



**MEETING NOTICE
RAMSEY/WASHINGTON RECYCLING & ENERGY BOARD
FACILITY & FINANCE COMMITTEE**

Date: Monday, November 14, 2022

Time: 12:30 pm to 1:30 pm

Commissioners, Key staff, Presenters:

Ramsey County Environmental Health | 2785 White Bear Ave N. | 2nd Floor Conference Room
Maplewood, MN | 55109 | [Map](#)

Public: [Microsoft TEAMS](#) | Phone Conference ID: 357 671 992# | Call in (audio only): 1-323-792-6297

The Recycling & Energy Board Chair approved, starting with the March 24, 2022 R&E Board meeting, hosting with commissioner members all in person at Ramsey County Environmental Health Offices in Maplewood, along with key staff and presenters. Members of the public are encouraged to participate remotely or may attend at the Maplewood address.

AGENDA

I. Call to Order, Commissioner Roll Call, Introductions

II. Approval of Agenda Action Page 1

III. Approval of Minutes – May 19, 2022 Action Page 2

IV. Business

a. Anaerobic Digestion Negotiations Update Information Page 6

b. Refuse-Derived Fuel End Market Development Information Page 8

V. Updates and Reports Information Page 11

a. R&E Center Updates

VI. Adjourn

NEXT MEETING:

Wednesday, November 30, 2022 | 10:00 am – 12:00 pm | Ramsey County Environmental Health, Maplewood



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

THURSDAY, MAY 19, 2022

RAMSEY/WASHINGTON RECYCLING & ENERGY BOARD FACILITY & FINANCE COMMITTEE MINUTES

A meeting of the Ramsey/Washington Recycling & Energy Facility & Finance Committee was held at 10:00 a.m. on Thursday, May 19, 2022, at the Ramsey County Environmental Health Office, 2785 White Bear Avenue North, Suite 350, Maplewood, Minnesota. Other attendees joined through Zoom.

MEMBERS PRESENT

Commissioners Wayne Johnson – Washington County
Commissioners Nicole Frethem, Trista MatasCastillo – Ramsey County

ATTENDING AT RAMSEY ENVIRONMENTAL HEALTH, MAPLEWOOD

Leslie Duling McCollam, Kelli Hall, Sam Holl, Kevin Johnson, Kevin Magnuson, Michael Reed, Jim Redmond, John Ristad, Nikki Stewart, Jody Tharp, Jordan Thone, Kris Wehlage

ATTENDING REMOTELY

Kate Bartelt, Dave Brummel, Shannon Conk, Amanda Erickson, Rae Eden Frank, Jaimie Giesen, Tabatha Hansen, Tom Ingemann, Julie Ketchum, Randy Kiser, Jennefer Klennert, Nate Klett, Nick Kluge, Juna Ly, Jennifer Nguyễn Moore, Roel Ronken, Ryan Tritz, Joua Yang

CALL TO ORDER/APPROVAL OF THE AGENDA

Chair Johnson called the meeting to order at 10:01 a.m. A roll call of commissioners was conducted. Introductions were made.

Commissioner MatasCastillo moved, seconded by Frethem, to approve the agenda as presented.
Roll call vote: Ayes: 3 Nays: 0 Motion carried.

APPROVAL OF MINUTES

Commissioner MatasCastillo moved, seconded by Frethem, to approve the April 14, 2022 minutes.
Roll call vote: Ayes: 3 Nays: 0 Motion carried.

BUSINESS

2022 Budget Status

Kris Wehlage, R&E accounting manager, provided an update on the 2022 budget with projections through the end of March 2022.

2023 Budget Recommendation for Approval

Wehlage reviewed the board budget structure and budget approval process timeline.

Joint Activities Budget

Wehlage reviewed proposed changes to the 2023 Joint Activities Budget, as follows:

- Addition of two positions was approved in April 2022 by the Facility & Finance Committee and the R&E Board: a planning specialist to support planning and project management and a program assistant to support current R&E programs such as the food scraps program.
- The positions are funding neutral and additional contributions for 2023 are not required. Funding comes from reductions in the following budget areas due to lower program costs and some pause in programs due to staff capacity:
 - Non-Residential Recycling: Reduction in Business Pollution Prevention grants (\$40k).
 - Community Waste Solutions: Reduction in Community Resource Hubs (\$110k); reduction in Bulky Waste Solutions (\$40k); reduction in Reuse and Repair (\$20k).

