



MEETING NOTICE RAMSEY/WASHINGTON RECYCLING & ENERGY BOARD

Date: Thursday, August 20, 2020
Time: 10:00 a.m. to 12:00 p.m.
Virtual Meeting: <https://zoom.us/j/98662749991?pwd=dXVxZjRMeGc5ek5tMnl2MnoxhHhhUT09>
Meeting ID: 986 6274 9991 | Passcode: 608239 | Phone #: +1 651-372-8299

The Chair of the Ramsey/Washington Recycling and Energy Board has determined that an in-person meeting is not practical or prudent because of the COVID-19 pandemic and the declared state and local emergencies. Commissioners will participate by telephone or other electronic means and the Board meeting will be conducted pursuant to and in compliance with Minnesota Statute 13D.021 and 13D.04 Subd. 3. Members of the public will be able to watch the public meeting live online.

AGENDA:

- I. Call to Order, Introductions, Commissioner Roll Call**
- II. Approval of Agenda** Action Page 1
- III. Approval of Minutes**
 - a. July 23, 2020 Board Minutes Action Page 2
- IV. Consent Agenda**
No items.
- V. Governance**
No items.
- VI. Management and Administration**
 - a. State Auditor Presentation Information Page 10
- VII. Policy**
 - a. End-Markets Phase I Request for Proposals Action Page 64
 - b. Enhancements Financing Action – Continued Action Page 114
- VIII. Updates and Reports**
 - a. Procurement Report Information Page 131
 - b. R&E Updates Information Page 133
- IX. Other**
 - a. Invitation for comments from Ex Officio R&E Board members:
MPCA and City of Newport Information
- X. Adjourn**

NEXT MEETING: Thursday, September 24, 2020 | 10 am – 12:00 pm | Zoom meeting



**RAMSEY/WASHINGTON
RECYCLING & ENERGY**
CONNECTING VALUE TO WASTE

THURSDAY, JULY 23, 2020
RAMSEY/WASHINGTON RECYCLING & ENERGY BOARD MINUTES

A meeting of the Ramsey/Washington Recycling & Energy Board (R&E Board) was held as a remote Zoom meeting at 10:00 a.m. on Thursday, July 23, 2020. Essential staff participants met at the Ramsey County Environmental Health Office, 2785 White Bear Avenue North, Suite 350, Maplewood, Minnesota. Other participants joined through Zoom.

The Chair of the Ramsey/Washington Recycling and Energy Board has determined that an in-person meeting is not practical or prudent because of the COVID-19 pandemic and the declared state and local emergencies. Commissioners will participate by telephone or other electronic means and the Board meeting will be conducted pursuant to and in compliance with Minnesota Statute 13D.021 and 13D.04 Subd. 3. Members of the public will be able to watch the public meeting live online.

MEMBERS PRESENT

Commissioners Wayne Johnson, Stan Karwoski (Alt), Fran Miron, Lisa Weik – Washington County
Commissioners Toni Carter, Trista MatasCastillo, Mary Jo McGuire, Rafael Ortega, Victoria Reinhardt – Ramsey County

MEMBERS NOT PRESENT

Commissioner Gary Kriesel – Washington County
Commissioner Jim McDonough (Alt) – Ramsey County

EX-OFFICIO MEMBERS PRESENT

Dave Benke, MPCA
Dan Lund, Mayor, City of Newport

IN ATTENDANCE AT RAMSEY COUNTY ENVIRONMENTAL HEALTH

Leigh Behrens, Sam Holl, Katie Keller, John Ristad, Nikki Stewart, Jody Tharp, Jordan Thone, Kris Wehlage

PARTICIPATING REMOTELY

Kelli Hall, Zack Hansen, Sam Hanson, Kevin Magnuson, Britta Torkelson

ALSO ATTENDING

Kathy Aho, Zitlali Chavez Ayala, Mary Elizabeth Berglund, Gary Bruns, Shannon Conk, Max Dalton, Dushani Dye, Rae Eden Frank, Jamie Giesen, Tom Gratz, Kelli Hall, Zack Hansen, Sam Hanson, Terri Heaton, Matt Herman, Filsan Ibrahim, Kevin Johnson, Lowell Johnson, Hannah Keller, Randy Kiser, Jennefer Klennert, Nick Kluge, Sandy Koger, Kevin Magnuson, Ashley Marston, Leslie Duling McCollam, Andrea McKennan, Tate Moeller, Emily Schommer Neuharth, Ryan O’Gara, Jen Palmquist, Jessica Paquin, Brian Reilly, Mark Riegel, John Ristad, Afriani Rohim, Minette Saulog, Ken Smith, John Springman, David Suihkonen, Britta Torkelson, Jeff Travis, Ryan Tritz, Margaret Vesel, Sam Walseth, S. Young, Margaret Zuckweiler

CALL TO ORDER

Chair Miron called the meeting to order at 10:02 a.m. The statement regarding conduct of remote meetings was read by Chair Miron. Introductions of participants in attendance at Maplewood were made.

APPROVAL OF THE AGENDA

Commissioner Reinhardt moved; seconded by Commissioner McGuire, to approve the agenda.

Roll Call:	<u>Commissioner</u>	<u>Aye</u>	<u>Nay</u>
	Carter	X	
	Johnson	X	
	Karwoski	X	
	MatasCastillo	X	
	McGuire	X	
	Miron	X	
	Ortega	X	
	Reinhardt	X	
	Weik	X	

Ayes: 9 Nays: 0 Motion Carried.

APPROVAL OF BOARD MINUTES – June 25, 2020

Commissioner Reinhardt moved; seconded by Commissioner MatasCastillo, to approve the June 25, 2020 R&E Board minutes.

Roll Call:	<u>Commissioner</u>	<u>Aye</u>	<u>Nay</u>
	Carter	X	
	Johnson	X	
	Karwoski	X	
	MatasCastillo	X	
	McGuire	X	
	Miron	X	
	Ortega	X	
	Reinhardt	X	
	Weik	X	

Ayes: 9 Nays: 0 Motion Carried.

CONSENT AGENDA

No agenda items.

GOVERNANCE

No agenda items.

MANAGEMENT AND ADMINISTRATION

2021 Budget Approval

2021 Joint Activities Budget

Commissioner Carter, chair of Facility & Finance Committee, stated that the bylaws for the R&E Board specify that the Joint Activities Budget will be approved by August 1 of each year. It is also required that both counties approve their portion of the budget at their respective county board meetings by September 30. While a two-year budget is prepared and approved by the R&E Board, there is an opportunity to adjust the budget for the second year as needed. The Facility & Finance Committee reviewed the 2021 Joint Activities Budget at its May 21, 2020 meeting, and the R&E Board discussed the 2021 Joint Activities Budget at its June 25, 2020 meeting.

No changes are recommended to the previously-approved 2021 Joint Activities Budget from the July 25, 2019 board meeting.

Commissioner Carter moved; seconded by Commissioner MatasCastillo, to approve the 2021 Joint Activities Budget, Resolution R&EB-2020-06. The R&E&E Board:

- Approves the R&E Board 2021 Joint Activities Budget.
- Recommends that the Ramsey and Washington county boards approve the 2021 Joint Activities Budget.

Roll Call:	<u>Commissioner</u>	<u>Aye</u>	<u>Nay</u>
	Carter	X	
	Johnson	X	
	Karwoski	X	
	MatasCastillo	X	
	McGuire	X	
	Miron	X	
	Ortega	X	
	Reinhardt	X	
	Weik	X	

Ayes: 9 Nays: 0 Motion Carried.

2021 Facility and Equipment Maintenance & Replacement Budget (Facility & EM&R)

Commissioner Carter stated that, as with the Joint Activities Budget, a two-year Facility & EM&R Budget is prepared and approved by the R&E Board, with an opportunity to adjust the budget for the second year. Budgets for 2020-2021 were approved in 2019. The Facility & Finance Committee reviewed the 2021 Facility & EM&R Budget at its May 21, 2020 meeting and brought it to the R&E Board for discussion at its June 25, 2020 meeting. No changes were recommended at that time.

No changes are proposed to the current funding levels. A change is recommended to include adding four full-time equivalent (FTE) positions to the 2021 facility complement. These positions are funding neutral as a result of reduced overtime/double time and reduced use of contracted staff. The recommended positions are: one supervisor, two processor helpers, and one electrician. Reducing overtime/double time is a safety measure, reducing staff fatigue on long days.

It is recommended that the 2021 tipping fee be set as previously approved in 2019, at \$84 per ton, a \$2 per ton increase from 2020.

Commissioner Carter moved; seconded by Commissioner Johnson, to approve the 2021 Facility and Equipment Maintenance & Repairs Budget, Resolution R&EB-2020-07. The R&E Board:

- Approves the R&E Board 2021 Facility Budget, including the Equipment Maintenance & Replacement Budget.
- Approves the 2021 tipping fee of \$84 per ton.

Roll Call:	<u>Commissioner</u>	<u>Aye</u>	<u>Nay</u>
	Carter	X	
	Johnson	X	
	Karwoski	X	
	MatasCastillo	X	

McGuire	X
Miron	X
Ortega	X
Reinhardt	X
Weik	X

Ayes: 9 Nays: 0 Motion Carried.

POLICY

Enhancements Financing Action

Commissioner Carter, chair of the Facility & Finance Committee, introduced discussion of the proposed enhancements financing action. In 2019, R&E applied for state bonding funds to support R&E Center enhancements. R&E's project has received support from senators, representatives, agency heads and state government, and R&E's proposal has been included in bonding bills in the regular and two special sessions, none of which have produced a bonding bill.

A team of county and R&E staff, consultants, advisors and attorneys have prepared a financing plan for the local portion of the funding. That plan is acceptable to the county finance departments and has been stress tested to demonstrate its resilience.

Britta Torkelson, Capitol Hill Associates, provided an update on the status of the state bonding bill. A major legislative roadblock to passing a bonding bill involves insistence that Governor Walz end his COVID-19 peacetime emergency order. Governor Walz is expected to extend that emergency order in July, and a third special session is anticipated August 11. It is predicted that the bonding bill is unlikely to pass during that session.

Commissioner McGuire asked when a bonding bill must happen for state financing. Torkelson stated that there is not a hard deadline and that the bonding bill can even be brought up again in the 2021 session.

Commissioner Carter stated that the Facility & Finance Committee did not act on enhancements financing at its June meeting because the legislature had not passed a bonding bill, forwarding a resolution to the R&E Board without recommendation.

Zack Hansen reviewed information provided in a memo from the Joint Leadership Team (JLT) to the R&E Board regarding choices for financing. Hansen reviewed the dimensions of the R&E analysis which have been reported in previous board meetings and workshops, including alignment with priorities, technology potential, finance, environmental and energy considerations, community engagement, equity, risk management, economic development and political relationships.

Ehlers has prepared pro formas to project R&E's future financial performance. Hansen reviewed the effect on tipping fees 2020 through 2040 with four scenarios that include state funding at \$21 million, state funding at \$7 million, no state funding, and no enhancements.

Hansen reviewed the timeline for local funding action for both county boards, the financial effects of delaying the enhancements, and the financial effects of phasing the two projects. State funding through the MPCA Capital Assistance Program (CAP) grant is \$2 million per county, per project for a total of \$8 million. If R&E moves forward with one project, and the other delayed project seeks state bonding in 2021, the eligible amount would be reduced by half. Also affected by a delay is future work on alternative uses for materials recovered at the R&E Center (anaerobic digestion, gasification, chemical recycling).

The JLT recommends action on this resolution today, moving forward on financing these enhancements.

Commissioner Carter highlighted the work that is proceeding (construction design development, variance applications with City of Newport, identifying end markets, DCB manufacture and distribution, and transfer stations participation). County board action as currently drafted related to the R&E financial plan schedule wouldn't happen until September 1, 2020 which accommodates the slim possibility of state funding.

Commissioner Carter moved; seconded by Commissioner MatasCastillo, to approve the Enhancements Financing resolution.

Chair Miron invited commissioner discussion.

Commissioner Reinhardt stated full support for moving forward with the resolution because of the environmental and economic benefits. It allows for state bonding action before September 1 when the counties take their action.

Commissioner Johnson stated he is not in favor of the resolution at this time without any state funding as a commitment to partnership with this project.

Commissioner McGuire stated the state has shown support for the enhancements projects by keeping them in the bonding bills throughout the process. The bonding bill is delayed due to issues not related to the funding request. She supports the recommendation that R&E move forward with the resolution.

Commissioner Reinhardt stated that the state supports the project. The desire for the state to provide funding is understandable, and the need to move forward is necessary regardless of that funding.

Commissioner Johnson expressed concerns about unfunded state mandates. The mandated environmental goals set by the state require that counties meet those goals; the state should be a partner in reaching those goals by providing a portion of the funding necessary.

Commissioner MatasCastillo expressed support to pass the resolution today, with or without state funding. She emphasized the health costs and environmental impact of delay.

Commissioner Weik inquired whether moving forward with the projects without state funding in 2020 precludes receipt of state money through a bonding request in 2021.

Commissioner Miron stated that an opportunity to accept state bond funds is included within the resolution. He questioned whether, if R&E moves forward, it is demonstrating that R&E can do this on its own and would reduce the likelihood of receiving state funds. He doesn't believe moving forward precludes R&E from receiving bond funding.

Britta Torkelson stated that starting the project wouldn't preclude R&E from receiving state money in 2020 or 2021.

Commissioner Weik stated confidence that R&E will receive state funding in 2021, if not in 2020. She is prepared to support the project in August, with or without state bonding money.

Commissioner Miron asked Dave Benke, MPCA, to clarify whether grant funds allow for reimbursement of costs incurred prior to distribution of grant funds. Benke stated that if a project begins, costs that have already

been incurred are not likely to be covered under CAP grants; however, unfinished project costs would be eligible. MPCA has phased projects to allow initial design to be completed before funding allocation.

Mayor Lund shared that Newport is supportive of this project and bonding request. It is a critical time for economic investment and important that the legislature understand that R&E still expects state support.

Brian Reilly, Ehlers, stated that if R&E proceeds without state bonding allocation in 2020, Ramsey County would issue debt to fully fund the projects this year, making it unlikely that R&E would receive grant funding if R&E proceeds with projects.

Zack Hansen stated that Ramsey County issues bonds through a lengthy ordinance process. The Ramsey board would authorize sale of bonds in December and award bonds in January. Much can change regarding state bonding between now and then.

Commissioner Carter inquired whether bonding funds from the state could be applied for county bond satisfaction. Reilly indicated that it's a legal question, and an unlikely scenario.

Commissioner Karwoski noted that the resolution lists receiving funding from the state. If that isn't achieved, would there be time to for another vote to occur that indicates state funding was not received? Hansen stated that the resolution is structured such that, if approved, R&E would move forward with full funding at the local level if state funding is not allocated.

Commissioner Miron stated reluctance to move forward when there is some hope for state funding. The next R&E board meeting is August 20. Postponing this vote until that date would allow additional time for engagement with legislative and governor staff regarding a bonding bill.

Commissioner Miron moves; seconded by Commissioner Johnson, to continue the enhancements financing action discussion to the August 20, 2020 R&E Board meeting. The R&E Board:

- Will continue the enhancements financing action discussion at the August 20, 2020 R&E Board meeting.

Chair Miron invited commissioner discussion.

Commissioner Reinhardt inquired whether this presents a problem in terms of timing for Ramsey County. Hansen stated that R&E would work with the Ramsey finance department to adjust funds availability timing, which would then adjust start timing into January or February.

Commissioner Miron stated that R&E is not precluded from calling a special board meeting for discussion on this, if needed.

Commissioner Johnson clarified that he is not speaking against the project; his objection is moving forward with the project without partnership with the state.

Commissioner Ortega stated he is fully supportive of the project and that he assumes that there will be not be a bonding bill. He supports delaying the vote until August to give the legislature an opportunity to provide funding.

Commissioner Karwoski stated that, as a board alternate, he probably won't be at the August 20 meeting. He is fully supportive of delay to August 20 and would support moving forward at that point if there's no state funding.

Commissioner MatasCastillo stated she does not support postponing the vote, as it delays work that R&E will be doing anyway. She believes that R&E should begin the project, while continuing to pursue bonding.

Commissioner Miron stated he feels it puts R&E in a better position if there is a bonding bill. There is potential over next three weeks for lobbying with legislative leadership on the economic impact of getting the bonding bill passed.

Commissioner Carter will support delay in this resolution in the spirit of collaboration with Washington County.

Commissioner Weik stated that postponement to August 20 gives legislature one more opportunity to act and allows time to engage with constituents. In August, she will be prepared to move forward with or without state funding.

Roll Call:	<u>Commissioner</u>	<u>Aye</u>	<u>Nay</u>
	Carter	X	
	Johnson	X	
	Karwoski	X	
	MatasCastillo		X
	McGuire	X	
	Miron	X	
	Ortega	X	
	Reinhardt	X	
	Weik	X	

Ayes: 8 Nays: 1 Motion Carried.

UPDATES AND REPORTS

Nikki Stewart proposed that, due to time constraints, the procurement report and R&E updates agenda items be delayed to the next board meeting. These updates will be provided at the August 20, 2020 meeting.

OTHER

Invitation for comments from Ex Officio R&E Board Members: MPCA and City of Newport

Dave Benke, MPCA, expressed his appreciation of the discussion and that he had no additional updates.

Dan Lund, City of Newport, stated that Newport is supportive of the R&E Center enhancements project and will help lobby for it in the bonding bill, along with Newport's shovel-ready projects.

ADJOURN

Chair Miron adjourned the meeting at 11:53 am.

NEXT MEETING

August 20, 2020, 10:00 am-12:00 pm. This is anticipated to be virtual meeting.

ATTESTED TO:

Approved: _____
Commissioner Fran Miron, Chair
August 20, 2020

Approved: _____
August 20, 2020



**RAMSEY/WASHINGTON
RECYCLING & ENERGY**
CONNECTING VALUE TO WASTE

R&E BOARD MEETING DATE:	August 20, 2020	AGENDA ITEM:	VI.a.
SUBJECT:	State Auditor Presentation		
TYPE OF ITEM:	<input checked="" type="checkbox"/> INFORMATION	<input type="checkbox"/> POLICY DISCUSSION	<input type="checkbox"/> ACTION
SUBMITTED BY:	Joint Leadership Team (JLT)		

R&E BOARD ACTION REQUESTED:

None.

EXECUTIVE SUMMARY:


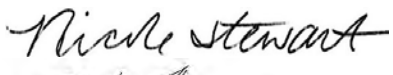



The Office of the State Auditor completed their audit of Ramsey/Washington Recycling & Energy's 2019 financial statements in July and will provide a brief presentation on their findings.

ATTACHMENTS:

1. 2019 R&E Financial Statements

FINANCIAL IMPLICATIONS:

None.

AUTHORIZED SIGNATURES	DATE
JOINT LEADERSHIP TEAM   	8/5/2020
RAMSEY COUNTY ATTORNEY 	
WASHINGTON COUNTY ATTORNEY 	



**RAMSEY/WASHINGTON
RECYCLING & ENERGY**
CONNECTING VALUE TO WASTE

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2019

**ANNUAL FINANCIAL REPORT
OF THE
RAMSEY/WASHINGTON
RECYCLING AND ENERGY BOARD**

Year Ended December 31, 2019

Prepared by:
Accounting Department
Ramsey/Washington Recycling and
Energy Board

RAMSEY/WASHINGTON RECYCLING AND ENERGY BOARD

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INTRODUCTORY SECTION



**RAMSEY/WASHINGTON
RECYCLING & ENERGY**
Information Page 10
CONNECTING VALUE TO WASTE

June 17, 2020

Honorable Chair and Members
Ramsey/Washington Recycling & Energy Board
2785 White Bear Avenue, Suite 350
Maplewood, MN 55109

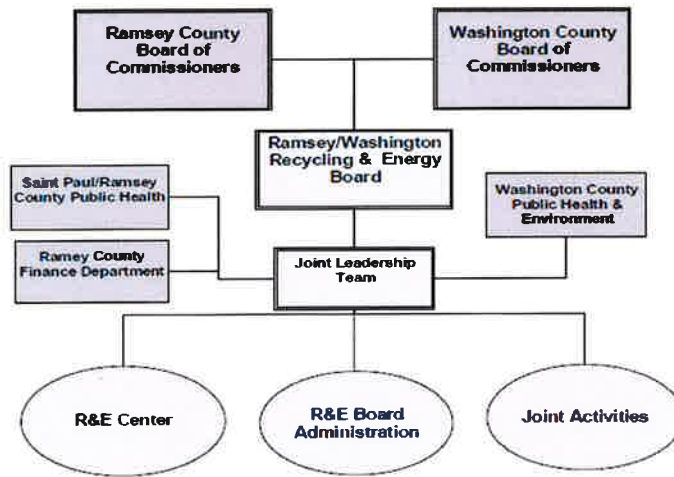
The annual financial report of the Ramsey/Washington Recycling & Energy Board (R&E Board) is submitted for the fiscal year that ended December 31, 2019. This report was prepared by R&E accounting staff and reviewed by the Joint Leadership Team. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with administration of the R&E Board. We have prepared this report in conformity with generally accepted accounting principles (GAAP) as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB).

We believe the data is accurate and sets forth the financial position and results of operations of the R&E Board, as measured by the financial activity of its funds. We believe we have made all disclosures necessary to enable maximum understanding of the financial affairs of the organization.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Organization and Purpose

The R&E Board was established according to a joint powers agreement approved by Ramsey and Washington Counties, in recognition of the need for managing solid waste to recover resources and energy in the East Metro area, and in response to the directives of the State of Minnesota. In 2019 the R&E Board consisted of five Ramsey County commissioners, four Washington County commissioners and two ex-officio non-voting members, one from the Minnesota Pollution Control Agency (MPCA) and one from the City of Newport. The R&E Board provides a range of solid waste services to residents, businesses and institutions in the two Counties.



The two Counties began to work jointly in 1987 through a joint powers board called the Ramsey/Washington Resource Recovery Project Board (Project Board). The Project Board administered the responsibilities of both counties regarding their joint service agreement with Northern States Power Company (NSP) for design, construction, ownership and operation of the Resource Recovery Facility located in the City of Newport. In 1993, the service agreement with NSP was amended to transfer ownership of the Newport Facility from NSP to NRG Energy, Inc. In June 2006, the service agreement was amended to transfer the ownership of, and responsibility for, the facility from NRG to Resource Recovery Technologies (RRT). The Service Agreement remained in effect until December 31, 2006.

Beginning January 1, 2007, the Counties and RRT entered into a six-year processing agreement. Both counties' solid waste master plans supported waste processing and favored private sector ownership as long as the Facility could compete in the marketplace. RRT's need for increased public funding caused the counties to pursue ownership options. Following a second three-year processing agreement with RRT, the Counties decided to purchase the Facility from RRT. In September 2015, the Ramsey and Washington County Boards adopted an amended and restated joint powers agreement (JPA). That agreement broadened the powers of the former Project Board and was renamed the Ramsey/Washington Recycling and Energy Board (R&E Board).

The administrative structure outlined in the current JPA includes:

- A Joint Leadership Team (JLT) comprised of one member of the Washington County Department of Public Health and Environment; one member of the Saint Paul-Ramsey County Public Health, Environmental Health Division; and one member of the Ramsey County Finance Department. Authorization to the JLT to carry out project management activities is provided for in the joint powers agreement and bylaws adopted by the R&E Board.

- The R&E Board is authorized to employ staff. Other staff support is provided by the Saint Paul-Ramsey County Public Health, Environmental Health Division and the Washington County Department of Public Health and Environment.
- The R&E Board entered into a fiscal agent agreement with Ramsey County for financial management, and a purchase of services agreement with Ramsey County for human resources services.
- Legal representation for the R&E Board is provided by both the Ramsey and Washington County Attorney's offices. Special legal counsel may be retained upon the advice of those offices. Risk management services are provided through a consultant.

Reporting Entity Significant Events in 2019

With input from staff, the organization defined its vision, mission, and values.

The R&E Board decided to eliminate the hauler rebate (subsidy) beginning in 2020. This subsidy was initiated prior to waste designation and was an incentive for haulers to deliver waste to the R&E Center instead of landfills. With waste designation in place, which requires trash to be delivered to the R&E Center where it can be processed to recover value, the subsidy is no longer necessary.

The R&E Center processed 428,956 tons of waste in 2019, recovering 15,409 tons of metal for recycling, producing enough refuse-derived fuel to power 40,000 homes, and generating 108,132 fewer tons of greenhouse gas emissions than if the waste had been landfilled.

BizRecycling continues to be a successful program to increase recycling in the non-residential sector and saw continued expansion in 2019. BizRecycling is grant program that uses financial grants aimed at commercial businesses to increase and improve recycling and organics management. In 2019, \$1,000,310 in grant funds were awarded, helping 93 businesses start organics collection programs, 46 businesses start recycling programs, and 155 businesses expand or improve existing programs.

In 2019, BizRecycling piloted an expansion to include multi-unit dwellings. The pilot was successful, and multi-units will be incorporated into the program in 2020.

The R&E Board provides outreach and education to both counties on general solid waste issues. Working jointly provides efficiency in design and delivery of messages, as well as consistency in the East Metro area. Each County incorporates its own efforts to reach various residential and non-residential audiences; R&E's efforts are designed to complement the work of each County.

The R&E Board entered into a Joint Powers Agreement in 2018 with Hennepin County to form the Partnership on Waste and Energy. Through the Partnership on Waste and Energy, Ramsey, Washington, and Hennepin Counties continue collaborating on legislation and policy development, communication and outreach, and planning and evaluation of waste processing.

Financial Management

The R&E Board uses the Ramsey County accounting system, as provided by the joint powers agreement.

Internal Controls:

Management of the R&E Board is responsible for establishing and maintaining internal controls designed to ensure that the assets are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the costs of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

We believe that R&E Board's internal accounting controls adequately safeguard assets and provide reasonable assurance and proper recording of financial transactions.

Budgetary Control:

Budgetary control is maintained at a departmental level by encumbrance of estimated purchase and contract amounts prior to the release of purchase orders and contract payments to vendors. Purchase orders or contracts that result in an overrun of line item balances are not released until additional appropriations are made available.

Notes to the Financial Statements:

The Notes to the Financial Statements, presented with the financial statements, are an integral part of this annual financial report and should be read for a fuller understanding of the statements and information presented within.

