

**RAMSEY/WASHINGTON COUNTY
RESOURCE RECOVERY PROJECT BOARD
AUGUST 23, 2012
MINUTES**

A meeting of the Ramsey/Washington County Resource Recovery Project was held at 9:00 a.m., August 23, 2012 at the Saint Paul - Ramsey County Public Health, Environmental Health Section, in Maplewood, Minnesota.

MEMBERS PRESENT

Commissioners Toni Carter, Rafael Ortega, Jan Parker, Janice Rettman, Victoria Reinhardt – Ramsey County
Commissioners Dennis Hegberg, Gary Kriesel, Autumn Lehrke – Washington County

MEMBERS ABSENT

Commissioner Bill Pulkrabek – Washington County

ALSO ATTENDING

Joel Andersen, Cheryl Armstrong, Laura Babcock, Mary Elizabeth Berglund, Gary Bruns, Matt Domski, Dan Donkers, Marty Gagliardi, Chris Gondeck, Sarah Haas, Mike Hagen, Zack Hansen, Erin Hesse, Ryan Howell, Judy Hunter, Curtis Johnson, Randy Kiser, Peter Klein, Sandy Koger, George Kuprian, Susan Kuss, Danielle Lesmeister, Harry McPeak, Fred Melo, Ryan O’Gara, Tina Patton, Karen Reilly, Katie Shaw, Warren Shuros, John Springman, Ryan Tritz, Joe Wozniak

Introductions were made.

APPROVAL OF AGENDA

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

Roll Call: Ayes – 7 Nays – 0 Motion Carried.

APPROVAL OF THE FEBRUARY 23, 2012 MINUTES

Commissioner Reinhardt moved, seconded by Commissioner Parker, to approve the minutes.

Roll Call: Ayes – 7 Nays – 0 Motion Carried.

Commissioner Ortega arrived.

SECTION A: POLICY

2013 – 2015 Processing Agreement with RRT

Zack Hansen stated the current agreement with RRT expires in 2012. Back in March, staff brought to the Project Board the terms and conditions for a new Processing Agreement between the Counties and RRT. At that time the Project Board accepted the terms and conditions and directed Staff to work with RRT to develop a processing agreement and bring it directly to the County Boards for approval. As staff was developing the processing agreement with RRT, RRT said that the pricing structure did not fit the current terms and conditions in the processing agreement. They had misjudged the market and asked the Counties to reopen negotiations. Following receipt of a letter stating that, Staff met with the Executive Committee twice in June, and the Executive Committee authorized Staff to reopen negotiations with RRT, provided guidance for the negotiations, and directed staff to return to the Project Board with revised terms for a processing agreement.

Mr. Hansen stated that staff, attorneys and consultants have worked with RRT, and have come to an agreement with revised terms and conditions with RRT. RRT has agreed to these terms and conditions in writing, and Staff is working with RRT to complete the agreement.

Mr. Hansen said that the agreement for 2013 – 2015 assures that work on the environmental objectives that the Counties have in their Master Plans will continue, and that processing will continue for at least three years as outlined in the Master Plans. He noted that the economics of the solid waste system do not currently support a merchant approach without County assistance. Moving forward with this approach provides some continued stability in the East-Metro area. The three year agreement continues the operation as a private venture. It provides time for the Counties to look forward into the future as how to continue processing, and decide on facility ownership.

The terms and conditions of the processing agreement are:

- A three year term from 2013 -2015;
- A hauler rebate of \$28/ton, with no processing payments directly to RRT;
- Total annual rebate capped at \$8.4 million which is equivalent to 300,000 tons delivered; if Counties pay more, RRT will reimburse
- RRT guarantees delivery of specific tonnages of County Waste each year
 - 2013: assures a minimum of 275,000 tons
 - 2014 – 2015: assures 300,000 tons
- The Option to Purchase language outlines a clear process

The agreement includes an exclusive option for the County to purchase the Facility, if RRT

- decides to sell;
- decides to stop using the facility to process waste; or
- defaults on the agreement.

The first step in the process is to agree on a purchase price. Deciding on a purchase price does not commit the Counties to buying. The Agreement provides that the purchase price that is agreed to will be limited to the value of the land and buildings, machinery, equipment—essentially the tangible items. The price would not include the value of the facility as a going concern. Because of the importance of establishing a purchase price, and the complexity of pricing, acquiring the services of an appraiser is a very important component of this work.

The proposed agreement provides that, if the Counties exercise the option to purchase in 2015, RRT has the right to reject the purchase. If they do, the Agreement would automatically extend two years through 2017. RRT would be obligated to meet its obligations and guarantees. However, the Counties would not pay hauler rebates in 2016 and 2017 which means that RRT would have to survive as a merchant facility. The Counties have a right to first refusal for Facility purchase during the extended term.