In response to a request at the April F&F meeting for clarification on IT expenditures, Wehlage shared that one-time-only IT projects to be completed in 2022 are more expensive to implement than those planned for 2023.

Michael Reed, Ramsey County and R&E Joint Leadership Team (JLT), shared that an internal assessment is underway to evaluate staffing resources across counties and R&E. Staff is working with Ramsey County's Enterprise Project Management Office (EPMO) for an organizational assessment which will further inform staffing needs. The assessment is anticipated to take 3-5 months and JLT will report back to the F&F Committee later in 2022.

Commissioner Johnson inquired why the assessment would take 3-5 months to complete. Kelli Hall, R&E human resources manager, shared that in addition to evaluating staffing resources across counties, R&E is looking at business processes such as systems, communication and appropriate management structure.

Commissioner Johnson inquired where the assessment cost shows up in the budget. Nikki Stewart, Washington County and R&E JLT, stated it is in the Joint Activities Budget, with an estimated cost of \$50k-\$75k.

Commissioner Johnson asked how often assessments such as this should be conducted to remain relevant with organizational growth and change. Hall said that, due to starting with a very small staff and a significant increase in the scope of work, some foundational pieces for R&E were never fully put in place. R&E never had the opportunity to step back and look at the structure, processes and procedures, and had to contract with various consultants, such as an IT group, to get these foundational pieces put in place. The study is needed before early 2023 when staffing goes to over 100. Commissioner MatasCastillo shared that a business assessment creates a 3–5-year plan and is typically done every 5-7 years.

Wehlage shared that, in response to commissioner requests at the April 2022 R&E Board meeting, R&E is looking at staffing allocations across the Facility Budget and Joint Activities Budget. JLT and staff are working with both county finance departments on a recommended 2022 time study. Based on time study results, R&E will allocate any adjusted staffing costs in the next two-year 2024-2025 budget, which will be developed in 2023.

Commissioner Johnson asked how county staff record their work against budgets. Stewart stated that Washington County staff time is allocated by percentages against different budgets. Reed said that Ramsey Environmental Health budgets reflect anticipated workloads in different areas and are not

tracked on a daily or weekly basis. This time study will inform whether allocations are correct for R&E budgets.

Facility Budget 2023 Recommendation

Also known as the Enterprise Fund, this budget is funded primarily by tipping fees paid by haulers delivering waste directly to the F&E Center or to R&E's contracted transfer stations. This budget is prepared annually for approval on or before August 1.

Proposed changes to the budget include:

- Transportation (contracted cost for trucking firms to transport material to Xcel facilities, recycling markets and landfills)
 - Current contracts expire at the end of 2022
 - New contracts are needed for 2023
 - Proposed increase of \$1.66 million, due to consumer price index (CPI) contract adjustments and rising fuel costs

- Transload Fees (paid to transfer station operators to receive, weigh and manage waste delivered to their facilities)
 - Current transload fee contracts expire at the end of 2022
 - New transload fee contracts are needed for 2023
 - Proposed 2023 increase of \$113k, due to CPI contract adjustments

Wehlage addressed a question from the April meeting regarding why the 2022 transload budget is greater than the 2023 budget. The number of tons budgeted from transfer stations in 2022 was high, resulting in the increased budget. The transload budget was corrected for 2023 and more accurately reflects the amount expected from transfer stations.

Wehlage shared changes to 2023 revenues to cover the increase.

- The Joint Activities Fund Balance Policy transfers funds above 35% to the Equipment Maintenance & Replacement Budget (EM&R). JLT recommends transferring \$1.5 million from the 2021 Joint Activities Fund Balance (the amount over 35%) to the 2023 Facility Budget instead of EM&R, leaving \$3.7 million in the Joint Activities Fund. This transfer allows the tipping fee to remain at \$99/ton, as previously approved on July 22, 2021.
- 2023 contingency funding provides contingency due to uncertainty of operations. JLT recommends using \$268,110 in the contingency budget.

