



Board of County Commissioners Agenda Request

3A

Agenda Item #

Requested Meeting Date: 11-13-18

Title of Item: American Peat Technology-CSAH 26 Road Improvements

<input checked="" type="checkbox"/> REGULAR AGENDA <input type="checkbox"/> CONSENT AGENDA <input type="checkbox"/> INFORMATION ONLY	Action Requested: <input type="checkbox"/> Approve/Deny Motion <input type="checkbox"/> Adopt Resolution (attach draft)	<input type="checkbox"/> Direction Requested <input checked="" type="checkbox"/> Discussion Item <input type="checkbox"/> Hold Public Hearing* <small>*provide copy of hearing notice that was published</small>
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Submitted by: John Welle	Department: Highway Department
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Presenter (Name and Title): John Welle, Peggy Jones and Courtney Bot (APT representatives)	Estimated Time Needed: 20 minutes
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Summary of Issue:
 Since the early part of this year, I have been in communication with representatives of American Peat Technology regarding their proposed new peat processing facility adjacent to County State-Aid Highway 26 in Seavey Township. The purpose of these discussions was to share information regarding major improvements that would be needed to a four-mile segment of CSAH 26 to provide year-round 10-ton access to the facility from State Highway 65, and to discuss the process for determination of impacts from CSAH 26 road construction for APT's environmental review process that will be starting later this year.

This discussion session is being scheduled to update the Board on these items and also to gain the Board's input on the potential programming of road improvements on the four-mile segment of CSAH 26 to facilitate potential APT operations at this site.

Alternatives, Options, Effects on Others/Comments:

Recommended Action/Motion:
 No action is being requested.

Financial Impact:

Is there a cost associated with this request? Yes No

What is the total cost, with tax and shipping? \$

Is this budgeted? Yes No Please Explain:

Legally binding agreements must have County Attorney approval prior to submission.

DATE: November 2, 2018
TO: Aitkin County Board
FROM: Peggy Jones, VP Sales and Research, American Peat Technology
FOR PURPOSES OF: November 13, 2018 Update of the American Peat Technology McGrath Project and Introduction of the Project's future Transportation Needs

American Peat Technology (APT) looks forward to this opportunity to have a discussion with the Aitkin County Board regarding APT's plans for a second location and to share more details regarding their investment in pioneering the environmental and agricultural applications of peat technology – the *P.E.A.T. Project – in McGrath*.

The current APT location in Aitkin, in operation since 2003, harvests reed-sedge peat to produce value-added granular peat products for several industries. The Aitkin location will remain in operation, but it has reached capacity due to a high global demand for APT's products, necessitating the second location. The company is in the early stages of conducting engineering and analysis for the McGrath Project. The planning, environmental review (including a mandatory state Environmental Impact Statement), and permitting process will take several years to complete prior to the anticipated start of construction in Q3 of 2021.

APT has been working with the county since July 2016 regarding the McGrath Project. The following activities and discussions have occurred:

- Spring 2017 through present – APT provided information and sought approval to access the McGrath peat deposit for field studies. This was coordinated through the Land Department.
- March 2018 – DNR issued a lease to APT for the McGrath peat deposit on county and state administered lands.
- September 2018 – A land swap was approved by the county. APT met with the county highway engineer and environmental services/zoning staff to discuss transportation needs and wetland resources, relative to the McGrath Project.

The attached slide deck provides additional background about APT and the McGrath Project. Additionally, we have attached a table outlining the future transportation needs for the McGrath Project.

The purpose of APT's participation in the November 13, 2018 Board Meeting is to introduce the County Board to the McGrath Project and to explore the transportation-related needs of the McGrath Project. As part of this introduction, APT would like to discuss the following with the county:

- The proposed plant location is four miles west of State Highway 65 on CSAH 26. CSAH 26 is not an all-weather road and APT has concerns about how the road and its seasonal condition could impact APT's business. APT has prepared the attached table outlining the types of traffic and amount of use anticipated on CSAH 26 with the McGrath Project.
- Transportation route to/from McGrath Project, including the interim transportation route between the existing Aitkin Facility and the new McGrath Facility during the period when APT will be transporting peat filter cake (partially processed peat material) to the Aitkin Facility for final processing
- County process for roadway improvements, including potential funding tools
- Coordination between APT and Aitkin County Highway Department to obtain Preliminary Project Analysis of Impacts related to future CSAH 26 improvement that would be used during the state environmental review process for the APT McGrath Project. This would include APT developing a list of questions that would be provided to the county highway department. At this time, it is anticipated that the future improvement of CSAH 26 may lead to additional environmental review. APT anticipates initiation of this coordination in November 2018 with completion in Q1 of 2019.

