



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

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

Date: Thursday, March 9, 2023

Time: 10:00 a.m. to 12:00 p.m.

Commissioners, Key staff, Presenters:

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

Public: Members of the public are encouraged to participate remotely or may attend at the Maplewood address.
[Microsoft TEAMS](#) | Phone Conference ID: 235 463 861 404 | Call In (audio only): 1-323-792-6297

AGENDA

I. Call to Order, Introductions

II. Approval of Agenda	Action	Page 1
III. Approval of Minutes – February 9, 2023	Action	Page 2
IV. Business		
a. 2024-25 Budget Planning	Information	Page 6
V. Updates and Reports	Information	Page 13
a. R&E Center Updates		
VI. Adjourn		

NEXT MEETING:

Thursday, April 13, 2023 | 10:00 am – 12:00 pm | Ramsey County Environmental Health, Maplewood



**THURSDAY, FEBRUARY 9, 2023
RAMSEY/WASHINGTON RECYCLING & ENERGY BOARD
FACILITY & FINANCE COMMITTEE MINUTES**

A meeting of the Ramsey/Washington Recycling & Energy (R&E) Facility & Finance (F&F) Committee was held at 10:00 a.m. on Thursday, February 9, 2023, at the Ramsey County Environmental Health Office, 2785 White Bear Avenue North, Suite 350, Maplewood, Minnesota. Other participants and the public joined remotely.

MEMBERS PRESENT

Commissioners Trista MatasCastillo, Victoria Reinhardt – Ramsey County
Commissioner Karla Bigham – Washington County

ATTENDING AT RAMSEY ENVIRONMENTAL HEALTH, MAPLEWOOD

Leigh Behrens, Dave Brummel, Rae Eden Frank, Kevin Johnson, Jennefer Klennert, Nate Klett, Fran Miron, Michael Reed, Jim Redmond, John Ristad, Bob Roche, Jody Tharp

PARTICIPATING REMOTELY

Sam Holl

ATTENDING REMOTELY

Kate Bartelt, Julie Berry, Alison Cameron, Dan Donkers, Amanda Erickson, Sam Ferguson, Jaimie Giesen, Tom Gratz, Sam Hanson, Laura Hardt, Sam Holl, Sara Hollie, Julie Ketchum, Juna Ly, Andrea McKennan, Daniel Mock, Jennifer Nguyễn Moore, Ryan O’Gara, Jessica Paquin, Brad Prazak, Luke Rodrig, John Springman, Ryan Tritz, Margaret Vessel, Kyler Vossen, Renee Vought, Brian Wanamaker, Kris Wehlage, Caleb Werth, Joua Yang

CALL TO ORDER/APPROVAL OF THE AGENDA

Chair MatasCastillo called the meeting to order at 10:04 a.m. Introductions were made. Commissioner Bigham moved, seconded by Reinhardt, to approve the agenda as presented.

Ayes: 3 Nays: 0 Motion carried.

APPROVAL OF MINUTES

Commissioner Reinhardt moved, seconded by Bigham, to approve the minutes of November 14, 2022.

Ayes: 3 Nays: 0 Motion carried.

BUSINESS

Organics Feedstock Supply Agreement Recommendation

Sam Holl, R&E facility manager, introduced members of the proposal review and negotiations team, which included Sam Holl (lead), Michael Reed, Dave Brummel, Leigh Behrens, Jim Redmond, Nate Klett (Foth), Jennefer Klennert (HDR), Kevin Johnson (Stoel-Rives) and Bruce Kimmel (Ehlers). R&E requested that the F&F Committee recommend approval of a letter of intent (LOI) with Dem-Con/Hitachi Zosen Inova (DC/HZI) to the full R&E Board.

Leigh Behrens, R&E projects planning manager, provided an overview of the strategic case and approach for anaerobic digestion (AD). She reviewed the revised scope for resource management, described the approach to date and the benefits of AD to Ramsey/Washington Counties.

Nate Klett, Foth, provided background information about AD technology, a process where micro-organisms break down organic material in the absence of oxygen. Inputs include animal manure, wastewater biosolids, food waste and fats, oils and grease (FOG), industrial organic residuals and biosolids. The output is biogas, primarily methane and carbon dioxide, with trace amounts of water vapor and other gases. Carbon dioxide and other gases can be removed, leaving only methane, the primary component of natural gas.