Nikki Stewart reviewed the Joint Activities Fund Balance Policy, other tools reviewed and considered and the impacts of recommended changes.

Equipment Maintenance & Repair (EM&R) Budget

Wehlage reviewed details of the EM&R budget and stated that there are no recommended changes to the 2023 EM&R budget previously approved on July 22, 2021. The timeline for 2023 budget recommendation approval was reviewed.

Commissioner MatasCastillo moved, seconded by Frethem, to approve Resolution R&EB-F&F-2022-04, F&F Committee 2023 Budget Recommendation for Approval. The F&F Committee hereby:

- Approves the 2023 R&E Joint Activities Budget and recommends that the R&E Board approve the Joint Activities Budget and forward the budget to the Ramsey and Washington county

boards for approval. Approves the 2023 Facility Budget and sets the 2023 tipping fee at the rate, previously approved on July 22, 2021, of \$99.00 per ton.

- Approves the 2023 Equipment Maintenance & Replacement Budget.

Roll call vote: Ayes: 3 Nays: 0 Motion carried.

UPDATES AND REPORTS

Sam Holl, R&E facility manager, provided an update on processing enhancements at the R&E Center. 67% of contingency budget remains. Food scraps bag (FSB) building construction and commissioning will be completed in third quarter 2022. Resource Recovery System construction begins upon FSB completion and is estimated to be completed late first quarter 2023. R&E is taking delivery of a second all-electric yard tractor next week, which was acquired using a grant from MPCA.

ADJOURN

Chair Johnson declared the meeting adjourned at 10:59 a.m.

ATTESTED TO:

Approved: _____
November 14, 2022

Approved: _____
November 14, 2022



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

R&E BOARD FACILITY & FINANCE COMMITTEE MEETING DATE:	November 14, 2022	AGENDA ITEM:	IV.a
SUBJECT:	Anaerobic Digestion Negotiations Update		
TYPE OF ITEM:	<input checked="" type="checkbox"/> INFORMATION	<input type="checkbox"/> POLICY DISCUSSION	<input type="checkbox"/> ACTION
SUBMITTED BY:	Joint Leadership Team (JLT)		

FACILITY & FINANCE COMMITTEE ACTION REQUESTED:

Information item.

EXECUTIVE SUMMARY:

Ramsey and Washington counties have been evaluating alternative, next-generation technologies to manage waste for nearly two decades. The Ramsey/Washington Recycling & Energy (R&E) Board has continued this work to achieve environmental, economic and community benefits for the East Metro. Enhancements at the Recycling & Energy Center (R&E Center) will facilitate source-separated food scraps recycling and enable the recovery of high-value materials from trash starting in 2023. Plans for higher use of organic materials, which currently become refuse-derived fuel or process residue, have taken shape through extensive research, facility site visits and engagement with technology providers.

There are two types of organic waste materials that could be moved up the waste hierarchy with alternative management technology:

- Source-separated food scraps in food scrap bags
- Organic-rich material separated from trash in the recyclables recovery system at the R&E Center

Anaerobic digestion (AD) is a technology in which organic materials are placed into a container deprived of air with specialized microbes to produce biogas and digestate. Biogas, composed mainly of methane and carbon dioxide, can be used for heat or generating electricity, or it can be refined into renewable natural gas (RNG), as a substitute for fossil fuels. RNG can be used for vehicles or in the natural gas pipeline system for homes and businesses. RNG from food waste has a negative carbon intensity, which provides an environmental benefit by reducing greenhouse gas emissions in the transportation sector compared to diesel, conventional natural gas and RNG from landfills. Digestate, the solid and/or liquid products from AD, contains plant nutrients from the breakdown of organic waste. Solid digestate can be composted to make a soil amendment or further processed into other value-added products. Liquid digestate can be used as agricultural fertilizer. Different types of AD, such as “wet” and “dry” AD, require different feedstock mixes and moisture levels. AD is a proven technology for managing organic wastes, with flexibility and decades of operation and success in North America and worldwide.