We appreciate the support that the County Board has shown to APT in the past. If you have questions prior to the November 13, 2018 Board Meeting or you identify additional information that would be helpful to you, please contact me at pjones@americanpeattech.com or at the phone number listed.

Anticipated Transportation/Traffic for the APT McGrath Project (November 2018):

APT is in the process of preparing data for the McGrath Project that will be submitted to the Minnesota Department of Natural Resources (DNR) in Q1 2019. This would be the first official step into the state's environmental review process for this project. It is anticipated that the DNR will publish a Scoping Environmental Assessment Worksheet (EAW) in Q3 2019. Due to the size of the McGrath Project, a state environmental impact statement (EIS) is required prior to APT having the opportunity to seek permits for the McGrath Project.

The following information represents APT's preliminary transportation/traffic needs, identified to date. APT will update the county at the point of data submittal to the state (in Q1 2019) if these figures are substantially revised. The figures and timeline below estimate the maximum impacts of the project. It is likely these estimates will be revised due to permitting schedules, market needs and APT's business plan.

Estimated Project Schedule:

- APT anticipates receipt of permits for the McGrath Project by Summer 2021.
- Site Clearing would follow in Q3 2021.
- Construction activities would follow and continue through 2027.
- While the second phase of construction is underway, from Q3 of 2022 through Q2 of 2024, APT will transport filter cake (partially processed peat material) from the McGrath location to the Aitkin location for final processing. If the second phase of construction is delayed at the McGrath location, filter cake could be transported to the Aitkin location throughout 2025.
- All construction activities are anticipated to be completed by 2027.

Traffic to/from the McGrath location will use State Highway 65/CSAH 26 (approaching the McGrath plant from the east). During the period that APT is transporting material between McGrath and Aitkin, they will utilize the following route:

- CSAH 26 to Highway 65;
- Highway 65 to County Road 4;
- County Road 4 to County Road 47;
- County Road 47 to County Road 5.

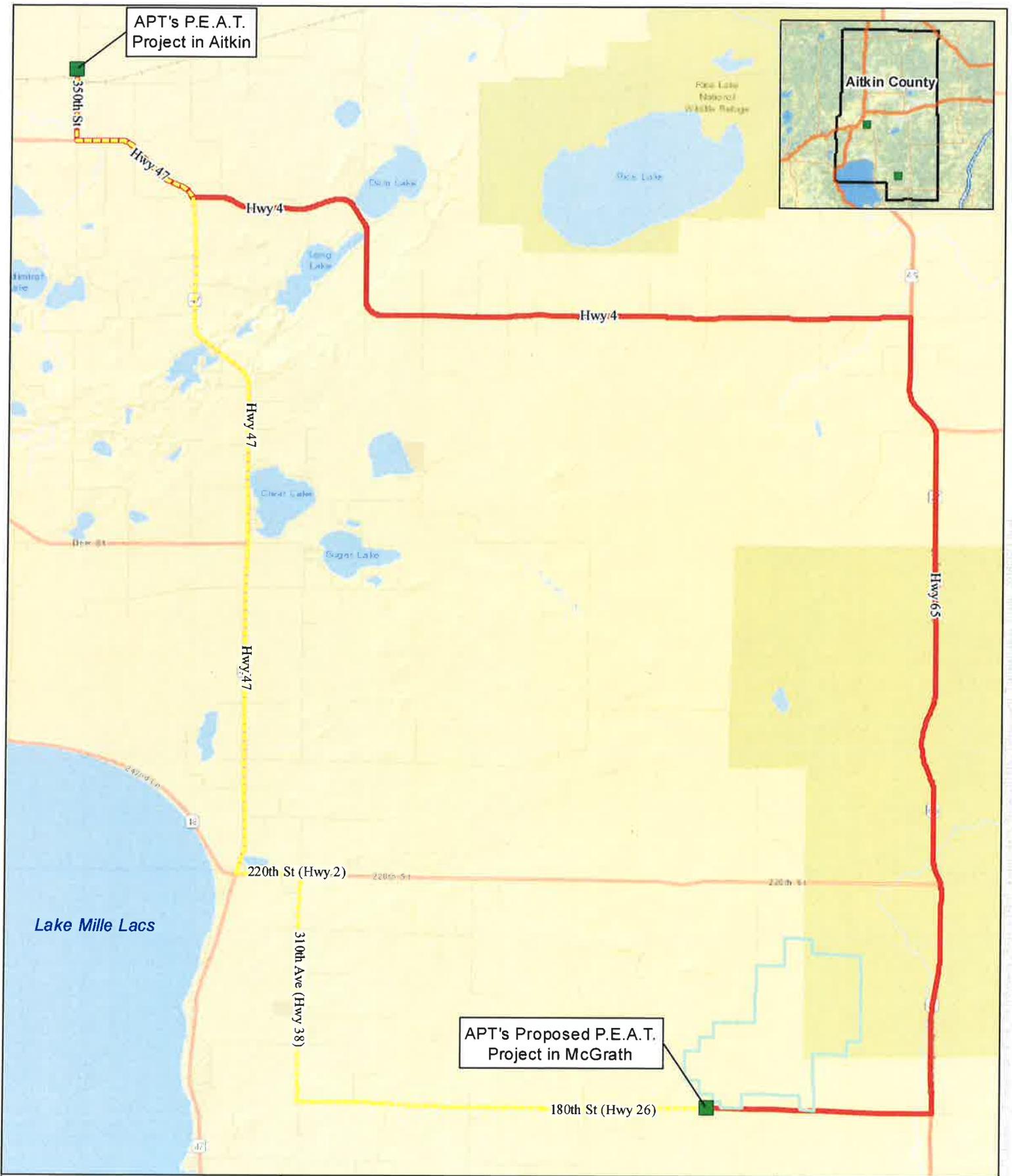
Please see the attached figure.

