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The Commissioners of Hennepin County

Mr. Mike Opat  
Ms. Linda Higgins  
Ms. Marion Greene  
Mr. Peter McLaughlin  
Mr. Randy Johnson  
Ms. Jan Callison  
Mr. Jeff Johnson

Dear Commissioners:

Since Hennepin County withdrew its proposal for expanded garbage burning at the county-owned "HERC" garbage incinerator, there has been discussion of a change of direction for Hennepin County waste policy. A greater emphasis on source reduction and recycling (the top of the Minnesota statutory waste hierarchy) has been mentioned, as opposed to the longstanding emphasis on dumping and burning (the bottom of the waste hierarchy).

Spending is the most reliable indicator of actual policies and priorities. A number of individuals and community groups, including Neighbors Against the Burner (NAB) have been looking at recent County spending decisions, trying to determine whether waste policy is really changing.

On January 3, 2014, 2014 the Board reaffirmed a not-to-exceed County expenditure of \$407,163,484.00 for "system replacement projects" at the HERC. "System replacement projects are capital projects to replace systems that have reached the end of their useful lives at HERC."  
(<http://board.co.hennepin.mn.us/sirepub/cache/246/bkitjafguzmuyjzvcors3u3d/25661210282014095450682.PDF>)

Attachment A to Amendment 5 of the present Service Agreement with Covanta (Contract No. A03625), has an 8-page list of "Systems Replacement Projects." We are trying to understand more clearly what the overall life extension goal is, how these projects were identified, how the County has vetted the details for each one, and how each of these projects is related to achieving an overall goal. Can you please provide us with details for each line item?

It appears that Hennepin County, as the owner, is responsible for capital expenditures for the HERC, and that Covanta, as the operator, is responsible for maintenance. "*Covanta remains responsible for the costs of operating the plant and maintaining and replacing equipment and parts necessary for the daily, routine operations of HERC.*" But in practice the distinction between capital and operating

expenditures may not be obvious, and inadequate maintenance can lead to increased “replacement” costs. Does the County have clear-cut procedures for protecting the interests of residents by ensuring that the County does not pay what Covanta should be paying? Please provide these.

The proposed 2015 Capital Improvements Budget includes \$10,814,000 for "HERC Facility Preservation & Improvement" as part of a 48,514,769 project.  
(<http://www.hennepin.us/~media/hennepinus/your-government/budget-finance/documents/ii-public-works.pdf>)

The total Environmental Services capital budget for 2015 is \$11,414,000. Thus, 95 percent of the 2015 Environmental Services capital budget is proposed to be spent on a single asset over 25 years old.

Yet, we have not been able to find a clear statement of how this expenditure was determined to be appropriate, and there was and remains widespread public opposition to the continued operation of the HERC garbage incinerator.

On the operating budget side, we have not found enough detail to make clear how Environmental Services spends its money. One would like to be able to compare how much the County is proposing to spend on the upper part of the statutory waste hierarchy (waste reduction, recycling, etc) vs spending on the bottom (dumping and burning). Of the total proposed 2015 Environmental Services budget of \$62,872,067, \$43,152,246 is identified as for "solid waste" and \$24,340,000 of the revenues identified are "solid waste tipping fees."

Looking at the spending data reported by Hennepin County in the state SCORE survey, (2012 data, the most recently published) we see (<http://www.pca.state.mn.us/index.php/view-document.html?gid=20438>):

"Education"                      \$496,990 (How much of this is incinerator promotion? How much is used, in effect, to manipulate the agendas of community organizations?)

County grants  
to other local  
units of  
government                      \$2,841,158 (Similar questions apply.)

Market  
development                      \$0

Litter  
prevention                      \$0

Source  
Reduction:                      \$32,678

Yard Waste                      \$\$15,381

Household  
Haz waste                      \$2,692,984

**"Recycling"                    \$2,521,504**

Planning &  
Administration                \$2,065,979

This data, while doubtless not perfect, suggests that County solid waste spending remains focused on incineration. The spending on recycling (etc) remains trivial by comparison. Can the County help us understand this better?

Hennepin County has hired HDR Engineering, Inc. for \$139,408 to assist it in negotiating an extension of the incinerator service agreement with Covanta to 2015. A proposal document from HDR, dated June 13, 2014, states:

*"HDR's objective is to assist the County in achieving its desired goal of entering into a modified service agreement covering through 2025 ..."*

*Has in fact the County made a determination that keeping the HERC in service through 2025 is a "desired goal?" If so, how was that determination made?*

The County has also hired a Washington, DC, law firm, Morris, Manning & Martin, for \$50,000 to provide "... counsel related legal services during contract negotiations to operate the County's waste to energy facility ...." Hourly rates are given as \$425.00/hr and \$400.00/hr.

Can the County please explain the need for a DC law firm to negotiate extension of an incinerator operating contract in Minnesota?

In addition, the Board has been considering extended contracts for ash removal, and for increased recover of metals from incinerator ash. These all seem to suggest an intent to operate the county-owned incinerator until at least 2025.

Several delays have occurred in approving ash management contracts, which we understand are now a last-minute addition to the October 28, 2014, Board agenda. We still await responses to our requests to staff for details on these delays.

What does the County consider the present net worth and replacement cost of the HERC to be?

Has the County seriously considered alternatives, including getting out of the incineration business and focusing on "zero waste." If so, how were policy alternatives developed and evaluated?

Does the County see any conflict between it's role as a health care provider, and it's role in causing health problems by owning and operating a garbage incinerator? Has the County evaluated the extent to which health care costs may be increased by the direct incinerator emissions, ash management activities, etc?

(Both the MPCA and the Minnesota Department of Health have developed partial estimates of the health costs of air pollution originating in Minnesota.

The MPCA presentation is here: <http://www.alanmuller.com/wp-content/uploads/2013/04/House-Finance-Air-Pollution-and-Health-Hearing.pdf>

The MDH presentation is here:

[http://www.alanmuller.com/wpcontent/uploads/2013/04/HealthAQ\\_legislature\\_-final.pdf](http://www.alanmuller.com/wpcontent/uploads/2013/04/HealthAQ_legislature_-final.pdf)

These reports are very different and neither captures the total impact of air pollution in Minnesota. But, they illustrate that methodology for considering the health impacts of air pollution does exist.)

Continued, and perhaps increasing, investment of County funds in the HERC garbage incinerator does not seem reasonable or prudent without a detailed and objective consideration of available alternatives. Published minutes of the Public Works, Energy & Environment Committee do not suggest that alternatives have been so considered.

Therefore, we think Hennepin County should cease approving contracts/agreements/amendments, etc. for continued investment in the HERC unless and until alternatives have been considered. Only essential short-term extensions should be approved. This includes NOT approving the HERC contract items on the October 28<sup>th</sup> Board agenda.

Yours very truly,

[signed]

Alan Muller