

## Minutes of the

### REGULAR MEETING OF THE ENVIRONMENT COMMITTEE

Tuesday, May 14, 2019

#### Committee Members Present:

Peter Lindstrom, Chair; Wendy Wulff, Vice Chair; Kris Fredson; Phillip Sterner; Susan Vento

#### Committee Members Absent:

Raymond Zerán

#### CALL TO ORDER

A quorum being present, Committee Chair Lindstrom called the regular meeting of the Council's Environment Committee to order at 4:00 p.m. on Tuesday, April 23, 2019.

#### APPROVAL OF AGENDA AND MINUTES

It was moved by Phil Sterner, seconded by Wendy Wulff to approve the agenda. Motion carried.

It was moved by Susan Vento, seconded by Wendy Wulff to approve the minutes as amended to correctly reflect Council Members Fredson and Sterner as being present at the April 23, 2019, regular meeting of the Environment Committee. Motion carried.

#### BUSINESS

1. 2019-105: City of Orono 2040 Comprehensive Plan, Review File 22055-1 Comprehensive Sewer Plan

It was moved by Wendy Wulff, seconded by Susan Vento that the Metropolitan Council adopt the Advisory Comments and Review Record attached to the business item and take the following action:

##### Recommendations of the Environment Committee (EC):

Approve the City of Orono's Comprehensive Sewer Plan component of the City's 2040 Comprehensive Plan. Motion carried.

2. 2019-110: 2019 Stormwater Management Grants

It was moved by Phil Sterner, seconded by Susan Vento that the Metropolitan Council approves the process for 2019 stormwater management grants described in Attachment A of the business item and authorizes staff to advertise the availability of grant funding and solicit applications for the 2019 grants. Motion carried.

#### INFORMATION

1. Budget Concepts, Rates & Workshops

Ned Smith, Director, ES Finance & Revenue presented information for 2020 as follows:

- MCES overall Municipal Wastewater Charge (MWC) will increase **3.6%** across the region.
- SAC will remain flat for the 7<sup>th</sup> year in a row at \$2,485 per unit. This is a result of the robust development seen for the past 6-8 years.
- Industrial Strength Charges will increase 4.9%.
- Permitting fees will increase 3.6%.
- The budget reflects a \$3.5M deficit to keep our rate increase below 4% per our customer promise.

- Expense increases were mostly driven by debt service, labor, and electricity.
- Overall outstanding debt for MCES peaked in 2018 at \$1.3B. It will level off at \$1.2B for the remainder of the 2020s.
- The debt service “bubble” will peak in 2022/2023.
- Retail sewer rates in the region are 40% below the national average for peer agencies (per the 2016 National Association of Clean Water Agencies triennial survey).

Staff will share the budget and other MCES programs at the upcoming Budget Workshops and Open Houses, scheduled for May 23 at Minnetonka City Hall and June 6 at the League of Minnesota Cities. Industrial waste tours are scheduled for August 5 at the Metro Plant and August 26 at Blue Lake. Attendees from the workshops and open houses interested in visiting one of the plants must confirm their interest for either plant tour. All council members are encouraged to attend.

#### Comments and Questions:

Q. What is the interest rate on Public Facilities Authority (PFA) loans?

A. As of the time of this meeting, the PFA interest rate was 1.75%.

Committee Member Wulff inquired about additional clarification regarding Pa-As-You-Go (PAYGO). Does someone keep track of this and for future payments? Prior to the crash there was a specific SAC reserve balance that we didn't want to go over a certain amount. During the crash, the SAC reserve dropped very low, and had to use Municipal Wastewater Charges (MWCs) to meet our SAC obligations.

Staff advised we track SAC reserve contributions to PAYGO to be sure SAC isn't paying twice when the debt service comes due.

Committee Member Wulff stated SAC Units prior to 2001 were more stable.

Council Member Wulff thanked Mr. Smith for an excellent presentation.

Chair Lindstrom stated he attended a tour at the Metro Plant a couple years ago. It was helpful to get the broad overview at the workshop and then combine it with the workshop. Staff stated as part of the customer workshops, attendees of those sessions are invited and encouraged to visit the plants. Information is provided above. Other plant tours are available to members of the public and can be requested at the following link: <https://metro council.org/Wastewater-Water/Contact.aspx>

## 2. Customer Satisfaction Survey Results

Ned Smith, Director, ES Finance & Revenue provided a review of customer satisfaction survey results.

In 2018, MCES hired an outside contractor to conduct a comprehensive survey of our community (i.e., cities), industrial, and water resources customers. The surveyor used phone interviews to survey 82 community contacts, 270 industrial waste customers, and 35 water resource representatives (including city staff and watershed districts/organizations). Overall, a majority of our customers are satisfied or very satisfied with MCES services. Staff presented areas of strength and improvement opportunities for each of the 3 segments, as well as next steps for 2019 and beyond. Much of the improvements were not necessarily for more services, but better communication of and access to the services we have available.