Typical construction traffic is anticipated through 2027, with largest construction traffic volumes occurring in 2021 and 2022. There will be employee traffic and deliveries to/from the McGrath location starting in the 2022. When APT discontinues transport of the filter cake between McGrath and Aitkin (referenced above), there will be additional vehicle trips to/from the McGrath location for biomass (incoming) and ash (outgoing). Additionally, shipment of APT's finished products will commence directly from the McGrath location. At full processing capacity, APT anticipates shipment of 2,000 loads of finished product per year.

See table below for estimated types of traffic and estimated volumes.

Type of Traffic	Year and Associated Volume of Traffic					
	2021	2022	2023	2024	2025	Beyond 2025
Site Clearing	Begins 3Q and w/ minimal traffic	Progressive and as needed with minimal trips for sale of timber cleared.				
Construction Incl. material delivery	Begins Q3 w/ typical and temporary traffic	Ongoing construction through 2027				
Employees (2 shifts/day)	Primarily contractors	5/shift	5/shift	6/shift	9/shift	12/shift
Deliveries	Primarily construction supplies	15/wk	20/wk	15/wk	15/wk	15-35/wk Increase is due to biomass delivery.
Transport to Aitkin	NA	2/wk	2/wk	9/wk	30/wk	Not anticipated
Shipments of Finished Product	NA	NA	NA	NA	NA	Up to 2,000/yr

NA: Not Applicable



APT's P.E.A.T. Project in Aitkin



APT's Proposed P.E.A.T. Project in McGrath

0 0.75 1.5 Miles



**American Peat Technology, LLC
Proposed Facility Driving Routes
Aitkin County, Minnesota**

- Facility Location
- MDNR Peat Lease Boundary
- Preferred Driving Route
- - - Driving Route Alternative



AMERICAN PEAT TECHNOLOGY

Aitkin Chamber of Commerce



Located in Aitkin, MN

Incorporated in 2003

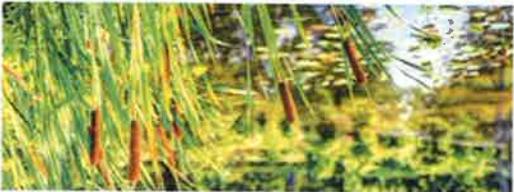
Value-added peat products for:

