

**RAMSEY/WASHINGTON COUNTY  
RESOURCE RECOVERY PROJECT BOARD  
MAY 28, 2015  
MINUTES**

A meeting of the Ramsey/Washington County Resource Recovery Project was held at 9:00 a.m., May 28, 2015, at the Oakdale Discovery Center in Oakdale, Minnesota.

**MEMBERS PRESENT**

Commissioners Toni Carter, Blake Huffman, Mary Jo McGuire (alternate), Victoria Reinhardt, Janice Rettman – Ramsey County

Commissioners Ted Bearth, Karla Bigham, Gary Kriesel, Fran Miron – Washington County

**ALSO ATTENDING**

Joel Andersen, Kate Bartelt, Sara Bergan, Mary Elizabeth Berglund, Larry Biederman, Gary Bruns, Brad Bulger, Emily Buss, David Domack, Barry Fick, Bob Gagne, Chris Gondeck, Christopher Goodwin, Tabatha Hansen, Zack Hansen, Mark Hanson, Bob Hedman, John Howard III, Susan Hubbard, Judy Hunter, Lowell Johnson, Kevin Johnson, Julie Ketchum, Randy Kiser, Jennefer Klennert, Steve Korstad, George Kuprian, Sue Kuss, Peder Larson, John Marshall, Harry McPeak, Alan Muller, Kevin Nordby, Ryan O’Gara, Roel Ronken, Chris Rooney, Mark Rust, Peder Sandhei, Katie Shaw, Warren Shuros, Nikki Stewart, Darren Tobolt, Kevin Tritz, Ryan Tritz, Mark Wickoren, Joe Wozniak

Introductions were made.

**APPROVAL OF AGENDA**

Commissioner Bearth moved, seconded by Commissioner Huffman, to approve the agenda.

Roll Call:       Ayes – 8       Nays – 0       Motion Carried.

**APPROVAL OF MINUTES – APRIL 23, 2015 MINUTES**

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

Roll Call:       Ayes – 8       Nays – 0       Motion Carried.

**BUSINESS**

**A. Project Management**

**A.1. 2015 YTD Report on Budget Activity**

Sue Kuss reported to the Project Board regarding the 2015 budget activity. There were no questions.

## **B. BizRecycling Progress Update**

Kate Bartelt updated the Project Board on the 1<sup>st</sup> Quarter BizRecycling progress.

- BizRecycling was invited to speak at the Zero Waste Business Conference held in LA in May 2015.
  - Presented about how local programs can work with national businesses and highlighted the successes of the Holiday Retirement program developed by BizRecycling
  - Recognized as the most innovated local program in the country
- Worked with nearly 200 businesses in the 1<sup>st</sup> quarter
  - 3 times more than the number of businesses worked with in 2014
- 51 grants have been issued totaling \$275,000
- Grantee feedback:
  - Easy grant application
  - Easy to get expertise and needed help
  - Making an impact
- Boston Scientific organics program rolled out on January 1, 2015.
  - They composted 9.6 tons of organic waste in the first month
  - 3.5 tons of organic waste was composted in all of 2014
- Working with four Hmong markets
- Targeted efforts with daycare facilities, multi-tenanted business properties and healthcare clinics
- Launched an advertising campaign from February 26 – April 30, 2015
  - 4.3 million impressions
  - 77% of the visits to lesstrash.com were new users
  - Direct result: 30 new businesses actively engaged with technical consultants
- Saint Paul Saints
  - Greenest ballpark in America
  - Best practices in place for recycling and organics collection
  - Goal of 90% recycling rate
- BizAware (advocates for waste and recycling education) is now launched.
  - \$15,000 per year for 3 years for business chambers, associations and organizations
  - \$140,000 available for 2015
  - Interest from large and small business organizations across the East Metro
  - Twitter: #BizAware
- Other work
  - Focus on Woodbury Multi-tenanted business properties
  - GIS database and tools to help with Project Management
  - Weekly blog posting on best practices, resource and relevant national news
  - On-going businesses on January 1, 2016 commercial recycling law implementation

Commissioner Miron questioned if BizRecycling has made any connection with the HRA. He suggests scheduling a presentation to the HRA Board.

Commissioner Rafael Ortega arrived.