Independent Audit:

Minnesota state law requires an audit of the books of account, financial records and transactions. This requirement has been complied with and the independent auditor's report has been included in this report. The Office of the State Auditor will issue a management and compliance letter covering the review made as part of the R&E Board's system of internal control and compliance with applicable legal provisions. The management and compliance letter will not modify or affect, in any way, this report on the financial statements.

Acknowledgements

We thank the Ramsey/Washington Recycling & Energy Board members for their interest and support in planning and conducting financial activities in a responsible manner.

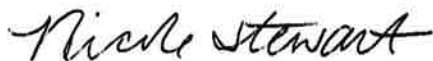
Sincerely,

A handwritten signature in black ink, appearing to read "Kris Wehlage".

Kris Wehlage, Accounting Manager
Ramsey/Washington Recycling & Energy Board

A handwritten signature in black ink, appearing to read "Zack Hansen".

Zack Hansen, Recycling & Energy Board Joint Leadership Team
Ramsey County Environmental Health Division

A handwritten signature in black ink, appearing to read "Nicole Stewart".

Nicole Stewart, Recycling & Energy Board Joint Leadership Team
Washington County Public Health and Environmental Health Department

A handwritten signature in black ink, appearing to read "Dushani Dye".

Dushani Dye, Recycling & Energy Board Joint Leadership Team
Ramsey County Finance Department

RAMSEY/WASHINGTON RECYCLING AND ENERGY BOARD

ORGANIZATION December 31, 2019

Board

Fran Miron	Chair	Commissioner- Washington County
Victoria Reinhardt	Vice-Chair	Commissioner-Ramsey County
Toni Carter	Secretary/Treasurer	Commissioner-Ramsey County
Wayne Johnson	Member	Commissioner- Washington County
Stan Karwoski	Member	Commissioner- Washington County
Gary Kriesel	Member	Commissioner- Washington County
Trista MatasCastillo	Member	Commissioner-Ramsey County
MaryJo McGuire	Member	Commissioner-Ramsey County
Rafael Ortega	Member	Commissioner-Ramsey County
Dave Benke	Ex-Officio	Minnesota Pollution Control Agency
Bill Sumner	Ex-Officio	Newport City Council

County Attorneys

Kevin Magnuson	Washington County
John Ristad	Ramsey County

Joint Leadership Team

Zack Hansen	Ramsey County	Environmental Health (Lead Staff)
Nicole Stewart	Washington County	Public Health and Environment
Dushani Dye	Ramsey County	Finance

Support & Advisory Staff

Gail Blackstone	Ramsey County	Human Resources Director
Lee Mehrkens	Ramsey County	Finance Director
Rich Christensen	Ramsey County	Chief Information Officer
Tabatha Hansen	Washington County	Accounting & Finance Director

FINANCIAL SECTION



JULIE BLAHA
STATE AUDITOR

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INDEPENDENT AUDITOR'S REPORT

Ramsey/Washington Recycling and Energy Board
Maplewood, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ramsey/Washington Recycling and Energy Board as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Ramsey/Washington Recycling and Energy Board's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Ramsey/Washington Recycling and Energy Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ramsey/Washington Recycling and Energy Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ramsey/Washington Recycling and Energy Board as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2019, the Ramsey/Washington Recycling and Energy Board adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which represents a change in accounting principles. Our opinion is not modified with respect to this matter.

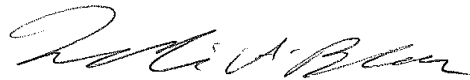
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ramsey/Washington Recycling and Energy Board's basic financial statements. The Introductory Section as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Introductory Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



JULIE BLAHA
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

July 17, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS **(Unaudited)**

The management of the Ramsey/Washington Recycling and Energy Board (R&E Board), offers readers of its financial statements, this narrative overview and analysis of its financial activities for the fiscal year ended December 31, 2019. Readers are encouraged to consider this information in conjunction with additional information that has been furnished in the letter of transmittal and notes to the financial statements which can be found on pages 1 and 23 respectively, of this report.

Financial Highlights

- The assets and deferred outflows of resources of the R&E Board exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$9,213,461 (net position). Of this amount, \$4,492,056 is the net investment in capital assets, and \$4,721,405 is unrestricted net position.
- The total net position increased by \$883,739. This compares with 2018 when the net position increased \$920,203.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the R&E Board's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the R&E Board's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the R&E Board's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the R&E Board is improving or deteriorating.

The Statement of Activities presents information showing how the R&E Board's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund financial statements – A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The R&E Board, like other state and local governments, uses fund accounting to ensure and demonstrate

compliance with finance-related legal requirements. The General Fund of the R&E Board is classified as a governmental fund and the Enterprise Fund is classified as a proprietary fund.

- 1) Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between the governmental fund and governmental activities.

The basic governmental fund financial statements can be found on Exhibits C and D of this report.

- 2) Proprietary funds are used to account for operations financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing services be financed or recovered primarily through user charges. The R&E Board maintains one proprietary fund. The proprietary fund statements provide separate information for the Enterprise Fund.

The basic proprietary fund financial statements can be found on Exhibits E through G of this report.

- 3) Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the R&E Board's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on Exhibit H and I of this report.

Financial Analysis of the Ramsey/Washington Recycling and Energy Board

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The R&E Board's net position at the close of the most recent fiscal year was \$9,213,461, and \$8,329,722 at the close of 2018. The increase in net position was partially due to

the tipping fee increase of \$3/ton for 2019 compared to 2018, as well as the completion of the Bulky Waste Residue Load Out project.

Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current Assets	\$ 5,595,992	\$ 5,415,246	\$ 12,171,714	\$ 15,497,314	\$ 17,767,706	\$ 20,912,560
Capital Assets	-	-	26,758,583	23,333,421	26,758,583	23,333,421
Total Assets	5,595,992	5,415,246	38,930,297	38,830,735	44,526,289	44,245,981
Deferred Outflows of Resources	416,961	316,004	2,391,987	1,553,801	2,808,948	1,869,805
Current Liabilities	2,517,764	2,180,665	4,910,399	5,730,810	7,428,163	7,911,475
Long Term Liabilities	524,485	318,375	29,940,033	29,287,842	30,464,518	29,606,217
Total Liabilities	3,042,249	2,499,040	34,850,432	35,018,652	37,892,681	37,517,692
Deferred Inflows of Resources	60,292	64,514	168,803	203,858	229,095	268,372
Net Position:						
Net Investment in Capital Assets	-	-	4,492,056	25,289	4,492,056	25,289
Unrestricted	2,910,412	3,167,696	1,810,993	5,136,737	4,721,405	8,304,433
Total Net Position	\$ 2,910,412	\$ 3,167,696	\$ 6,303,049	\$ 5,162,026	\$ 9,213,461	\$ 8,329,722

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for Services and Other	\$ 9,780,831	\$ 10,725,643	\$ 38,090,319	\$ 37,387,447	\$ 47,871,150	\$ 48,113,090
General Revenues:						
Intergovernmental Revenue	-	-	600,000	-	600,000	-
Investment Earnings	79,662	84,093	166,848	128,349	246,510	212,442
Miscellaneous	2,228	-	183,811	98,445	186,039	98,445
Transfers	(500,000)	(1,592,557)	500,000	1,592,557	-	-
Total Revenues and Transfers	9,362,721	9,217,179	39,540,978	39,206,798	48,903,699	48,423,977
Expenses:						
Sanitation	9,620,005	11,345,570	38,399,955	36,158,204	48,019,960	47,503,774
Change in Net Position	(257,284)	(2,128,391)	1,141,023	3,048,594	883,739	920,203
Net Position – Beginning	3,167,696	5,296,087	5,162,026	2,113,432	8,329,722	7,409,519
Net Position – Ending	\$ 2,910,412	\$ 3,167,696	\$ 6,303,049	\$ 5,162,026	\$ 9,213,461	\$ 8,329,722

Governmental Fund. The General Fund's fund balance at the close of the most recent fiscal year was \$3,120,414 and \$3,258,191 at the close of 2018. The decrease in net position is due to the transfer to the Enterprise Fund. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to expenditures. The fund balance represents 33% of total expenditures.

Proprietary Fund. The Enterprise Fund's net position at the close of the most recent fiscal year was \$6,303,049 and \$5,162,026 at the close of 2018. The increase in net position was partially

due to the tipping fee increase of \$3/ton for 2019 compared to 2018, as well as the completion of the Bulky Waste Residue Load Out project. As a measure of the Enterprise Fund's liquidity, it may be useful to compare net position to expenses. The net position represents 16% of total expenses.

General Fund Highlights

The overall net change in fund balance was \$493,110 less than the final amended budget. The decrease was largely due to the transfer out that was not budgeted for.

The R&E Board's Capital Assets (Net of Accumulated Depreciation)

	Business-Type Activities	
	2019	2018
Land	\$ 877,858	\$ 877,858
Construction in Progress	-	589,851
Buildings and Improvements	12,336,341	8,291,238
Machinery and Equipment	13,544,384	13,574,474
Total Capital Assets	<u>\$ 26,758,583</u>	<u>\$ 23,333,421</u>

The change in Capital Assets is largely due to purchasing 28 trailers from the retired Great River Energy (GRE) facility and the Bulky Waste Residue Load Out project.

The R&E Board's Long-Term Debt

	Business-Type Activities	
	2019	2018
Notes Payable	\$ 27,631,274	\$ 28,673,418

Economic Factors and Next Year's Budget and Rates

The R&E Board approved the 2020 General Fund budget for \$7,089,964 plus an additional \$1,964,000 from Ramsey County used to create new programs and expand on current programs. The total 2020 General Fund budget, included Ramsey County's additional funding, is \$9,053,964 which represents an 8% decrease from 2019.

Request for Information

This financial report is designed to give a general overview of the R&E Board's finances. Requests for additional information or questions concerning any information provided in this report should be addressed to: Ramsey/Washington Recycling and Energy Board, 2785 White Bear Avenue, Suite 350, Maplewood MN 55109.

EXHIBIT A

RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets			
Cash and Pooled Investments	\$ 5,435,535	\$ 4,660,161	\$ 10,095,696
Petty Cash	250	-	250
Accounts Receivable	-	5,520,677	5,520,677
Due From Other Governments	660,207	78,176	738,383
Internal Balances	(500,000)	500,000	-
Inventories	-	1,412,700	1,412,700
Total Current Assets	<u>5,595,992</u>	<u>12,171,714</u>	<u>17,767,706</u>
Noncurrent Assets			
Capital Assets			
Nondepreciable			
Land	-	877,858	877,858
Depreciable			
Buildings and Improvements	-	13,575,135	13,575,135
Machinery and Equipment	-	21,345,808	21,345,808
Less: Accumulated Depreciation	-	(9,040,218)	(9,040,218)
Total Noncurrent Assets	<u>-</u>	<u>26,758,583</u>	<u>26,758,583</u>
Total Assets	<u>5,595,992</u>	<u>38,930,297</u>	<u>44,526,289</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Outflows	<u>416,961</u>	<u>2,391,987</u>	<u>2,808,948</u>
LIABILITIES			
Current Liabilities			
Salaries Payable	20,845	138,696	159,541
Accounts Payable	2,410,288	3,047,182	5,457,470
Interest Payable	-	269,687	269,687
Due to Other Governments	44,445	250,619	295,064
Compensated Absences - Current	42,186	145,201	187,387
Notes Payable - Current	-	1,059,014	1,059,014
Total Current Liabilities	<u>2,517,764</u>	<u>4,910,399</u>	<u>7,428,163</u>
Noncurrent Liabilities			
Notes Payable	-	26,572,260	26,572,260
Net Pension Liability	524,485	3,367,773	3,892,258
Total Noncurrent Liabilities	<u>524,485</u>	<u>29,940,033</u>	<u>30,464,518</u>
Total Liabilities	<u>3,042,249</u>	<u>34,850,432</u>	<u>37,892,681</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Inflows	<u>60,292</u>	<u>168,803</u>	<u>229,095</u>
NET POSITION			
Net Investment in Capital Assets	-	4,492,056	4,492,056
Unrestricted	2,910,412	1,810,993	4,721,405
TOTAL NET POSITION	<u>\$ 2,910,412</u>	<u>\$ 6,303,049</u>	<u>\$ 9,213,461</u>

The notes to the financial statement are an integral part of this statement.

EXHIBIT B

RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Expenses			
Sanitation			
Materials and Services	\$ 9,620,005	\$ 38,399,955	\$ 48,019,960
Total Program Expenses	<u>9,620,005</u>	<u>38,399,955</u>	<u>48,019,960</u>
Program Revenues			
Charges for Services and Other	<u>9,780,831</u>	<u>38,090,319</u>	<u>47,871,150</u>
Net Program Revenues (Expenses)	<u>160,826</u>	<u>(309,636)</u>	<u>(148,810)</u>
General Revenues			
Intergovernmental Revenue	-	600,000	600,000
Investment Earnings	79,662	166,848	246,510
Miscellaneous	2,228	183,811	186,039
Transfers	<u>(500,000)</u>	<u>500,000</u>	<u>-</u>
Total General Revenues and Transfers	<u>(418,110)</u>	<u>1,450,659</u>	<u>1,032,549</u>
Change in Net Position	(257,284)	1,141,023	883,739
Net Position - Beginning	3,167,696	5,162,026	8,329,722
Net Position - Ending	<u>\$ 2,910,412</u>	<u>\$ 6,303,049</u>	<u>\$ 9,213,461</u>

The notes to the financial statement are an integral part of this statement.

EXHIBIT C

**RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
BALANCE SHEET
GENERAL FUND
DECEMBER 31, 2019**

ASSETS

Cash and Pooled Investments	\$ 5,435,535
Petty Cash	250
Due From Other Governments	660,207
Total Assets	<u>6,095,992</u>

LIABILITIES AND FUND BALANCE**Liabilities**

Salaries Payable	20,845
Accounts Payable	2,410,288
Due to Other Funds	500,000
Due to Other Governments	44,445
Total Liabilities	<u>2,975,578</u>

Fund Balance

Nonspendable	250
Unassigned	3,120,164
Total Fund Balance	<u>3,120,414</u>

Reconciliation to Statement of Net Position (Exhibit A)

Amounts reported for governmental activities in the statement of net position are different because:

Deferred outflows of resources resulting from pension obligation are not available resources and, therefore are not reported in the governmental fund.	416,961
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements.	
Compensated absences	(42,186)
Net pension liability	(524,485)
Deferred inflows of resources resulting from pension obligations are not due and payable in the current period and therefore are not reported in governmental funds.	<u>(60,292)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES

<u><u>\$ 2,910,412</u></u>

The notes to the financial statement are an integral part of this statement.

EXHIBIT D

RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR YEAR ENDED DECEMBER 31, 2019

Revenues

Charges for Services and Other	\$ 9,780,831
Investment Earnings	79,662
Miscellaneous	2,228
Total Revenues	<u>9,862,721</u>

Expenditures

Sanitation	
Personal Services	683,965
Other Services and Charges	8,816,533
Total Expenditures	<u>9,500,498</u>

Excess (Deficiency) of Revenues
Over Expenditures

362,223

Other Financing Sources (Uses)

Transfers Out	(500,000)
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Net Change in Fund Balance

(137,777)

Fund Balance at Beginning of Year3,258,191**Fund Balance at End of Year**3,120,414**Reconciliation to Statement of Activities (Exhibit B)**

Net Change in Fund Balance - General Fund (137,777)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the General Fund.

Change in deferred pension outflows	\$ 100,957	
Change in deferred pension inflows	4,222	
Change in compensated absences	(18,576)	
Change in net pension liability	<u>(206,110)</u>	(119,507)

Change in Net Position - Governmental Activities\$ (257,284)

The notes to the financial statement are an integral part of this statement.

EXHIBIT E

RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
STATEMENT OF NET POSITION
ENTERPRISE FUND
DECEMBER 31, 2019

ASSETS

Current Assets

Cash and Pooled Investments	\$ 4,660,161
Accounts Receivable	5,520,677
Due From Other Governments	78,176
Due From Other Funds	500,000
Inventories	1,412,700
Total Current Assets	<u>12,171,714</u>

Noncurrent Assets

Capital Assets

Nondepreciable

Land	877,858
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Depreciable

Buildings and Improvements	13,575,135
Machinery and Equipment	21,345,808
Less: Accumulated Depreciation	<u>(9,040,218)</u>

Total Noncurrent Assets	<u>26,758,583</u>
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Total Assets	<u>38,930,297</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred Pension Outflows	<u>2,391,987</u>
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LIABILITIES

Current Liabilities

Salaries Payable	138,696
Accounts Payable	3,047,182
Interest Payable	269,687
Due to other Governments	250,619
Compensated Absences	145,201
Notes Payable - Current	1,059,014
Total Current Liabilities	<u>4,910,399</u>

Noncurrent Liabilities

Notes Payable	26,572,260
Net Pension Liability	3,367,773
Total Noncurrent Liabilities	<u>29,940,033</u>

Total Liabilities	<u>34,850,432</u>
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DEFERRED INFLOWS OF RESOURCES

Deferred Pension Inflows	<u>168,803</u>
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NET POSITION

Net Investment in Capital Assets	4,492,056
Unrestricted	1,810,993
TOTAL NET POSITION	<u>\$ 6,303,049</u>

The notes to the financial statement are an integral part of this statement.

EXHIBIT F

RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

OPERATING REVENUES

Sales	\$ 38,090,319
Miscellaneous	183,811
Total Operating Revenues	<u>38,274,130</u>

OPERATING EXPENSES

Personnel Costs	6,594,788
Fuel Supply	7,193,674
Landfill	4,685,662
Waste Processing - Great River Energy	52,080
Transportation	6,790,146
Transload	2,235,940
Facility Operations	4,593,390
Supplies	2,450,598
Pension Expense	837,970
Deferred Compensation	20,577
Depreciation	2,246,538
Total Operating Expenses	<u>37,701,363</u>

OPERATING INCOME (LOSS)

572,767

NONOPERATING REVENUES (EXPENSES)

Intergovernmental Revenue	600,000
Interest Expense	(648,706)
Loss on Disposal of Capital Assets	(49,886)
Investment Earnings	166,848
Total Nonoperating Revenues (Expenses)	<u>68,256</u>

Income Before Contributions and Transfers

641,023

OTHER FINANCING SOURCES (USES)

Operating Transfers In	<u>500,000</u>
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Change in Net Position

1,141,023

Total Net Position - Beginning

5,162,026

Total Net Position - Ending

\$ 6,303,049

The notes to the financial statement are an integral part of this statement.

EXHIBIT G

**RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
DECEMBER 31, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts From Customers and Users	\$ 36,988,784
Payments to Suppliers	(28,777,368)
Payments to Employees	(6,582,055)
Net Cash Provided (Used) for Operating Activities	<u>1,629,361</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Intergovernmental Revenue	600,000
Operating Subsidies and Transfers from Other Funds	500,000
Net Cash Provided (Used) for Noncapital Financing Activities	<u>1,100,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of Capital Assets	(5,721,587)
Principal Paid on Notes Payable	(1,042,143)
Interest Paid on Notes Payable	(655,986)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(7,419,716)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	<u>166,848</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(4,523,507)
Cash and Cash Equivalents, January 1	9,183,668
Cash and Cash Equivalents, December 31	<u><u>\$ 4,660,161</u></u>

The notes to the financial statement are an integral part of this statement.

EXHIBIT G

**RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
DECEMBER 31, 2019**

Reconciliation of Operating Income to Net		
Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$	572,767
Depreciation Expense		2,246,538
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable		(777,471)
(Increase) decrease in Due From Other Funds		(500,000)
(Increase) Decrease in Due From Other Governments		(7,875)
(Increase) Decrease in Inventories		87,439
(Increase) Decrease in Deferred Pension Outflows		(838,186)
Increase (Decrease) in Salaries Payable		12,738
Increase (Decrease) in Accounts Payable		(867,631)
Increase (Decrease) in Due to Other Governments		4,313
Increase (Decrease) in Compensated Absences Payable		20,577
Increase (Decrease) in Net Pension Liability		1,711,206
Increase (Decrease) in Deferred Pension Inflows		(35,054)
Net Cash Provided (Used) by Operating Activities	\$	<u>1,629,361</u>
Non-Cash Capital and Related Activities		
Book Value of Machinery and Equipment Disposed	\$	49,887

The notes to the financial statement are an integral part of this statement.

EXHIBIT H

**RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
STATEMENT OF NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2019**

	<u>Custodial Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 113,325
Total Assets	<u>113,325</u>
LIABILITIES	
Accounts Payable	<u>10,894</u>
Total Liabilities	10,894
NET POSITION	
Restricted for:	
Payments to Other Entities	<u>102,431</u>
Total Net Position	<u><u>\$ 102,431</u></u>

The notes to the financial statement are integral part of this statement.

EXHIBIT I

**RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Custodial Fund</u>
Additions:	
Collections for Other Entities	\$ 166,500
Total Additions	<u>166,500</u>
Deductions:	
Payment Other Entities	<u>123,878</u>
Total Deductions	<u>123,878</u>
Change in Net Position	42,622
Net Position - Beginning	-
Change in Accounting Principle (Note 1)	<u>59,809</u>
Net Position - Ending	<u><u>\$ 102,431</u></u>

The notes to the financial statements are an integral part of this statement.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ramsey and Washington Counties of Minnesota jointly entered into a construction agreement and a service agreement with Northern States Power Company (NSP) to build and operate a resource recovery facility which produces refuse derived fuel (RDF) to be burned at NSP's electric plants. The Counties administered the service agreement through a joint powers board called the Ramsey/Washington County Resource Recovery Project Board. In 1993, the service agreement with NSP was amended to transfer ownership of the Newport Facility (Facility) from NSP to NRG Energy, Inc. In 2000, NSP merged with New Century Energies to form Xcel Energy (Xcel). In June 2006, the service agreement was amended to transfer the ownership of the Facility from NRG to Resource Recovery Technologies (RRT). The service agreement remained in effect until December 31, 2006. The service agreement obligated the Counties to deliver a minimum of 280,800 tons of solid waste per year to the Resource Recovery Project (Project) and pay a service fee based upon each ton of solid waste handled by the Facility, subject to a minimum fee based on 280,800 tons per year minimum and certain other adjustments. Owners of the Facility were obligated to accept, process, transport, and dispose of most of the County waste delivered to the Facility for twenty years. The service agreement terminated December 31, 2006, and the Counties entered into a six-year Solid Waste Processing Agreement with RRT that included payments to the owner for each ton of waste and rebates to qualified haulers for each ton of waste delivered to the Facility. That agreement expired December 31, 2012.

A new three-year agreement became effective January 1, 2013, and eliminated the payment of a service fee to the owner of the Facility. When the Processing Agreement with RRT was executed, RRT stated that it intended to evolve the Facility to where it could operate as a merchant facility, eventually competing with landfills or alternative options without the Counties' subsidies. Unlike NSP and NRG, RRT contracted directly with private haulers for waste delivery. Over the six-year term of the Processing Agreement, the Counties paid RRT a processing payment, and also paid hauler rebates that incentivized the haulers to deliver waste to the Facility. The payment for processing began at \$40 per ton in 2007, and declined each year to \$10 per ton in 2012. Hauler rebates began at \$12 per ton, and increased to \$14 per ton by 2012. Total annual cost to the Counties during that period ranged from \$16.8 million (2007) to \$8.4 million (2012).

In 2007, not long after the Processing Agreement was executed, the U.S. Supreme Court issued a decision on waste designation, or flow control, that determined that a government using its regulatory powers to direct waste to a publicly owned and operated Facility was not in conflict with the dormant Commerce Clause. This development created an opportunity for the Counties to reevaluate the public role in the waste management system. When the Counties' Processing Agreement with RRT ended in 2013, the Counties and RRT entered into a short-term renewal agreement (the "2013-2015 Processing Agreement") and began an extensive evaluation of whether the Counties should purchase the Facility.

The issue of the failure of the market to support a merchant approach was heavily documented during negotiations for an extension of the 2013-2015 Processing Agreement with RRT during 2012. As a result, policy direction was taken based on the determination that the market had failed, and a merchant approach was determined to not be possible. It is based on this policy direction that the 2013-2015 Processing Agreement included a provision for the Counties' option to purchase, and the Counties embarked on an evaluation of the future of processing during the term of the 2013-2015 Processing Agreement. Throughout the discussion of the 2013-2015 Processing Agreement with the Board, it was

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clear that the 2013-2015 Processing Agreement was assuring that processing would continue while the future of processing was determined, leading to a decision point in 2015.

The 2013-2015 Processing Agreement included no direct payment for processing, but the Counties agreed to pay a hauler rebate of \$28 per ton up to an aggregate amount of \$8.4 million per year (corresponding to 300,000 tons per year (“TPY”) guaranteed to be accepted by RRT under the Processing Agreement). Rebate amounts paid to haulers over the \$8.4 million cap were reimbursed to the Counties by RRT at the end of each year.

During the time in which RRT owned and operated the Facility, the Counties were able to assist RRT in obtaining an average of approximately 322,000 tons of waste each year, ranging from a low of 304,000 tons (2008) to a high of 346,000 tons (2015). However, during that same period, an average of 111,000 TPY of waste generated in the Counties was landfilled in Minnesota, Iowa, and Wisconsin, ranging from 77,000 tons (2013) to 167,000 tons (2007). In order to secure sufficient waste to operate, RRT worked to replace those missing tons by accepting waste generated outside the Counties. To incentivize haulers to deliver out-of-county waste to the Facility, RRT charged a tipping fee below the tipping fee of \$86.22 per ton for waste generated in the Counties. As a result, RRT determined that hauler rebates for Ramsey/Washington waste, likely in increasing amounts, would be necessary for the foreseeable future. This is the situation that caused the Counties to determine that a merchant approach for operating the Facility was not feasible.

Prompted by the ability to exercise an option to purchase the Facility, the joint powers board conducted a policy evaluation on the future of waste processing in the East Metro area during 2013 and 2014. As with most issues related to solid waste, the analysis began with the Counties’ respective Solid Waste Management Master Plans (“Master Plans”). Those Master Plans established current County policies related to waste management, and governed the evaluation process.

The Board decided to proceed with Facility acquisition in May 2015, with follow-up action by the two County Boards in June 2015. That triggered a number of actions, including:

- Negotiation of an Asset Purchase Agreement;
- Due diligence to resolve material issues and liabilities;
- Development of a financing structure for the purchase;
- Development of a transition plan for operations and development of an interim operations agreement.

The joint powers agreement between the Counties was amended in September 2015, and the Board was renamed the Ramsey/Washington Recycling and Energy Board (R&E Board).