Commissioner Kriesel commented that the Newport Facility site has served its purpose and that another site location should be looked into with new state-of-the-art technology along with a mass burn facility that generates electricity so fuel doesn't have to be hauled offsite.

Mr. Hansen said that as the budget and work plan is prepared for 2013, staff would make sure that there will be a review of processing alternatives, that would be discussed with the Project Board early in 2013.

Commissioner Parker expressed appreciation to Staff and RRT for the work, and that this has been a great public/private partnership. She went on to say that this is an opportunity in the next three years to take a look at what the future options are.

- should we continue as is,
- should the County change its role, or
- should we look at other alternatives.

Commissioner Lehrke expressed concern that business model of private ownership isn't working, and that continuing to pay RRT isn't the right answer. She cited that significant funds had been paid to RRT over the past few years.

Commissioner Rettman stated that she opposed the option to purchase provision, and would vote "no" if that was included in the action. She stated that she supports processing and would like to get the tonnage there, but has a problem with buying the facility. She stated that she is OK with a 3 year term, but would be willing to go 5 years. She sought to bifurcate the resolution.

Commissioner Reinhardt stated that the resolution could not be split, since the agreement was one document. That having the option to purchase language does not commit the Counties in any way, but focuses the Counties to have a discussion and make a decision.

Commissioner Carter agreed that there was nothing in the action that commits the Counties to purchase, and that the language gives the Counties flexibility. She stated that she would prefer a market-driven approach, but that we need a "plan B."

Commissioner Kriesel stated that his earlier comments were that we need a "plan B," and that we need to examine alternatives.

Commissioner Hegberg stated that "garbage is a messy business," and that we are in it because of the environmental goal and to protect groundwater, but issue with costs, risks, landfills, public/private ownership and conflicts, that it is messy. In looking around the country, we've done very well. We have not submitted our taxpayers to large costs, and have lots of accomplishments in the past 25 years. He agreed that we need to look at technology.

Commissioner Lehrke commented on the cost of the proposed contract, and stated that this in one area where maybe government can do a better job than the private sector.

Commissioner Rettman stated that haulers and transfer stations provide good work, union work, and in this global market the private sector can do well.

Commissioner Reinhardt moved, seconded by Commissioner Carter, that the Ramsey/Washington County Resource Recovery Project Board hereby accepts the revised Terms and Conditions for a Processing Agreement between Ramsey and Washington Counties and Resource Recovery Technologies, with a term of 2013 – 2015. The Project Board recommends that the Ramsey and Washington County Boards approve and execute the Processing Agreement with RRT based on the revised Terms and Conditions.

Roll Call: Ayes – 6 Nays – 2 Motion Carried.

Commissioners Lehrke and Rettman opposed.

Amendment #8 to the Agreement with Stoel Rives, LLC

Zack Hansen said that the agreement with Stoel Rives has been exhausted due to the need for extended negotiations with RRT and the appraisal process. The services Stoel Rives provides are critical to the Project and staff recommends Amendment #8 to the Agreement with Stoel Rives.

Commissioner Carter moved, seconded by Commissioner Parker, that the Ramsey/Washington County Resource Recovery Project Board hereby authorizes the Chair of the Project Board to approve and execute an amendment to the Agreement with Stoel Rives LLP, upon approval as to form by the County Attorney, to increase the contract maximum for the period January 1, 2012, to December 31, 2012, to \$100,000. The Project Board authorizes an adjustment to the 2012 Project Board budget as follows:

		From	to	Difference
Decrease Appropriations				
442306	Resource Recovery Facility Service Fee	\$3,500,000	\$3,440,000	(\$60,000)
Increase Appropriations				
421201	Legal Services	\$ 40,000	\$ 100,000	\$60,000

Roll Call: Ayes – 6 Nays – 2 Motion Carried.

Commissioners Lehrke and Rettman opposed.

Amendment #9 to the Agreement with Stoel Rives, LLC

Zack Hansen said there is a substitute resolution for Amendment #9 to the Agreement with Stoel Rives. The effect of the action is the same. The difference is the item in the board packet contemplated a separate agreement for appraisal services. In discussions last week, the County Attorneys felt that it would be better to amend the existing agreement. The result is the same to amend the agreement for \$60,000 so that Stoel Rives would obtain an appraisal firm to appraise the facility on behalf of the Counties.