Klett explained pyrolysis, the thermal degradation process of materials at an elevated temperature in the absence of oxygen. Inputs include organic materials and plastic materials. Outputs include biochar (used in soil amendment), bio-oil, syngas, biogas and trace gasses (e.g., hydrogen). He explained potential benefits and cautions of pyrolysis.

Holl reviewed the procurement history and timeline, including end markets phase I and II requests for proposals (RFPs) and competitive negotiations.

Kevin Johnson, Stoel Rives, reviewed analysis of proposals submitted by two vendors. Both had expressed a desire to become exclusive. R&E moved to the LOI approach which allows exclusive negotiations for 60 days with a single vendor. The terms are non-binding, but the LOI outlines key terms of a 20-year organic-rich material (ORM) supply agreement. There are no obligations until a final agreement is reached.

Key proposed terms include:

- 12-month condition precedent for DC/HZI to certify initial anaerobic digestion fees based upon grants and other local, state and federal incentives
- Four-year interim composting term using Shakopee Mdewakanton Sioux Community (SMSC) to compost food scrap material
- Composting fees of \$70/ton increasing to \$74.15

AD Facility

- Estimated 2026 commencement
- Will accept food scraps and ORM produced at the R&E Center
- Will produce pipeline quality renewable natural gas, compost material via continued relationship with SMSC, and biochar using pyrolysis technology on the digestate

Delivery, Acceptance and Processing

- R&E has increasing annual minimums to deliver up to 50k tons per year
- Estimated 30k tons of food scraps and 20k tons of organic-rich material (ORM)
- ORM contamination limits are outlined
- DC/HZI has performance standards to meet

Financial structure

- Initial food scraps fee is \$107 per ton, adjusted by CPI each year
- Initial ORM fee is \$115 per ton, adjusted by CPI each year
- Most favored nation pricing limit for similar suppliers
- Revenue/cost sharing tied to renewable natural gas and biochar markets
- Revenue/cost sharing tied to renewable natural gas (RNG) and biochar markets (if revenue from RNG goes up, our fee goes down; if it goes up, our fee goes up)

Commissioner Bigham inquired whether an amendment to the agreement would be required should another county wish to join this group, e.g., Dakota County or Anoka County. Johnson affirmed that it would necessitate amendment.

Johnson outlined key risks and mitigation for the agreement, including time lost in moving forward with AD should condition present not be met; specifications or organic materials could require additional processing and impact the R&E tipping fee; pyrolysis has potential market and contamination mitigation benefit, but some risk in use of the technology on digestate from ORM; put or pay annual minimums will require meeting food scraps recycling participation and resident ability to provide relatively clean material; revenue/cost sharing has potential for significant favorable decrease in ORM fees, but also increases, and a larger operating reserve may be needed to buffer market swings.

Sam Holl presented financial scenarios for R&E from 2024 through 2034 that estimated R&E Center (REC) tipping fees under four scenarios.

Commissioner MatasCastillo inquired what the referenced grants are. Kevin Johnson said DC/HZI produced a list of a wide range of local, state and federal grants.

Commissioner Bigham inquired whether there will be a broad-ranging discussion about county environmental charges (CECs). Commissioner Reinhardt said this will be discussed by individual county boards. Dave Brummel, Washington County and R&E joint leadership, said the CEC discussion will be brought to R&E Board and county boards as part of the budget cycle.

Holl presented the next steps in the process:

- March 1, 2023 - Recommendation of LOI approval for the R&E Board
- 60 days of final negotiations with DC/HZI
- May 2023: Anticipated agreement execution
- Mid-2023: Interim processing of organics by composting
- 2026: Anticipated AD commencement

Commissioner Reinhardt noted that DC/HZI would be seeking grants and be in partnership with R&E. She asked whether that affects R&E seeking grants for itself. Johnson indicated refinement around both parties' roles related to pursuit of additional outside funding would be needed.

Commissioner Reinhardt moved, seconded by Bigham, to approve Resolution R&EB-FFC-2023-01, Organic Material Supply Agreement Recommendation. The R&E Board Facility & Finance Committee:

- Recommends that the R&E Board approve the letter of intent between the Dem-Con Companies, LLC and Hitachi Zosen Inova USA LLC joint venture and the R&E Board.
- Recommends that the R&E Board delegate authority to the R&E Board Chair to sign the final organic material supply agreement that will be developed in form to the key terms in the approved letter of intent.