On December 31, 2015 at 11:59 p.m., the R&E Board acquired the Facility and took over its operations. Indicative of its longer term plans to use the Facility as a hub for ever more ambitious waste management initiatives, the R&E Board renamed the Facility the Recycling and Energy Center, or the R&E Center. The R&E Board is in the process of evaluating the R&E Center’s functions and operations as well as implementing needed capital improvements aimed at improving safety and efficiency. The R&E Board will continue delivering the RDF processed at the R&E Center to Xcel Energy’s RDF combustion units in Red Wing and Mankato. The R&E Board envisions the possible addition of Mixed Waste Processing (“MWP”) at the R&E Center in the next few years, along with potential diversion of organics separated

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at the R&E Center to anaerobic digestion, as well as a shift from using all the RDF at Xcel's combustion units to gasification of some or all of the RDF into biofuels and chemicals.

The Ramsey/Washington Recycling and Energy Board financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local government through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the Ramsey/Washington Recycling and Energy Board are discussed below.

Change in Accounting Principles

During the year ended December 31, 2019, the R&E Board adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements by including accruals and ending net position to the custodial fund not previously required. Beginning net position has been restated to reflect this change.

	<u>Custodial Fund</u>
Net Position, January 1, 2019, as previously reported	\$ -
Change in accounting principles	<u>59,809</u>
Net Position, January 1, 2019, as restated	<u>\$ 59,809</u>

A. FINANCIAL REPORTING ENTITY

The R&E Board was established by a joint powers agreement dated September 22, 2015, pursuant to Minn. Stat Section 471.59. The R&E Board consists of five Ramsey County Commissioners and four Washington County Commissioners. The Commissioners are appointed by the respective County Boards with the Chair of the R&E Board rotating between the Commissioners from each County on a biennial basis. The powers of the R&E Board were expanded, most notably allowing it to own and operate the R&E Center in Newport. The purpose of the joint powers agreement is to create a structure for the joint ownership and operation of the R&E Center, and to define the responsibilities of the R&E Board.

The R&E Board has the authority to:

- Acquire, own, improve, hold and lease real and personal property;
- Manage and oversee the operation, maintenance and improvement of the R&E Center;
- Enter into contracts;
- Hire employees;
- Incur and discharge debt, including issuing bonds;
- Approve a Facility budget, including fees and charges each year; and
- Recommend a Joint Activities Budget for approval by the two County Boards.

The joint powers agreement establishes the apportionment between the two Counties of the joint activities costs and for other financial matters, such as funding an operating reserve fund and capital improvement fund, at 73 percent Ramsey County and 27 percent Washington County for the term of the agreement. The R&E Board participates in a joint venture described in Note 4.

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B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the R&E Board except for fiduciary activities. The effect of interfund activity has been eliminated from the government wide financial statements. The R&E Board's net position is reported in two parts: net investment in capital assets and unrestricted net position. The R&E Board first utilizes restricted resources to finance qualifying activities. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues are charges for services provided by a given function. Revenues not classified as program revenues are presented as general revenues. Separate financial statements are provided for the governmental fund, proprietary fund, and fiduciary fund.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Enterprise Fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operations of the Enterprise Fund is charges to customers (tipping fees) for accepting waste at the R&E Center. Operating expenses for the Enterprise Fund include the cost related to operating and maintaining the R&E Center, transporting derived fuel, processing any remaining waste, administrative expenses, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Capital contributions to the Enterprise Fund consist of cash amounts contributed to the R&E Board by Ramsey and Washington Counties in proportion to their respective obligations, 73% from Ramsey County and 27% from Washington County.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured.

Interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenue of the current fiscal period. Miscellaneous revenue is considered to be measurable and available only when cash is received by the government.

The R&E Board reports the General Fund as a major governmental fund. It accounts for all financial resources of the R&E Board except for those related to the operation of the R&E Center. The R&E

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Board also reports an Enterprise Fund as a major fund, which accounts for the operation and maintenance of the R&E Center.

The R&E Board has a custodial fund, which is used to account for assets that the R&E Board holds for the Partnership on Waste and Energy.

D. BUDGET AND BUDGETARY ACCOUNTING

The R&E Board adopts a budget for the General Fund on the modified accrual basis of accounting. The Statement of Revenues, Expenditures, and Changes in Fund Balance (Exhibit D) is prepared on a GAAP basis. Results of operations included in the Schedule of Revenues, Expenditures, and Changes in Fund Balance-General Fund-Budgetary Comparisons (Schedule 1), are presented on a Non-GAAP budgetary basis. The primary difference between the two bases of accounting is that the “actual” column in Schedule 1 does not include expenditures from prior years’ reserve for encumbrances.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, capital reserves, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end do not constitute expenditures or liabilities because the commitments will be re-apportioned and honored during the subsequent year.

E. ASSETS, LIABILITIES, DEFERRED OUTFLOW/INFLOWS OF RESOURCES, AND EQUITY ACCOUNTS

1) Assets

Deposits and Investments

The R&E Board invests funds in Ramsey County's investment pool. Pooled investments are reported at their fair value at December 31, 2019 based on market prices. The R&E Board invests in this pool for the purpose of joint investment with the County in order to enhance investment earnings. There are no redemption limitations.

Minnesota statutes require that all R&E Board’s deposits be covered by insurance, surety bond, or collateral. The R&E Board’s available deposits are invested by Ramsey County in accordance with Minnesota Statutes. The types of securities available to the Ramsey County are authorized by Minn. Stat. Sections 118A.04 and 118A.05. Additional disclosures defining cash and investments can be found in the Ramsey County Comprehensive Annual Financial Report.

Earnings from these investments are allocated monthly to the R&E Board’s General Fund based on average daily balances during the month. Pooled investments earnings for 2019 are \$79,662.

The R&E Board has defined cash and cash equivalents in the proprietary fund as the funds invested in Ramsey County’s investment pool.

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Accounts Receivable

Accounts receivable consists of tipping fees due from haulers and citizens at the R&E Center. No allowance for uncollectible receivables has been provided because such amounts are not expected to be material.

Due From Other Governments

Due from other governments consists of contributions from Ramsey and Washington Counties, as well as tipping fees due from local governments at the R&E Center.

Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets (e.g. roads, sidewalks, and similar items), and are reported in the business-type activities column in the government-wide financial statements as well as in the proprietary fund. Capital assets are defined by the R&E Board as assets with an initial, individual cost of more than \$15,000 for machinery and equipment to more than \$100,000 for buildings, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10-50
Building Improvements	5-20
Infrastructure	20-75
Machinery and Equipment	2-20
Computer Software	5-10

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Capital asset activity for the year ended December 31, 2019, was as follows:

Land	\$ 877,858	\$ -	\$ -	\$ 877,858
Construction in Progress	589,851	3,769,808	(4,359,659)	-
Total Capital Assets, not Being Depreciated	<u>1,467,709</u>	<u>3,769,808</u>	<u>(4,359,659)</u>	<u>877,858</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	9,131,209	4,443,926	-	13,575,135
Machinery and Equipment	19,653,069	1,867,512	(174,773)	21,345,808
Total Capital Assets Being Depreciated	<u>28,784,278</u>	<u>6,311,438</u>	<u>(174,773)</u>	<u>34,920,943</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(839,971)	(398,823)	-	(1,238,794)
Machinery and Equipment	(6,078,595)	(1,847,715)	124,886	(7,801,424)
Total Accumulated Depreciation	<u>(6,918,566)</u>	<u>(2,246,538)</u>	<u>124,886</u>	<u>(9,040,218)</u>
Total Capital Assets Being Depreciated, Net	<u>21,865,712</u>	<u>4,064,900</u>	<u>(49,887)</u>	<u>25,880,725</u>
Business-Type Activities Capital Assets, Net	<u>\$ 23,333,421</u>	<u>\$ 7,834,708</u>	<u>\$ (4,409,546)</u>	<u>\$ 26,758,583</u>

2) Interfund Receivables, Payables, and Transfers

Due To/From Other Funds

At December 31, 2019, the R&E Board had an interfund balance of \$500,000 between the General Fund and the Enterprise Fund to transfer excess funds to the Enterprise Fund in accordance with the R&E Board's fund balance policy.

The outstanding balance between funds result mainly from a time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund Transfers

Interfund transfers for the year ended December 31, 2019, consisted of a transfer of \$500,000 from the General Fund due to the Enterprise Fund per the R&E Board's fund balance policy.

3) Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Compensated Absences

It is the R&E Board's policy to permit employees to accumulate earned but unused paid time off benefits. All paid time off benefits that are vested as severance pay are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental fund only if they have matured: for example, as a result of employee resignations and retirements. The entire balance of the liability will be considered

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current until the balances are large enough to segregate a long-term portion. Then the current portion of the liability will be calculated based on a five-year average of historical usage.

Notes Payable

Notes payable at December 31, 2019 comprises the following individual issues:

Type of Indebtedness	Final Maturity	Original Balance	Interest Rate (%)	Date Issued	Outstanding Balance as of 12/31/19
Ramsey County Original Purchase Loan	2041	\$ 17,900,000	3.0 - 3.15	12/31/2015	\$ 16,281,361
Washington County Original Purchase Loan	2041	6,588,000	.55 - 3.25	12/31/2015	6,021,873
Ramsey County Bulky Waste Load-Out Loan	2023	1,120,550	0.00	7/23/2018	896,440
Washington County Bulky Waste Load-Out Loan	2023	414,500	0.00	7/9/2018	331,600
Ramsey County Operating Reserve Loan	2028	2,993,000	0.00	12/3/2015	2,993,000
Washington County Operating Reserve Loan	2028	1,107,000	0.00	12/3/2015	1,107,000
Total Notes Payable		<u>\$ 30,123,050</u>			<u>\$ 27,631,274</u>

Years Ending December 31	Business-Type Activities		
	R&E Center Principal	BWLO Principal	R&E Center Interest
2020	\$ 752,004	\$ 307,010	\$ 627,904
2021	769,175	307,010	609,327
2022	786,607	307,010	590,001
2023	809,377	307,010	569,761
2024	827,586	-	548,561
2025-2029	4,497,228	-	2,388,365
2030-2034	5,180,498	-	1,690,585
2035-2039	6,007,688	-	848,527
2040-2041	2,673,072	-	70,049
Total	<u>\$ 22,303,235</u>	<u>\$ 1,228,040</u>	<u>\$ 7,943,080</u>

The payment schedule above excludes the Reserve Loans as repayment terms have not yet been determined.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated absences	\$ 23,610	\$ 82,481	\$ 63,905	\$ 42,186	\$ 42,186
Business-Type Activities					
Compensated absences	124,624	210,707	190,130	145,201	145,201
Notes Payable	28,673,418	-	104,214	28,569,204	1,059,014
Total Long-Term Liabilities	<u>\$ 28,821,652</u>	<u>\$ 293,188</u>	<u>\$ 358,249</u>	<u>\$ 28,756,591</u>	<u>\$ 1,246,401</u>

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4) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. The R&E Board has one item that qualifies for reporting in this category: deferred pension outflows, reported in the government-wide statement of net position. These outflows arise only under the full accrual basis of accounting and consist of differences between expected and actual pension plan economic experience, pension plan changes in proportionate share, and contributions paid subsequent to the measurement date.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The R&E Board has two types of items. First, the R&E Board has deferred pension inflows, which arise only under the full accrual basis of accounting and consist of changes in actuarial assumptions and the differences between projected and actual earnings on pension plan investments. The other, unavailable revenue, arises only under a modified accrual basis of accounting and is reported only in the General Fund Balance Sheet. The General Fund reports unavailable revenue from accounts receivable and due from other governments. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

5) Net Position

Net position in the government-wide and proprietary fund financial statements is classified in the following categories:

- Net investment in capital assets - The amount of net position representing capital assets net of accumulated depreciation and reduced by outstanding debt attributable to the acquisition, construction or improvement of the assets.
- Unrestricted net position - The amount of net position that does not meet the definition of restricted or net investment in capital assets.

6) Fund Balance:

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the R&E Board is “bound to honor constraints on the specific purposes for which amounts in the fund can be spent” in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Minimum Fund Balance Policy

It is the policy of the R&E Board to maintain unrestricted fund balance between 20 and 35 percent of the subsequent year's Joint Activities Budget for cash flow purposes. It is the R&E Board's policy that if the year-end unrestricted fund balance exceeds 35 percent of the subsequent year's budget in the General Fund, the excess amounts shall be transferred to the Enterprise Fund.

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Fund Balance Components

The components for reporting the R&E Board's fund balance are nonspendable, restricted, committed, assigned, and unassigned. Nonspendable fund balance includes those amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items not expected to be converted to cash. Restrictions on fund balance are for a specific purpose, either externally imposed or imposed by law. Fund balance amounts that are committed need to be authorized prior to year-end and require a resolution by the R&E Board to establish or modify the commitment. The R&E Board is the highest level of decision making. Fund balance amounts that are assigned represent management intent for specific purposes. Assignments are subject to change and can be set by the Accounting Manager as designated by the R&E Board. The unassigned fund balance represents the residual classification for the General Fund and includes all spendable amounts not contained in the other fund balance classifications.

The R&E Board considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The R&E Board does not have a formal policy for its use of unrestricted fund balance amounts; therefore, it considers committed amounts to be used first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

7) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the amounts of assets, deferred overflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from such estimates.

2. PENSION PLANS

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

Pension costs for the two Counties' employees assigned to work on the R&E Board remain employees of their respective organizations and thus the pension costs are budgeted in the Saint Paul-Ramsey County Public Health and Washington County Department of Public Health and Environment budgets. The Counties charge the R&E Board the portion of pension plan cost related to the staff time working to the R&E Board, which reimburses those costs out of County Project Management Services.

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A. Defined Benefit Pension Plan

1. Plan Description

All full-time and certain part-time employees of the R&E Board are covered by defined benefit pension plans administered by the PERA. PERA administers the General Employees Retirement Plan (the General Employees Plan), which is a cost-sharing, multiple-employer retirement plan. The plan is established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

The General Employees Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security, and Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members during 1978 and merged into the General Employees Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service. No R&E employees belong to either the Basic Plan or the Minneapolis Employees Retirement Fund.

2. Benefits Provided

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January.

Beginning January 1, 2019, General Employees Plan benefit recipients will receive a post-retirement increase equal to 50 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and maximum of 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase.

For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under the Rule of 90 are exempt from the delay to normal retirement.

The benefit provisions stated in the following paragraph of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits, but are not yet receiving them, are bound by the provisions in effect at the time they last terminated their public service.

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Benefits are based on a member's highest average salary for any 60 consecutive months of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.20 percent of average salary for each of the first ten years of service and 1.70 percent of average salary for each remaining year. Under Method 2, the annuity accrual rate is 1.70 percent for Coordinated Plan members for each year of service. Only Method 2 is used for members hired after June 30, 1989.

For General Employees Plan members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members and are based on years of service and average high-five salary.

3. Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. General Employees Plan members were required to contribute 6.50 percent, of their annual covered salary in 2019. The employee and employer contribution rates did not change from the previous year.

In 2019, the R&E Board was required to contribute 7.5 percent of annual covered salary.

The R&E Board's contribution for the General Employees Retirement Plan for the year ended December 31, 2019, was \$390,511. The contributions are equal to the statutorily required contributions as set by state statute.

4. Pension Costs

At December 31, 2019, the R&E Board reported a liability of \$3,892,258 for its proportionate share of the General Employees Retirement Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The R&E Board's proportion of the net pension liability was based on the R&E Board's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the R&E Board's proportion was 0.0704 percent. It was 0.0356 percent measured as of June 30, 2018. The R&E Board recognized pension expense of \$1,329,404 for its proportionate share of the General Employees Plan's pension expense.

The R&E Board also recognized \$9,061 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's contribution to the

RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

General Employees Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually.

The R&E Board's proportionate share of the net pension liability	\$ 3,892,258
State of Minnesota's proportionate share of the net pension liability associated with the R&E Board	<u>120,995</u>
Total	<u>\$ 4,013,253</u>

The R&E Board reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 58,864	\$ -
Changes in actuarial assumptions	-	115,884
Difference between projected and actual investment earnings	-	113,211
Changes in proportion	2,552,885	-
Contributions paid to PERA subsequent to the measurement date	<u>197,199</u>	<u>-</u>
Total	<u>\$ 2,808,948</u>	<u>\$ 229,095</u>

The \$197,199 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Pension Expense Amount</u>
2020	\$ 991,158
2021	940,217
2022	445,014
2023	6,265

RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

5. Actuarial Assumptions

The total pension liability in the June 30, 2019, actuarial valuation was determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

Inflation	2.50 percent per year
Active member payroll growth	3.25 percent per year
Investment rate of return	7.50 percent

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP-2014 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1.25 percent.

Actuarial assumptions used in the June 30, 2019, valuation were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 30, 2015. Inflation and investment assumptions were reviewed in the experience study report for the General Employees Plan dated June 27, 2019.

The long-term expected rate of return on pension plan investments is 7.50 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic stocks	35.50%	5.10%
International stocks	17.50	5.30
Bonds (fixed income)	20.00	0.75
Private Markets	25.00	5.90
Cash equivalents	2.00	0.00

6. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent in 2019, which remained consistent with 2018. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Plan was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate

RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

7. Changes in Actuarial Assumptions and Plan Provisions

The following changes in actuarial assumptions occurred in 2019:

- The mortality projection scale was changed from MP-2017 to MP-2018

8. Pension Liability Sensitivity

The following presents the R&E Board's proportionate share of the net pension liability calculated using the discount rate previously disclosed, as well as what the R&E Board's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	Discount Rate	Proportionate Share of the Net Pension Liability
1% Decrease	6.50%	\$ 6,398,663
Current	7.50	3,892,258
1% Increase	8.50	1,822,723

9. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at www.mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088; or by calling 651-296-7460 or 1-800-652-9026.

3. RISK MANAGEMENT

The R&E Board is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; or natural disasters.

The R&E Board carries commercial insurance. The R&E Board has not reduced insurance coverage in the past year and has not had settlements in excess of insurance coverage.

4. JOINT VENTURE

Partnership on Waste and Energy

The R&E Board entered into a joint powers agreement with Hennepin County on November 16, 2017, pursuant to the provisions of Minn. Stat. Section 471.59, to create the Partnership on Waste

RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

and Energy. The purpose of the agreement is to assist the Partnership on Waste and Energy in accomplishing the goals outlined in Minnesota Statutes related to waste management and Metropolitan Solid Waste Management Policy Plan, with a focus on policy development, emerging waste processing technologies, and communication, as well as coordination on energy issues related to waste and interest of the Partnership on Waste and Energy.

The Partnership on Waste and Energy Board consists of the Chair and Vice Chair of the R&E Board and a commissioner appointed by Hennepin County. The R&E Board is the Fiscal Agent of the Partnership on Waste and Energy and reports the activity as the custodial fund. No audited financial statements are available. During the year, the R&E Board contributed \$83,250 to the Partnership on Waste and Energy.

5. FINANCIAL CONDITION

The 2019 budget assumed 440,000 tons of waste deliveries at the Facility. Each County is responsible for financing its share of the budgeted \$4,400,000 in hauler rebates. The rebates are \$10 per ton of Ramsey/Washington County waste haulers deliver to the facility, following application for a rebate and verification by the R&E Board.

In 2019, the total for hauler rebates was \$4,400,000 calculated as follows:

	<u>Share</u>	<u>Amount</u>
Ramsey County	73%	\$ 3,212,000
Washington County	27%	1,188,000
Total		<u><u>\$ 4,400,000</u></u>

RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
BUDGETARY COMPARISONS (NON-GAAP BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2019

	BUDGET		ACTUAL ON A BUDGETARY BASIS	VARIANCE WITH BUDGET BUGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues				
Charges for Services and Other	\$ 9,780,831	\$ 9,780,831	\$ 9,780,831	\$ -
Investment Earnings	-	75,000	79,662	4,662
Miscellaneous	-	-	2,228	2,228
Total Revenues	<u>9,780,831</u>	<u>9,855,831</u>	<u>9,862,721</u>	<u>6,890</u>
Expenditures				
Personal Services	460,527	732,740	732,740	-
Other Services and Charges	9,320,304	9,123,091	9,123,091	-
Total Expenditures	<u>9,780,831</u>	<u>9,855,831</u>	<u>9,855,831</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>6,890</u>	<u>6,890</u>
Other Financing Sources (Uses)				
Transfers Out	-	-	(500,000)	(500,000)
Adjustment (Note 1D)	355,333	355,333	355,333	-
Fund Balance at Beginning of Year	<u>3,258,191</u>	<u>3,258,191</u>	<u>3,258,191</u>	<u>-</u>
Fund Balance at End of Year	<u><u>\$ 3,613,524</u></u>	<u><u>\$ 3,613,524</u></u>	<u><u>\$ 3,120,414</u></u>	<u><u>\$ (493,110)</u></u>

The notes to the required supplementary information are an integral part of this schedule.

SCHEDULE 2

**RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2019**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Entity Name (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.0704%	\$ 3,892,258	\$ 120,995	\$ 4,013,253	\$ 5,049,677	77.08%	80.23%
2018	0.0356%	1,974,942	-	1,974,942	2,267,718	87.09%	79.53%
2017	0.0027%	172,366	-	172,366	187,819	91.77%	75.90%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

The measurement date for each year is June 30.

N/A - Not Applicable

The notes to the required supplementary information are an integral part of this schedule.

SCHEDULE 3

**RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
SCHEDULE OF CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2019**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2019	\$ 390,511	\$ 390,511	\$ -	\$ 5,206,123	7.50%
2018	348,630	348,630	-	4,648,400	7.50%
2017	22,102	22,102	-	294,693	7.50%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The R&E Board's year-end is December 31.

The notes to the required supplementary information are an integral part of this schedule.

RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
Notes to the Required Supplementary Information
December 31, 2019

Budgetary Information

The annual budget for the General Fund was approved by the Recycling and Energy Board (R&E Board).

The Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund is prepared on a GAAP basis. Results of operations included in the Schedule of Revenues, Expenditures, and Changes in Fund Balance - General Fund - Budgetary Comparisons are presented on a Non-GAAP budgetary basis. The primary difference between the two bases of accounting is that the “actual on a budgetary basis” column includes encumbrances and does not include expenditures from prior year budget reserves.

Adjustments necessary to convert actual expenditures reported on the budgetary basis in the Schedule of Revenues, Expenditures, and Changes in Fund Balance - General Fund - Budgetary Comparisons to the GAAP basis as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund are:

Actual Expenditures - Budgetary Basis	\$ 9,855,831
Encumbrances	(1,599,465)
Increase:	
Expenditures in 2019 from December 31, 2018	1,244,132
Expenditures - GAAP Basis	<u>\$ 9,500,498</u>
Encumbrances	\$ (1,599,465)
Expenditures in 2019 from December 31, 2018 Reserves for Encumbrances	<u>1,244,132</u>
Adjustment to Reconcile Schedule of Revenues, Expenditures, and Changes in Fund Balance - General Fund - Budgetary Comparisons to Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund	<u>\$ (355,333)</u>

Based on a process established by the R&E Board, the Joint Leadership Team (JLT) performs analysis, evaluations, and prepares an original draft budget for the review of the Budget Committee. The Budget Committee submits their budget and financial recommendations to the R&E Board every two years. Any supplemental budget revisions, if any, follow the same process as the original budget. The R&E Board’s budget requirements are submitted to both Ramsey and Washington Counties for funding once the budget is approved.

The appropriated budget is prepared by fund. Budgets may be amended during the year with the approval of the R&E Board. The JLT is authorized to transfer budgeted amounts between funds or appropriate certain revenues received in excess of the original budget estimate. Transfers of appropriations between funds and other transfers of appropriations require JLT approval. When the R&E Board approves, the JLT directs the R&E Board’s fiscal agent (Ramsey County Finance Department) to make the budget changes. Expenditures may not legally exceed budgeted appropriations at the fund level. All appropriations, which are not expended, or encumbered, lapse at year end.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts, capital reserves, and other commitments for the expenditure of monies) outstanding at year end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
Notes to the Required Supplementary Information
December 31, 2019

Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions.

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the fiscal year June 30:

General Employee Retirement Plan

2019

- The mortality projection scale was changed from MP-2017 to MP-2018.

2018

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase rate was changed from 1.00 percent per year through 2044 and 2.5 percent per year thereafter, to 1.25 percent per year.
- The augmentation adjustment in early retirement factors is eliminated over a five year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90 percent funding to 50 percent of the Social Security cost of living adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to the Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

Ramsey/Washington Recycling and Energy Board Maplewood, Minnesota

Management and Compliance Report

Year Ended December 31, 2019

Description of the Office of the State Auditor

The mission of the Office of the State Auditor is to oversee local government finances for Minnesota taxpayers by helping to ensure financial integrity and accountability in local governmental financial activities.

Through financial, compliance, and special audits, the State Auditor oversees and ensures that local government funds are used for the purposes intended by law and that local governments hold themselves to the highest standards of financial accountability.

The State Auditor performs approximately 100 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

Audit Practice – conducts financial and legal compliance audits of local governments;

Government Information – collects and analyzes financial information for cities, towns, counties, and special districts;

Legal/Special Investigations – provides legal analysis and counsel to the Office and responds to outside inquiries about Minnesota local government law; as well as investigates allegations of misfeasance, malfeasance, and nonfeasance in local government;

Pension – monitors investment, financial, and actuarial reporting for Minnesota’s local public pension funds; and

Tax Increment Financing – promotes compliance and accountability in local governments’ use of tax increment financing through financial and compliance audits.

The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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state.auditor@osa.state.mn.us
www.auditor.state.mn.us

This document can be made available in alternative formats upon request. Call 651-296-2551 [voice] or 1-800-627-3529 [relay service] for assistance; or visit the Office of the State Auditor’s web site: www.auditor.state.mn.us.

Ramsey/Washington Recycling and Energy Board Maplewood, Minnesota

Year Ended December 31, 2019



Management and Compliance Report

**Audit Practice Division
Office of the State Auditor
State of Minnesota**

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JULIE BLAHA
STATE AUDITOR

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INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Ramsey/Washington Recycling and Energy Board
Maplewood, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ramsey/Washington Recycling and Energy Board as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Ramsey/Washington Recycling and Energy Board's basic financial statements, and have issued our report thereon dated July 17, 2020.

In connection with our audit, nothing came to our attention that caused us to believe that the Ramsey/Washington Recycling and Energy Board failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Ramsey/Washington Recycling and Energy Board's noncompliance with the above referenced provisions, insofar as they relate to accounting matters. The provisions for deposits and investments and claims and disbursements were tested in conjunction with the audit of Ramsey County.

