 3 to 5 years)</li> <li>◆ All types of commercial food/SSO would be treated equally</li> <li>◆ Both "old" and "new" tons/accounts would be eligible</li> <li>◆ Would be accompanied by training/education components, both for the haulers and the generators.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Selected commercial establishments would be eligible</li> <li>◆ Largest and most willing generators could be targeted</li> <li>◆ Emphasis will be placed on collecting and recovery of new tons</li> <li>◆ May fit well with County technical assistance efforts and/or start-up grants</li> </ul>	<ul style="list-style-type: none"> <li>◆ The Project would pay for three (3) months of new food/SSO service</li> <li>◆ "New" commercial food/SSO collections only</li> <li>◆ Commercial establishment would still select and contract with the food/SSO hauler of their choice</li> <li>◆ The Project could require a memorandum of understanding (MOU) to be executed with the participating commercial establishment</li> <li>◆ The food/SSO service could be required to continue for at least one year</li> <li>◆ All types of end markets / processing technologies would be treated equally</li> </ul>
<b>Examples or Models:</b>	<ul style="list-style-type: none"> <li>◆ Project's development of the R/W RRP "Newport"</li> </ul>	<ul style="list-style-type: none"> <li>◆ Project's current hauler rebate program for mixed MSW deliveries to Newport facility.</li> </ul>	<ul style="list-style-type: none"> <li>◆ EcoCycle program in Boulder, CO</li> </ul>	<ul style="list-style-type: none"> <li>◆ Cedar Rapids / Linn County Solid Waste Agency pilot program in Iowa.</li> </ul>
<b>Cost Assumptions:</b>	<ul style="list-style-type: none"> <li>◆ 50% of fixed, capital costs</li> <li>◆ \$25 per ton operating payment for two to three years</li> <li>◆ Contract payment to be sunset after three years</li> </ul>	<ul style="list-style-type: none"> <li>◆ \$2.50 per ton (as a starting point)</li> <li>◆ May adjust dollar amount from lower to higher over time to identify optimum rate</li> </ul>	<ul style="list-style-type: none"> <li>◆ \$40 per ton</li> </ul>	<p>Average food/SSO collections:</p> <ul style="list-style-type: none"> <li>◆ \$500 per month per account</li> <li>◆ 150 pilot participants per year</li> </ul>
<b>Administrative Challenges:</b>	<ul style="list-style-type: none"> <li>◆ Cost and staff time for RFP and contracting</li> <li>◆ Contract administration, but time relative to rebates believed to be less</li> <li>◆ Operations supervision</li> <li>◆ Facility complaints (e.g., NIMBY, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>◆ Creating a new food/SSO hauler rebate system similar to, but separate from mixed MSW hauler rebates</li> </ul>	<ul style="list-style-type: none"> <li>◆ No precedent currently at R/W Counties.</li> <li>◆ Believed to require the most staff time for development and especially administration</li> </ul>	<ul style="list-style-type: none"> <li>◆ No precedent currently at R/W Counties.</li> <li>◆ Believed to require the most staff time for development and especially administration</li> </ul>
<b>Projected Effectiveness:</b>	<ul style="list-style-type: none"> <li>◆ (See Table 2)</li> <li>◆ Could be very effective in jump starting facility development and/or expansion</li> </ul>	<ul style="list-style-type: none"> <li>◆ (See Table 2)</li> <li>◆ Could be an effective supply development tool if coupled with other outreach &amp; awareness tools</li> </ul>	<ul style="list-style-type: none"> <li>◆ (See Table 2)</li> </ul>	<ul style="list-style-type: none"> <li>◆ (See Table 2)</li> </ul>



Table 2  
Preliminary Cost Assumptions and Summary Cost-Benefit Analysis

	<b>Option #1 Transfer Station RFP</b>	<b>Option #2 SSO Hauler Rebate</b>	<b>Option #3 Direct Rebate to SSO Generators</b>	<b>Option #4 New Organic Waste Accounts Pilot</b>
<b>Assumptions:</b>				
"New" tons per year	20,000	5,000	5,000	15,000
Year tons start	2015	2014	2014	2014
Capital grants	50%	N.A.	N.A.	N.A.
Total capital cost	\$2,000,000	N.A.	N.A.	N.A.
Operating grants (\$/ton)	\$25	\$2.50	\$40	N.A.
Operating grants (\$/account/month)	N.A.	N.A.	N.A.	\$500
Number of months "free"	N.A.	N.A.	N.A.	3
Number of "new" accounts per year	N.A.	N.A.	N.A.	150
FTE to administer	0.2	0.5	1.0	1.5
<b>Summary Results:</b>				
Total five year cost	\$2,205,000	\$893,750	\$900,000	\$1,387,500
\$ per "new" ton over five years	\$49	\$51	\$72	\$26