Ayes: 3 Nays: 0 Motion carried.

UPDATES AND REPORTS

Sam Holl provided a brief update on the status of transfer station RFPs and on refuse derived fuel (RDF) requests for information (RFI).

ADJOURN

Chair MatasCastillo declared the meeting adjourned at 10:57 a.m.

ATTESTED TO:

Approved: _____
March 9, 2023

Approved: _____
March 9, 2023



**RAMSEY/WASHINGTON
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R&E BOARD FACILITY & FINANCE COMMITTEE MEETING DATE:	March 9, 2023	AGENDA ITEM:	IV.a
SUBJECT:	2024-25 Budget Planning		
TYPE OF ITEM:	<input checked="" type="checkbox"/> INFORMATION	<input type="checkbox"/> POLICY DISCUSSION	<input type="checkbox"/> ACTION
SUBMITTED BY:	Kris Wehlage, Accounting Manager		

FACILITY & FINANCE COMMITTEE ACTION REQUESTED:

For information only.

EXECUTIVE SUMMARY:

During 2023, the Facility & Finance Committee will develop the 2024–2025 budgets for the Ramsey/Washington Recycling & Energy (R&E) Board.

The R&E Board’s bylaws provide that the Facility & Finance Committee (F&F Committee) prepares:

- A two-year budget for Joint Activities on or prior to August 1 for R&E Board approval. The R&E Board then submits the Joint Activities budget to the counties to approve their respective contributions.
- An annual Facility budget for approval by the R&E Board each year on or prior to August 1. While not called for in the bylaws, the Joint Leadership Team (JLT) recommends an Equipment Maintenance and Replacement budget (EM&R) also be prepared for consideration by the R&E Board.

The F&F Committee will have several items to consider when planning for the 2024–2025 budget. Examples include:

- Labor Agreement: A new three-year labor agreement for R&E Center union employees is expected to start in 2025. The current three-year labor agreement expires at the end of 2024.
- Administrative salary/fringe time study: A time study was conducted in October 2022 which allocates salary and fringe costs between the Joint Activities and Facility budgets for administrative staff.
- Operating Reserve Fund (ORF) repayment to the counties of \$1 million starting in 2025.
- New cost category in Facility budget for food scraps pickup program.
- Transload Fees agreements: Costs related to food scrap bag sortation by third parties.
- Contracts: Consumer Price Index (CPI) adjustments for contracts for both Joint Activities and Facility budgets.
- Additional Recycling & Energy staff: Staffing level increases due to expanded services for Joint Activities and Facility programs.

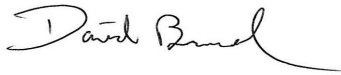



SUBJECT: 2024-25 Budget Planning

ATTACHMENTS:

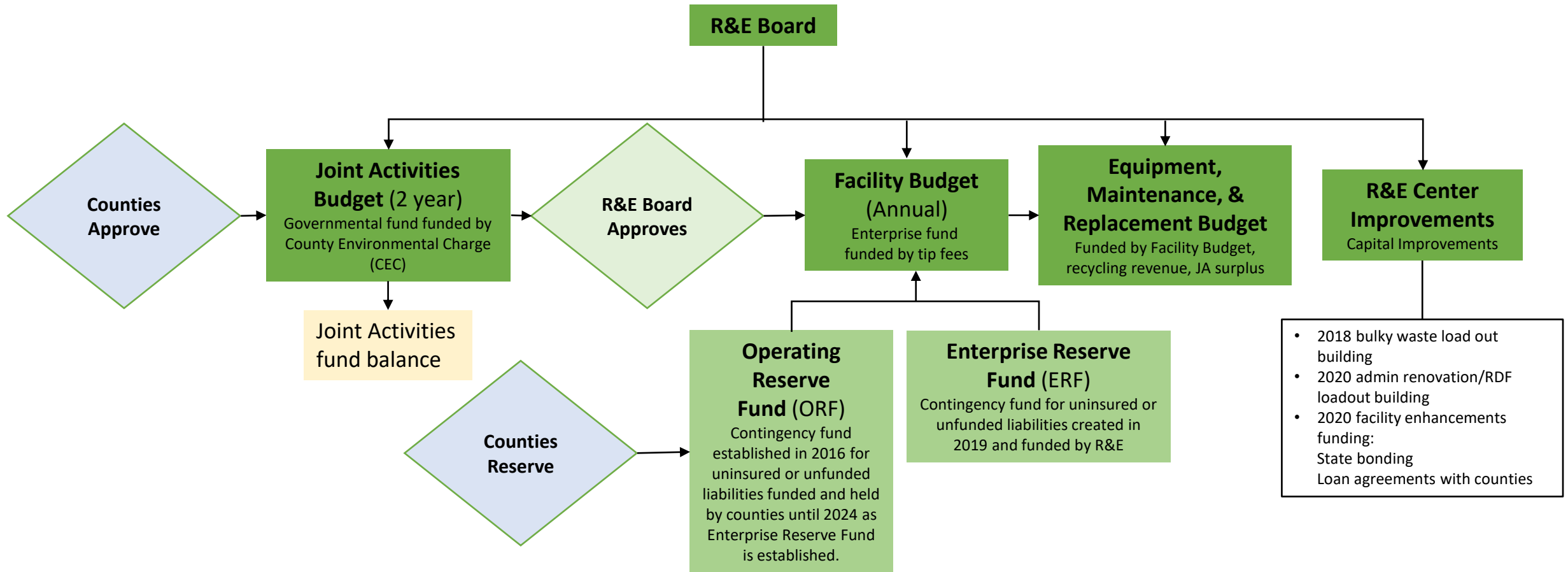
1. R&E Budget Structure
2. Budget Planning Timeline