Commissioner Park moved, seconded by Commissioner Ortega, that the Ramsey/Washington County Resource Recovery Project Board hereby authorizes the Chair of the Project Board to approve and execute an amendment to the Agreement with Stoel Rives LLP, upon approval as to form by the County Attorney, in an amount not to exceed \$60,000, for payment of the expenses of obtaining an appraisal of the Facility and services to assist it in providing advice to the Counties on the provisions of option to purchase in a new Processing Agreement, with a term from August 23, 2012 to December 31, 2013. The Project Board authorizes an adjustment to the 2012 Project Board budget as follows:

		From	to	Difference
Decrease Appropriations				
442306	Resource Recovery Facility Service Fee	\$3,440,000	\$3,380,000	(\$60,000)
Increase Appropriations				
421201	Legal/Appraisal Services	\$ 100,000	\$ 160,000	\$60,000

Roll Call: Ayes – 7 Nays – 1 Motion Carried.

Commissioner Rettman opposed.

Revised 2012 Meeting Schedule

Judy Hunter presented to the Project Board the revised 2012 Meeting Schedule. Due to the conflict in the Commissioner's schedules, the September 20th Resource Recovery Project Board meeting was cancelled and rescheduled to October 18th at 1:00 pm.

SECTION B: UPDATES

Organic Waste Management Update

Minnesota Waste Wise: Dan Donkers, Ramsey County, said that Minnesota Waste Wise is a program with the Minnesota Chamber of Commerce. They have been active since the mid 1990s and have a long track record working with businesses on recycling and waste reduction issues. The purpose of the contract is to increase awareness of organics recovery opportunities, increase organics recovery and recycling practices in the business communities and build a greater understanding of barriers and opportunities to organics recovery and non-residential recycling.

The first area of focus for them was to help identify opportunities in clusters. Focusing on clusters makes organics recovery more affordable for businesses. They focused in White Bear Lake, Stillwater and the 55102 zip code which is part of downtown Saint Paul. They expanded outreach to other areas in the two counties in May and engaged assistance of cultural consultants to assist in outreach to Spanish and Hmong speaking restaurant owners in Saint Paul.

Some of the things they are finding while in the field is:

- cost
- space
- availability of service options
- unfamiliarity with organics recycling
- lack of commitment

The next steps is for them to target 60 businesses assisted, contact remaining 280 businesses on the target list, prepare 5-10 success stories for use in further promotional efforts and provide year-end evaluation of outreach and technical assistance efforts, issues and successes.

JL Taitt and Associates: Dan Donkers said that JL Taitt and Associates has been working with K-12 public, private and charter schools, colleges and universities, and long-term care, assisted living and health care facilities.

Some of the achievements have been:

- implemented food waste recycling programs at all Forest Lake Area Schools in Washington County
- technical assistance to Hamline University
 - completing construction of a new university food service center
 - resolved space and storage issues at loading docks
 - implementing recommendations for enhancements and expansion to programs
- hospitals and other health care facilities
 - on-site assessment of United Hospital's main kitchen
 - presentation to decision makers of an on-site assessment of main kitchen at Woodwinds Hospital

The next steps are:

- presentation to the Associated Colleges (ACTC) Facilities Service group featuring the new trash and recycling system at Hamline University this Fall
- Rethink Your Bottom Line food waste recycling workshop at Boutwells Landing in October

Minnesota Technical Assistance Program (MnTAP): Sara Haas, MnTAP, said that they are an organization out of the University of Minnesota who provides technical assistance for pollution prevention and energy efficiency for Minnesota businesses. The purpose of this project was to create a replication model that food processing facilities and restaurants could use to implement an organics program. They hired two students to conduct:

- an evaluation
- measurement
- recommendations
- replication

One student went to evaluate 10 restaurants. Of the 10 restaurants, 3 did not want their garbage evaluated. This student did a random sampling of 5 bags of garbage per restaurant. The findings support other regional studies.

The other student went to the Land O'Lakes campus for 5 weeks and recorded the daily waste composition and weight. The findings support the implementation of 80% potential diversion (no package) and 95% potential diversion (packaged).

The next step is to deliver the individual reports to the companies, finalize the replication model, and share the results.

Risdall: Danielle Lesmeister, Washington County, updated the Project Board on the Organics Web Development. The main purpose of the website is to raise awareness on commercial organics waste management. Staff want to provide local relevant tool kits that are tailored and geographically targeted for businesses in the East Metro. Staff also want to coordinate project and County resources to provide connections to other waste management resources.

Staff have finalized a name for the website and choose BizRecycling with a tag line of "less trash is more money". The domain address is lesstrash.com. They are hoping to have a launch date sometime in the early Fall.

Staff Updates

Tina Patton, Minnesota Pollution Control Agency, updated the Project Board on the processing mandate.

ADJOURNMENT

Chair Hegberg adjourned the meeting.

Approved:


Commissioner Dennis Hegberg, Chair