- Agriculture
- Water remediation

45 year-round employees







Drying and granulation

Reed-sedge Peat

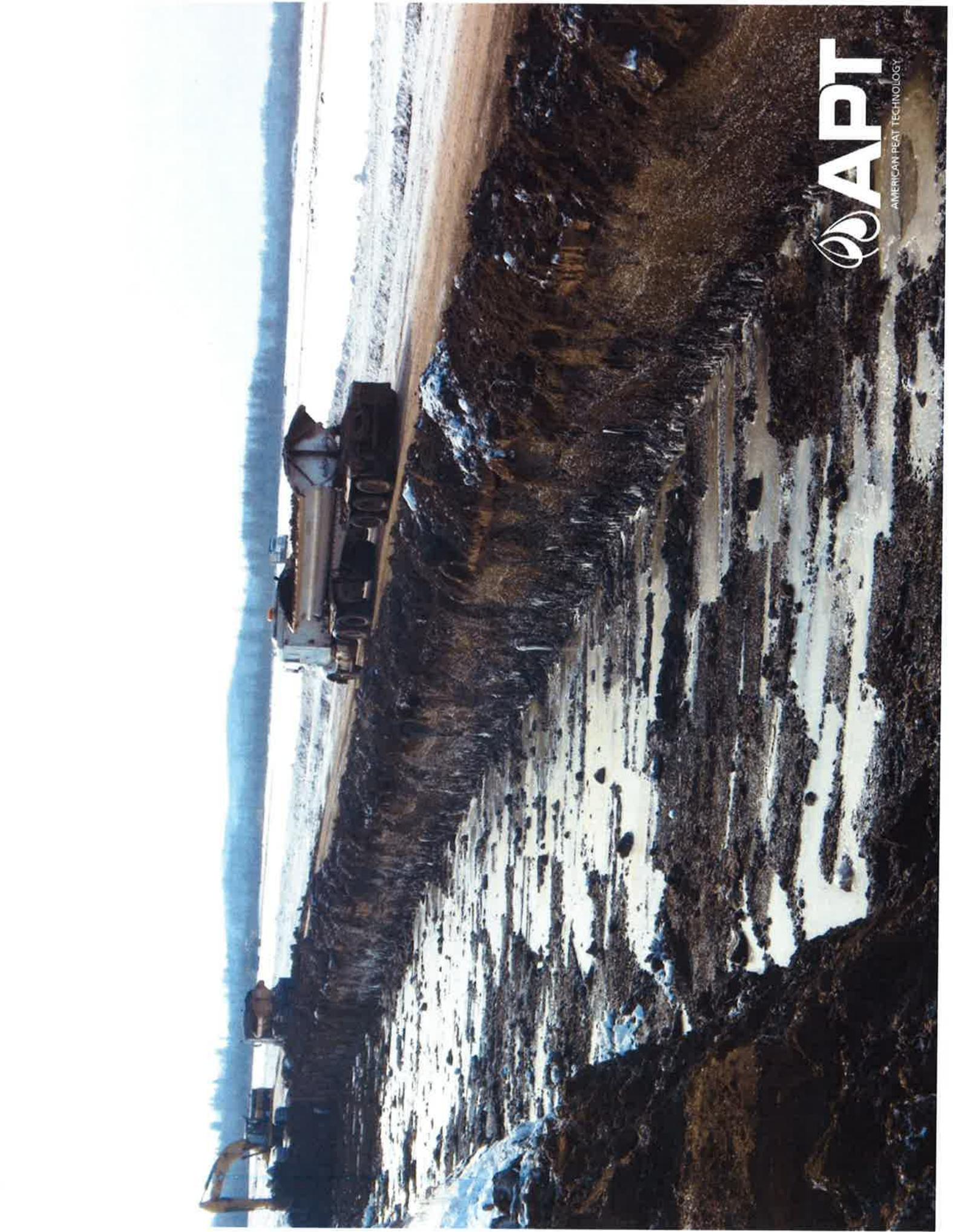
APT **APTSorb** **bioAPT**



Prior-converted peatlands