## **C. Policy Evaluation**

### **C.1. Recommendation on System Changes**

Judy Hunter reviewed the system changes resolution.

## Waste Management Hierarchy

- Solid Waste System | Original System
  - Reducing risk
  - Abate landfills
  - Preferred technologies
  - Integrated
- Emerging
  - Move a successful system forward
  - How to pivot from waste to resource
  - Achieving a 75% recycling goal

## County Investment in the Hierarchy

- Developing sound policy
- Provide regulation
- Direct services
- Contracting for services
- Partnering
- Providing grants
- Financing the system
- Education and outreach
- Consulting with and providing technical assistance

## The attached resolution:

- Invites other counties to examine the results of the Project's system evaluation and encourages broader participation in the East Metro solid waste vision.
- Encourages the MPCA Commissioner to assure clear and equitable policies in upcoming reports and plans.
- Recommends the SWMCB work with MPCA to establish greater accountability for waste processing and examine the State's role in advancing the policy plan objectives.
- Recommends the MPCA in its Solid Waste Policy Report and Plan emphasis a number of areas: develop markets, supports emerging technology, focus on extender producer responsibility, focus beyond MSW and implement key system changes.

Commissioner Reinhardt moved and seconded by Commissioner Carter. Further discussion ensued.

Commissioner Kriesel is concerned with the equity issue. How is he assured that moving forward the State will provide equity to all Counties? Ms. Hunter said that the resolution acknowledges that issue. The Project Board wants to work and encourage the MPCA and the SWMCB to address the equity issue.

Commissioner Kriesel said that he would like to have that in place before making a decision. Commissioner Miron stated the resolution formulize those concerns. He assumed the resolution would be sent to the MPCA & SWMCB Chair. Where else would this resolution be sent? Ms. Hunter said through the SWMCB it would be sent to two representatives of each County.

Commissioner Carter commented that this step is about how we are laying ground work and foundation for the evolution for these decisions and changes that happen to support our ability to achieve our goal.

Commissioner Rettman is concerned about the resolution not stating anything on the enforcement issue. Commissioner Miron said that an amendment to the resolution to include a whereas section to address the enforcement issue may be appropriate. Commissioner Rettman said she would like it as a Resolved.

Commissioner Reinhardt wants reference to the Minn. Stat. Section 473.848 also be included.

**Amended Resolved 1**

Commissioner Rettman moved, seconded by Commissioner Bigham that the Project Board recommends that the Solid Waste Management Coordinating Board (SWMCB) work with the MPCA, and with member counties, to establish greater accountability for waste processing by all metropolitan counties, and also examine the state's role in the advancement of Metropolitan Waste Management Policy Plan objectives, including enforcement of applicable statutes and policies, and, in particular, enforcement of Minn. Stat. Section 473.848 by the end of 2015.

Roll Call:           Ayes – 9 Nays – 0           Motion Carried.

Commissioner Kriesel questioned if Washington County could use SCORE funds to finance the possible purchase. Ms. Hunter said that a portion of the SCORE funding could be used to finance the possible purchase.

Commissioner Miron said the language for SCORE funding to be incorporated in the amended resolution. Commissioner McGuire would like to add to the resolve regarding the equity issue. She would like each County to take responsibility for this.

Commissioner Kriesel said that he would like some stronger language regarding the equity issue.

**Amended Resolved 2**

Commissioner Kriesel moved, seconded by Commissioner Ortega that the Project Board strongly encourages the Commissioner of the Minnesota Pollution Control Agency (MPCA) to assure that the next Metropolitan Solid Waste Policy Plan include clear and equitable policies for each county related to waste processing and other management methods in the metropolitan area.

Roll Call:           Ayes – 9 Nays – 0           Motion Carried.

**Amended Resolved 3**

Commissioner Kriesel moved, seconded by Commissioner Ortega that the Project Board recommends that the Solid Waste Management Coordinating Board (SWMCB) work with the MPCA and Legislature to appropriate solid waste management tax funds currently designated to the State's General Fund into County SCORE grants, allowing for uses by counties currently in Statute, and also to provide financial incentives for metropolitan counties that exceed waste processing goals.

Roll Call:           Ayes – 9 Nays – 0           Motion Carried.

Commissioner Bigham said that she would like a cover letter explaining our concerns along with a copy of the resolution sent to the legislature.