This report is intended solely for the information and use of the Ramsey/Washington Recycling and Energy Board and management of the Ramsey/Washington Recycling and Energy Board and the State Auditor, and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

July 17, 2020



**RAMSEY/WASHINGTON
RECYCLING & ENERGY**
CONNECTING VALUE TO WASTE

R&E BOARD MEETING DATE:			August 20, 2020		AGENDA ITEM:		VII.a		
SUBJECT:		End-Markets Phase I Request for Proposals							
TYPE OF ITEM:		<input type="checkbox"/>	INFORMATION		<input type="checkbox"/>	POLICY DISCUSSION		<input checked="" type="checkbox"/>	ACTION
SUBMITTED BY:		Joint Leadership Team							

R&E BOARD ACTION REQUESTED:

1. Approve the Request for Proposals (RFP) for End-Use Markets for Byproducts from the Recycling & Energy Center and authorize the Joint Leadership Team (JLT) to issue the RFP.
2. Direct the JLT to receive and evaluate responses to the RFP and return to the R&E Board with a Phase II RFP and a recommendation for Phase II proposers to be invited to respond.

EXECUTIVE SUMMARY:

Ramsey and Washington counties have been evaluating alternate waste management technologies for nearly two decades. The Ramsey/Washington Recycling & Energy Board (R&E Board) has continued that work to achieve environmental, economic and social benefits for the East Metro. Planned enhancements to the Recycling & Energy Center (R&E Center) will accommodate source-separated organics and enable the recovery of high-value materials from trash in the next two to three years. Plans for these materials and the remaining waste, now used to produce refuse-derived fuel (RDF), have taken shape through extensive research, facility site visits and discussion with technology providers. Opportunities to produce alternative products through modern conversion technologies include anaerobic digestion, gasification and chemical recycling, among others.

A team of R&E staff and consultants have developed a procurement process to find qualified vendors to manage materials that are currently or will be recovered at the R&E Center once facility enhancements are completed. The materials being targeted are source-separated organics in durable compostable bags (DCBs), organic-rich material from the recyclables recovery system, and components of RDF. Vendors may propose technologies for managing one, two or all three of these materials.

To obtain proposals for R&E consideration, a two-phase competitive procurement process is proposed. This procurement process is similar to the process undertaken in 2018 for gasification of RDF. During Phase I of the solicitation, R&E will remain “technology agnostic” and solicit responses from vendors proposing anaerobic digestion, gasification, chemical recycling and other processes. R&E will receive proposals and, based on the review as described in the RFP, select the proposer(s) from which R&E would like to receive more detailed proposals. In Phase II, the selected proposers from Phase I will be invited to respond to a supplemental RFP, to conduct further analyses based on the technologies proposed during Phase I. At the

SUBJECT: End-Use Markets Phase 1 Request for Proposals


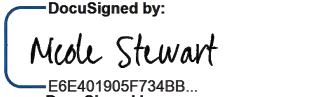
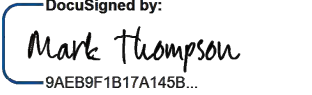
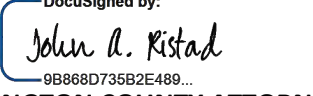

conclusion of Phase II, the R&E Board may select one or more finalists for contract negotiation based on the responses to both Phase I and Phase II for the development of one or more proposed projects.

ATTACHMENTS:

1. Draft Resolution
2. Memo from the JLT dated August 13, 2020
3. RFP for End-Use Markets for Byproducts from the Recycling & Energy Center

FINANCIAL IMPLICATIONS:

Phase I of the procurement process will have no direct financial implications. As the process moves forward, the financial costs and benefits of one or more contracts to develop end-use markets will become apparent.

AUTHORIZED SIGNATURES		DATE
JOINT LEADERSHIP TEAM	 DocuSigned By: Zack Hansen	8/12/2020
	 DocuSigned by: Nicole Stewart	8/12/2020
	 DocuSigned by: Mark Thompson	8/13/2020
RAMSEY COUNTY ATTORNEY	 DocuSigned by: John A. Ristad	8/11/2020
WASHINGTON COUNTY ATTORNEY	 DocuSigned by: [Redacted]	8/12/2020



RESOLUTION R&EB-2020-08

WHEREAS, it is the stated policy of the State of Minnesota, under the Waste Management Act, to manage solid waste in an environmentally sound manner; and

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

WHEREAS, Ramsey and Washington Counties have in place County Solid Waste Management Master Plans (“Master Plans”) approved by the Commissioner of the Minnesota Pollution Control Agency, which clearly state the policy goal of maintaining and improving an integrated system of solid waste management that supports Minnesota’s hierarchy of solid waste management, with an emphasis on waste reduction, reuse, recycling and composting before the remaining solid waste is managed through resource recovery; and

WHEREAS, the Master Plans also include policies that affirm the processing of waste for recovering energy and recyclables and other beneficially usable materials as the preferred method to manage solid waste that is not reduced, reused or recycled; and

WHEREAS, the Ramsey/Washington Recycling & Energy Board (“R&E Board”) is governed by the amended and restated joint powers agreement by and between Ramsey County and Washington County dated September 22, 2015 (“Joint Powers Agreement”); and

WHEREAS, the R&E Board, and its predecessor the Ramsey/Washington County Resource Recovery Project Board (“Project Board”) has conducted extensive evaluation and analysis of methods to enhance recovery of value from the waste stream, and has designed system changes to assist in meeting state recycling goals; and

WHEREAS, as part of that evaluation, the Project Board and R&E Board investigated and evaluated different waste management technologies, including anaerobic digestion, gasification and chemical recycling systems that convert waste to fuels and other products; and

WHEREAS, the Scope for Resource Management, which outlines the strategic direction for waste management, includes use of byproducts from the Recycling & Energy Center (“R&E Center”) in anaerobic digestion, gasification and other systems; and

WHEREAS, with designation in effect, the R&E Center receives a predictable and reliable waste stream, allowing the R&E Board to work to develop end-use markets for R&E Center byproducts, including source-separated organics, organic-rich material and refuse-derived fuel (RDF). NOW, THEREFORE, BE IT

RESOLVED, the R&E Board hereby approves the Request for Proposals (RFP) for End-Use Markets of Byproducts from the R&E Center and authorizes the Joint Leadership Team (JLT) to issue the RFP. BE IT FURTHER

RESOLVED, The R&E Board hereby directs the JLT to receive and evaluate responses to the RFP and return to the R&E Board with a Phase II RFP and a recommendation for Phase II proposers to be invited to respond.

Fran Miron, Board Chair
August 20, 2020

Attest
August 20, 2020



To: Ramsey/Washington Recycling & Energy Board (R&E Board)
From: Joint Leadership Team (JLT)
Re: Request for Proposals (RFP) for End-Use Markets for Byproducts from the R&E Center
Date: August 13, 2020

Background

Ramsey and Washington counties have been evaluating alternate waste management technologies for nearly two decades. The Ramsey/Washington Recycling & Energy Board (R&E Board) has continued that work to achieve environmental, economic and social benefits for the East Metro. Using technology, such as anaerobic digestion and gasification, as an alternative or addition to combustion of refuse-derived fuel (RDF) for electricity production was identified in the R&E Board's scoping of the future waste management system in the East Metro, and factored into the decision to purchase the Recycling & Energy Center (R&E Center).

The R&E vision, "vibrant, healthy communities without waste," is being pursued through a variety of efforts. R&E activities and each county's programs complement each other in working upstream, preventing waste and increasing source-separation of recyclables. Plans are currently being pursued for the R&E Center to be redesigned and repurposed to recover more value from waste. Coinciding with these efforts, R&E is working to pursue technologies for alternative uses of high-value materials in the waste stream.

The R&E Board principle to pivot the view from "waste" to "resource," combined with the principles that focus on the long-term and a need for flexibility, frames the R&E Center as a value-added waste processing facility. R&E takes the raw material – trash – and processes it into a variety of products for market. Currently, recovered metals are sold to private sector recyclers, and RDF is marketed to Xcel. The next step is to further separate materials in the waste stream for recovery and recycling into new products.

Planned enhancements to the R&E Center will accommodate source-separated organics and enable the recovery of additional high-value materials from trash in the next two to three years. Plans for these materials and the remaining waste, now used to produce RDF, have taken shape through extensive research, facility site visits and discussion with technology vendors. Opportunities to produce alternate products through more modern conversion technologies include anaerobic digestion, gasification, and/or chemical recycling. At this stage, R&E has developed a two-phased approach for a solicitation to find qualified vendors to manage materials separated at the R&E Center in new ways to capture their value.

It is important for R&E to identify multiple markets for material that is separated from trash. This approach is a mitigation strategy for the business risk of marketing those materials. In addition, this solicitation will likely help address a capacity shortage for organic materials processing that currently exists in the metropolitan area.

Feedstock Materials

The solicitation process is intended to find qualified vendors to manage materials that are currently or will be recovered at the R&E Center once facility enhancements are completed. The materials being

targeted are source-separated organics in durable compostable bags (DCBs), organic-rich material from the recyclables recovery system (RRS), and components of RDF.

Source-separated organics in DCBs

R&E is committed to ensuring that organics are separated and collected for recycling in Ramsey and Washington counties. Recent waste composition studies show that over 25% of trash generated in the two counties is food waste. Adding to food waste reduction efforts, food rescue, and current organics recycling opportunities (such as the counties' food scrap drop-off sites and backyard composting), a new system for curbside organics collection using DCBs is an efficient and cost-effective method of recovering source-separated organics.

Residential and commercial generators will separate organics into DCBs, which will be co-collected with trash. DCBs containing organics will be separated from the trash at the R&E Center using robotic sortation equipment. Interested transfer stations servicing the R&E Center will also be invited to separate DCBs at their facilities and could be included in the total R&E organics feedstock. The separated loads of DCBs containing organics will be sent to a facility for recycling into compost, energy production or other value-added products

The DCBs will be compostable, BPI-certified and PFAS-free. Vendors proposing to manage source-separated organics in DCBs will provide details on how the feedstock materials will be used, requiring composting or digestion of the bags and prohibiting landfilling or combustion of bags if they are separated from the organics during processing.

The DCB system is expected to launch in 2022 and will be rolled out to communities in phases over the subsequent two to three years. At program maturity, it is expected that about 40% of households in the two counties will separate their organics using DCBs. Estimates indicate that, by 2027, about 30,595 tons of organics in DCBs will be separated from trash at the R&E and transfer stations annually.

Organic-rich materials from the recyclables recovery system (RRS)

In a parallel process to the development of the DCB system, work has progressed to install equipment at the R&E Center to recover recyclables and organics from trash at the R&E Center. Technology to sort organic-rich material from MSW uses size and density, with small and heavy materials being separated. The process concentrates the organics, which consists predominantly of discarded food that was not separated in DCBs. As MSW proceeds through the system, materials smaller than two inches in size are collected. The resulting material is composed largely of organics, but also contains inorganics, such as stones, glass shards, sand and grit.

Marketing of organics recovered from the organic-rich fraction from trash has special constraints. While this will be an organic-rich material fraction, there is an amount of non-organic materials that can be considered contaminants. Vendors that propose a project to manage organic-rich material will provide details that identify how this material will be processed into usable products (such as compost) or otherwise utilized for a beneficial use.

The RRS equipment is expected to be installed at the R&E Center in 2022 and will be able to separate organic-rich material from trash at a rate of 24,226 tons annually.

Refuse-derived fuel

The R&E Center currently produces about 350,000 tons of RDF annually for combustion at Xcel Energy waste-to-energy facilities in Red Wing and Mankato. Trash generated in the two counties is processed at

the R&E Center using mechanical means to break down and sort by size and density to create an eight- to twelve-inch material consisting of organic and inorganic waste materials.

Analysis of RDF composition indicates the current biogenic (containing carbon from plant or animal sources) and non-biogenic (containing carbon from non-plant or animal sources, such as plastics) content for the material. While the analysis showed significant variation in this material, on average, RDF consists of about 66% biogenic content and 34% non-biogenic content.

For this solicitation, R&E will seek vendors that can utilize 20,000 or more tons of RDF annually. Preferred end uses are for RDF to be converted to fuel or chemicals, but products such as digestate or other beneficial uses will be considered. Vendors that propose a project to manage RDF will be asked to describe their processes and end products.

Potential Technologies for Managing Materials

During the initial phase of the solicitation, R&E will remain “technology agnostic” and solicit responses from vendors proposing anaerobic digestion, gasification, chemical recycling and other processes. Vendors may propose technologies for managing one, two, or all three of the materials described above.

Anaerobic Digestion

Anaerobic digestion (AD) is a process in which organic materials are placed into a container deprived of air. Microorganisms break down these materials and produce biogas and digestate. There are different AD processes that are largely based on the feedstock composition. Biogas produced and captured during the process of anaerobic digestion, largely composed of methane and carbon dioxide, can be used for heat or generating electricity. It can also be refined into renewable fuel as a substitute for fossil gas – used for vehicles or in the natural gas grid for use in homes and businesses. Refined biogas is also known as renewable natural gas (RNG). Digestate, the solid and/or liquid residual from the AD process, contains high amounts of plant nutrients from the breakdown of organic waste. Solid digestate can be composted to make a soil amendment for farms or building projects, or it can be converted into other value-added products. Liquid digestate can be used as liquid fertilizer, usually for agricultural use.

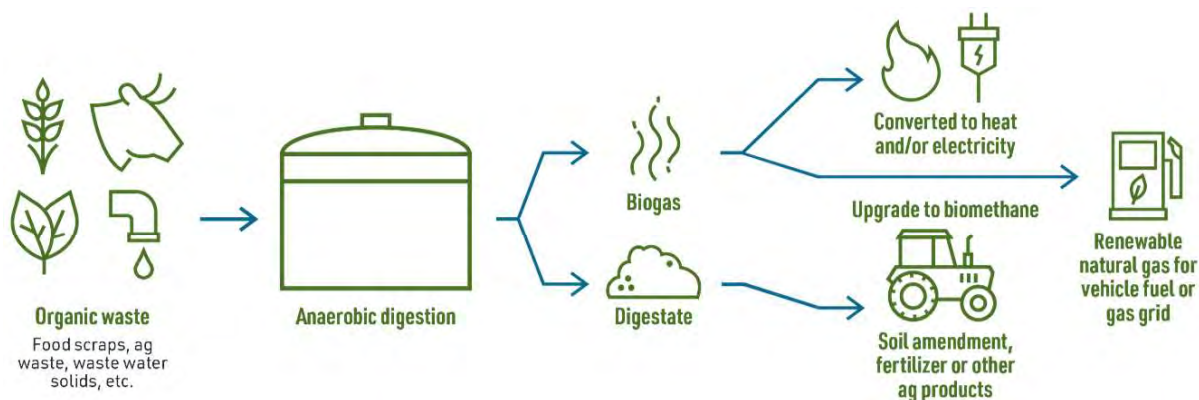


Figure 1: overview of an anaerobic digestion system

AD is a proven technology for managing organic wastes, with flexibility and decades of operation and success in North America and worldwide.

Gasification

Gasification is a process that uses heat to convert biomass-based materials into a synthetic gas, called syngas. There are different gasification processes, but generally they all use heat in a low-oxygen system to pull gases from the feedstock. Syngas can be used directly as a fuel to generate steam or drive an engine. It can also be used as a chemical feedstock, resulting in biochemicals or biofuels.

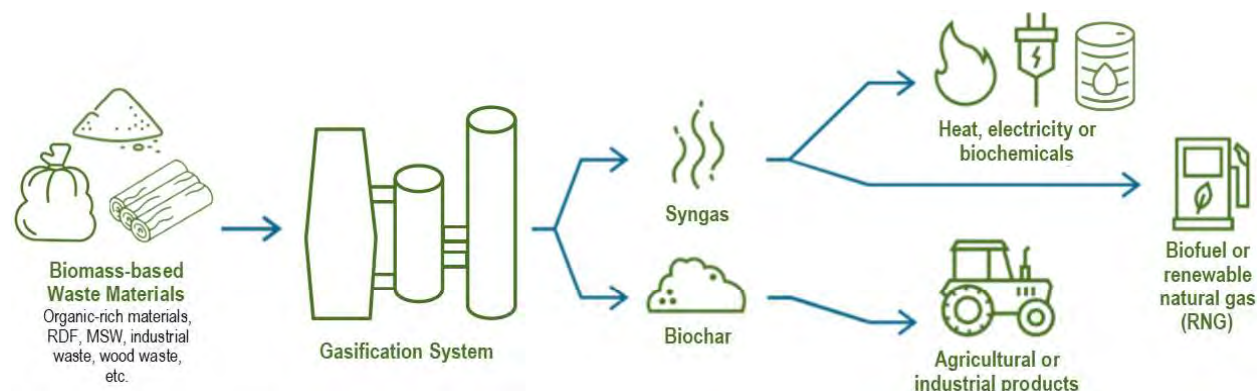


Figure 2: overview of a gasification system

Gasification is more efficient in recovering the energy value of feedstock than combustion, and it is a more flexible technology. While gasification is not a new process, the use of mixed municipal solid waste as a feedstock is a relatively new area for developers of this technology.

Chemical Recycling

Chemical recycling is a type of process to convert hard-to-recycle plastics into a value-added commodity such as fuel or plastic resin. Seen as a closed-loop solution to recover waste plastics as a resource and displace fossil fuel use, chemical recycling technology has recently seen a surge in interest, research and investment in the US and worldwide. Two types of chemical recycling technologies most prevalent currently are plastic-to-fuel ("PtF") and plastic-to-plastic/product ("PtP"). These processes involve the chemical and/or thermal breakdown of materials into their molecular components, which then become the building blocks for new products such as syngas, diesel fuel or plastic resins to make new products.

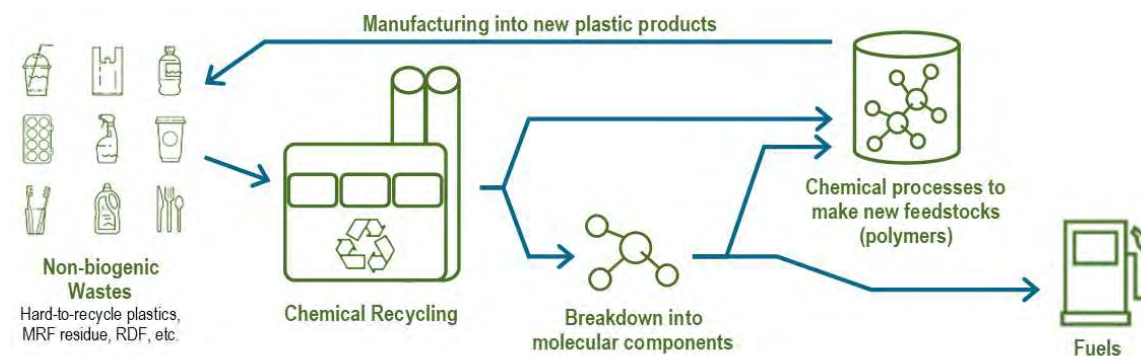


Figure 3: overview of a chemical recycling system

Chemical recycling processes have existed for many years, but renewed industry interest in circular recycling opportunities in recent years has spurred research and development to scale up this technology. Facilities in Europe have been operating for ten or more years, and the current technology

on the market is in the second generation. This means developers benefit from the innovations and operational improvements of the previous generation of technology, and they have used that experience to improve processes as new facilities are designed and built. Development in the US has started to grow more recently, particularly with systems to handle larger quantities (100,000 tons or more) of feedstock.

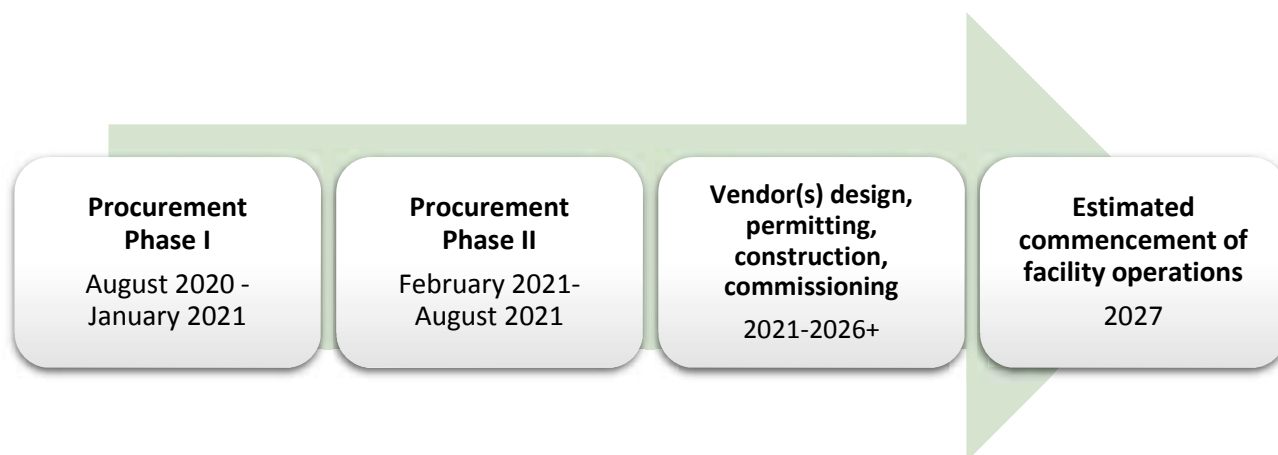
Process and Timeline for Two-Phased Solicitation

To obtain proposals for R&E consideration, a two-phase competitive procurement process is proposed. Please note that completing this process is dependent on moving forward with the processing enhancements at the R&E Center. This procurement process is very similar to the process undertaken in 2018 for gasification of RDF.

Upon authorization from the R&E Board, Phase I of procurement would commence with the release of the Phase I RFP. R&E will receive proposals and, based on the review as described in the RFP, select the proposer(s) from whom R&E would like to receive more detailed proposals.

In Phase II, the selected proposers from Phase I will be invited to respond to a supplemental RFP to conduct further analyses based on the technologies proposed during Phase I, and to submit a final proposal. Final proposals will include pricing and details on the technical approach; proposed project structure, such as business, marketing, legal, financing and administrative aspects of the project; and proposed contracts, letters of intent or memoranda of understanding with lenders, financial sponsors, guarantors, and insurers required to proceed swiftly to contract negotiations.

At the conclusion of Phase II, the R&E Board will select one or more finalists for contract negotiation based on the responses to both Phase I and Phase II. Following a final selection, the R&E Board may direct R&E staff to enter into an agreement for the development of a proposed project. The timeline for the procurement is illustrated in the figure below.



The current estimated procurement process will be completed by mid-2021, at which point vendors will commence design work and permitting. In a recent survey commissioned by the Partnership on Waste and Energy and completed by the Great Plains Institute, AD developers in Minnesota indicated that their experience undergoing permitting and environmental review took between two and four years to complete. In discussions with R&E staff, AD developers have indicated that construction and commissioning of AD facilities generally occurs in a one- to three-year timeframe. Recognizing that timelines will likely be dependent on facility type and other factors, a general estimate can be made that project(s) selected by R&E would be operational around 2027 or thereafter.

Summary of Phase I RFP

The Phase I Request for Proposals is attached. The information requested falls into the following categories:

- General company information
- Description of technology
- Description of operations
- Description of materials management
- End-products marketing information and experience
- Environmental permits and controls
- Reference facility
- Facility economics and financing

A team of staff and consultants will evaluate the proposals, using these criteria:


Technical/Operational

- Proposer's demonstrated experience in project development, permitting, design and construction, and operation of proposed facilities
- Proposer's demonstrated experience in marketing and selling the products (or similar products) to be produced
- The proven commercial viability of the technology and the responsiveness of the proposer's technical proposal
- The scalability and adaptability of the technologies and facilities proposed and overall approach and fit to the DCBs, organic-rich material, and/or RDF produced by the R&E Center
- Proposer's proposed project schedule
- Proposer's comprehensive identification of and approach to siting and permitting requirements and issues

Financial

- Proposer's demonstrated financial strength and ability to finance the capital costs, including construction and operation of the facilities proposed
- The contractual terms and price to be offered to or requested from the R&E Board.
- Project economics and funding
- Innovative ideas to reduce the expected initial or ongoing costs and environmental impacts of the project

The draft Phase I RFP is structured to encourage a variety of interested and qualified vendors to submit proposals for R&E consideration. Vendors may propose on one, two, or all three types of materials. One goal of this approach is for the East Metro to see the development of multiple outlets for materials.

CONNECTING VALUE TO WASTE		
 RAMSEY/WASHINGTON RECYCLING & ENERGY CONNECTING VALUE TO WASTE	Ramsey/Washington Recycling & Energy Board	Ramsey/Washington Recycling & Energy Board 2785 White Bear Ave. Suite 350 Maplewood, MN 55109
	Request For Proposals	

Materials and/or Service: End-Use Markets for Byproducts from the Recycling & Energy Center

Phase I Proposal Due Date: December 4, 2020

Time: 4:00 pm (Central Time)

Mailing, Third-Party Carrier (FedEx, UPS, etc.) and Hand-Submitted Proposals Address:

Attn: Sam Holl
Ramsey/Washington Recycling & Energy Board
2785 White Bear Avenue, Suite 350
Maplewood, MN 55109

All proposals must be received by Ramsey/Washington Recycling & Energy Board (R&E Board) at the specified location by the date and time cited above. Late proposals will not be considered regardless of cause, will not be opened, and will automatically be disqualified from further consideration. The mere fact that the proposal was dispatched will not be considered; the proposer must ensure that the proposal is actually delivered by the deadline. It shall be the proposer's sole risk to assure delivery at the designated office by the designated time. Late proposals may be returned to the proposer at the expense of the proposer or destroyed if requested. Except for trade secrets and confidential information which the proposer identifies as proprietary, all proposals will be open for public inspection after the contract award. Respondents are advised to carefully read the entire Solicitation Package. Offers that do not comply with all Instructions contained herein may be disqualified.

PROPOSERS ARE STRONGLY ENCOURAGED TO READ THE ENTIRE SOLICITATION

All communications concerning this solicitation must be directed to the person identified within this solicitation in Table 1-2. Communications with other R&E Board members, staff or consultants may disqualify you from the evaluation process.

End-Use Markets for Byproducts from the Recycling & Energy Center RFP

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1 RFP Introduction and Background

1.1 Introduction

The Ramsey/Washington Recycling & Energy Board (R&E Board) is a public joint powers board between Ramsey and Washington Counties. The R&E Board is responsible for administering, on the behalf of the two counties, solid waste resource recovery activities, and programs to reduce the land disposal of waste.