In August 2020, R&E entered a new phase of this work by releasing the first phase of a two-phase solicitation for vendors capable of meeting the R&E Board’s need for processing technologies and end-use

markets for by-products of the R&E Center. Nine proposers were determined to have provided credible and complete responses and were invited to proceed to phase II. In May 2021, R&E released the phase II request for proposals (RFP) to select vendors, which requested more detailed design, operations and financial information. Eight proposals were received and thoroughly evaluated by staff and consultants using the criteria in the RFP and multiple dimensions of analysis.

After proposer interviews in early 2022, JLT brought forward a recommendation to the Facility & Finance Committee in April to formally close the RFP process and authorize separate direct negotiation processes with two of the AD proposers. Additionally, the three Facility & Finance Committee members, JLT, R&E staff and key consultants conducted site visits internationally to facilities representing the AD proposers' technologies to confirm operational capabilities with similar feedstocks and climates.

R&E has formed a negotiation team, consisting of R&E's facility manager, procurement manager, planning manager, accounting manager, JLT, legal consultant, financial consultant, and two engineering consultants. This team developed an initial term sheet for each vendor, with the potential to ultimately enter into a 20-year organic material supply agreement with one of the vendors. The AD facility would be privately built, owned and operated in the Twin Cities metropolitan area, with R&E serving as a major organic material feedstock supplier (estimated 50,000 tons per year) and paying the AD facility to accept the organic material and process it into RNG and digestate, or potentially other renewable products. The negotiation team has conducted multiple negotiation sessions with each vendor, focusing on terms for a potential agreement.

At this meeting, staff will provide an update to the Facility & Finance Committee on the progress of the negotiations and next steps in the process.

ATTACHMENTS:

None.

FINANCIAL IMPLICATIONS:

Financial implications will be determined as part of contract negotiations.

AUTHORIZED SIGNATURES	DATE
JOINT LEADERSHIP TEAM	11/3/22
	11/3/22
	
RAMSEY COUNTY ATTORNEY	11/3/22
	
WASHINGTON COUNTY ATTORNEY	11/3/22
	



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R&E BOARD FACILITY & FINANCE COMMITTEE MEETING DATE:		November 14, 2022		AGENDA ITEM:		IV.b	
SUBJECT:		Refuse-Derived Fuel End Market Development					
TYPE OF ITEM:		<input checked="" type="checkbox"/>	INFORMATION	<input type="checkbox"/>	POLICY DISCUSSION	<input type="checkbox"/>	ACTION
SUBMITTED BY:		Joint Leadership Team (JLT)					

FACILITY & FINANCE COMMITTEE ACTION REQUESTED:

Information item.

EXECUTIVE SUMMARY:

Ramsey and Washington counties, through the Ramsey/Washington Recycling & Energy (R&E) Board, have prioritized work to move high-value waste materials up the waste management hierarchy. In 2019, R&E Board reaffirmed the direction originally set in 2014, prior to the purchase of the Recycling & Energy Center (R&E Center), that envisioned a higher use for waste materials in the East Metro. The R&E Board guiding principles are:

- Plan for a 20- to 30- year time horizon
- Build on the current system
- Assure flexibility as waste streams change and opportunities arise
- Manage and reduce risks associated with waste
- Pivot the view from “waste” to “resource,” with a focus on adding value to the local economy and benefits to the environment

The R&E Center manages over 450,000 tons per year of municipal solid waste (MSW) from the residents and businesses of Ramsey and Washington counties. The primary product manufactured from MSW at the facility is refuse-derived fuel (RDF). While R&E and the counties work to move waste up the hierarchy, through waste reduction and reuse programs, food scraps recycling and recyclables recovery, RDF processing creates a “value-add” for the rest of trash. Currently, about 330,000 tons of RDF are manufactured at the R&E Center annually, diverting this material from landfills. The R&E Board holds an agreement with Xcel Energy for management of RDF via combustion at two Xcel facilities in southern Minnesota. The electricity generated from RDF powers about 12,500 homes for a year. R&E’s current agreement with Xcel Energy expires on December 31, 2027.