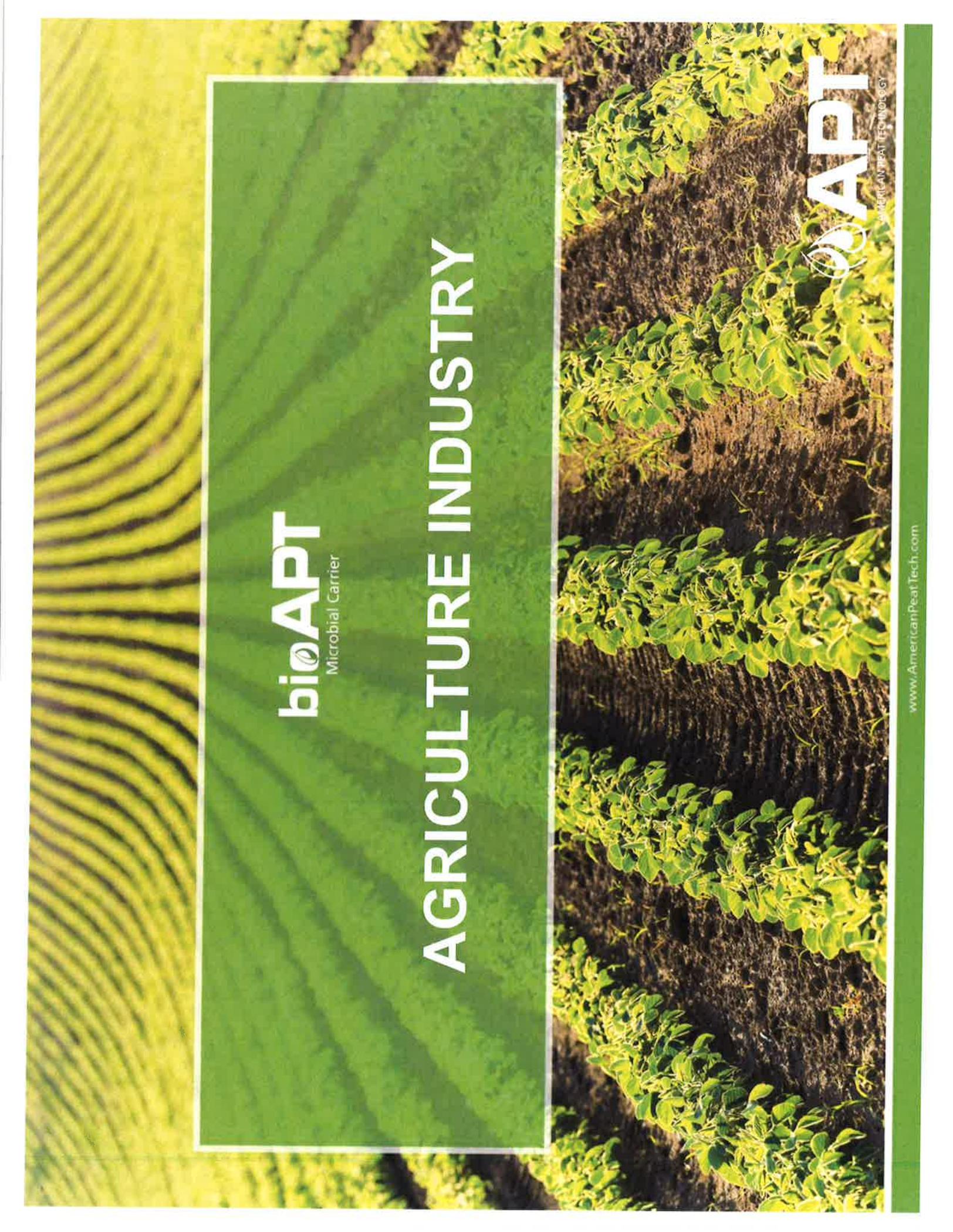
 **APT**
AMERICAN PEAT TECHNOLOGY





 **APT**

AMERICAN PEAT TECHNOLOGY



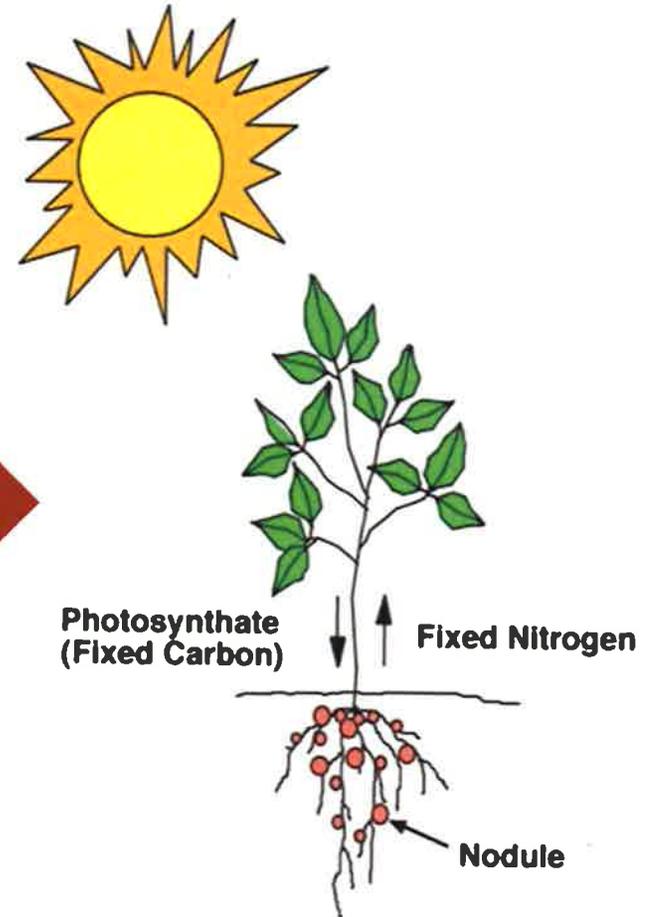
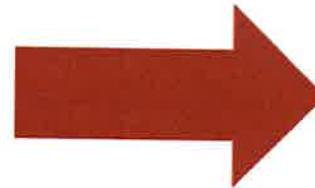
bioAPT
Microbial Carrier