Ramsey and Washington Counties have been evaluating alternate waste management technologies for nearly three decades. The R&E Board has continued that work to achieve environmental, economic and social benefits for the Eastern Metro area of the Twin Cities. Ramsey & Washington counties collectively have a total population of just over 813,000¹ and span a total of 593 square miles^{2,3} consisting of urban, suburban, and rural areas. The R&E Board owns and operates the Recycling & Energy Center

(R&E Center) in Newport, Minnesota. The R&E Center receives and processes all of the acceptable mixed municipal solid waste (MSW) generated in the two Counties, and currently produces refuse-derived fuel (RDF) and recovers certain recyclable materials. Over the next two to three years, there are planned enhancements at the R&E Center to accommodate source-separated organics and enable the recovery of high-value materials from trash. Plans for these materials and the remaining waste, now used to produce RDF, have taken shape through extensive research, facility site visits and discussion with technology providers. Opportunities to produce alternative products through modern conversion technologies include anaerobic digestion, gasification and chemical recycling, among others.

This Request for Proposals (RFP) is intended to solicit proposals from proposers capable of meeting the R&E Board's need for processing technologies and end-use markets for by-products from the R&E Center. The R&E Center intends to continue to produce RDF plus two additional outputs after 2022: source separated organics in Durable Compostable Bags (DCBs) and Organic Rich Materials (ORMs). This RFP is intended to find qualified vendors for management of one, two, or all three of the materials. Management of the materials may include but is not limited to anaerobic digestion, chemical recycling, composting, gasification or pyrolysis.

This RFP is Phase I of a two phase RFP. Proposers' responses will be evaluated based on the criteria described in this RFP. Phase I respondents' proposals that are determined to be most advantageous to the R&E Board will be invited to a Phase II RFP process. If, after Phase II proposals are received, a material(s) management technology(s) is available that meets the R&E Board's needs, the R&E Board may then enter into additional budget discussions and a contract with the selected proposer(s). This RFP and the selected proposal(s) in response to Phase I and Phase II of this RFP will be incorporated into the contract resulting from this

¹ <https://mn.gov/admin/demography/data-by-topic/population-data/our-estimates/>

² <https://www.ramseycounty.us/your-government/about-ramsey-county>

³ <https://www.co.washington.mn.us/102/County-History>

solicitation; provided, however, that the contract may contain terms different from or in addition to this RFP and the successful proposal. For purposes of this RFP, the term “vendor,” “contractor,” “offeror,” and “proposer” are considered to have the same meaning.

In addition to soliciting written responses, this document provides information to assist proposers in preparing their responses and facilitates the subsequent evaluation and comparison process. In that regard, this RFP:

- ♦ Provides information essential to soliciting meaningful recommendations and realistic commitments from the proposers;
- ♦ Specifies the desired format and content of proposals in response to this RFP;
- ♦ Outlines the R&E Board’s evaluation and selection procedures;
- ♦ Establishes a schedule for the preparation and submission of proposals in response to this RFP; and
- ♦ Establishes a performance standard for the selected proposer.

1.2 Description of Solid Waste Management in the Counties

The R&E Board is a joint powers board comprised of Ramsey and Washington Counties (each a County, or collectively, the Counties), which are located in the eastern Twin Cities Metropolitan Area (East Metro). The R&E Board purchased the R&E Center on December 31, 2015 and plans to continue to use it as a key component in converting MSW, and potentially other solid waste streams generated in the Counties into resources. The R&E Board assists the Counties in implementing an integrated, regional solid waste management system in the East Metro aimed at implementing the Waste Management Hierarchy outlined in the Minnesota Waste Management Act (Minn. Stat. Chaps. 115A and 473, the Act).

Combined with the implementation of waste designation (also known as flow control), a regulatory tool under the Act that allows counties to enact ordinances that require all or a portion of solid waste generated in the county to be delivered to a designated waste management facility, the R&E Board’s operation of the R&E Center provides stability to the solid waste management system in the Counties, enables significant progress towards meeting recycling goals, reduces landfilling of waste, and increases recovery of energy and resources from waste.

The Counties have solid waste management master plans in place as required by the State of Minnesota. These plans are aligned and continue to implement a fully integrated solid waste management system. The system is operated by a combination of public and private service providers.

The system includes extensive management of hazardous waste, and regulation by the Counties of businesses that generate hazardous waste. Both Counties provide convenient household hazardous waste collection services. A private sector system is in place to collect and properly manage problem materials such as batteries, tires, major appliances, mercury containing devices, etc. All residents in both Counties are served by curbside recycling services. Residents in both Counties have access to no-cost or low-cost yard waste collection services. Source separated collection for organics/food waste is available at drop off sites in both Ramsey

and Washington County, and access to curbside collection of organics is planned to be in place in late 2022. Essentially, all businesses are required by Minnesota law to recycle, and the R&E Board operates its BizRecycling program to assist businesses to implement or improve recycling services (www.BizRecycling.com). The R&E Board oversees management of all MSW generated in the Counties for waste processing, production of RDF, and residual disposal. For more information, R&E Board policies, and reports are located at <http://morevaluelesstrash.com/policies-reports>.

About 940,000 tons of material were reported as managed by the integrated system in 2019, with a 54% recycling rate. About 464,000 tons of MSW were available for processing in 2019. All tonnages are listed in short tons.

Ramsey & Washington County businesses currently separate food scraps that are utilized in food to people and food to hogs programs. Ramsey & Washington County offer food scrap drop-offs in 17^{4,5} locations. DCBs are anticipated to be available to residents of Ramsey and Washington Counties in late 2022. ORM is anticipated to be separated from the MSW at the R&E Center starting in mid-2022.

Currently, the R&E Board delivers the RDF produced at the R&E Center to Xcel Energy's (Xcel) RDF electric generation units in Red Wing and Mankato, Minnesota pursuant to a 10-year Refuse Derived Fuel Supply Agreement (the FSA) entered into by the R&E Board and Xcel effective January 1, 2018, where it is combusted to generate renewable energy pursuant to Minnesota energy law. The FSA requires the R&E Board to deliver 320,000 tons per year of RDF to Xcel from 2018 – 2022, and 300,000 tons of RDF per year from 2023 to 2027. The R&E Board anticipates that, after 2027, it will no longer supply Xcel's combustion facilities with RDF, and after 2027 will have substantially more RDF available for alternative uses, such as chemical recycling or other yet to be determined methods.

The R&E Center is permitted to process up to 500,000 tons per year of MSW. With R&E Board ownership and the implementation of waste designation, MSW deliveries are expected to continue at 460,000 tons per year. Monthly delivery histories are available upon request. Table 2-2 and Table 2-3 include DCB Quantities & Volumes and ORM Estimated Tons Recovered respectively. Table 2-6 lists R&E Center Actual RDF Volumes from 2016 to 2019. In an average year the R&E Center is expected to produce 350,000 tons of RDF. Therefore after 2022 there will be an estimated 50,000 tons per year of unobligated RDF until the FSA expires at the end of 2027.

1.3 RFP Process

This RFP process is authorized pursuant to Minn. Stat. §473.811 and will be conducted in two phases. In Phase I, the R&E Board will request and receive proposals, review proposals as described in the RFP, and select the proposer(s) from whom the R&E Board would like to receive additional more detailed proposals (the "Phase II Proposers").

⁴ <https://www.ramseycounty.us/residents/recycling-waste/collection-sites/food-scraps>

⁵ <https://www.co.washington.mn.us/2969/Food-Scraps-Organics-Drop-off>

In Phase II, vendors selected will be invited to respond to a supplemental RFP:

1. to conduct further analyses based on the specific technology or mix of technologies proposed during Phase I; and
2. to submit a final proposal including:
 - a. pricing and additional details on the technical approach, proposed project structure, such as business, marketing, legal, financing, and administrative aspects of the project; and
 - b. proposed contracts, letters of intent, evidence of site control, and memoranda of understanding with lenders, financial sponsors, guarantors, and insurers required to proceed swiftly to contract negotiations with the R&E Board.

At the conclusion of Phase II, the R&E Board, in its sole discretion and for any reason, may or may not, select one or more finalists for contract negotiation on the basis of the responses to both Phase I and Phase II.

1.4 RFP Schedule of Events

The following RFP Schedule of Events represents the best estimate of the schedule the R&E Board will follow. The R&E Board has performed extensive planning work and has planned to meet the dates described below. Proposers are encouraged to hold the dates listed. If a component of the schedule is delayed, it shall be anticipated that the remaining components will also be delayed by a similar number of days. Any significant change to the schedule may occur at the discretion of the R&E Board and will be published via RFP Addendum.

Table 1-1
RFP Schedule of Events

Event	Estimated Date
Request for Proposals Phase I Released	August 24, 2020
Phase 1 Pre-Proposal Conference	1:00pm CDT, September 17, 2020
Deadline for Questions From Vendors	4:00pm CDT, October 1, 2020
Addendum for Questions/Answers Published	October 22, 2020
Deadline for Phase I Proposal Submissions	4:00pm CST, December 4, 2020
Vendor Interviews (if necessary)	Week of January 4, 2021
Proposers informed of selection for Phase II consideration	March 1, 2021

1.5 Minimum Qualifications

For proposals to be evaluated and considered for award, proposals must be deemed responsive. To be deemed responsive, the submitted proposal documents shall conform in all material respects to the requirements stated by the RFP, and, proposers shall document and

validate the capability to fully perform all requirements defined by the RFP. Factors to be considered include, and may not be limited to: experience, integrity, reliability, capacity and other factors required to provide the services defined by the RFP.

1.6 Incurred Expenses

There is no express or implied obligation for the R&E Board to reimburse responding firms for any expenses incurred in preparing proposals in response to this RFP and the R&E Board will not reimburse responding firms for these expenses, nor will the R&E Board pay any subsequent costs associated with the provision of any additional information or presentation, or to procure a contract for these services.

1.7 Questions and Inquiries

It shall be the responsibility of the proposer to inquire about any portion of the RFP that is not fully understood and susceptible to more than one interpretation. Written inquiries are required. All questions concerning the RFP must reference the page number, section heading, and paragraph, if applicable. Questions may be submitted via email and proposers shall insert “End-Use Markets for Byproducts from the R&E Center Question” in the subject line. Oral communications will not be accepted. Table 1-2 provides the primary contact information.

Table 1-2
Point of Contact

<p>Sam Holl sam.holl@recyclingandenergy.com</p>
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Questions and inquiries related to this RFP, including questions and inquiries related to technical issues, are to be submitted in writing via email and directed to the Point of Contact using the contact information in Table 1-2. Proposers shall not contact any other R&E Board, staff, or consultants with any questions or inquiries. Unauthorized contact with personnel of the R&E Board other than staff listed in Table 1-2, may be cause for rejection of the proposer's response. The decision to reject a proposal is solely that of the R&E Board.

All questions must be received in writing in accordance with the RFP Schedule of Events in Table 1-1. Questions and answers will be issued in accordance with Section 1.10, Amendments and Addenda.

1.8 Clarification and Discussion of Proposals

The R&E Board may request clarifications and conduct discussions with any proposer who submits a proposal. Failure of a proposer to respond to such a request for additional information or clarification may result in rejection of the proposer's proposal.

1.9 Pre-Proposal Vendor Conference

A virtual Pre-Proposal Vendor Conference (Conference) will be held as indicated in Table 1-1. Pre-registration is required by emailing the Point of Contact in Table 1-2 with the subject line

“End-Use Markets for Byproducts from the R&E Center Conference”. A recording of the Conference can be requested after the Conference in the same manner.

The format of the Conference will be an overview presentation of the RFP, its contents, the RFP Schedule of Events, and additional topics. Vendors will be able to ask questions related to the RFP or the overall process. The R&E Board will attempt to answer all questions at that time, but answers provided shall not be binding. Following the Conference, the R&E Board will issue an addendum with all material questions asked and their respective answers.

Participation in the Pre-Proposal Vendor Conference is not mandatory but is strongly recommended.

1.10 Amendments and Addenda

All Phase I clarifications and RFP revisions will be documented in an addendum and published to the R&E Board’s [website](#). The R&E Board will attempt to publish periodic addenda on a timely basis between the RFP publishing date and the date of the final addendum for Phase I as indicated in Table 1-1 and as needed.

Only questions and answers documented in an addendum shall be binding. Proposers shall acknowledge each addendum issued on the Solicitation Response Form (Attachment 1) which shall be signed and returned with proposers’ responses. The R&E Board reserves the right to revise the RFP prior to the deadline for Phase I proposal submissions in accordance with the RFP Schedule of Events in Table 1-1. Revisions shall be documented in an addendum and published to the R&E Board [website](#).

2 Scope of Services

2.1 Purpose

The R&E Center intends to produce RDF plus two additional outputs after 2022, source separated organics in DCBs and ORM. These output materials will be feedstocks for use by Vendors to produce a variety of potential products. This RFP is intended to find qualified Vendors to accept and use these feedstock materials including one, two, or all three of the feedstock materials. Management of the materials may include but is not limited to anaerobic digestion, composting, gasification, pyrolysis, chemical recycling or other processes. The R&E Board provides no warranty of quality of the DCBs or ORM described in this RFP.

The R&E Board is seeking Vendors that currently own and/or operate facilities of the management type proposed with a proven throughput of 20,000 tons per year or more located preferably in North America. Reference facilities should manage similar materials, DCBs, ORM, or RDF, to what is planned to be provided by the R&E Center as described herein.

The R&E Board encourages all interested and qualified Vendors to submit proposals pursuant to this RFP for the development, siting, ownership, and operation of technologies and facilities in or near the East Metro that would utilize DCBs, ORM, or RDF produced at the R&E Center, potentially along with feedstocks from other sources, to produce value-added products. The R&E Board intends to provide material inputs for processing and recovery by the selected Vendor. Proposers should note that the R&E Center, and the site on which it sits, will not be available for use by the proposer.

The R&E Board prefers private ownership and financing for project technologies and facilities. However, the R&E Board will review different options for including public ownership and/or financing proposed by Vendors provided the specifics of their offering. The R&E Board is not interested in operating the technology or facility proposed by any Vendors.

2.2 Project Goals

The proposer shall take into account the following goals of the R&E Board:

1. The project(s) will support the integrated solid waste management system and solid waste management master plans of Ramsey County and Washington County.
2. The project will minimize the negative environmental health impacts of Mixed Municipal Solid Waste (MSW) management, including minimizing anthropogenic and biogenic greenhouse gas and criteria pollutant emissions.
3. The R&E Board will ensure adequate local organics capacity for organic wastes managed from the two counties.
4. The R&E Board preference is for private financing, ownership, development and operation of a proposed facility. However, R&E Board would consider a project that is R&E Board financed and/or owned.
5. The project will be located on a site secured by the proposer, acceptable to the R&E Board. The R&E Board and its member counties may consider providing a site as an alternative option.

6. The project will commence full operations within five years of contract execution, contingent upon timely federal, state and local approvals.

2.3 Background

The R&E Board has been engaged in policy development to achieve environmental, economic and social benefits through the R&E Center since 2013. The R&E vision, “vibrant, healthy communities without waste,” is being pursued in several phases. While R&E activities and each county’s programs partner to work upstream, preventing waste and increasing source separation of recyclables, the R&E Center will be redesigned and repurposed to recover more value from waste.

Recovering more value from waste has progressed since the R&E Board purchased the R&E Center in 2016. R&E intends to continue with modifications to the R&E Center in order to recover more value from waste. The work already completed, includes construction of the new building addition to streamline the bulky waste loadout area, provide space for metals recovery from mattresses, and provide storage space, creating room for further enhancements.

The R&E Center is also exploring new technology. A procurement is underway for a robotic separator to quality control sort the non-ferrous metals that are removed from the MSW to improve the quality/purity of the used beverage containers and improve the value of the nonferrous metal at market.

The R&E Board intends to make additional processing enhancement upgrades to accommodate separation of source-separated organics (DCBs) and separation of high-value recyclables and the organic fraction (2 inch minus - ORM) from the MSW. Details of the processing enhancements can be found [here](#). Also under development are plans to use the remaining MSW, now used to produce refuse-derived fuel, to produce alternate products through more modern conversion technologies, such as gasification or digestion to biofuels, and chemical recycling. Table 2-1 includes a general breakdown of the main inputs and outputs from the R&E Center in 2019 (not all inputs or outputs are included in Table 2-1). In 2019, the R&E Center received 427,159 tons of MSW.

Table 2-1
R&E Center Outputs (2019)

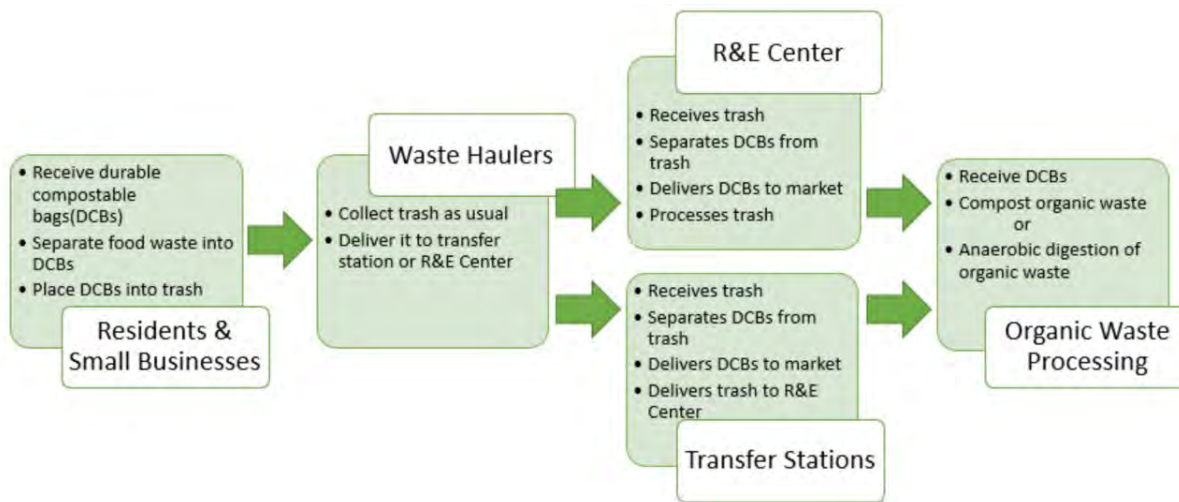
Material	2019
RDF Produced (tons)	346,472
Non Ferrous (tons)	1,034
Process Residue (tons)	16,487
Ferrous (tons)	13,931
Bulky Waste Residue (tons)	40,606

2.4 Source Separated Durable Compostable Bags

Organics recycling in Ramsey & Washington Counties occurs through a combination of drop-offs located in both [Ramsey](#) and [Washington](#) Counties and after 2022 an opt-in subscription program available at no additional charge to residents in both counties. Drop-off materials are collected in dumpsters by a private company under contract with the individual counties and are not included in this RFP.

Starting in 2022, Ramsey and Washington County residents who opt-in to the program will be provided with DCBs at no charge to the residents. The DCB Process is on Figure 2-1. Small businesses will be able to purchase DCBs for a fee and opt-in to the program. Food scraps and other compostable products are placed into these extra strong bags which are then tied shut and placed into the MSW. DCBs will then be sorted out of the MSW either at the R&E Center or transfer stations contracted to deliver material to the R&E Center. DCBs will be certified compostable by the Biodegradable Products Institute and be Perfluorooctanoic Acid (PFOA) and Perfluorooctanesulfonate (PFOS) free.

Figure 2-1
DCBs Process



A detailed list of currently acceptable and unacceptable organic waste materials for this program is available at:

- ♦ [Ramsey County Food Scraps](#)
- ♦ [Washington County Food Scraps](#)

The opt-in program is planned to begin roll-out in late 2022. The program will be rolled out in phases and is anticipated to reach maturity in approximately five years. Table 2-2 includes estimated volumes of organics from the DCBs. Food scraps and other compostable materials in DCBs must be accepted by Vendor in a combined manner. DCBs separated from food scraps and other compostable materials must be either digested or composted. DCBs may not be landfilled or combusted for energy recovery. The R&E Board seeks Vendors that can process all available DCBs. However, this RFP is not intended to prevent the Vendor from accepting materials from other sources.

Table 2-2
Durable Compostable Bags Quantities & Volumes
2022 to 2028 (Estimated)

	Number of Bags per Year	Annual Tons of DCBs
2022 (2% Participation)	382,440	1,530
2023 (5% Participation)	956,100	3,824
2024 (10% Participation)	1,912,200	7,649
2025 (20% Participation)	3,824,400	15,298
2026 (30% Participation)	5,736,600	22,946
2027 (37% Participation)	7,075,140	28,301
2028-2032 (40% Participation)	7,648,800	30,595

2.5 Organic Rich Materials

The R&E Board intends to install a Recyclables Recovery System (RRS) at the R&E Center as part of the processing enhancements with operation beginning in late 2022. The RRS will recover high value recyclables and separate an organic rich fraction identified as ORM from the MSW. The ORM is organics recovered from loose MSW (i.e., not in DCBs) as part of the RRS. The ORM is primarily from the 2-inch minus fraction but can also be from the 6-inch plus (unders) fraction. ORM is highly organic but has a large amount of fines (grit, sand, glass, and dirt).

In 2016 and 2017, the ORM was manually sorted at the R&E Center from the MSW and the resulting ORM was analyzed. Based on the sort, 25 percent of the inbound waste is ORM. However, not all waste will be processed to remove the ORM, and not all ORM will be recovered by the RRS. Table 3 provides anticipated low and high volumes of ORM available starting in late 2022. Table 4 is the compiled laboratory analysis of the seasonal sampling of ORM and includes the biomethane that could potentially be used to generate biogas from the ORM. The R&E Board seeks Vendors that can process all or a portion of available ORM. The Vendor must commit to accept and manage the amount of material contracted by the R&E Board with delivery and acceptance requirements for both parties. However, this RFP is not intended to prevent the Vendor from accepting materials from other sources.

Table 2-3
Estimated Tons Organic Rich Material Recovered with
Recyclables Recovery System at the R&E Center Beginning in Late 2022

Material	Waste Composition (%)	Total Tons ^{1, 2}	Low Estimated Percent Recovery (%)	Low Estimated Tons Recovered	High Estimated Percent Recovery (%)	High Estimated Tons Recovered
Organic Rich Materials (food and yard waste) ³	25%	48,452	30%	14,535	50%	24,226

¹ Material in Waste Stream Based on Waste Characterization.

² Assumes 194,000 tons of MSW will be processed with two processing lines at the R&E Center annually.

³ Assumes recovery of ORMs from the Processing Enhancements equipment targeting recyclables only (not DCB organics recovery). Volumes may change significantly at DCB system maturity.

Table 2-4
Test Results on the Organic Rich Material (2-inch minus)
as Sampled from the Seasonal Waste Composition Studies, 2016 – 2017

	October 2016	March 2017	May 2017	August 2017
Moisture Content (%)	47.0%	33.3%	32.7%	60.0%
Percent Fines (<6 mm, %)	30.2%	no data	19.8%	11.4%
Inorganics (%)	NT	47.7%	30.2%	14.6%
BMP (mL CH ₄ /g)	196.9	NA	149.6	339.0

2.6 Refuse Derived Fuel (Biogenic/Non-Biogenic)

The R&E Center currently produces RDF as an end-product. RDF is combusted in two Xcel Energy former coal combustion plants located in Red Wing and Mankato to generate renewable electricity. The current contract with Xcel Energy expires on December 31, 2027. Table 2-5 shows the RDF characteristic required in the current contract with Xcel Energy. The R&E Center has met these requirements and has not had any loads rejected. Table 2-6 shows RDF volumes since purchase of the R&E Center by the R&E Board in 2016.

Table 2-5
Xcel Energy RDF/Proximate Analysis RDF Requirements

	Minimum	Average	Maximum
BTU/lb	5000	5000-5500	As determined by Operating Committee
Moisture	N/A	25%	40%
Particle Size	N/A	8" x 8"	12" x 12"
Ash (Dry)	N/A	15%	20%

Table 2-6
R&E Center Actual RDF Volumes 2016 to 2019

Year	2016	2017	2018	2019
RDF Produced (tons)	357,027	324,965	329,468	346,472

In anticipation of RDF being utilized for RDF to fuels or RDF to chemicals, the R&E Center has been conducting analysis of the biogenic and non-biogenic content of the RDF utilizing [ASTM Standard D6866-18](#): Standard Test Methods for Determining the Biobased Content of Solid, Liquid, and Gaseous Samples Using Radiocarbon Analysis. Table 2-7 shows R&E Center RDF Characteristics. The R&E Center does not guarantee the future composition of RDF due to plans to install a RRS to remove ORM and removal of food scraps from the waste utilizing DCBs. Table 2-8 shows the current data pertaining to the biogenic and non-biogenic content of the RDF.

The R&E Board seeks Vendors that can utilize 20,000 tons or more annually of RDF. The R&E Board seeks Vendors that can process all or a portion of available RDF. Currently, the R&E Board delivers the RDF produced at the R&E Center to Xcel Energy's (Xcel) RDF electric generation units in Red Wing and Mankato, Minnesota pursuant to a 10-year Refuse Derived Fuel Supply Agreement (FSA) entered into by the R&E Board and Xcel effective January 1, 2018, where it is combusted to generate renewable energy pursuant to Minnesota energy law. The FSA requires the R&E Board to deliver 320,000 tons per year of RDF to Xcel from 2018 – 2022, and 300,000 tons of RDF per year from 2023 – 2027.

MSW deliveries are expected to continue at 450,000 tons per year. In an average year the R&E Center is expected to produce 350,000 tons of RDF. Therefore after 2022 there will be an estimated 50,000 tons per year of unobligated RDF. The R&E Board anticipates that, after 2027, it will no longer supply Xcel's combustion facilities with RDF, and after 2027 will have substantially more RDF available for alternative uses.

The Vendor must guarantee to manage the amount of material contracted by the R&E Board with delivery and acceptance requirements for both parties. However, this RFP is not intended to prevent the Vendor from accepting materials from other sources.