Commissioner Miron said the resolution with the three amended resolves are as follows:

The Project Board hereby invites other counties to examine the results of the Project Board's recent research, and encourages broader participation in the East Metro vision for solid waste management.

The Project Board strongly encourages the Commissioner of the Minnesota Pollution Control Agency (MPCA) to assure that the next Metropolitan Solid Waste Policy Plan include clear and equitable policies for each county related to waste processing and other management methods in the metropolitan area.

The Project Board recommends that the Solid Waste Management Coordinating Board (SWMCB) work with the MPCA, and with member counties, to establish greater accountability for waste processing by all metropolitan counties, and also examine the state's role in the advancement of Metropolitan Waste Management Policy Plan objectives, including enforcement of applicable statutes and policies, and, in particular, enforcement of Minn. Stat. Section 473.848 by the end of 2015.

The Project Board recommends that the Solid Waste Management Coordinating Board (SWMCB) work with the MPCA and Legislature to appropriate solid waste management tax funds currently designated to the State's General Fund into County SCORE grants, allowing for uses by counties currently in Statute, and also to provide financial incentives for metropolitan counties that exceed waste processing goals.

That the Project Board recommends that the MPCA, in its Solid Waste Policy Report, and Metropolitan Solid Waste Policy Plan, emphasize

- Development of markets for recyclable products,
- Exploration and acceptance of new and emerging waste management technologies, with the aim to retool state policy and systems to be more accepting of these advancing systems,
- Extender producer responsibility,
- A focus beyond mixed municipal solid waste, including construction and demolition waste and industrial waste in the State's planning efforts,
- And implementing key system policy changes needed to achieve the 75% recycling goal and future Resource Plan.

Roll Call:        Ayes – 9        Nays – 0        Motion Carried.

## **C.2. Facility Ownership Decision**

Zack Hansen review the facility ownership decision.

- Solid Waste Master Plans
  - Waste processing evaluation is an extension of these plans
  - Implements State policy for metro area
  - Substantial public input when revised in 2012
  - Demonstrates strong support for an integrated system that is guided by the hierarchy
- Guiding Principles
  - Plan for a 20-30 year horizon
  - Build on the current system and allow changes in processing to emerge over time
  - Assure flexibility
  - Manage risks
  - Pivot the view from waste to resources to add value to the local economy and environment

- Various Technologies
  - Mixed Waste Processing
  - Anaerobic Digestion
  - Gasification
- Decision: How should the Counties assure implementation of the Scope?
  - Exercise Option to Purchase
  - Negotiate contract with private entity to own operate
- Private Ownership
  - Term sheet
    - Waste Assurance
      - Private owner would contract with haulers
      - Contract minimum 280,800 tons
    - Tipping Fee
    - Hauler Rebate
      - Starts in 2016 at \$30/ton, inflated by CPI and adjusted every three years based on landfill market
      - 12 years through 2027
      - Capped at 300,000 tons/year
    - Hauler Access
    - Public Entity Waste
    - Use of Facility
    - Performance
    - Fuel Agreement with Xcel
    - Future Waste Conversion Opportunities
      - Language to jointly investigate technologies and negotiate division of responsibilities
    - Transfer of Ownership
      - Requires written consent, but do not have the right to purchase the facility

Commissioner Reinhardt questioned what if we don't consent. Kevin Johnson, Stoel Rives, stated the way that it works is due diligence information would be provided to the counties by the new owner. Then the counties could provide consent or not. George Kuprian, Washington County Attorney, clarified that the consent is to the contract. The new owner could sell the assets and the facility for a different price, but could not assign the contract.

