

**HOPKINS CITY COUNCIL
WORK SESSION
AGENDA**

Tuesday, January 12, 2021

6:30 pm

Hopkins City Hall – Council Chambers

6:30 p.m. Update on recycling contract with Waste Management and status of residential curbside organics; Stadler

7:00 p.m. Planning and Development Update; Elverum

Other

Adjournment



CITY OF HOPKINS

Memorandum

To: Honorable Mayor and Council Members
Mike Mornson, City Manager

From: Pam Hove, Solid Waste Coordinator

Date: January 12, 2021

Subject: Update on recycling contract with Waste Management and status of residential curbside organics

PURPOSE

Staff would like to update the Mayor and City Council on the city's contract with Waste Management for residential curbside recycling services, which expires March 31st, as well as the forecast for residential curbside organics collection.

INFORMATION

The City of Hopkins has contracted with Waste Management to provide for residential curbside recycling since 1990. The current rate per household per month is \$3.20. Residents are currently charged \$5 per month for this service. The City of Hopkins entered into this last contract extension with Waste Management in April of 2016. Waste Management has submitted a 5 year contract extension proposal, to take effect April 1, 2021. The proposal is as follows:

Monthly Recycling Rates Per Household

Year	Rate
April 1, 2021 thru March 31, 2022	\$ 5.15
April 1, 2022 thru March 31, 2023	\$ 5.36
April 1, 2023 thru March 31, 2024	\$ 5.57
April 1, 2024 thru March 31, 2025	\$ 5.79
April 1, 2024 thru March 31, 2026	\$ 6.02

Waste Management's explanation for the sharp increase is:

- 1) Decrease in commodity value of recyclable materials. Example: mixed paper, which constitutes 45% of single-sort recycling fetched a price per ton of \$87.50 in March of 2017. In March 2018 it had dropped to \$5 a ton; and in March of 2019, it actually cost \$2.50 a ton to get rid of.

- 2) Shrunken rate of acceptable contamination by end markets. In January of 2018 China, who had previously been the world's leading market for the sale of recyclables, implemented severe restrictions on acceptable contamination rates of imported recyclables. It dropped from 5-10% to 0.5%. No Materials Recovery Facility (MRF) in the U.S. operates at this near zero-tolerance level, making it extremely difficult for MRFs to find a buyer for their materials. However, in an effort to reach that goal, Waste Management has "slowed down their line" to better remove contaminants. This is done by hand and reduces their output each day.
- 3) Increased disposal costs from the increased volume of contamination.

Waste Management was asked about the negotiability of the proposed prices in the contract extension. Their response was that the only flexibility in the proposal would involve removing the services they provide in waste removal during the Raspberry Festival and the two annual bulk drop off events. This is not desirable to the City.

Staff surveyed 25 cities in Hennepin County to discern if this is an accurate price point moving forward in this market as contracts are renewed. See attachment for a complete summary of information collected. The responses were fairly consistent for those who have renewed recently or are approaching renewal; the cost of recycling is going up.

As you can see, three companies dominate municipal residential curbside recycling contracts in Hennepin County: Randy's Sanitation, Republic Services, and Waste Management. In October of 2020, Republic Services purchased Randy's Sanitation, essentially reducing the market to two haulers.

FUTURE ACTION

Staff will be requesting a proposal from Republic and a revised proposal from Waste Management. Proposals will be due February 17, 2021. Staff intend to award the contract at the first or second Council meeting in March.

On January 1, 2022, Hopkins will be required by Hennepin County to "make available the collection of residential curbside organics". Staff are researching the best approach to meet this requirement. Factors to be considered are: cost, how to best distribute said cost, the toll of additional truck traffic, and the limited space for storing additional carts. Current options seen as potential pathways to fulfill that requirement are:

- 1) Contract with independent hauler to service residents who opt in for curbside organics collection.
 - a. Cost of that contract is offset by an additional, though nominal fee applied to all City of Hopkins recycling customers. Those residents who opt-in pay an additional fee to more fully meet the actual cost of the service.
 - b. Cost of that contract is equitably applied to all recycling customers whether they choose to participate or not. Example: the current \$5 per month recycling fee. There are some, although very few, residents who do not want to recycle. However, they do pay the same as everyone else for the service to be available.