Table 2-7
R&E Center RDF Characteristics

	October 2016	March 2017	May 2017	August 2017
Moisture Content (%)	33.18	30.19	30.50	34.70
Percent Fines (<6mm, %)	12.68	17.25	6.19	8.99
Carbon Content (%)	43.21	46.31	42.12	46.34
H (%)	12.50	22.34	17.90	6.60
N (%)	0.35	0.48	0.43	0.82
Inorganics (%)	19.40	23.94	18.56	16.07

	October 2016	March 2017	May 2017	August 2017
Calorific value (BTU/lb dry material)	9322	8226	7479	7917
BMP (mL CH ₄ /g)	NT	NT	NT	NT

Table 2-8
R&E Center RDF Biogenic/Non-Biogenic Content

Sample	Sample Day	Percent Biogenic Carbon Content (%)	Percent Non- Biogenic Carbon Content (%)
Summer 2019 Sample 1	Monday	63%	37%
Summer 2019 Sample 2	Tuesday	80%	20%
Summer 2019 Sample 3	Wednesday	62%	38%
Summer 2019 Sample 4	Thursday	74%	26%
Summer 2019 Sample 5	Friday	73%	27%
Fall 2019 Sample 1	Monday	62%	38%
Fall 2019 Sample 2	Tuesday	29%	71%
Fall 2019 Sample 3	Wednesday	61%	39%
Fall 2019 Sample 4	Thursday	39%	61%
Fall 2019 Sample 5	Friday	70%	30%
Winter 2020 Sample 1	Monday	90%	10%
Winter 2020 Sample 2	Tuesday	86%	14%
Winter 2020 Sample 3	Wednesday	72%	28%
Winter 2020 Sample 4	Thursday	74%	26%
Winter 2020 Sample 5	Friday	57%	43%
Average		66.1%	33.9%

2.7 Technology Preferences

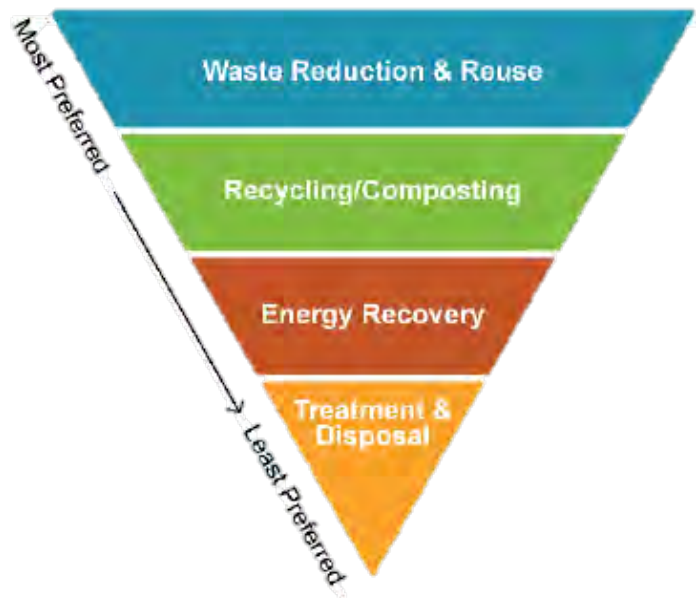
The R&E Board seeks Vendors with a technology or technologies that can manage one or, two, or all three of the feedstock materials: DCBs, ORM, and RDF. Proposals should indicate the entire life cycle and markets for the end products. The R&E Board is agnostic about the technology or technologies to be utilized by the qualified Vendor(s). However, the R&E Board strongly prefers Anaerobic Digestion for management of DCBs and production of Renewable Natural Gas (RNG) from Anaerobic Digestion.

2.8 Digestate & Offtake Requirements (DCBs and ORM)

The R&E Board anticipates that digestate and other end products will be created from the digestion process. Digestate from anaerobic digestion must be composted or otherwise used in a way that is Recycling/Composting in the solid waste management hierarchy (Figure 2-2), as indicated in the [Ramsey County Solid Waste Management Master Plan 2018-2038](#) and the [Washington County Waste Management Master Plan 2018-2036](#). If specific materials cannot be

digested and then made into usable products (e.g., compost), provide details on how the digestate can be otherwise utilized as a part of a manufacturing process or other beneficial use.

Figure 2-2
Waste Management Hierarchy



Source: Ramsey County Solid Waste Management Master Plan 2018-2038

The R&E Board anticipates an offtake agreement for gases such as methane produced from the DCBs and ORM. The R&E Board has a preference for RNG production, but is open to other alternatives.

2.9 End Product & Offtake Preferences (RDF)

The R&E Board anticipates that chemicals, fuel, digestate or other end products can be produced from RDF. The R&E Board has a preference for RDF to fuel or RDF to chemicals but is open to any and all beneficial reuse options. The R&E Center intends to provide RDF in an “as-is state” to be further processed (if necessary) by the manufacturer to create end products. The Vendor should describe their processes and end products in the proposal response.

2.10 Financing & Economics

The R&E Board is seeking Vendors that currently own and/or operate a facility that can demonstrate the technology that is proposed by the Vendor. The R&E Board intends to provide all three feedstock materials--DCBs, ORM, and RDF--in an “as-is state”. However, the Vendor may provide a preferred quality specification for the DCBs, ORM, or RDF.

The R&E Board anticipates having one or more agreements with one or more Vendors, with specific volumes, pricing, and other terms to be negotiated and finalized in such agreements. An agreement to accept feedstock materials from the R&E Board will not preclude the Vendor from obtaining additional feedstock materials from other suppliers.

2.11 Experience

The R&E Board prefers a Vendor with previous permitting and siting experience within North America. However this should not preclude Vendors with similar facilities outside of North America from proposing. The Vendor or Vendor Team should meet all requirements as described further in the RFP.

3 Proposal Evaluation and Award

3.1 Evaluation Process

During Phase I, advisory teams assembled by the R&E Board, including technical, financial, and legal advisors as appropriate, will evaluate the proposals. A proposal that does not contain all information required by this RFP will not be evaluated further. Advisory teams will then review the proposals and recommend a ranking of proposals using the criteria described in Section 3.2.

The R&E Board may request additional information or clarification of proposals. Such clarifications or information received will be considered a part of the proposal. The R&E Board hereby reserves the right to select the particular response(s) to this RFP that it believes will best serve its business and operational requirements, considering the evaluation criteria set forth below.

3.2 Evaluation Criteria

The advisory teams assembled by the R&E Board will evaluate proposals based on the following criteria:

Technical/Operational:

- ♦ Proposer's demonstrated experience in project development, permitting, design and construction, and operation of proposed facilities;
- ♦ Proposer's demonstrated experience in marketing and selling the products (or similar products) to be produced;
- ♦ The proven commercial viability of the technology and the responsiveness of the proposer's technical proposal;
- ♦ The scalability and adaptability of the technologies and facilities proposed and overall approach and fit to the DCBs, ORM, or RDF produced by the R&E Center;
- ♦ Proposer's proposed project schedule; and
- ♦ Proposer's comprehensive identification of and approach to siting and permitting requirements and issues.

Financial:

- ♦ Proposer's demonstrated financial strength and ability to finance the capital costs, including construction and operation of the facilities proposed;
- ♦ The contractual terms and price to be offered to or requested from the R&E Board;
- ♦ Project economics and funding; and
- ♦ Innovative ideas to reduce the expected initial or ongoing costs and environmental impacts of the project.

3.3 Notice of Intent Award

After the completion of contract negotiations in Phase II, the R&E Board may issue a written Notice of Intent to Award to the successful proposer(s). The scores and placement of other proposers will not be part of the Notice of Intent to Award.

Successful proposers are advised not to begin work or enter into subcontracts relating to the project until both the successful proposer and the R&E Board sign the contract.

3.4 Negotiations and Contract Execution

The R&E Board reserves the right to negotiate the final terms and conditions of an End Use Markets or Feedstock Supply Agreement, and potentially related agreements, for the development of the proposed DCBs, ORM, and/or RDF project. In the event the R&E Board and the vendor are unable to agree upon all contract provisions, the R&E Board reserves the right to cease negotiations, and to move on to select another vendor, or to reject all proposals.

3.5 Contracting Ethics

- ♦ It is a breach of ethical standards for any person to offer, give, or agree to give any R&E Board employee or Committees, Commissions, and Boards person, or by R&E Board Policy, for any R&E Board employee, or Committees, Commissions, and Boards person to solicit, demand, accept, or agree to accept from another person or agency, a gratuity or an offer of employment whenever a reasonable prudent person would conclude that such consideration was motivated by an individual, group, or corporate desire to obtain special, preferential, or more favorable treatment than is normally accorded the general public.
- ♦ The successful proposer(s) shall not assign any interest in a contract and shall not transfer any interest in the same without the prior written consent of the R&E Board.

3.6 No Obligation, Right of Rejection, and Multiple Award

The inquiry made through this RFP implies no obligation on the part of the R&E Board.

The R&E Board reserves the right to reject any proposal, in whole or in part. Proposals received from debarred or suspended vendors will be rejected. The R&E Board may reject any proposal that is not responsive to all of the material and substantial terms, conditions, and performance requirements of this RFP.

The R&E Board further reserves the right to award all, part, or none of the services included in this RFP or a proposer's proposal. In addition, the R&E Board reserves the right to make one or more awards to competing proposers for subsets of functionality as a result of this RFP. The R&E Board reserves the right to negotiate with one or more proposers, sequentially or concurrently.

The R&E Board reserves the right to reject any proposal determined to be non-responsive. The R&E Board also reserves the right to refrain from making an award if it determines it to be in its best interest.

4 Submittal Response Format

4.1 General Instructions

It will be the sole responsibility of the proposer to submit its proposal to the R&E Board before the closing deadline. Late proposals will not be considered and will be returned unopened to the proposer.

The R&E Board reserves the right to reject any or all proposals or parts of proposals, to accept part or all of proposals on the basis of considerations other than lowest cost, and to create a project of lesser or greater expense than described in this RFP or the proposer's reply based on the component prices submitted.

The R&E Board reserves the right to cancel this solicitation or to change its scope if it is considered to be in the best interest of the R&E Board. The R&E Board reserves the right to waive irregularities in the proposal content or to request supplemental information from proposers.

Proposers must address all information specified by this RFP. All questions must be answered completely. The R&E Board reserves the right to verify any information contained in the proposer's RFP response and to request additional information after the RFP response has been received. The proposer will be responsible for conducting any and all studies, investigations and tests necessary to prepare its proposal.

The R&E Board may make such investigations as it deems necessary to determine the ability of the proposer to furnish the services outlined herein, and the proposer shall furnish to the R&E Board all such information and data for this purpose as the R&E Board may request. The R&E Board reserves the right to reject any proposal if the evidence submitted by or the investigation of such proposer fails to satisfy the R&E Board that such proposer is properly qualified to carry out the obligations of the contract.

The following instructions must be followed by proposers submitting proposals:

1. The deadline for proposal submissions is established in Section 2.11, Proposed Timelines of RFP. Proposals received at the R&E Board after this deadline will not be accepted. Late proposals will not be opened and may be returned to the proposer at the expense of the proposer or destroyed if requested.
2. Companies may propose alone or as part of a proposal team with other companies; however, one legal entity shall be listed as the lead proposer and shall ultimately be the contracting entity with the R&E Board, and it shall be financially responsible for its subcontractors.
3. Contents of the proposal are limited to a one-page transmittal letter, a five page Executive Summary, and a proposal (items 4.3 through 4.9) not to exceed 20 pages per material proposed (DCBs, ORM, and/or RDF). Marketing brochures included as part of the main body of the RFP response shall not be considered. Such material must be submitted only as attachments and must not be used as a substitute for written responses. In case of any conflict between the content in the attachments and a proposer's answers in the body of the proposal, the latter will prevail.

4. Proposer shall submit, in one package, all of the following items:
 - a. A transmittal letter (not to exceed one page) stating the intent to propose in response to the R&E Board's RFP, the legal name of the lead proposer, contact name, telephone number, email address, and mailing address. The letter shall indicate the proposer's intent to proceed in good faith and with all reasonable efforts to propose in Phase II, if selected by the R&E Board. The letter shall also clearly state the material(s), DCBs, ORM, and/or RDF, and quantities the proposer is proposing to accept.
 - b. One original hard copy of the complete proposal.
 - c. One original hard copy of the completed Solicitation Response Form.
 - d. One original hard copy of the Application for Designation of Trade Secret Information (if applicable).
 - e. Ten hard copies of the Executive Summary of the proposal.
 - f. Ten flash drives containing the proposal with the exception of Section 4.10 information (Facility Economics and Financing).
 - g. Ten flash drives containing only the Section 4.10 information (Facility Economics and Financing).
5. The mailing addresses for proposals is contained in the following table.

Table 4-1
Proposal Mailing Address

R&E Board Mailing Address
Attn: Sam Holl Ramsey/Washington Recycling & Energy Board 2785 White Bear Avenue Suite 350 Maplewood, MN 55109

6. The following table contains the organization guidelines for Phase I Proposal responses.

Table 4-2
Proposal Checklist

Proposal Section	RFP Section Number
Transmittal Letter	4.1,D.i.
Executive Summary	4.2
General Company Information	4.3
Description of Technology	4.4
Description of Operations	4.5
Description of Materials Management	4.6
Marketing Information and Experience	4.7

Proposal Section	RFP Section Number
Environmental Permits and Controls	4.8
Reference Facility	4.9
Facility Economics and Financing	4.10

4.2 Executive Summary

Provide an Executive Summary (not to exceed five pages) that summarizes the key features of the proposal. The Executive Summary should explicitly state the type(s) and quantities of material, DCBs, ORM, or RDF, the vendor is proposing to accept.

4.3 General Company Information

Each proposer should provide general information on the lead company, as well as information on any affiliated company/organization and/or parent company/organization that may provide financial backing or guaranty associated with the proposal. Also, provide a brief description of any project partner companies.

The company information should include:

- ♦ Business structure of the proposer (e.g., corporation, partnership, sole owner, joint venture, LLC, etc.) and year founded.
- ♦ Ownership structure of the proposer.
- ♦ The address and physical location of the proposer's corporate office and the office(s) responsible for providing the potential methods, facilities, or approaches.
- ♦ Name, address, email address, and telephone number of the proposer's contact person.
- ♦ List of key personnel, including individual experience profiles or resumes.
- ♦ Number of years the business has operated under its present name. If this business has a parent company, has done business under other names, or is doing business under other names, list the parent company (including its address, phone number, email address, and website) and names of the other businesses under which proposer has done or is doing business.

4.4 Description of Technology

Each proposer should include a detailed narrative describing the following:

- ♦ A detailed description of the proposed technology or technologies for each feedstock proposed to be accepted, DCB, ORM, or RDF.
- ♦ Provide a detailed description of products to be created from the DCBs, ORM, or RDF, and the proposed markets for such products.

- ♦ Provide an accompanying schematic process flow diagram to illustrate the narrative description.
- ♦ Describe how materials, DCBs, ORM, or RDF will be received including loading infrastructure requirements and any pretreatment requirements.
- ♦ Conceptual drawings of proposed facility. A drawing(s) for an existing, comparable facility is acceptable.
- ♦ The amount of acreage required to develop the proposed facility or facilities, and status of siting.
- ♦ Describe what outside utilities will be required to operate at facility capacity – water, sewer, electric and natural gas, and status of discussion of needs with such utilities, including quality and quantity expectations.
- ♦ The expected operational life of the major equipment and technology.

4.5 Description of Operations

Each proposer should include a detailed narrative describing the following:

- ♦ The proposed facility's daily capacity, weekly and annual processing and storage capacity, accounting for planned and unplanned maintenance and outages.
- ♦ Describe how material will be managed during planned and unplanned outages.
- ♦ Daily operations of the proposer's facility.
- ♦ Provide the proposed hours of operation.
- ♦ Describe the unit capacities to meet the overall facility capacity.
- ♦ Describe whether unit capacities and facility capacity are comparable to existing applications of the technology, or how scale-up will be achieved.
- ♦ Provide a discussion of transportation of materials in and out of the facility.
- ♦ Describe the type of equipment necessary for DCBs, ORM, or RDF delivery (i.e., walking floor trailers, transfer trailers, etc.).
- ♦ Describe any potential nuisance issues (including but not limited to noise, odor, traffic) with the facilities, and mitigation plans for nuisance issues.
- ♦ Staffing plan, including approach to diversity goals and prevailing wages.

4.6 Description of Materials Management

- ♦ Provide a mass balance of inbound DCBs, ORM, or RDF to outputs.
- ♦ Describe the type and amount of product(s) produced.

- ♦ Describe proposed and potential beneficial uses of any residual materials and/or the quantity and quality of the residue that would require landfill disposal and/or incineration, including identification of the source of that residue in the process and planned outlet for the residue.
- ♦ Describe the project's ability to scale/transition based on changes to the quantity and quality of DCBs, ORM, or RDF produced at the R&E Center.
- ♦ Is the proposer able to process the DCBs, ORM, or RDF in an "as is" state? Describe any specifications that need to be met for DCBs, ORM, or RDF to be processed by the proposer (e.g. moisture, sizing, etc.).
- ♦ If the proposer's facility accepts other materials for processing, how will the proposer ensure there is capacity available for the R&E Center DCBs, ORM, or RDF.

4.7 End-Products Marketing Information and Experience

Each proposer should include a detailed narrative describing the following:

- ♦ Facility marketing plan, including all potential products and expected revenues by product (unit-price basis).
- ♦ For each product produced, identify in general terms the expected market and describe the anticipated strength and financial viability of that market.
- ♦ Describe contingency plans for market fluctuations for products.
- ♦ Experience in marketing products from existing facilities.
- ♦ Explain any contact or process for attaining local outlets or markets for your products in this region.
- ♦ Describe any required R&E Board support needed for market development.

4.8 Environmental Permits and Controls

Each proposer should include a detailed narrative describing the following:

- ♦ Describe the facility design and operational measures to be taken to conform to anticipated environmental requirements.
- ♦ Include all anticipated emissions and management of such emissions. For example, describe anticipated air pollution control devices and their effectiveness, noise and odor abatement measures, means to reduce consumptive water use and process wastewater discharge, stormwater management, and measures to reduce the visual impact of the facility.
- ♦ Describe generally the types of permits and licenses expected to be needed to develop the facility and implement the technology. Include which entities must issue the permits and/or licenses, and a proposed permit issuance timeline. Note that the proposer shall be fully responsible for all permitting requirements regardless of the listing, or lack thereof, in the proposal.

- ♦ Please list any expectations of permitting or siting support by the R&E Board.
- ♦ Minnesota has a program called [Minnesota Business First Stop](#) available for permitting assistance. Have you reached out to Minnesota Business First Stop for permitting assistance?

4.9 Reference Facility

Each proposer should include information on reference facilities to demonstrate the proposer's experience and capabilities and the proposed technology's viability in enough detail to satisfy the requirements of this RFP. Information may be provided on up to three facilities and should focus on facilities processing the same type and quantity of DCBs, ORM, or RDF as defined in this RFP.

For each operating reference facility, provide the following information, including additional information as necessary within the submission. The R&E Board preference is for reference facilities located in North America.

- ♦ Facility name, location, owner, and operator.
- ♦ The scale of the facility (e.g., demonstration/pilot, commercial) and how long the facility has been operational (years, hours/year, etc.).
- ♦ Unit size (in tons per day) and number of units.
- ♦ Design and actual operating throughput.
- ♦ Describe all feedstock accepted, source of feedstock, and contamination maximums or tolerances. Percentages of each must be provided.
- ♦ End-products/outputs produced, including quantities of each, use of each, and disposition of all end products including contaminants. Generally describe any off take agreements including biogas.
- ♦ Status of facility (e.g., operating, under construction).
- ♦ Detailed description of process and facility system.
- ♦ Operating history (e.g., date commissioned, period of operation, operator, availability over the past three years).
- ♦ Major problems/shut downs and lessons learned.
- ♦ Environmental permits, inspection and compliance status including initial permitting timeline.
- ♦ Primary revenue sources.
- ♦ Relationship of proposer to the reference facilities.

4.10 Facility Economics and Financing

Each proposer must include, in a separate envelope, a detailed narrative describing their base economic proposal, including the following:

- ♦ Potential revenues and fees by product type. Include proposed material fee structure and components, along with incentives to improve the economics for the R&E Board.
- ♦ Guarantees and/or key contractual terms to be offered to or required of the R&E Board.
- ♦ Proposed ownership of RECs (Renewable Energy Credits), RINs (federal Renewable Identification Numbers for renewable transportation fuels), and any other such green credits (such as state credits). Describe the degree the project financial plan relies upon such credits.
- ♦ Proposer's most recent financial statements or auditor's letter characterizing the financial capacity available for the project.
- ♦ Ability to privately finance the proposed project and the type of financing to be utilized.
- ♦ If available, planning-level cost and pricing estimates, including design and construction cost, transportation, operating costs, and product revenue (by product).
- ♦ If available, a breakdown of expected operating costs including: labor, utilities, chemicals, maintenance and repair, capital repair and replacement, and residuals disposal costs.

Please note that any key contract terms or pricing proposed to the R&E Board in Phase I will not be binding, but will be used for consideration as to which proposers shall be invited to participate in Phase II. Any material changes to such proposed terms or pricing will require a good cause explanation in the Phase II proposals if proposer is selected for Phase II.

5 Solicitation and Contract Terms and Conditions

5.1 Contract Approval

This RFP does not, by itself, obligate the R&E Board to award a contract. The R&E Board's obligation will commence following the R&E Board's approval of a contract. The R&E Board will not be responsible for any work done by the vendor, even work done in good faith, if it occurs prior to the contract start date set by the R&E Board.

5.2 Contract Dispute

In the event of contract dispute, dispute proceedings will be held in the State of Minnesota. Mediation will be a mandatory first step in the event of a dispute, prior to any legal action as set forth in the contract.

5.3 Possession of Firearms on R&E Board Premises

Unless specifically required by the terms of the contract, no provider of services pursuant to a contract, including but not limited to employees, agents or subcontractors of the (vendor or contractor, depending upon which term is used) shall carry or possess a firearm on R&E Board premises or while acting on behalf of the R&E Board pursuant to the terms of an agreement. Violation of this provision shall be considered a substantial breach of the agreement; and, in addition to any other remedy available to the R&E Board under law or equity. Violation of this provision is grounds for immediate suspension or termination of a contract.

5.4 Indemnification and Hold Harmless

The vendor will agree that it will defend, indemnify, and hold harmless the R&E Board, its agents, officers and employees against any and all liability, loss, damages, costs and expenses which the R&E Board may sustain, incur or be required to pay by reason of any negligent act or omission or intentional act of the vendor, its agents, officers or employees during the performance of an agreement.

5.5 Insurance Requirements

The proposer agrees that in order to protect itself, as well as the R&E Board, under the indemnity provisions set forth above, it will at all times during the term of an agreement, keep in force the following insurance protection in the limits specified:

- ♦ Commercial General Liability/Professional Liability with contractual liability coverage in the amount of the R&E Board's tort liability limits set forth in Minnesota Statute 466.04 and as amended from time to time.
- ♦ Automobile coverage in the amount of the R&E Board's tort liability limits set forth in Minnesota Statute 466.04 and as amended from time to time
- ♦ Worker's Compensation in statutory amount.

Prior to the effective date of an agreement, the proposer will furnish the R&E Board with a current and valid proof of insurance certificate indicating insurance coverage in the amounts required by the agreement. This certificate of insurance shall be on file with the R&E Board throughout the term of the agreement. As a condition subsequent to the agreement, the proposer shall insure that the certificate of insurance provided to the R&E Board will at all times be current. The

parties agree that failure by the proposer to maintain a current certificate of insurance with the R&E Board shall be a substantial breach of the contract and payments on the contract shall be withheld by the R&E Board until a certificate of insurance showing current insurance coverage in amounts required by the contract is provided to the R&E Board.

Any policy obtained and maintained under this clause shall provide that it shall not be cancelled, materially changed, or not renewed without thirty days' notice thereof to the R&E Board.

5.6 Termination

The R&E Board may immediately terminate an agreement if any proceeding or other action is filed by or against the Contractor seeking reorganization, liquidation, dissolution, or insolvency of the Contractor under any law relating to bankruptcy, insolvency or relief of debtors. The Contractor shall notify the R&E Board upon the commencement of such proceedings or other action.

If the Contractor violates any material terms or conditions of an agreement the R&E Board may, without prejudice to any right or remedy, give the Contractor, and its surety, if any, thirty (30) calendar days' written notice of its intent to terminate the agreement, specifying the asserted breach. If the Contractor fails to cure the deficiency within the thirty (30) day cure period, the agreement shall terminate upon expiration of the cure period.

The R&E Board may terminate the agreement without cause upon giving at least thirty (30) calendar days' written notice thereof to the Contractor. In such event, the Contractor shall be entitled to receive compensation for services provided in compliance with the provisions of the agreement, up to and including the effective date of termination.

5.7 Merger

It is understood and agreed that the entire agreement of the parties will be contained therein and the agreement will supersede all oral agreements and negotiations between the parties relating to this subject matter. All items referred to in the agreement will be incorporated or attached and deemed to be a part of the agreement.

5.8 Conflict of Interest

Proposer shall at all times observe and comply with all Federal, State and local laws, ordinances and regulations including all amendments and revisions thereto, which in any manner affect proposer or the services and/or items to be provided, specifically and not limited to any laws relating to conflicts of interest. Failure to comply with any applicable laws, including the provisions of the Act, may result in: i) the forfeiture by proposer of all benefits of the Contract; ii) the retainage by R&E Board of all services performed by proposer and iii) the recovery by the R&E Board of all consideration, or the value of all consideration, paid to proposer pursuant to any awarded contract.

5.9 Pending and Recent Litigation

Proposers must disclose any pending or recent litigation they are involved in as a company. Recent is defined as the past five years. Information provided should include the timeline of the litigation history, the subject of the litigation, and the current status of the litigation. Proposals must also disclose any pending litigation of any third-party partners in the proposal.

5.10 Proposer's Certification

By signature on the proposal, the proposer certifies that it complies with:

1. The laws of the State of Minnesota and is licensed to conduct business in the State of Minnesota;
2. All applicable local, state and federal laws, codes and regulations;
3. All terms, conditions, and requirements set forth in this RFP;
4. A condition that the proposal submitted was independently arrived at, without collusion; and
5. A condition that the offer will remain open and valid for the period indicated in this solicitation; and any condition that the firm and/or any individuals working on the contract do not have a possible conflict of interest.

If any proposer fails to comply with the provisions stated in this paragraph, the R&E Board reserves the right to reject the proposal, terminate a contract, or consider the proposer in default.

5.11 Offer Held Firm

Proposals must remain open and valid for at least 180 days from the deadline specified for submission of proposals. In the event a Phase II invitation is not made within 180 days, the R&E Board will send a written request to all proposers deemed susceptible for Phase II invitation asking proposers to hold their price firm for a longer specified period of time.