- Public Ownership
  - The counties have an exclusive option to purchase the facility in 2015
  - Option purchase price established by arbitration
  - Dimensions
    - Transaction
    - Governance
    - Transition
    - Administration
  - Option purchase price
    - Processing agreement requires steps to reach agreement on an option purchase price
    - Negotiations in early 2013 were unsuccessful

- Processing agreement required binding arbitration
  - Three member panel set the option purchase price at \$26.4 million
- Transition from Private to Public
  - Governance
    - Joint Powers Agreement
    - Waste Assurance
  - Transaction
    - Purchase Agreement
    - Financing
  - Transition
    - Agreements
    - Operations
  - Administration
    - Administrative scope and structure
    - Facility management
- Financial Analysis
  - Operating cost estimate 2016 – 2020
  - Cost analysis of term sheet
  - Financing issues

Commissioner Bigham asked for clarification under the summary of annual costs between the Newport Facility Costs CapEX Separate and the Newport Facility Costs CapEX in Bond. Mr. Hansen said that staff asked Foth to put together two scenarios. There are some costs that will be incurred under public ownership right away. Trailers need replacing, the tipping floor and transfer load out needs repair. They have identified the cost to be \$6.6 million.

Commissioner Bigham asked if the \$6.6 million was totally separated from the option purchase price of \$26.4 million. Mr. Hansen said yes.

- Financial Issues
  - GO Revenue Bonds issued by Ramsey County
  - Proceeds loaned to Project Board
  - Joint Powers Agreement provides commitment by Project to repay the loan
- Evaluation
  - Cost – Public ownership provides the best value for the public
  - Control – Public ownership
    - Allows for waste designation
    - Greater ability to make changes in the facility to support the hierarchy
  - Flexibility
    - Public ownership provides for greater flexibility
  - Meeting Environmental Goals
    - Commitment to 75% recycling goal and greater likelihood that processing will be more fully integrated into the hierarchy
  - Environmental Considerations
    - Assures all Ramsey/Washington waste can be secured through designation
  - Economic Development
    - Preserves jobs at Newport



- Independent haulers
  - Scope more likely under public ownership along with additional jobs
- Meetings Held
  - Open houses
    - Arden Hills
    - Maplewood
    - Stillwater
    - Saint Paul
    - Newport
    - Woodbury
  - Waste Hauler Meetings
  - Energy Organization Meeting
  - Business Community Meetings
  - Interested Party Meetings
  - Targeted outreach to cultural communities
  - Newport City Council Workshop
  - League of Women Voters
    - Stillwater/White Bear Lake Area Meeting
    - Tour of Newport Facility with Maplewood Chapter
  - Ramsey County League of Local Governments
  - Ramsey & Washington County City/Township Recycling Staff
  - Ramsey & Washington County City/Township Administrators

Commissioner Bigham questioned if an inspection can be done on the equipment. Mr. Hansen said that the due diligence would include a physical inspection of the Facility.

***Final Opinions by Commissioners***

Commissioner Victoria Reinhardt

- Supports environmental goals and ability to reach 75% recycling goal
- The way to achieve this goal is through the flexibility of ownership
- Came to the conclusion that public ownership is the way to go
- Supports the resolution

Commissioner Fran Miron

- Not ready to purchase today
- Disappointed in appraised value and arbitration price
- Market approach did not work
- Supports the resolution; doesn't support the price

Commissioner Ted Bearth

- You cannot landfill everything; you need a process such as this to deal with remaining trash
- Costs to citizens; citizens are paying a lot for landfill cleanup
- Without this process, you cannot meet the 75% goal
- Supports the resolution

Commissioner Karla Bigham

- Newport jobs at stake without County's support



- Encourages owners of RRT to be cooperative
- Wants to protection local economy
- Supports the resolution

Commissioner Blake Huffman

- Supports environmental goals
- From an economic perspective, this makes sense
- Supports the resolution; doesn't support the price

Commissioner Toni Carter

- Supports our environmental goals and social responsibilities
- Trash is a resource
- Best environmental decision to meet 75% recycling goal
- Preserve our opportunity to steadily move into a direction to meet our goals
- Designation is important
- Doesn't like the price
- Supports resolution

Commissioner Rafael Ortega

- Supports public ownership
- Price needs to be lower
- Supports resolution

Commissioner Gary Kriesel

- Not ready to vote to purchase the facility
- Waiting on MPCA's decision
- Designation: How quick can we enforce
- Work with haulers
- Doesn't support resolution

Commissioner Janice Rettman

- Thinks RRT is doing a great job
- Not convinced that a private company can be turned into a public company
- Doesn't support the resolution

Commissioner Mary Jo McGuire (alternate)

- Appreciates the work staff has done
- Appreciates both Ramsey & Washington County's commitment to the environment
- Public approach is more effective & flexible
- Supports the alternate resolution

Commissioner Reinhardt moved, seconded by Commissioner Bigham, that the Project Board states its strong interested in recommending that the Ramsey and Washington County Boards of Commissioners ("County Boards") exercise the Option to Purchase the Ramsey/Washington County Resource Recovery Facility, located at 2901 Maxwell Avenue, Newport Minnesota ("Facility"), from RRT, but defers action on the Option to Purchase until a Purchase Agreement is negotiated with RRT.