FINANCIAL IMPLICATIONS:

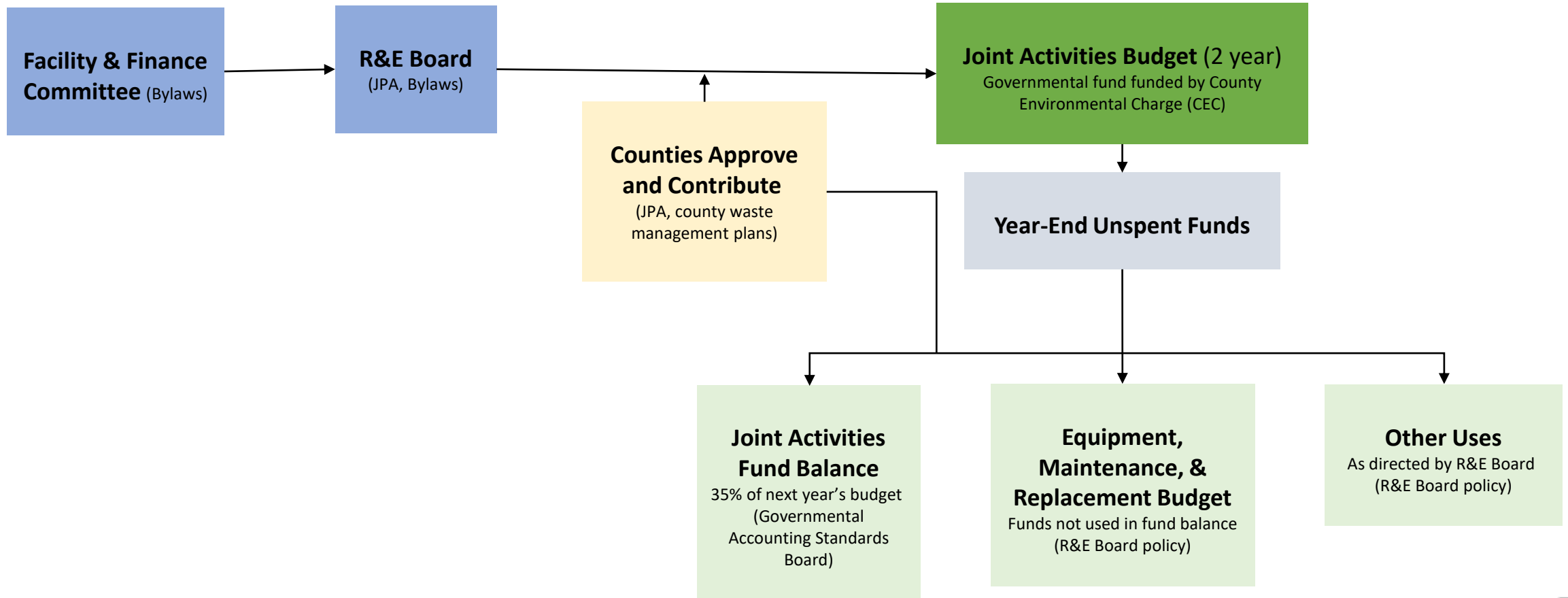
None.