5.12 Amendment/Withdrawal of Proposals

Proposers may amend or withdraw proposals prior to the deadline set for receipt of proposals. No amendments will be accepted after the deadline unless they are in response to a request of the R&E Board. After the deadline, proposers may make a written request to withdraw proposals and provide evidence that a substantial mistake has been made. The R&E Board may permit withdrawal of the proposal upon verifying that a substantial mistake has been made.

5.13 Contract Modifications

Any material alteration, modification or variation in a contract shall be reduced to writing as an amendment and signed by the parties. Any alteration, modification or variation deemed not to be material by agreement of the R&E Board and the Contractor shall not require written approval.

5.14 Contractor Debarment, Suspension, and Responsibility

Federal Regulation 45 CFR 92.35 prohibits the R&E Board from purchasing goods or services with federal money from vendors who have been suspended or debarred by the federal government. Similarly, Minnesota Statutes, Section 16C.03, subdivision 2, provides the Commissioner of Administration with the authority to debar and suspend vendors who seek to contract with the R&E Board. Vendors may be suspended or debarred when it is determined through a duly authorized hearing process, that they have abused the public trust in a serious manner.

5.15 Performance

All services performed by the vendor pursuant to an agreement shall be performed to the satisfaction of the R&E Board, as determined at the sole discretion of its authorized representative, and in accord with all applicable federal, state, and local laws, ordinances, rules and regulations. Services not performed in accordance with the terms and conditions of the RFPs and contract shall be considered a material breach and shall be cause for immediate termination by R&E Board. The Vendor shall not receive payment for work found by the R&E Board to be unsatisfactory, or performed in violation of federal, state, or local law, ordinance, rule or regulation. In the event of work found by the R&E Board to be unsatisfactory, the R&E Board shall provide Vendor with written notice describing the work found to be unsatisfactory in any reasonable respect and thirty (30) days to correct the unsatisfactory service performed. Vendor shall work with the R&E Board to correct the unsatisfactory service to R&E Board's mutual satisfaction within thirty (30) days of said notice. If service is not corrected within thirty (30) days of said notice to the satisfaction of the R&E Board, it shall be considered a material breach and shall be cause for immediate termination by R&E Board.

5.16 Subcontractors

The proposer shall not enter into any subcontract for performance of any services contemplated under an agreement nor novate or assign any interest in the agreement without the prior written approval of the R&E Board. Any assignment or novation may be made subject to such conditions and provisions as the R&E Board may impose. If the proposer intends to use subcontractors, the proposer must identify in the proposal the names of the subcontractors and the portions of the work the subcontractors will perform.

If a proposal with subcontractors is selected, the proposer must provide the following information concerning each prospective subcontractor within five working days from the date of the R&E Board's request:

1. Complete name of the subcontractor;
2. Complete address of the subcontractor;
3. Type of work the subcontractor will be performing;
4. Percentage of work the subcontractor will be providing;
5. Evidence, as set out in the relevant section of this RFP, that the subcontractor is registered and, if applicable, holds a valid State of Minnesota business license;
6. A written statement, signed by each proposed subcontractor, that clearly verifies that the subcontractor is committed to render the services required by the contract; and
7. A copy of the prime-contractor/sub-contractor contract verifying the prime-contractor has the sole responsibility for any and all services under this RFP and is financially liable, without exception, to the R&E Board for all services contracted by the proposer under this RFP.

The proposer's failure to provide this information, within the time set, may cause the R&E Board to consider its proposal non-responsive and reject it. The substitution of one subcontractor for another may be made only at the discretion and prior written approval of the R&E Board's Project Manager or contract administrator designated by the R&E Board. If the proposer subcontracts the obligations under an agreement, the proposer shall be responsible for the performance of all obligations by the subcontractors.

5.17 Clarification of Proposals

In order to determine if a proposal is reasonably susceptible for award, communications by the Point of Contact identified in Table 1-2 or the proposal Evaluation Committee are permitted with any proposer to clarify uncertainties or eliminate confusion concerning the contents of a proposal and determine responsiveness to the RFP requirements. Clarifications may not result in a material or substantive change to the proposal. The initial evaluation may be adjusted because of a clarification under this section.

5.18 Rights to Submitted Material

It shall be understood that all proposals, responses, inquiries, or correspondence relating to or in reference to this RFP, and all reports, charts and proposal or referencing information submitted in response to this RFP, shall become the property of the R&E Board, and will not be returned. The R&E Board will use discretion with regard to disclosure of proprietary information contained in any response, but cannot guarantee information will not be made public. As a government entity, the R&E Board is subject to making records available for disclosure.

5.19 Contract Negotiation

After final evaluation, the R&E Board may negotiate with the offerors of the highest-ranked proposal(s). Negotiations, if held, will be within the scope of the RFP and limited to those items that would not have an effect on the ranking of proposals. If any proposer fails to negotiate in good faith, the R&E Board may terminate negotiations and negotiate with the offeror of the next highest-ranked proposal.

If after the Phase II process contract negotiations are commenced, it is possible such negotiations could be conducted remotely through electronic communications and teleconferences, beginning on a date and time to be determined.

If contract negotiations are held in person, they will be held at R&E Board offices, and the offeror will be responsible for all costs including its travel and per diem expenses.

5.20 Failure to Negotiate

If a selected proposer:

1. Fails to provide the information required to begin negotiations in a timely manner;
2. Fails to negotiate in good faith;
3. Indicates it cannot perform the contract within the budgeted funds available for the project; or
4. If the proposer and the R&E Board, after a good-faith effort, cannot come to terms, then

The R&E Board may terminate negotiations with proposers initially selected and commence negotiations with the next highest-ranked proposer(s). At any point in the negotiation process, the R&E Board may, at its sole discretion, terminate negotiations with any or all proposers.

5.21 Non-Discrimination Clause

During the performance of an agreement, the Contractor will not discriminate against any employee or applicant for employment because of race, color, creed, religion, ancestry, national origin, sex, sexual orientation, disability, age, marital status, or status with regard to public assistance. The Contractor will take affirmative action to ensure that all employment practices are free of such discrimination. Such employment practices include, but are not limited to, the following: hiring, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff, termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

The Contractor agrees to comply with the nondiscrimination provision set forth in Minnesota Statute 181.59. The Contractor's failure to comply with Section 181.59 may result in cancellation or termination of the agreement, and all money due or to become due under the contract may be forfeited for a second or any subsequent violation of the terms or conditions of this contract.

5.22 Compliance with Law

The Contractor will comply with all applicable local, state, and Federal laws, ordinances and regulations in the performance of the agreement. The contract, amendments, and supplements will comply with and be governed by all laws of the State of Minnesota. Any violation shall constitute a material breach of the executed agreement. All actions brought under the agreement shall be brought exclusively in Minnesota State Courts of competent jurisdiction with venue in R&E Board.

5.23 Non-Collusion Statement

Proposers shall complete and sign the non-collusion statement as a part of the Solicitation Response Form in Attachment 1 and include it with their proposal.

5.24 Force Majeure

Neither party shall be in default by reason of any failure in performance of the contract if such failure arises out of causes beyond their reasonable control and without the fault or negligence of said party including, unforeseeable acts of nature; terrorism or other acts of public enemy; war and pandemics, epidemics or quarantine restrictions.

If either party is delayed at any time in the progress of the work governed by the contract by force majeure, the delayed party shall notify the other party in writing of such delay, as soon as is practical, of the commencement thereof and shall specify the causes of such delay in the notice. The notice shall be hand-delivered or mailed certified-return receipt and shall make a specific reference to this provision. The delayed party shall cause such delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The time of completion shall be extended by contract modification for a period of time equal to the time that results or effects of such delay prevent the delayed party from performing in accordance with the contract.

5.25 Policy Compliance

The proposer shall, as a condition of being awarded a contract, to require each of its agents, officers and employees to abide by the R&E Board's policies prohibiting sexual harassment, firearms and smoking, as well as all other reasonable work rules, safety rules or policies regulating the conduct of persons on R&E Board property at all times while performing duties pursuant to an agreement. The proposer agrees and understands that a violation of any of these policies or rules constitutes a breach of the agreement and sufficient grounds for immediate termination of the agreement by the R&E Board.

5.26 Public Information

It shall be understood that all proposals, responses, inquiries or correspondence relating to or in reference to this RFP, and all reports, charts and proposals or referencing information submitted in response to this RFP shall become the property of the R&E Board, and will not be returned. The R&E Board will use discretion with regard to disclosure of proprietary information contained in any response, but cannot guarantee information will not be made public. As a governmental entity, the R&E Board is subject to making records available for disclosure pursuant to applicable public record disclosure laws, and proposers, including the proposers ultimately awarded contracts, shall cooperate in complying with such public disclosure laws at no additional cost to the R&E Board.

In the event any proposer designates materials within its proposal confidential and/or proprietary and therefore not subject to release pursuant to public record disclosure laws, and if the R&E Board, its employees, and/or its officials are then named in or subjected to legal action based on its refusal to disclose such materials designated confidential and/or proprietary by the proposer, proposer agrees to indemnify, hold harmless, and defend the R&E Board in any such action brought against it regarding the R&E Board's refusal to release such proposer-designated materials pursuant to a public records request.

5.27 Audits, Reports, Records and Monitoring Procedures/Records Availability & Retention

Pursuant to Minn. Stat. section 16C.05 subd. 5, the proposer will:

- ♦ Maintain records which reflect all revenues, costs incurred and services provided in the performance of an agreement.
- ♦ Agree that the R&E Board, the State Auditor, or legislative auditor, or any of their duly authorized representatives at any time during normal business hours, and as often as they may deem reasonably necessary, shall have access to and the right to examine, audit, excerpt, and transcribe any books, documents, papers, records, etc., and accounting procedures and practices and involve transactions relating to an agreement. The proposer agrees to maintain and make available these records for a period of six (6) years from the date of the termination of the agreement.

5.28 Data Practices

All data collected, created, received, maintained, or disseminated for any purpose by the activities of the proposer, because of this agreement shall be governed by the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13 (Act), as amended and the Rules implementing the Act now in force or as amended. The proposer is subject to the requirements

of the Act and its corresponding Rules and must comply with those requirements as if it is a governmental entity. The remedies contained in Section 13.08 of the Act shall apply to the proposer.

Attachment 1 Solicitation Response Form

Solicitation Response Form

Solicitation Title: End-Use Markets for Byproducts from the Recycling & Energy Center

The following shall be completed by the Proposer:

Proposer Company Name:

Total Number of Solicitation Pages:

Total Number of Pages in Proposer's Solicitation Response:

Acknowledgement and Number of Solicitation Addenda Received:

**PLEASE READ THE FOLLOWING BEFORE COMPLETING THIS SOLICITATION
RESPONSE FORM**

The provisions of the solicitation document should be reviewed and understood before preparing a solicitation response. Unless the solicitation document provides otherwise, the solicitation response shall be the best price for all labor, equipment, materials and services for the project described in the solicitation document.

ACKNOWLEDGEMENT

By signing below, I certify that I understand, agree, and bind the proposer to the provisions contained in the solicitation document for the above Solicitation, including the Solicitation and potential key Contract Terms and Conditions and that I am authorized to submit this solicitation response on behalf of the proposer. By signing below, I hereby provide the R&E Board acknowledgement and acceptance of the "Conditions" and the execution of same during the discharge of any succeeding contract. It shall be clearly understood that by submitting a proposal in response to this solicitation, a proposer shall be deemed to have accepted all specifications, terms, and general conditions and requirements set forth in these specifications, terms, general conditions, and requirements unless otherwise clearly noted and explained in this RFP.

COLLUSION

By signing below, I certify that this solicitation response, even if it involves two or more companies, has been prepared without any collusion with other proposers, contractors, competitors, R&E Board employees or R&E Board Members and without taking any other action which will restrict competition or constitute fraud or collusion.

Name and Title of Authorized Proposer Representative:

Signature:

Date:

Solicitation Title: End-Use Markets for Byproducts from the Recycling & Energy Center

Attachment 2

Proposer Application for Designation of Trade Secret Information

Proposer Application for Designation of Trade Secret Information

Solicitation Title End-Use Markets for Byproducts from the Recycling & Energy Center

The submitted proposal includes trade secret information that we, the proposer, believe to be classified as nonpublic (relating to a non-person) or private (relating to a person) information under §13.37 of the Minnesota Government Data Practices Act.

As such, we are requesting that certain provisions of our proposal, as indicated below, be treated as trade secret data and that any request for access to the trade secret data be handled in accordance with the provisions of the R&E Board's Purchasing Standard Terms and Conditions.

Section:

Page Number:

Topic:

We understand that a decision regarding this request will be made by R&E prior to award of a contract. If this classification request is granted, in the event the designation of this information as trade secrets is challenged, we agree to defend, indemnify, and hold harmless the R&E Board against any claims related to the designation of this data as trade secrets data.

We further understand that the R&E Board considers markings of "confidential" or "trade secrets" in the solicitation response to be insufficient to classify information in a response. We agree to indemnify and hold R&E Board harmless from any damages arising out of the release of any materials or data unless they are specifically identified above.

Name and Title of Authorized Preparer

Signature:

Date:



**RAMSEY/WASHINGTON
RECYCLING & ENERGY**
CONNECTING VALUE TO WASTE

R&E BOARD MEETING DATE:	August 20, 2020	AGENDA ITEM:	VII.b.
SUBJECT:	Enhancements Financing Action - Continued		
TYPE OF ITEM:	<input type="checkbox"/> INFORMATION	<input type="checkbox"/> POLICY DISCUSSION	<input checked="" type="checkbox"/> ACTION
SUBMITTED BY:	Facility & Finance Committee		

R&E BOARD ACTION REQUESTED:

A motion was made and seconded to approve the attached resolution at the July 23, 2020 meeting of the R&E Board. That was followed by approval of a motion to postpone consideration of the motion to approve the resolution at the August 20, 2020 meeting of R&E Board. The R&E Board, therefore, is requested to resume discussion of the motion to approve the following:

1. Accept the state bond funds in the amount approved by the legislature and authorize the Joint Leadership Team (JLT) to negotiate documents for receipt of state bond funds, with such agreements brought back for R&E Board approval as soon as possible.
2. Authorize the chair of the R&E Board to execute documents necessary for the receipt of state bond funds, upon approval as to form by the county attorney.
3. Authorize proceeding with the full scope of the R&E Center enhancements, including the durable compostable bag organics recycling system and the recyclables recovery system, and authorize the JLT to proceed with final engineering, architecture and construction plans to prepare for construction bidding as soon as funds are available.
4. Authorize the JLT to apply for permits necessary for the enhancements, and further authorize the JLT to execute necessary easement and permit documents upon approval as to form by county attorneys.
5. Approve and recommend that the county boards approve and implement a financing structure for the R&E Center enhancements, said financing structure to include the following:
 - a. Each county shall loan a proportionate share to R&E sufficient to cover its share of total financing for the R&E Center enhancements, according to of the percentages set forth in the joint powers agreement: Ramsey County – 73%, Washington County – 27% (the “County Enhancement Loans”).
 - b. Ramsey County shall issue general obligation bonds on behalf of both counties (the “County Bonds”) to fund the full loan amount for the R&E Center enhancements.
 - c. Ramsey County and Washington County shall enter into an agreement whereby Washington County agrees that Ramsey County will issue bonds on behalf of both counties, and that Washington County shall pay its share of the total financing of the R&E Center enhancements through its loan agreement with R&E.
 - d. R&E shall be obligated to and is hereby authorized to enter into one or more loan agreements pursuant to which it will agree to repay the County Enhancements Loans from facility revenues, CEC funds and other available revenues on terms and conditions that

match, or are otherwise consistent with, any terms and conditions of any bonds issued to fund its County Enhancements Loans.

6. Authorize the JLT to make all necessary budget adjustments related to the R&E Center enhancements project.

EXECUTIVE SUMMARY:

The Ramsey/Washington Recycling & Energy Board (R&E Board) has been engaged in policy development to achieve environmental, economic and social benefits through the Recycling & Energy Center (R&E Center) since 2013. To achieve these goals, the R&E Center will require expansion and system improvements. At its May 2019 meeting, the board stated its intent to move forward with the enhancements. This triggered a series of actions, including approval of financing and procurement plans at its August 2019 meeting, pursuit of partial state funding, and authorization to proceed with development of construction-ready engineering documents.

A report on financing these enhancements was presented at the May 21, 2020 Facility & Finance Committee meeting and the May 28, 2020 R&E Board meeting. Commissioners discussed the report, and the approach recommended for the local match was met with favorable comments. Commissioners also discussed the status of R&E's request for state bonding, and the timing of action by the R&E Board to move forward with local funding. The result of state bonding is integral to R&E and the counties' decisions on local funding.

The legislature adjourned on May 18 without approving a bonding bill. A first special session was held in June 2020, with the result that no bonding bill was advanced. On July 13, 2020 a second special session was called, again, with no bonding bill being advanced. The next special session is expected to be called around August 11, with indications that a bonding bill will not be advanced at this time to avoid interference with other state bonding that is taking place.

State funding of East Metro solid waste system changes is important because the counties are demonstrating strong partnership with the state by implementing policies for environmental protection, and state assistance will reduce the magnitude of local funding and associated costs and risk.

Because the R&E Board approved a motion to postpone discussion on the attached resolution until the August 20, 2020 meeting, discussion on the issue needs to be continued.

ATTACHMENTS:



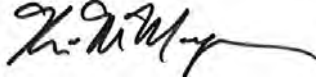
1. Resolution currently under discussion
2. Memo from JLT presented at the July 23, 2020 meeting
3. Estimated Enhancements Financing Timeline, revised since the July 23, 2020 meeting

FINANCIAL IMPLICATIONS:

The recommended actions would result in the R&E Board approving loans from the two counties in an amount to be approved upon resolution of state bonding. R&E would pay back the loans to the counties using revenue from tipping fees.

AUTHORIZED SIGNATURES	DATE
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SUBJECT: *Enhancements Financing Action - Continued*

JOINT LEADERSHIP TEAM		8/4/2020
RAMSEY COUNTY ATTORNEY		8/4/2020
WASHINGTON COUNTY ATTORNEY		8/5/2020



RESOLUTION R&EB-2020-09

WHEREAS, it is the stated policy of the State of Minnesota, under the Waste Management Act, to manage solid waste in an environmentally sound manner; and

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

WHEREAS, Ramsey and Washington Counties have in place County Solid Waste Management Master Plans (“Master Plans”) approved by the Commissioner of the Minnesota Pollution Control Agency, which clearly state the policy goal of maintaining and improving an integrated system of solid waste management that supports Minnesota’s hierarchy of solid waste management, with an emphasis on waste reduction, reuse, recycling and composting before the remaining solid waste is managed through resource recovery; and

WHEREAS, the Master Plans also include policies that affirm the processing of waste, for recovering energy and recyclables, and other beneficially usable materials, as the preferred method to manage solid waste that is not reduced, reused or recycled; and

WHEREAS, the Ramsey/Washington Recycling & Energy Board (“R&E Board”) is governed by the amended and restated joint powers agreement by and between Ramsey County and Washington County dated September 22, 2015 (“Joint Powers Agreement”); and

WHEREAS, R&E has conducted extensive evaluation and analysis of methods to enhance recovery of value from the waste stream using source separation and mechanical separation of organics and recyclables, and has designed system changes to assist in meeting state recycling goals; and

WHEREAS, a peer-reviewed preliminary engineering design has been completed for enhancements to the R&E Center that would recover source separated organic waste in durable compostable bags and add equipment for removal of recyclables; and

WHEREAS, extensive analysis of these enhancements has been completed for technology, economics, environmental benefits, risk assessment and procurement; and

WHEREAS, to be “shovel ready” R&E has engaged the services of a construction manager and architect/engineer to prepare plans and budgets for these enhancements, and has completed the schematic design and budget, with a timeline to complete design and procurement with construction to begin in late 2020; and

WHEREAS, the R&E Board has applied to receive funding from the State of Minnesota to assist with construction of the proposed enhancements to provide this necessary public service, through the Minnesota Management and Budget (MMB) administered capital grants program, and through the Minnesota Pollution Control Agency’s (MPCA) capital assistance program, both of which require a local matching of funds; and

WHEREAS, At its meeting on August 21, 2019, the R&E Board approved Resolution R&EB-2019-16, which approved the Financing Plan to fund the capital improvements necessary for the system enhancements for recycling, and also approved a Procurement Plan (Resolution R&EB-2019-18) for steps necessary to proceed with design and budgeting of the enhancements; and

WHEREAS, the Joint Leadership Team (JLT), working with the two county finance departments, the counties' financial advisors and bond counsel, the R&E financial advisor Ehlers, and county attorneys, as completed a Financing Report to move forward the R&E Board's plans for R&E Center enhancements. NOW, THEREFORE, BE IT

RESOLVED, The R&E Board hereby approves the R&E Center Enhancements Financing Report. BE IT FURTHER

RESOLVED, the R&E Board hereby accepts state bond funds in the amount approved by the legislature and authorizes the Joint Leadership Team (JLT) to negotiate documents for receipt of state bond funds, with such agreements brought back for R&E Board approval as soon as possible. BE IT FURTHER

RESOLVED, The R&E Board hereby authorizes the chair of the R&E Board to execute documents necessary for the receipt of state bond funds, upon approval as to form by the county attorney. BE IT FURTHER

RESOLVED, the R&E Board hereby authorizes proceeding with the full scope of the R&E Center enhancements, including the durable compostable bag food scraps recycling system and the recyclables recovery system and authorizes the JLT to proceed with final engineering, architecture and construction plans. BE IT FURTHER

RESOLVED, the R&E Board hereby authorizes the JLT to apply for permits necessary for the enhancements, and further authorizes the JLT to execute necessary easement and permit documents upon approval as to form by county attorneys. BE IT FURTHER

RESOLVED, The Recycling & Energy Board hereby approves and recommends that the county boards approve and implement a financing structure for the R&E Center enhancements, with said financing structure to include the following:

- Each county shall loan a proportionate share to the R&E Board sufficient to cover its share of total financing, including all financing costs, for the R&E Center enhancements, according to the percentages set forth in the joint powers agreement: Ramsey County – 73%, Washington County – 27% (the "County Enhancement Loans").
- Ramsey County shall issue general obligation bonds on behalf of both counties (the "County Bonds") to fund the aggregate County Enhancement Loan amount for the R&E Center enhancements.
- Ramsey County and Washington County shall enter into an agreement whereby Washington County agrees that Ramsey County will issue bonds on behalf of both counties, and that Washington County shall provide its general obligation pledge to Ramsey County for its share of the financing and pay its share of the total financing of the R&E Center Enhancements through its loan agreement with the R&E Board.
- The R&E Board shall be obligated to and is hereby authorized to enter into one or more loan agreements pursuant to which it will agree to repay the County Enhancements Loans from facility revenues, CEC funds and other available revenues on terms and conditions that match, or are otherwise consistent with, any terms and conditions of any other loans outstanding and owed to the

counties, additional covenants required by the counties and the County Bonds issued to fund R&E Board's County Enhancements Loans. BE IT FURTHER

RESOLVED, The R&E Board hereby authorizes the JLT to make all necessary budget adjustments related to the R&E Center enhancements project.

Fran Miron, Board Chair
August 20, 2020

Attest
August 20, 2020



July 19, 2020

To: Recycling & Energy Board

From: Joint Leadership Team (Zack Hansen, Nikki Stewart, Dushani Dye, Mark Thompson)

RE: Recycling & Energy Center Enhancements

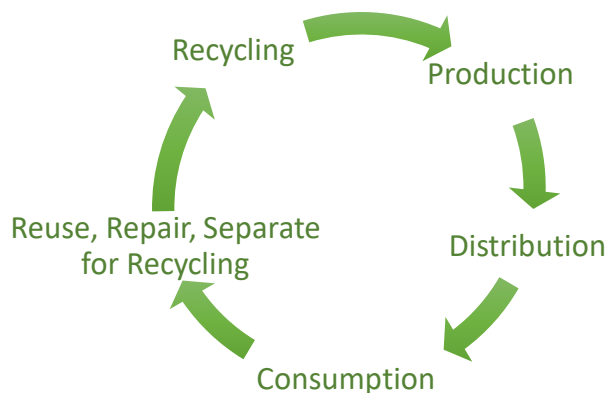
Introduction

Ramsey and Washington counties, first through the Ramsey/Washington Resource Recovery Project and more recently through the Recycling and Energy Board (R&E Board), have continuously evaluated technologies related to waste processing, dating back to the late 1990s. Since 2013, as it first began to contemplate purchase of the Ramsey/Washington Recycling & Energy Center (R&E Center), the R&E Board accelerated its examination of technologies to assess how to realize greater value from waste and advance goals for the East Metro's solid waste system. Since the purchase, the focus of the R&E Board's work has been on evaluating how to:

- increase waste reduction and reuse and continually improve recycling at homes and businesses
- integrate new technology into the R&E Center that will enhance recovery of materials and energy
- develop markets for organic materials through anaerobic digestion
- develop markets for refuse-derived fuel (RDF) through gasification

The R&E Board has been engaged in policy development to achieve environmental, economic and social benefits as identified in the R&E vision, "vibrant, healthy communities without waste." Pursuit of that vision is at work in R&E activities and each county's programs, which focus upstream, preventing waste and increasing source-separation of recyclables. Further, the R&E Center will be redesigned and repurposed to recover more value from waste.

R&E's work has been to reframe the waste/resource system in the East Metro, so that it can meet the principal aim of the system, protecting health and the environment, but also supporting and growing the local economy and local jobs, keeping the value of resources local and reducing financial risks to public and private sectors. This work will move the East Metro from a disposal-based economy and build the foundation for a circular economy.



SUBJECT: Enhancements Financing JLT Memo

There are several dimensions to the analysis that have led to decisions about the proposed system enhancements, shown below. Work on all dimensions has been reported in previous board meetings and workshops.



The tables below show a portion of the analysis results from the March 2019 workshop. These are comparative analyses of the recommended approaches of DCBs for organics recycling and a recyclables recovery system at the R&E Center.

	DCB Approach	Separate Organics Carts Approach
Costs	Initial: \$13.4-\$19.3M; Ongoing: \$5.3-\$10.8M/year	Initial: \$29.9M+; Ongoing: \$33M+/year
GHG Impact of Collection	No additional GHG impact due to using existing trucks/routes	Increase roughly 2,675 MTCO ₂ e (equivalent to 568 cars or burning 2,924,379 lbs of coal)
System Control	Same program for all residents in both counties	Program differences between cities likely
Implementation Timeline	Launch planned for 2022-2023	Launches will vary by community
Equity Considerations	All residents with garbage service, regardless of location, will have access with no additional fees	Variable access/rates by location. Renter access limited in cities with organized garbage if landlord does not want to pay extra fee.

