

Good afternoon Honorable Chair and members of the Committee. I am Michael Schultz, Council President for the City of Red Wing. I am here to testify on Senate File 46: Red Wing biosolids processing facility bond issue and appropriation. The other individuals with me are Marshall Hallock, the City's Finance Director and Bob Stark, our Deputy Director of Public Works for Utilities.

Thank you for allowing us to testify today to discuss funding for an important regional renewable energy initiative. The initiative that the Red Wing City Council and several other local units of government pursue is very forward thinking. It's the construction and operation of a regional biosolids drying facility that would take municipal biosolids and dry them to produce a Class A fertilizer product. Biosolids are a by-product of wastewater treatment. Historically, bio-solids have been applied as a fertilizer to agricultural land surrounding municipalities with little or no controversy. The land application of municipal wastewater bio-solids has become more administratively difficult and controversial however. The information packet we have provided contains several recent newspaper articles from our local paper that describe some of the difficulties Red Wing is having in our efforts to make sure we have suitable land available to meet our biosolids management needs.

The City of Red Wing's history has always depended upon its proximity to the Mississippi River. We recognize the importance and support the efforts taken to improve the water quality in the river and in Lake Pepin. This has not come without a significant cost however. The phosphorus removal requirements recently mandated through the Clean Water Act have increased our biosolids production to the point where we do not have the capacity to manage our solids in a conventional manner and have had to resort more costly, off-site facilities.

The anticipated implementation of the Total Maximum Daily Loads (TMDL) for Lake Pepin could result in even lower phosphorus limits, further exasperating our biosolids management program.

Red Wing has proposed to develop and construct a regional biosolids facility on land owned by the City immediately adjacent our waste to energy facility. The proposed facility will utilize the renewable steam energy generated by the City's municipal solid waste incinerator to process and dry the wet sludge. The final product will be a pathogen free, dry granular substance, could be utilized as a fertilizer on parks and golf courses, as well as on agricultural land. This would reduce the need for commercial chemical or fossil based fertilizers. Class A biosolids operations are used across the nation by larger cities and wastewater districts, but not by many smaller more rural communities. The cost for energy is major limitation for this option. The energy from the steam would replace the need for natural gas as the heat source. The overall volume would also be reduced by up to 20 fold, thereby further reducing the carbon foot print associated with hauling.

The City already is environmentally conscious as it operates a waste to energy facility, which burns municipal solid waste and converts the heat to steam which meets the process and space heating needs for the SB Foot Tannery, owned by the Red Wing Shoe Company. The tannery and the City have worked together in a cooperative partnership for over 27 years. The benefits provided through the cooperative approach are at least partially responsible for this tannery being the last remaining tannery of its type in the United States. The SB Foot tannery does not need all the steam we generate and excess steam is currently being expelled

to the atmosphere. This is the steam that would be used to operate the drying facility. Energy from the steam would replace the need for natural gas as the heat source thus reducing the ever growing need of our natural resources. The proposed site has been a site for wastewater treatment and waste management development initiatives for our environment since the early 1970's. The waste to energy facility has been in operation since the 1980's.

The proposed bio-solids facility will be a regional enterprise and would include several other local governmental units. The Cities of Kenyon and Lake City, and the Prairie Island Indian Community have passed resolutions of support. Several other local governmental units have played an active role in the planning efforts and would likely become project participants if the processing facility can be constructed in a cost effective manner. The biosolids facility would also coordinate efforts with West Central Wisconsin Bio-Solids Facility located in Ellsworth, Wisconsin. The Ellsworth facility manages the waste from 22 communities, and produces a biosolids product that is used as a soil pH amendment. This coordination could include providing backup capacity for each other and possibly blending products to produce a final product that can meet specialized agricultural or horticultural needs.

The list of benefits of this program is long and the science is sound. The only drawback is the substantial capital investment. This request for 5 million dollars in state funding will provide Red Wing and its potential partners supplemental funding needed to design and construct a processing facility that will be a showcase of regional and state cooperation. Communities participating in this effort want to make the right decision for the long term best interest of our

residents and the environment. Finding appropriate funding could make this goal a reality. With Congress deliberating on legislation to establish a renewable portfolio standard (RPS) and reduce greenhouse gas emissions, this project with waste-to-energy providing steam for drying and multi-entity interstate cooperation will provide more effective utilization of regional resources. As we pursue funding options, we are continuing conversations with both our State and Federal representatives. The total capital needed for a complete build out is in excess of 9 million dollars. Senator Klobachar did include a \$1 million dollar federal appropriation request for this project. This request made it through the committee level but was not included in the final request ultimately sent to the President.

The proposed project is at the preliminary, conceptual design stage. Design elements that incorporate on-site electrical generation and the use of the existing heat source for supplemental building heating will be incorporated into final design. It is anticipated that, although the structural building components of the project may be somewhat utilitarian, sustainable building design components will be incorporated into the project as much as practical. Ideally, construction would begin in late 2011 and become operational in 2013. The Red Wing City Council passed resolution 5736 on September 24 2007, supporting this important regional project.

In conclusion, the City of Red Wing respectfully requests your support of Senate File 46. I thank the Committee Chair and members for the opportunity to be testify before you today in support of the file. We would be happy to entertain questions from the Chair or members at this time