## Summary of Findings

Each option has varying degrees of support. Key findings include:

- ◆ Interviewing potential service providers results in a combination of good input but also statements primarily protective of the interests of the specific service providers rather than the Project.
- ◆ All respondents unanimously agree on the need for robust education and training as a part of any Project initiative. One feature of this education/training component should be an emphasis on maintaining and enhancing food/SSO quality.
- ◆ There is general (but not unanimous) support for the hauler rebates and new organic waste accounts pilot.
- ◆ There is some, but mixed, interest in direct rebates to generators and the transfer station option.



- ◆ There are isolated concerns about the transfer station RFP the way it is currently scoped that could still be addressed by an RFP. Individual concerns include:
  - ▶ Could be the most expensive total cost of the options
  - ▶ Should not be limited to only existing facilities
  - ▶ Could contaminate the higher value food scraps that are currently hauled direct to markets (to pigs or to manufactured animal feed)
  - ▶ Need better, more reliable estimates of supply quantities
  - ▶ May need a “put or pay” form of supply guarantee
  
- ◆ The hauler rebate could be implemented for one to three years before moving forward with the transfer station RFP. This would help further refine / verify the estimates of food/SSO volumes that could potentially be handled by the transfer station.
  
- ◆ The \$ per ton hauler rebate could start low and increase over time to help determine where the price threshold is that results in significant increase in new tons. The \$2.50 per ton level suggested as a starting point was universally regarded as too low.
  
- ◆ The generator rebate may result in the fewest tons diverted with the lowest total cost but highest cost per ton.
  
- ◆ This generator rebate and new organic waste accounts pilot options may have the highest demand for County staff administrative time for the Project.

Foth conducted this survey based on the assumed Project policy of treating all types of commercial food/SSO equally (e.g., no differential hauler rebate payments based on end market or processing technology). This policy assumption needs further discussion given the responses from the various services providers. For example, “Option #1 – Transfer Station RFP” would likely be the option that would most challenge this policy. The facility design and operation specifications in the RFP would need to provide further details on how this policy of treating all types of food/SSO equally would be implemented in practice. One respondent suggested the mere release of such an RFP will favor the development of “new” tons of food/SSO to compost given that the collection of food waste to pigs and animal feed manufacturing already has established collection operations.

The objective of promoting “new” tons is still a key challenge. Most respondents addressed this issue, but there are still many concerns that the Project options will be subsidizing the “old” tons already collected. The fourth option for a new organic waste accounts pilot program most directly addresses this challenge. There are still many program design and implementation details that need to be further discussed.

**Resolution 2013- RR - \_\_\_\_\_**

Whereas, The Joint Powers Agreement creating the Ramsey/Washington County Resource Recovery Project provides that the Project Board shall administer joint solid waste management activities proposed by the Joint Staff Committee, which includes “food waste and organic waste reduction and recycling”; and

Whereas, The Resource Recovery Project Board has administered food waste and organic waste outreach, communication and technical assistance for eight years; and

Whereas, The Project Board engaged in information gathering and policy discussion during 2011 to help the Counties define their work on organic waste management as they prepared revisions to their solid waste master plans, and has identified strategies that the Counties should jointly administer.

Whereas, The Ramsey/Washington County Resource Recovery Project Board established and implemented an East-Metro Organic Waste and Recycling program including the BizRecycling web page, consulting and technical assistant services, and outreach and education to provide resources to non-residential waste generators to assist in reducing costs and meeting environmental goals; and

Whereas, The Project Board authorized staff to explore methods to address transportation efficiencies for collection of organic waste, as well as to design a targeted “Starter Grants” program for non-residential organic waste generators; and

Whereas, Staff and consultants to the Project Board have prepared and outlined an approach to addressing both transportation efficiency issues and targeted grants. Now, Therefore, Be It

Resolved, The Project Board hereby directs staff to prepare implementation plans and materials to address organic waste collection and transportation efficiency, either through hauler rebates or generator incentive grants, and also for targeted grants to non-residential waste generators, and to bring those plans back to the Project Board for consideration at the September 2013 meeting of the Project Board.

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Commissioner Victoria Reinhardt, Chair

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Date