	Recyclables Recovery System	Increased Source-Separation Efforts
Costs	Initial: \$15.1M-\$20.5M; O&M: \$2.4-\$2.6M	Variable – all programs est. \$12.8M/year
Revenue	Est. \$1.9M-\$2.8M annually, offsets O&M	Any revenue is recovered by haulers/MRFs
Material Capture	6.4-9k tons of recyclables + 14-24k tons of organic-rich materials annually	No model to predict tonnage – will rely on measurement post-implementation
GHG Impact of Recovery	Reduce GHGs by 7,020-10,395 MTCO ₂ e/year = 1,490-2,207 cars removed from road	Challenging to measure (any new recycling/reduction that occurs reduces GHGs)
Equity Considerations	Recyclables recovery regardless of access to recycling collection or education efforts	Reaching underserved communities remains challenging; regulation burdensome

From a financial perspective, the costs of both systems are borne primarily by R&E, using both the Finance Budget and Joint Activities budget for different operating expenses. When viewed through the lens of waste generators, primarily residents, the cost to achieve the environmental and economic outcomes is lower, and more predictable, than the alternative methods.

SUBJECT: Enhancements Financing JLT Memo

At its May 2019 meeting, the R&E Board stated its intent to move forward with enhancements to the R&E Center that will allow for the removal of durable compostable bags (DCBs) that contain source separated organics and the separation high-value recyclables from trash. Two reports followed that action, which were approved in August 2019: financing the enhancements and procurement of materials and services for the R&E Center.

State Bonding

Applications for state bond funds were submitted to Minnesota Management and Budget (MMB) for \$21 million, and the Minnesota Pollution Control Agency (MPCA) for \$8 million (the maximum request through the MPCA's Capital Assistance Program (CAP)). Lobbyists have been retained to work with the counties' lobbyists on this effort.

The Governor included \$8 million for the R&E Center project in the MPCA CAP bonding request. Bills were introduced in the House and Senate, which include both the \$8 million and \$21 million requests. Tours of the facility were held for the Governor, Governor's staff, the MPCA commissioner, the MMB commissioner, and Senate and House members.

The legislature adjourned on May 18 without approving a bonding bill. A first special session was held in June 2020, with the result that no bonding bill was advanced. On July 13, 2020 a second special session was called, with both houses working on a bonding bill, which was tied to other legislative issues. At the time this document was prepared the legislature was in special session, and it is possible a bonding bill will be addressed prior to the R&E Board meeting on July 23. The House version of the bill included \$7 million for R&E enhancements, and this memo is prepared with that amount in the financial projections.

State funding of East Metro solid waste system changes is important because the counties are demonstrating strong partnership with the state by implementing policies for environmental protection, and state assistance will reduce the magnitude of local funding and associated costs and risk.

Structure of Local Funding – County Loans to R&E Financed with General Obligation Bonds

The following is an outline of local funding. An estimated timeline for local funding is attached.

- R&E will sign a loan agreement with each county and pledge to repay the loans as scheduled.
- Ramsey County will sell general obligation (G.O.) bonds to fund the entire loan amount. Washington County will pledge its general obligation to Ramsey County for 27% of the bond repayment (fiscal responsibility for each county is Ramsey County 73% and Washington 27%).
- As with its existing loan obligations, R&E will use net revenues from the R&E Center enterprise to pay scheduled principal and interest on each of the new county loans.
- The G.O. bonds will likely have a 20-year term. R&E and the counties will determine the specific bond and loan repayment structures after the R&E Board's decision to proceed.
- G.O. bonds were determined to provide the lowest cost financing for the R&E Center enhancements, and are a financing mechanism compatible with the Center's provision of an essential community service.
- Revenue bonds were considered but not selected because of the underwriting challenges due to R&E's relatively short history owning and operating the Center.

Financial Projections

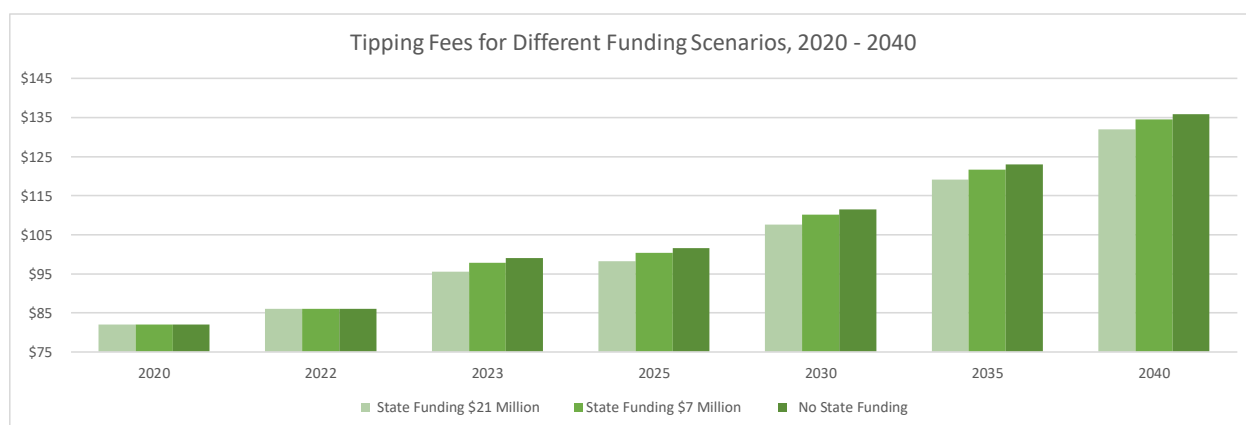
Ehlers has prepared proformas to forecast the R&E Center's future financial performance using the best available information for the proposed enhancements and different financing assumptions. Each scenario estimates the annual tipping fees required for break-even operations given the scenario assumptions.

SUBJECT: Enhancements Financing JLT Memo

- The proformas are based on the 2019 R&E financial results and 2020 Facility Budget, with operating revenues and expenses projected annually to 2042.
- Some costs are fixed and are escalated based on a 2% consumer price index. Some costs are variable, and are escalated the same way, but change over time as new systems come on line.
- Revenue is from two sources: tipping fees and recyclables recovery revenues. Tipping fees are based on waste volumes, which are projected at 450,000 tons per year (464,000 tons were received in 2019). Recycling revenues are conservatively estimated and reflect current economic conditions.
- Debt service reflects all existing loans/notes and the proposed enhancement loans (i.e. assuming different levels of state funding, and therefore different county bonding and R&E loan amounts).

The estimated tipping fees required for break-even R&E Center operations (including loan repayments) are summarized in the following table and graph. Also included in the table are the expected tipping fees over the same time period should the enhancements not be developed; this is a business-as-usual illustration and is included for comparison to the other scenarios.

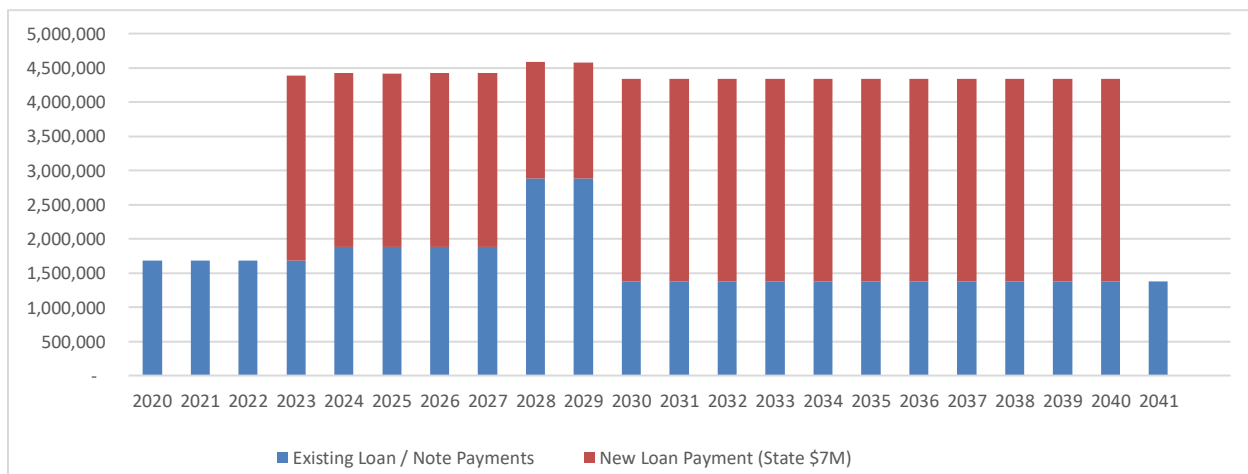
Tipping Fees by Year							
Scenario	2020	2022	2023	2025	2030	2035	2040
State Funding \$21 Million	\$82	\$86	\$96	\$98	\$108	\$119	\$132
State Funding \$7 Million	\$82	\$86	\$98	\$100	\$110	\$122	\$135
No State Funding	\$82	\$86	\$99	\$101	\$111	\$123	\$136
No Enhancements	\$82	\$86	\$88	\$91	\$101	\$111	\$123



SUBJECT: Enhancements Financing JLT Memo

Observations:

- The projected tipping fees are consistent with projections made in the *Ramsey and Washington Counties Joint Designation Plan* (2018) and the preliminary engineering design for the R&E Center enhancements (2019)
- Tipping fees will see a large increase in 2023 over 2022 for three reasons: (1) regular on-going operations will escalate in costs; (2) new enhancement operating costs (labor, utilities, etc.); (3) debt service.
- An average household generates about one ton of trash per year; the effect of the 2022-2023 increase ranges from \$10 per year to \$13 per year (\$0.83 to \$1.08 per month) depending on the level of state funding.
- The new bond and loan repayments are projected to start when the enhancements are operational in 2023 and remain stable in 2030-2040 (i.e. after an existing series of notes are retired in 2029).
 - To illustrate, the chart below shows R&E's existing loan/note payments in blue and its estimated new enhancement loan payments (assuming the "middle-ground" scenario of \$7 million of state funding) in red.



Circling back to all three scenarios, the portion of the annual tipping fees that R&E would use to repay the prospective new loans for the R&E Center enhancements is as follows:

Portion of Tipping Fees for New Loan Payments, by Year							
Scenario	2020	2022	2023	2025	2030	2035	2040
State Funding \$21 Million	\$0	\$0	\$3.67	\$3.45	\$4.02	\$4.02	\$4.02
State Funding \$7 Million	\$0	\$0	\$6.01	\$5.65	\$6.58	\$6.58	\$6.58
No State Funding	\$0	\$0	\$7.18	\$6.75	\$7.86	\$7.86	\$7.86

The average household is estimated to generate one ton of waste annually. Accordingly, looking at the tipping fees required for debt service/loan repayments in 2030 and beyond, the highest average household impact ranges from \$0.34 to \$0.66 per month for the three scenarios shown above.

Risk Management

Financial risks differ between R&E and the counties, and analyses have been conducted for each.

R&E Risk

- The R&E Center operates as an enterprise fund, meaning that Center expenses are expected to be funded with Center revenues. The most significant risk, therefore, is that R&E revenues are lower than projected and cannot cover all operating and debt service expenses.
- The two primary revenue sources at risk:
 - If waste deliveries drop below projections, tipping fee revenues would be reduced
 - If recycling revenues drop below projections
- R&E has determined that it could mitigate/offset the effects of temporarily reduced revenues (for example, for 1-5 years) implementing a number of strategies, which were listed in a priority order in the recent board document. That listing, however, is suggestive, and R&E would likely adopt a combination of measures depending on the specific circumstances (i.e. instead of using them strictly in order).
 - Cost containment: expenditure or other budget adjustments (Facility and Joint Activities) during the fiscal period
 - Deployment of budgeted contingency
 - Draw on Joint Activities fund balance (R&E general fund balance)
 - Draw on ORF/ERF balances (with pledge to replenish adopted in policy)
 - Equipment Maintenance & Replacement reserve balance
 - Adjust the tipping fee (90-day implementation window)
 - Reduce the Equipment Maintenance & Replacement budget
 - County Environmental Charge (short term loan)
- Ehlers prepared a sensitivity analysis to demonstrate R&E's ability to offset a significant revenue reduction with a combination of the above measures.
 - The purpose of this projection is to illustrate several ways in which R&E could mitigate a volume-driven reduction in tipping fee revenues. This should not be viewed as a prediction of future waste volumes or a corresponding "game plan."
 - This analysis assumes a sustained 10% reduction in waste volume below the 450,000 annual amount (464,000 tons were received in 2019), starting in 2020 and continuing through 2025.
 - The sensitivity analysis showed that a 10% reduction in waste volumes from 450,000 tons for the 5-year period would result in annual revenue shortfalls of \$2.4-3.9 million per year.
 - The analysis indicates that R&E has available and would need to deploy several the above mitigation strategies to maintain financial viability and be able cover operating costs and loan payments.
 - In the illustration the mitigation strategies included reducing operating expenses, using the Facility budget contingency fund, drawing down on joint activities fund balance and increasing tipping fees \$1.00 to \$2.00 per year above the amount shown above.
- In the event of a more permanent revenue reduction (for example, due to a protracted shortage of waste deliveries), major steps could be taken that were not included in the Ehlers sensitivity analysis. For example, personnel costs can be reduced by matching waste processing to reduced waste deliveries and altering the number of processing shifts at the Center or revising

SUBJECT: Enhancements Financing JLT Memo

processing schedules. The number of permanent employees could be changed, either by holding vacancies, furloughing employees, or reducing the workforce.

- In addition, R&E would have the longer-term options to pursue and capture more processible waste (such as processible construction/demolition or industrial wastes) that are currently exempt from designation, or to secure waste from other counties.

County Risk

- With the R&E Center's short financial history and new enhancement projects being brought online, projecting future financial performance of the R&E Center is difficult.
- The proposed issuance of general obligation debt to finance the enhancement projects means the counties will be obligated to pay the required debt service on the bonds, regardless of the financial performance of the R&E Center and its ability to make its loan payment to the counties.
- The principal risk to the counties is that the R&E Board is unable to meet its loan repayment obligations, thereby requiring the counties to use other resources to pay the associated general obligation bond debt service.
- The most effective way to mitigate this county risk is for all parties to collaborate and sustain mutual confidence in the financial viability of R&E Center operations – both before and after the organics and recyclables recovery enhancements are fully operational in 2023.
- An important step will be for R&E and the counties to fine-tune the enhancements financing plan once the level of state funding is known, and to ensure that the G.O. bond structure and corresponding loan payment schedule will be compatible with the R&E Center's expected operational plan and financial capacity to make all loan/note payments.
- To facilitate ongoing communication and be transparent in R&E Center fiscal viability a dashboard can be developed, with regularly updated information about key measures of the presence or absence of fiscal stresses on the R&E Center's Facility Budget. While updates are provided to the R&E Board in the form of budget reports, a dashboard would add other factors, such as waste delivery trends.
- The disruption to daily life caused by the COVID-19 virus and current social unrest, has been mirrored in the markets, including the municipal bond market. The municipal bond market is not functioning as it has in the past and is somewhat tentative in some instances as it responds to new announcements or events. At this writing, we do not expect high quality credits such as Ramsey County or Washington County general obligations to encounter problems selling bonds. Rates remain at historically low levels and access has been available.

Phasing or Delay of Enhancements

At the May 2020 meeting of the R&E Board, the question of phasing the DCB and recyclables recovery system was raised. This would mean delaying one of the projects while the other proceeded. The question was asked in the context of state bonding: if the full amount desired by the counties (\$21 million) was not received, but instead the amount recommended by the Governor (\$8 million) is allocated, could projects be phased?

- With regard to state bonding, the Governor's recommendation was to fund the MPCA's CAP program to include \$8 million for the R&E enhancements. That amount is calculated using a formula found in State Law, which allows for up to \$2 million per project per local jurisdiction. Should R&E receive the \$8 million, it could not use that full amount for only part of the

SUBJECT: Enhancements Financing JLT Memo

enhancements, but it could use up to \$4 million for one enhancement and up to \$4 million for the remaining enhancement. Funds would need to be encumbered by 2024.

- Regarding the cost of delay, the Construction Manager Agency (CMA) for the enhancements work, Adolphson & Peterson (A&P), provided financial estimates for construction costs delayed two years. Two years was used because the next “official” bonding year at the legislature is in 2022. A one-year delay would be half of the amounts shown below:
 - For delay of the recyclables recovery enhancements, an additional \$2,227,000
 - For delay of the DCB enhancements, an additional \$1,346,000
 - For delay of both enhancements, a total of \$3,573,000 in additional costs

Beyond the financial impacts of delaying the construction of the enhancements at the R&E Center, there are several other areas that will be impacted by a scenario that delays one or both projects.

Permitting Process

The R&E Center enhancements projects will require a permit modification from the MPCA. If one enhancement starts in 2020 and another in 2022, R&E will need to negotiate with the MPCA to request completing one permit modification. This is still within a normal permit cycle. If the MPCA does not allow that, R&E would need to undergo two separate permit modification processes.

Municipalities and Communities

Many members of the community are eager to have access to a curbside food scraps (organics) recycling collection program.

- Surveys of residents in Ramsey and Washington counties have consistently shown that a high proportion of residents (between 78% and 90%) are interested in participating in curbside organics recycling, with similar results in support for the counties to implement additional infrastructure to recover recyclables from the trash.
- In a 2019 survey to municipalities, 92% indicated willingness to partner on outreach and education to support the DCB program. One reason given for this support was demand for organics recycling programs by their residents. Also in that survey, about one-third of communities requested launch in the early-phase, one-third in the middle-phase, and one-third in the late-phase of roll-out.

Alternative MSW Uses

At present, R&E plans to begin a solicitation process for anaerobic digestion (AD) in mid-2020. The ability to deliver feedstock, such as organics, from the DCB system and the RRS, is key to entering into agreements with AD vendors. R&E’s current timeline for an AD facility estimates one could begin accepting materials by 2026 to 2027. Each delay pushes that timing back.

R&E’s pursuit of an alternative use for refuse-derived fuel (RDF), such as gasification, would be set back by a delay in the enhancement somewhat, with staff and consultant time dedicated to the enhancements work. Further delaying launch of that program means that there is a higher volume of material not being diverted, for which the R&E is responsible to find an alternative management method. Without alternative technology, that could mean extending the agreements with Xcel, if Xcel is willing, or landfilling that material.

**ESTIMATED SCHEDULE OF EVENTS
R&E-RELATED BOND SALE**

Date	Action/Event
August	MN Legislative session adjourns (R&E will know state bonding amount for R&E Center enhancements project); Begin process of grant agreement with state (likely MPCA)
August 20	<p>R&E BOARD MEETING – R&E Board will make decision about proceeding with project and</p> <ul style="list-style-type: none">• Authorize negotiation and execution of documents for R&E receipt of state bond funds• Approve and recommend county approval of Ramsey County to proceed with issuing GO bonds• Authorize proceeding with development of finance, engineering and architecture plans, contingent on sale of bonds• Accept state bond funds in the amount approved by the legislature and authorize the Joint Leadership Team (JLT) to negotiate documents for receipt of state bond funds• Authorize the chair of the R&E Board to execute documents necessary for the receipt of state bond funds, upon approval as to form by the county attorney.
Sept. 29	Agenda.Net deadline (Oct. 20 meeting): Approve and recommend county approval for Ramsey County to proceed with issuing GO bonds; Bonding ordinance first reading; Set date for public hearing RBAs
Sept. 29	Washington County RBA due no later than October 9 to county administrator in Washington County to (Oct. 20 meeting): Approve and recommend county approval of Ramsey County to proceed with issuing GO bonds
October 20	<p>RAMSEY COUNTY BOARD MEETING:</p> <ul style="list-style-type: none">• Approve and recommend county approval of Ramsey County to proceed with issuing GO bonds, outlining various agreements that will be needed• First reading of ordinance at Ramsey County board meeting• Set date for public hearing (no sooner than 10 days after first reading)
October 20	WASHINGTON COUNTY BOARD MEETING: Approve and recommend county approval of Ramsey County to proceed with issuing GO bonds, outlining various agreements that will be needed
October 27	Agenda.Net deadline (Nov. 17 meeting): RBA for second reading of ordinance due to Ramsey County Manager; RBA for holding public hearing due to Ramsey County Manager

SUBJECT: *Enhancements Financing Timeline*

November 9 Agenda Review for second reading and public hearing RBAs (Nov. 17 meeting)

November 9 Agenda.Net deadline (Dec. 1 meeting):

- Approval of bonding ordinance
- Approve loan agreement between Ramsey County and R&E Board, contingent on sale of bonds
- Approve agreement between Washington County and Ramsey County on joint bonding

November 9 Washington County RBA due no later than Nov 20 to County Administrator (Dec. 1 meeting):

- Approve agreement between Washington County and Ramsey County on joint bonding
- Approve loan agreement between Washington County and R&E, contingent on sale of bonds

November 17 RAMSEY COUNTY BOARD MEETING

- Second reading of bonding ordinance
- Hold public hearing

November 23 Agenda review for RBA for approval of bonding ordinance (Dec. 1 meeting)

December 1 RAMSEY COUNTY BOARD MEETING

- Approve loan agreement between Ramsey County and R&E, contingent on sale of bonds
- Approve agreement between Washington County and Ramsey County on joint bonding
- Approval of bonding ordinance

December 1 WASHINGTON COUNTY BOARD MEETING

- Approve agreement between Washington County and Ramsey County on joint bonding
- Approve loan agreement between Washington County and R&E, contingent on sale of bonds

December 9 Publication of ordinance

Forty-five (45) day referendum petition waiting period starts

December 14 Begin preparation of draft official statement

January 4 Draft official statement distributed for review internally

January 4 Agenda.Net deadline (Jan. 26 meeting):

- Resolution authorizing bond sale

January 18 Agenda Review for RBA for resolution authorizing the bond sale (Jan. 26 meeting)

SUBJECT: *Enhancements Financing Timeline*

- January 23 Ordinance becomes effective
Referendum period closes 45 days after ordinance publication
- January 26 RAMSEY COUNTY BOARD MEETING
- Resolution authorizing bond sale
- January 27 Post final official statement on internet
Final preliminary official statement delivered to rating agencies
- February 1 - 5 Rating conferences conducted
- February 9-11 Rating determination by Moody's and Standard & Poor's
- February 22 Take bids on bonds
- February 23 RAMSEY COUNTY BOARD MEETING
- Board considers awarding the sale of bonds
- March 18 Bond proceeds received



**RAMSEY/WASHINGTON
RECYCLING & ENERGY**

CONNECTING VALUE TO WASTE

R&E BOARD MEETING DATE:	August 20, 2020	AGENDA ITEM:	VIII.a
SUBJECT:	Procurement Report		
TYPE OF ITEM:	<input checked="" type="checkbox"/> INFORMATION	<input type="checkbox"/> POLICY DISCUSSION	<input type="checkbox"/> ACTION <input type="checkbox"/> CONSENT
SUBMITTED BY:	Sam Holl, Contract Manager		

R&E BOARD ACTION REQUESTED:

None.

EXECUTIVE SUMMARY:


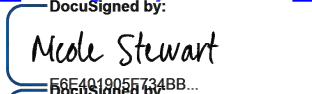
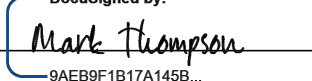
Staff will provide a written report of new contracts and amendments that were executed under authority of the R&E Board's procurement guidelines during the period June 1, 2020 through July 31, 2020. Funding for the contracts was available in the approved 2020 Joint Activities and Facility Budgets, following approval as to form by the Ramsey County or Washington County attorney's office.

ATTACHMENTS:

1. Procurement Report

FINANCIAL IMPLICATIONS:

None.

AUTHORIZED SIGNATURES	DATE
JOINT LEADERSHIP TEAM	
 DocuSigned By: Zack Hansen	8/12/2020
 DocuSigned By: Nicole Stewart	8/12/2020
 DocuSigned By: Mark Thompson	8/13/2020



**RAMSEY/WASHINGTON
RECYCLING & ENERGY**
CONNECTING VALUE TO WASTE

Report of all contracts and amendments executed under authority of the Recycling & Energy Board's procurement guidelines (Resolution R&EB 2019-2), June 1, 2020 through July 30, 2020.

Vendor	Effective Date	Description	NTE/Budgeted Amount	Procurement Type
Steinert US, Inc.	1/1/2020	Facility - specialty parts/operations	Budgeted \$14,000	Amendment - renewal
Corval Group	5/1/2020	Facility - contracted labor/trades	Budgeted \$348,027	Amendment - renewal
Deloitte Consulting, LLP	6/10/2020	R&E - compensation study	NTE \$50,000	Single Source
Custom Earth Promos	6/12/2020	Joint Activities – multi-unit program reusable bags	NTE \$25,000	Single Source
106 Group	7/1/2020	Facility - consultation/design services	NTE \$64,243	Amendment
Emerge Knowledge Design	7/7/2020	Joint Activities - database design and support for BizRecycling, Ramsey County, Washington County, and multi-unit programs	NTE 49,990	Single Source
Ring Central	7/9/2020	R&E - phone equipment and services	Budgeted \$48,631 for 5-year period	Single Source
Orange EV	7/22/2020	Facility - EV yard tractor	Budgeted \$310,000	MN Statute 473.811



**RAMSEY/WASHINGTON
RECYCLING & ENERGY**
CONNECTING VALUE TO WASTE

R&E BOARD MEETING DATE:	August 20, 2020	AGENDA ITEM:	VIII.b.
SUBJECT:	R&E Updates		
TYPE OF ITEM:	<input checked="" type="checkbox"/> INFORMATION	<input type="checkbox"/> POLICY DISCUSSION	<input type="checkbox"/> ACTION
SUBMITTED BY:	Joint Leadership Team		

BOARD ACTION REQUESTED:

For information only.

EXECUTIVE SUMMARY:


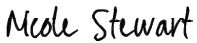

Staff will provide updates on R&E projects and operations.

ATTACHMENTS:

None.

FINANCIAL IMPLICATIONS:

None.

AUTHORIZED SIGNATURES	DATE
JOINT LEADERSHIP TEAM	8/12/2020
 6F6294EFCDD340E DocuSigned by: Jack Hansen	8/12/2020
 E6E401905F734BB... DocuSigned by:	8/13/2020
 9AEB9F1B17A145B...	