



## *City Council Memorandum*

**To: Mayor Fasbender & City Councilmembers**  
**From: City Administrator Dan Wietecha**  
**Date: May 18, 2020**  
**Item: Incentives for Solid Waste Collection**

### **Background:**

This arises out of a Utilities Committee meeting on December 17, 2019. During this meeting, the members agreed that they would like to discuss with Dakota County possible incentives for the City of Hastings to continue its organized residential solid waste collection. On May 8, Councilmember Folch and I met with Georg Fischer and Dave Magnuson of Dakota County about the City's request for an incentive from the County to offset local costs for solid waste collection.

Under the Waste Management Act (Minnesota Statutes, Chapter 115A), residential solid waste collected under an organized collection program is defined as municipal solid waste (MSW) which is required to be processed at a resource recovery facility if one has capacity. Hastings and Farmington are the only municipalities in Dakota County using organized collection.

Currently, the Red Wing Solid Waste Material Recover Facility (MRF) processes Hastings MSW. The tipping fees at Red Wing MRF are \$40 to \$50 per ton higher than if the solid waste were to go directly to a landfill. In 2019, the City generated over 5,300 tons of MSW that was delivered by Tennis Sanitation to the Red Wing MRF.

### **Benefits to Dakota County:**

Legal requirements for existing landfills at Pine Bend and Burnsville to expand will first require all facilities in Metro area to be operating at capacity (certificate of need). Recently, all facilities have been at capacity except Red Wing MRF. With Hastings, Farmington, and Waste Management hauling to Red Wing MRF, it was now at capacity during first quarter 2020. The alternative of expanding these landfills would be the costly siting of a new facility. Additionally, a new facility would likely be further from the Metro area, resulting in greater hauling expenses.

Dakota County receives \$8.2M in annual Host Fees from the landfills. About 50-60% of this revenue comes from outside the County. The money is used for the Community Funding Grants and environmental projects such as parks and trails. If these landfills don't expand, close, and are replaced by a new landfill further out, the County would lose these Host Fees.

By bringing MSW to Red Wing MRF, Hastings and Farmington are helping Dakota County meet its objective of lowering its landfill disposal rates as identified in the Dakota County Solid Waste Master Plan for 2018-2038.

**Proposed Incentive:**

With the completion of facility enhancements, Red Wing MRF's resource recovery processing capacity has been expanded in 2020. It is in the overall best interest of Dakota County for Hastings to continue bringing its annual 5,300 tons of MSW to the Red Wing MRF to ensure that its processing capacity is full.

We have proposed Dakota County provide an incentive of \$30 per ton for the City of Hastings to continue having its solid waste processed at Red Wing MRF.

Farmington also has its waste processed at Red Wing MRF, so Dakota County would consider any incentive consistently for the two cities. Farmington and Hastings combined have about 12,000 to 15,000 tons of solid waste. At \$30 per ton, the proposed cost to Dakota County would be \$360K to \$450K, a sizable expense.

If approved, the incentive would be as a reimbursement – probably with the City submitting quarterly tonnage data, possibly as an addendum to our existing Community Funding Grant. At this time, the City has not discussed how it would utilize any incentive – for example, green projects, environmental education, or offset of processing costs.

The incentive request would need to go through the County Board. As a matter of timing and practicality, we proposed having the request be included in their 2021 budget process. County staff agreed to include the proposal in their budget process but did not commit to any specific dollar amount for the budget proposal. The County Board will not finalize its budget until November.