- 2) The City collect co-mingled solid waste and organics via the product Blue Bags. This would require the City to terminate its delivery agreement with Hennepin County to deliver refuse loads to the Brooklyn Park Transfer Station, since the County does not accept co-mingled loads. Unfortunately, at this time staff have been unable to locate a transfer station in the area that does accept co-mingled loads from independent haulers. This may change as the deadline approaches.

City	Hauler	City contract cost (\$/hh/month)	Last/Next Contract Renewal	How does the city fund its program?	City fee for residents (\$/hh/month)	Other details:
Champlin	Consortium	\$4.47	01/01/2021-12/31/2025	Utility Bill	\$4.47	
Dayton	Randy's	\$3.14	01/01/2019-12/31/2023	General Fund	Charged as part of taxes	
Hanover	Randy's	\$3.25	01/01/2013-12/31/2022	General Fund	Charged as part of taxes	
Independence	Randy's	\$4.05	01/01/2021-12/31/2023	General Fund	Charged as part of taxes	
Loretto	Randy's	\$5.09	12/01/2018-12/31/2028	Utility Bill	\$5.75	Includes Organics
Osseo	Randy's	\$6.05	05/01/2017-04/30/2022	Hauler Bills		
Edina	Republic	\$3.70	01/01/2020-12/31/2026	Residents	\$4.00	
Excelsior	Republic	\$3.70	01/01/2017-12/31/2021	Utility Bill		
Golden Valley	Republic	\$3.69	Expires 12/31/2021	Utility Bill	\$4.25	
Maple Grove	Republic	\$3.10	5 year contract expires 12/31/2024	Utility Bill	\$4.37	
Minnetonka	Republic	\$4.75	Expires 12/31/2021	Utility Bill	\$6.60	Price charged to residents includes recycling, brush/yard waste drop off site, and two city cleanups
Minnetonka Beach	Republic	\$3.52	Expires 12/31/2021	Utility Bill	\$3.52	
Mound	Republic	\$3.51	2017-2021	Utility Bill	\$4.00	
Plymouth	Republic	\$3.05	01/01/2019-12/31/2024	Utility Bill	\$3.10	
Shorewood	Republic	\$4.13		Utility Bill	\$4.66	
Brooklyn Park	WM	\$2.35	2023	Utility Bill	\$3.35	
Deephaven	WM	\$4.03	2021	Hauler Bills		
Hennepin Recycling Group (Brooklyn Center, Crystal & New Hope)	WM	\$2.45	2023	Residents		
Hopkins	WM	\$3.20	2021	Utility Bill	\$3.99	
Long Lake	WM	\$5.07	2020	Utility Bill	\$5.00	
Minnetrista	WM	\$5.15	2019	Utility Bill	\$3.67	
Orono	WM	\$5.25	2018	Utility Bill		
Robbinsdale	WM	\$5.02	2019	Utility Bill		
Rockford	WM	\$2.84	2021	Utility Bill	\$2.00	
St. Louis Park	WM	\$3.14	2023	Utility Bill	\$10.61-\$209.20	Cost of recycling, organics & yard waste included with garbage. Cost varies by size and frequency of service.

Planning & Economic Development

MEMORANDUM

TO: Honorable Mayor and Hopkins City Council Members
FROM: Kersten Elverum, Director of Planning & Development
DATE: January 12, 2021
SUBJECT: Planning & Development Presentation

Purpose

The January 12, 2021, City Council work session will include a presentation from the Planning and Economic Development Department as the first in a series of updates and recommendations from City departments in 2021.

Summary

The presentation will include a high-level overview of some key issues that will be before the City Council in 2021 and beyond.

The intention is to identify those issues that require a more in depth discussion with the Council in the future. Staff will also use an interactive exercise to identify key opportunities and areas of concern that will also inform future discussions.

Next Steps

Issues that are identified as needing additional staff/Council discussion will be brought forward at subsequent City Council work sessions. The end goal is to better understand the City Council's idea of success regarding future development and the implementation of Cultivate Hopkins, the City's Comprehensive Plan.