AGRICULTURE INDUSTRY



bioAPT
AMERICAN PEAT TECHNOLOGY

Nitrogen-Fixing Bacteria in Crops



HARVESTING A STRONG ECONOMY

bioAPT
Microbial Carrier



WATER REMEDIATION INDUSTRY

APTsorb
Water Remediation Media



APT[®]sorb

Water Remediation Media





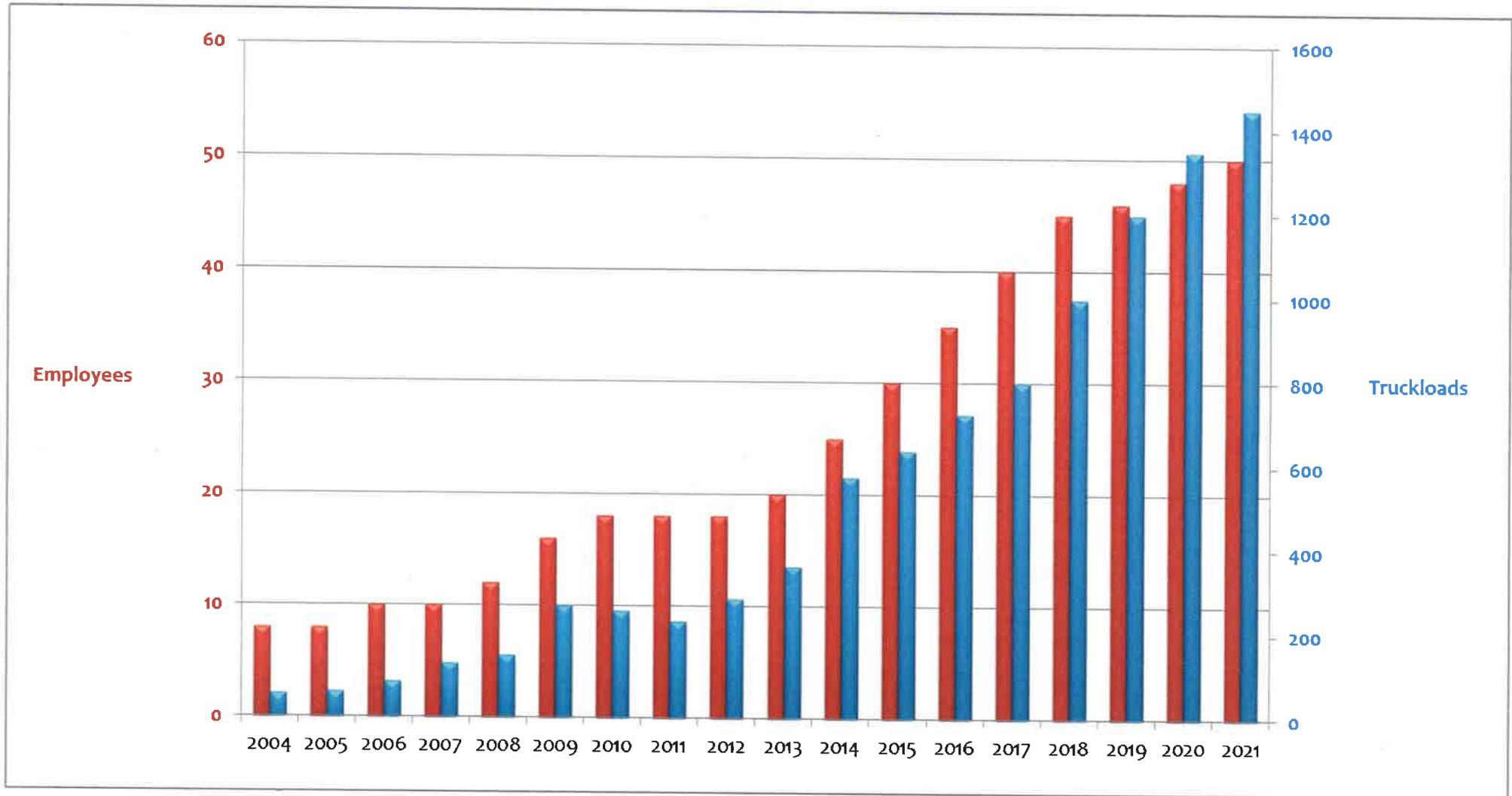
Reclamation

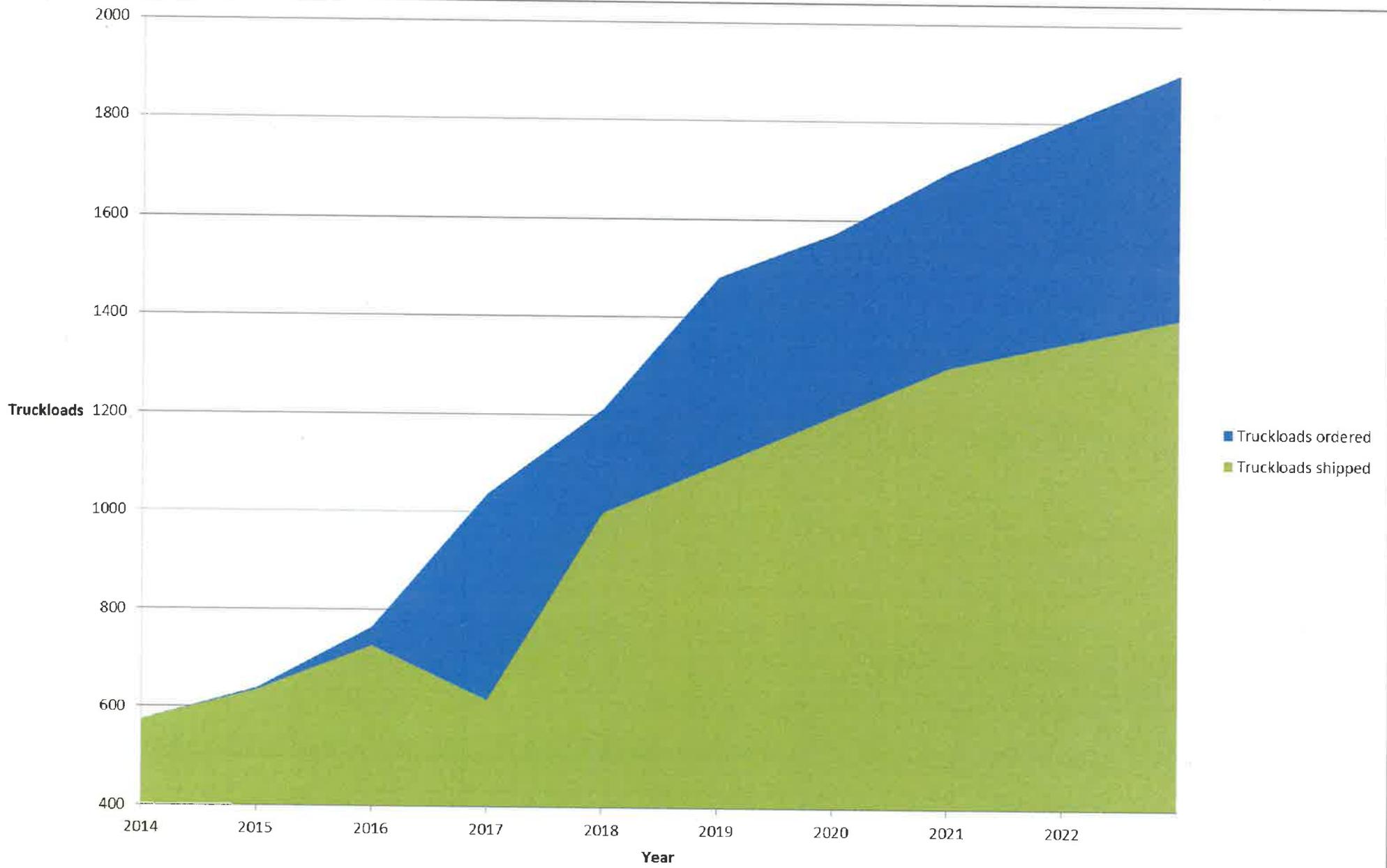


The Race Outside APT's Comfort Zone: Circa 2015-2025



Growth through 2021







Case for Expansion



X 1200 =

12 acres of
peat



= 35 years

We need to pursue a second plant AND resource



Two Alternatives

Prior Converted Peatland



- Fewer regulatory barriers
- Geographically distant
- Less desirable peat

Undeveloped Wetland



- Ideal peat characteristics
- Proximity
- Significant barriers





Why?