(NOTE: Water Resources currently has an on-line data management and reporting system for the council's lake, river, and stream monitoring (EIMS). It can be accessed at <https://eims.metc.state.mn.us/>)

### Comments and Questions:

- Q. Is there a sense that the Flint water issue and other similar water issues have increased Twin Cities resident appreciation associated with water issues?
- A. Staff stated Flint was about the drinking water and what was being put in the pipes. Staff clarified we do not provide drinking water. Committee Member Vento further clarified in terms of what we take for granted in the context of public utilities. Staff stated we are working very hard to tell a good water story in the Twin Cities. Our compliance and rivers and the importance of what that means to our lifestyle, MCES has been working to tell the One Water story and how the work we are doing helps preserve the quality of the lakes and rivers and that we are thinking regionally we get good outcomes. It helped us from a Capital perspective. Committee Member Wulff stated many members of the public are not aware of the mastery of water chemistry that is required.

Committee Members expressed hearing angst from businesses or a misclassification of the type of business. Knowing information up front might be helpful on where to go to find information. Staff stated we are working on SAC awareness and continuous improvement in this area. Questions about SAC at a particular property can be directed to the [SACprogram@metc.state.mn.us](mailto:SACprogram@metc.state.mn.us). MCES is working toward providing online resources and online SAC applications, but this is several years off.

### 3. Southeast Metro Water Reclamation Facility Update

Enerkem, Inc., a Canadian firm developing a solid waste-to-biofuel project in Inver Grove Heights, has expressed interest in obtaining 1.6 million gallons per day of reclaimed water from MCES for process and cooling water. MCES will need to construct and operate treatment and pipeline facilities, called the Southeast Metro Water Reclamation Facility, in Dakota County to provide the reclaimed water service. On Dec.12, 2018, the Metropolitan Council authorized staff to execute a Memorandum of Understanding and a Design Deposit Agreement with Enerkem related to reclaimed water service. Enerkem did not sign the Memorandum of Understanding or the Design Deposit Agreement. In April 2019, Enerkem informed Council staff that its project is delayed because its major investors withdrew. The funder withdrew because the carbon intensity of Minnesota's electrical grid presented challenges in marketing in California the ethanol Enerkem would produce.

Initially, the Southeast Metro Water Reclamation Facility schedule showed design occurring in 2019 and construction and commissioning in 2020 – 2021. Although Enerkem could not say how long their project would be delayed due to its major investor withdrawal, they did say it had taken a year to get that investor lined up. The Southeast Metro Water Reclamation Facility is on hold for the duration of Enerkem's delay.

There are a number of factors that contribute to Enerkem's project's ongoing feasibility, including:

- Ramsey/Washington County Recycling and Energy Board's decision to begin contract negotiations with Enerkem to gasify refuse derived fuel.
- Minnesota Pollution Control Agency (MPCA) prioritizes alternatives such as waste-to-biofuels over landfill disposal.
- Dakota County Solid Waste sees Enerkem's project as a way to meet its Solid Waste Master Plan goals.
- Minnesota State Statute 41A.16 Advanced Biofuels Production Incentive: Enerkem project likely meets the statute incentive requirements. Production must be in Minnesota and must begin by June 30, 2025.
- City of Inver Grove Heights supports locating the potential project in the community.

### Comments and Questions:

Q: What is the feedstock that the Enerkem facility would gasify?

A: Municipal solid waste. An example is the refuse-derived fuel from Washington/Ramsey County Recycling and Energy Board.

Q: Would Enerkem gasify everything that is in municipal solid waste, such as plastics?

A: Staff stated that our understanding is there would be a material separation step before gasification for materials that could be recycled, etc. That is a reason SKB Environmental is a partner in the project.

Q: What sort of air pollution equipment will be installed at Enerkem's facility?

A: Staff stated it is unknown at this time. Enerkem has not produced an environmental impacts document. Enerkem has been meeting with MPCA Air Pollution permitting staff. Staff are awaiting the information to become available.

Q: Is it possible the funder that withdrew will decide to return to the project?

A: Staff stated it is not likely due to the funder's interest in marketing the ethanol in California. At this time staff mentioned Enerkem is seeking other investors.

#### 4. General Manager Report

Mike Mereness, Assistant General Manager, Operations filled in for Leisa Thompson, General Manager who was on business travel.

Metro Plant Tour Update: A tour of the Metro Plant is scheduled for Tuesday, June 4 from 12:00 to 2:30 for Chair Slawik and Council Members. This tour was originally scheduled in January for the Chair when she joined the Council; however, was cancelled due to extreme cold. An invitation will be circulated from Community Relations requesting RSVP's to confirm head count. Council Members are encouraged to attend.

Update on flood mitigation activities: In late March, an emergency declaration business item was presented for flood mitigation efforts in our system. Due to high water levels Childs Road flooded and a temporary road was built to allow staff to access the Metro Plant via a single lane road on top of the pipe leading to the plant property. Flood waters have receded, Shepard Road has reopened and normal access to the plant has been restored with staff traveling on Childs Road. Effluent pumps are still activated and will continue to be run for approximately another 10 days as high-water levels continue to go down. All other plants that could have been impacted by high water levels are back to normal operating procedures.

### **ADJOURNMENT**

Business completed the meeting adjourned at 5:50 p.m.

Susan Taylor  
Recording Secretary