The R&E’s revised scope for resource management, a foundational road map for R&E’s solid waste management system, establishes a “phased approach to change conversion technology for RDF and similar

SUBJECT: *Refuse-Derived Fuel End Market Development*

products, and diversify markets” for the coming decade. This direction, with the guiding principles, has driven the evaluation and, more recently, procurement of new end markets for RDF.

R&E has conducted three procurement processes to date to secure alternative outlets for RDF. In 2014, R&E released a request for expressions of interest (RFI) for gasification, which allowed R&E to engage with providers and understand opportunities for this future end market. With the knowledge from the RFI, R&E underwent a two-phase request for proposal (RFP) solicitation for a private-sector gasification provider in 2018. The R&E Board authorized JLT to enter contract negotiations with the recommended vendor, Enerkem, Inc., but their project did not materialize, and negotiations were terminated by the Board in May 2020. Soon after, the R&E Board approved the release of a two-phase RFP for end-use markets for multiple R&E Center byproducts, including food scrap bags, organic-rich materials and RDF. This procurement was closed in 2022 to enter direct negotiations with anaerobic digestion providers for R&E’s organic materials. While all three processes resulted in interested parties, a viable outlet for RDF has yet to be procured.

The method to obtain specific data for the R&E Board requires a formal procurement process. In just the past two years, there has been increasing momentum in the interest in and development of alternative MSW management technologies. Development of gasification and other technologies has progressed during this time, and a new solicitation will allow the R&E Board to receive responses that describe technology configurations that can meet our specific needs. By the end of 2022, JLT plans to release a new RFI to solicit proposals from providers capable of meeting the R&E Board’s need for processing technologies and end markets for RDF from the R&E Center.

R&E has devoted additional resources in its approach for vendor engagement for this solicitation. R&E’s strategic engineering consultant, HDR, has developed a marketing plan to generate interest in the RFI, compliant with R&E procurement rules and policies. The objectives of this plan include identification of and outreach to potential respondents, message development to encourage vendor responses and media marketing in specialized waste industry trade publications to increase vendor awareness of the RFI.

This RFI process will identify, engage and provide a pathway to secure a technology provider that would manage the R&E Center’s RDF product. R&E’s intent for this process is to bring back a recommendation to the Board to enter direct negotiations with one or more parties. While the RFI is intended to engage technology providers who would potentially use gasification or a similar technology as an alternative to combustion for waste-to-energy, traditional management of RDF through combustion will be part of the scope of this procurement. By taking this approach, R&E can evaluate all potential outcomes for RDF and ensure one or more end markets are secured by the end of 2027.

At this meeting, staff will provide a summary of the upcoming approach for future end markets for RDF.

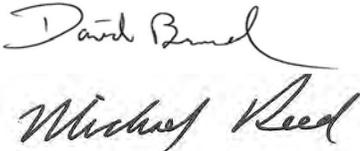
ATTACHMENTS:

None.

FINANCIAL IMPLICATIONS:

None.

SUBJECT: *Refuse-Derived Fuel End Market Development*

AUTHORIZED SIGNATURES	DATE
JOINT LEADERSHIP TEAM	11/3/22
	11/4/22
RAMSEY COUNTY ATTORNEY	11/4/22
	
WASHINGTON COUNTY ATTORNEY	11/4/22
	



**RAMSEY/WASHINGTON
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R&E FACILITY & FINANCE COMMITTEE MEETING DATE:		November 14, 2022		AGENDA ITEM:		V	
SUBJECT:		Updates and Reports					
TYPE OF ITEM:		<input checked="" type="checkbox"/>	INFORMATION	<input type="checkbox"/>	POLICY DISCUSSION	<input type="checkbox"/>	ACTION
SUBMITTED BY:		Joint Leadership Team					

FACILITY & FINANCE COMMITTEE ACTION REQUESTED:

None.

EXECUTIVE SUMMARY:

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

- a. R&E Center Updates

ATTACHMENTS:

None.

FINANCIAL IMPLICATIONS:

None.

AUTHORIZED SIGNATURES	DATE
JOINT LEADERSHIP TEAM <i>David Brunel</i>	11/4/22
<i>Michael Reed</i>	11/3/22