The Project Board directs staff to negotiate and complete a Purchase Agreement establishing the terms of the transfer of ownership and operation of the Facility from RRT to the Ramsey/Washington County Resource Recovery Project, at a price not to exceed the Option Price, and to return to the Project Board no later than its July 23, 2015 meeting with the Purchase Agreement.

That in furtherance of the development of a purchase agreement, the Project Board directs staff to commence and complete a due diligence on behalf of the Counties as part of the development of a purchase agreement in order to resolve all material issues and liabilities associated with the purchase of the Facility.

The Project Board recommends that, as the development of the Purchase Agreement progresses, staff commence development of revisions to the Joint Powers Agreement for the Project, dated December 2006, to address ownership and operation of the Facility and implementation of the Project Board's Resource Recovery Vision.

The Project Board recommends that, as the development of a Purchase Agreement progresses, staff prepare the necessary documents and process for a financing structure for purchase of the Facility, so that should the Project Board recommend to the Counties that they exercise the Option and the Counties elect to exercise the Option. Ramsey County would be prepared to issue bonds on behalf of itself, Washington County and the Project Board with proceeds from the sale of the bonds to be loaned to the Project Board for the acquisition and betterment of the Facility.

The Project Board directs staff to develop a Transition Plan ("Transition Plan") to implement the transfer of ownership and operation of the Facility from RRT to the Project, and to report to the Executive Committee on progress related to the Transition Plan.

The Project Board directs staff to prepare a 2016 – 2017 Project Budget, for consideration by the Project Board later in 2015.

The Project Board directs staff to negotiate an interim operations agreement with a qualified company to handle certain operations at the Facility on behalf of the Project, under the direction of a Project-employed Facility Manager, commencing in 2016 and including provisions that assure an effective and efficient transition to public operations.

Roll Call:           Ayes – 7           Nays – 2           Motion Carried.  
(Commissioners Rettman & Kriesel voted no)

### **C.3. 2015 Project Budget Addendum**

Zack Hansen reviewed the Budget Addendum.

Commissioner Carter moved, seconded by Commissioner Bearth that the Project Board hereby approves and recommends that the Ramsey and Washington County Boards approve the addendum to the 2015 Resource Recovery Project Budget as recommended by the Resource Recovery Project Board Joint Staff Committee summarized as follows:

#### **Program: Policy Evaluation – overall increase in expenses: \$752,000**

##### **Change From:**

421201	Legal Services	\$ 400,000
421501	Consulting Services – Communications Consultant	\$ 80,000

421502	Engineering Consultant	\$ 250,000
424601	Other Services	<u>\$ 40,000</u>
		\$ 770,000

**Change To:**

421201	Legal Services	\$ 790,000
421501	Consulting Services – Communications Consultant	\$ 120,000
421502	Engineering Consultant	\$ 512,000
421601	Other Services	<u>\$ 100,000</u>
		\$1,522,000

Roll Call:       Ayes – 7           Nays – 2           Motion Carried.  
 (Commissioners Kriesel & Rettman voted no)

**OTHER BUSINESS**

Judy Hunter said that the Tri-County Solid Waste Joint Powers Authority consisting of Sibley, LeSueur and Nicollet Counties and as well as Blue Earth Counties who deliver waste to the Newport Facility have reached out to the Project Board and are tracking the policy evaluation and ownership decision. Tri-County and Blue Earth County are the host communities to the Wilmarth Xcel Energy generation facility and host Xcel’s ash landfill. Staff will be arranging a meeting in the Mankato area around July 30 or 31. Details will be provided at a later date.

The next scheduled Project Board meeting/workshop will be on Thursday, June 25, 2015 at the Keller Clubhouse.

**ADJOURN**

Commissioner Miron adjourned the meeting.

Approved:




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Commissioner Fran Miron, Chair