AUTHORIZED SIGNATURES		DATE
JOINT LEADERSHIP TEAM	 	3/3/23
RAMSEY COUNTY ATTORNEY		3/3/23
WASHINGTON COUNTY ATTORNEY		3/3/23

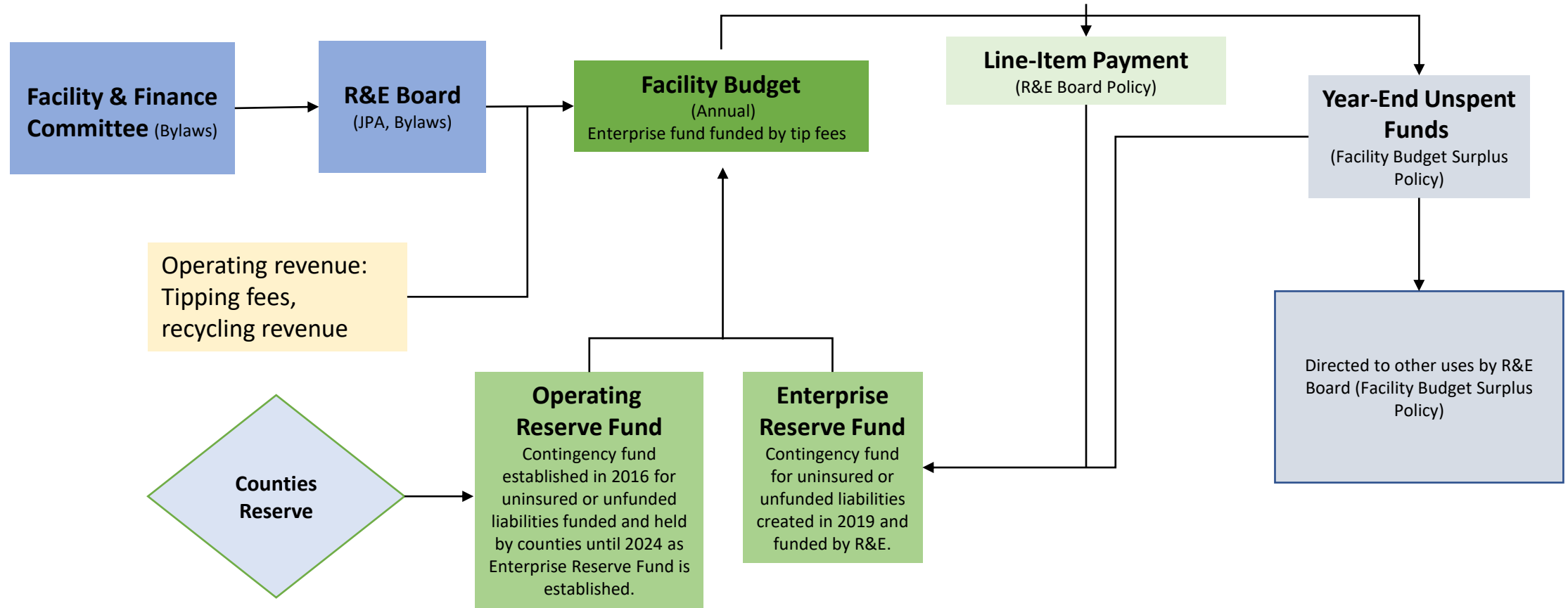
R&E Board Budget Structure



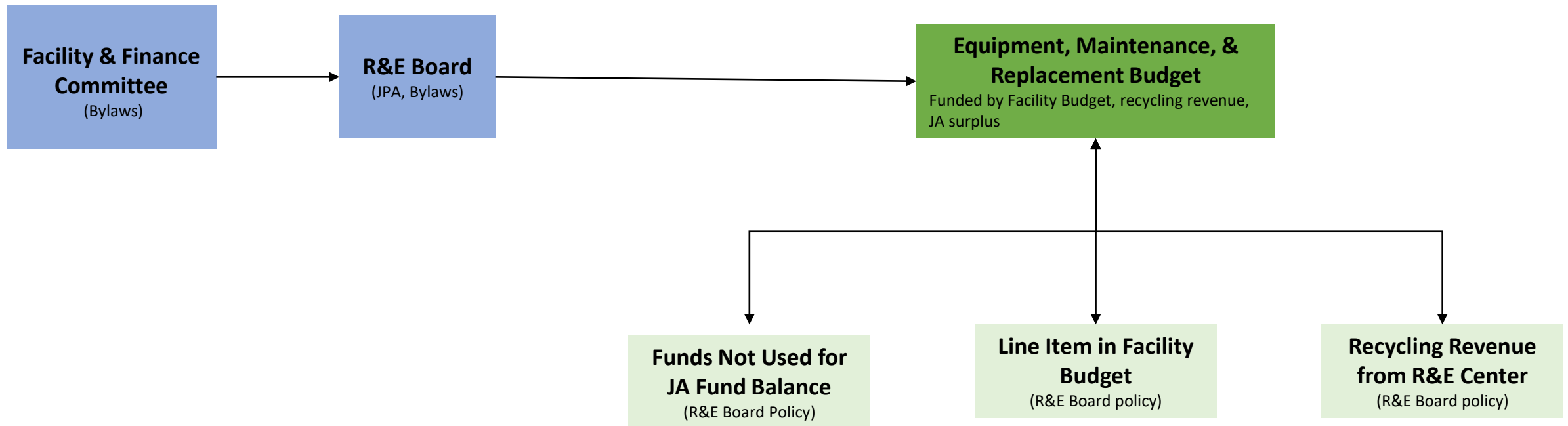
R&E Board Budget Structure – Joint Activities



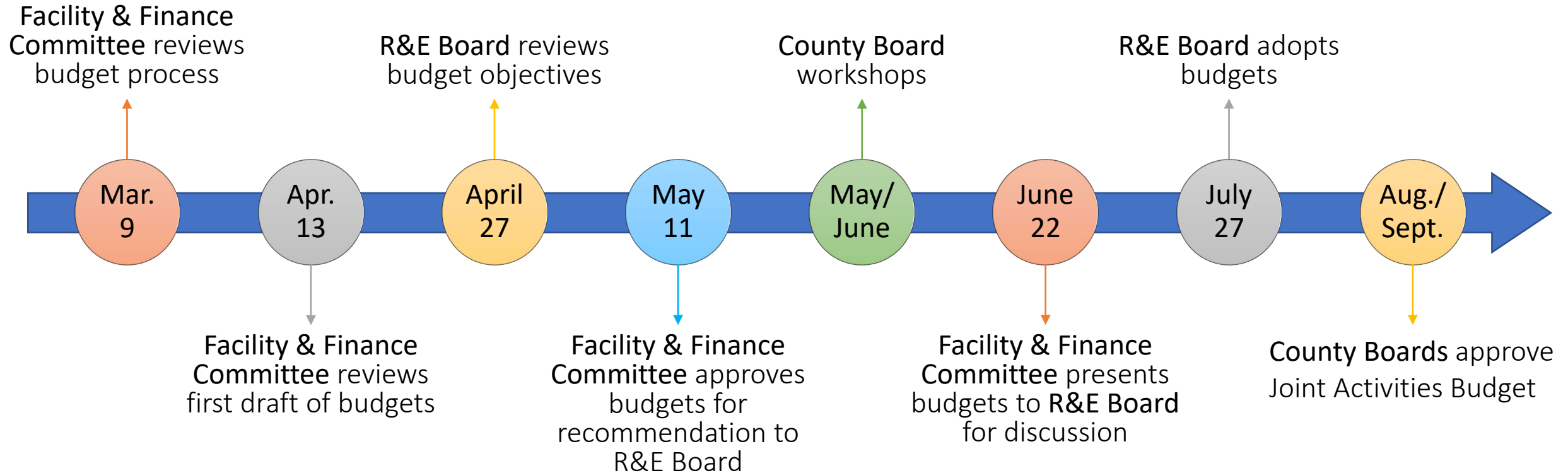
R&E Board Budget Structure – Facility Budget



R&E Board Budget Structure – Equipment, Maintenance, & Replacement



2024 – 25 Budget Timeline





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R&E FACILITY & FINANCE COMMITTEE MEETING DATE:	March 9, 2023	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  	2/28/23