It's about environmentally valuable products

Agriculture

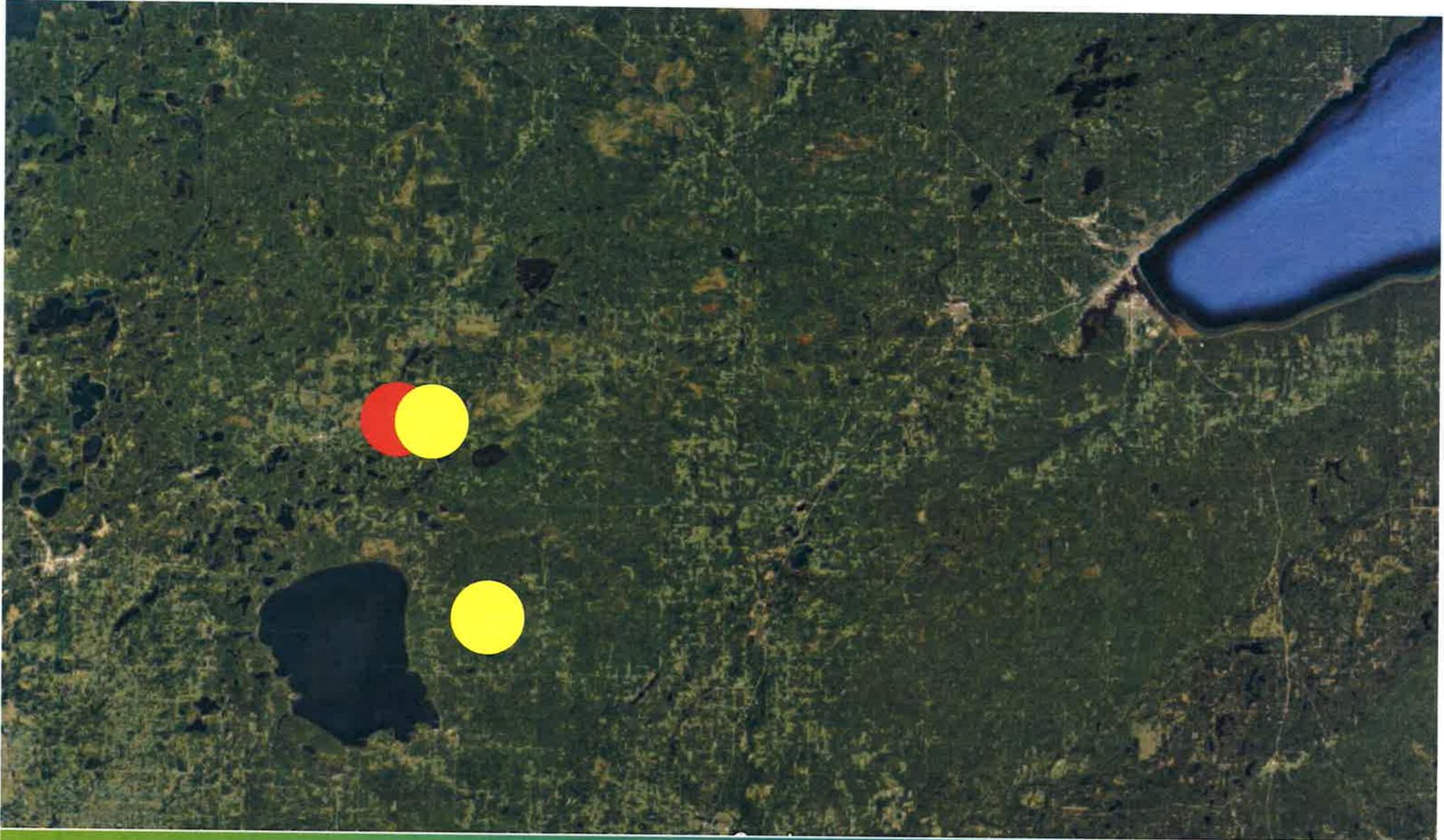
- The world needs protein
- Fewer chemical inputs
- Precision agriculture

Clean Water

- Heavy metal contamination
- Clean up: Sulfates, mercury, arsenic, selenium, phosphorus

Green Economy

- Minnesota resources
- Job creation
- Ecological benefit in reclamation





The Road to McGrath

- Leases and land exchange: 2018
- Environmental process: 2019
- Permitting process: 2021
- Construction and operations: 2023



