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Joint Committee Report

Management Committee (July 23, 2008)

Environment Committee (July 22, 2008)

Item: 2008-195

For the Metropolitan Council meeting of August 13, 2008

ADVISORY INFORMATION

Date Prepared: July 24, 2008

Subject: 2008 Unified Operating Budget Amendment

Proposed Action:

That the Metropolitan Council amend the 2008 Unified Operating Budget as indicated and in accordance with the attached table.

Summary of Committee Discussion / Questions:

1) Environment Committee – July 22, 2008:

Discussion about the funding confirmed that the state will be sending all \$500,000 to the Council. \$250,000 has already been received. MCES and U of M researchers are jointly developing a work plan for the continuing research. MCES will reimburse the U of M for some expenses.

CM Wittsack asked whether similar algae-to-fuel research is also being pursued by the SarTec Company (of Anoka, MN). Staff believes that this research, funded primarily by the state, is unique in that it is investigating maximizing the growth and economics of high-energy content algae grown in wastewater. Staff think that the SarTec work is likely complementary in that they are primarily investigating the conversion of various oils to biodiesel, whereas this project is focused on the production of oil and other energy products from algae.

CM Scherer asked why the pilot process was being developed in a basement with no access to natural sunlight. Dr. Polta said that this was most economical for this pilot research because of easy access to wastewater and that artificial lighting would be used. If this pilot program is successful, a larger pilot plant would be built outside using natural light.

The amendment passed, with Council Member Wolter abstaining

2) Management Committee – July 23, 2008:

Committee Members expressed concern over the use of Council reserves to fund the research or cash flow purposes. Staff assured the Committee that expenditures will not be made without first receiving State funds.

CM Scherer asked about Council rights in any patents that are developed. Staff responded that an agreement between the U of M and the Council has been executed. The direct return on this research to the Council includes: 1) advancement of research which could benefit Council operations economically (fuel produced and pollution reduction), 2) free licenses should Council use the technology developed, 3) title to equipment or facilities that are built, installed or used on Council premises, and 4) 20% of any net royalties received by the University would be used for additional research relevant to Council operations. In addition, such research may contribute to increase energy security for the state and a reduced carbon footprint.

CM Sanda expressed that others were researching the potential of algae and she did not think that Council operations should fund such research.

The amendment passed, with CM Sanda dissenting.

M Management Committee

Meeting Date: July 23, 2008

Environment Committee: July 22, 2008

For Metropolitan Council Meeting of August 13, 2008

Business Item

Item: 2008-195

ADVISORY INFORMATION

Date: July 16, 2008

Subject: 2008 Unified Operating Budget Amendment

District(s), Member(s): All

Policy/Legal Reference: MN Statutes section 473.13, sub. 1 -- Council Budget Requirements

Staff Prepared/Presented: Paul Conery (602-1374), Manager, Budget & Evaluation

Division/Department: All

Proposed Action

That the Metropolitan Council:

- Amend the 2008 Unified Operating Budget as indicated and in accordance with the attached table.

Background

Staff recommends the following revisions to the 2008 budget.

Environmental Services

Change in Revenues: \$500,000; Expenditures: \$500,000

- \$500,000 is requested to fund the algae to biofuel research program is part of the Council's energy research collaboration with the University of Minnesota's Institute on Renewable Energy and Environment (IREE). This expenditure will be offset by an increase in State Revenue.

Rationale

Staff is recommending the following revisions to the 2008 budget.

Funding

The proposed operating budget amendment makes the following changes to the 2008 Unified Operating Budget.

	Adopted Budget	Previous Amendments	Proposed Amendment	Proposed Budget
Revenues				
Operating	\$ 477,143,272	\$ 6,166,640	\$ 500,000	\$ 483,809,912
Pass Through	82,032,500	-	-	82,032,500
Debt Service	132,755,208	-	-	132,755,208
Total Revenues	\$ 691,930,980	\$ 6,166,640	\$ 500,000	\$ 698,597,620
Expenditures				
Operating	\$ 482,064,637	\$ 8,613,752	\$ 500,000	\$ 491,178,389
Pass Through	80,792,375	-	-	80,792,375
Debt Service	138,063,093	-	-	138,063,093
Total Expenditures	\$ 700,920,105	\$ 8,613,752	\$ 500,000	\$ 710,033,857
Surplus / (Deficit)	\$ (8,989,125)	\$ (2,447,112)	\$ -	\$ (11,436,237)

This amendment does not affect reserves.

Know Support / Opposition

The University of Minnesota and the State Department of Commerce/Office of Energy Security have been supportive. No known opposition exists.

Committee Actions:

Environment Committee: presented July 22, 2008

E Environment Committee**Meeting date: July 22, 2008****Management Committee Meeting: July 23, 2008****For the Metropolitan Council Meeting of August 13, 2008****ADVISORY INFORMATION**

Date: July 11, 2008
Subject: Amendment to the 2008 Annual Budget
District(s), Member(s): All
Policy/Legal Reference: MS 473.1565
Staff Prepared/Presented: Jason Willett, 651-602-1196
Division/Department: MCES c/o William G. Moore, 651-602-1162

Proposed Action

That the Metropolitan Council approve increased 2008 expenses of \$500,000 for an “Algae to Biofuel” research program in collaboration with the University of Minnesota.

Background

Previously this work was granted \$150,000 by Xcel Energy and with seed money of \$40,000 each from MCES and University of Minnesota/Renewable Energy and Environment (IREE).

Rationale

The algae to biofuel research program is part of the Council’s energy research collaboration with the University of Minnesota’s Institute on Renewable Energy and Environment (IREE). It is hoped that economic methods developed from this research will: 1) produce a clean renewable fuel from local resources 2) reduce the cost of water pollution mitigation through the absorption of phosphorus and nitrogen out of the wastewater, and 3) reduce air pollution by absorption of carbon dioxide from flue gas or ambient air around our treatment plants.

Funding

The increased expenses will be funded by an appropriation of \$500,000 made by the 2008 Legislature.

Known Support / Opposition

The University of Minnesota and the State Department of Commerce/Office of Energy Security have been supportive. No known opposition exists.