

Pursuant to due call and notice thereof, a Council Workshop of the North Mankato City Council was held in the Council Chambers of the Municipal Building on October 7, 2013. Mayor Dehen called the meeting to order at 6 p.m. The following were present for the meeting: Mayor Dehen, Council Members Freyberg, Spears, Steiner and Norland, Administrator Harrenstein, Finance Director Thorne and City Clerk Gehrke.

**Recommendation of Future Operation of Riverbend Recycling Center**

Administrator Harrenstein introduced Dan Krivit, Senior Project Manager for Foth Infrastructure and Environment, LLC (Foth), who was retained by the City of North Mankato to conduct an independent analysis of the City's Riverbend Recycling Center (Riverbend) after the RFP process held last year. Mr. Krivit presented a report stating the City's goals for moving forward which include the following: 1) Continue to provide high-quality recycling services to North Mankato residents and Nicollet County Residents; 2) Continue to support and attain the recycling objectives of Nicollet County consistent with the County's Solid Waste Management Master Plan; 3) Utilize current state-of-the-art recycling technologies available in today's marketplace to make Riverbend more cost-effective; 4) Continue to provide the 24/7 drop-off services for North Mankato and Nicollet County residents per the existing agreement with Nicollet County; 5) Develop a complete plan and process for transitioning to single-stream recyclables collection for North Mankato residents; and 6) Optimize operations at Riverbend. He reported Foth, together with City staff, has developed four future alternatives for processing and marketing of the traditional residential recyclables (from curbside recycling and County drop-off boxes) at Riverbend which include the following: 1) No significant change but with optimization of operations to reduce costs and enhance material sales to increase revenues; 2) Direct haul of single-stream recyclables to a local, third-party recyclables transfer facility; 3) Transfer of recyclables in single-stream form, without any sorting or processing other than potential densification, from Riverbend to a third-party materials recovery facility; and 4) Contract for management and operation of Riverbend to a third-party recycling company that has been qualifications and experience to process and market residential recyclable commodities.

Mr. Krivit reported that Foth understands the City intends to reduce net operating costs at Riverbend while still maintaining the same standard of recycling service that residents and businesses have come to expect. Using this deliberate approach, Foth recommends that the City of North Mankato pursue a four-part strategy: 1) Maintain and strengthen the partnership with Nicollet County for recycling services and program design; 2) Begin to prepare for a transition to single-stream curbside recyclables collection through the development of an RFP; 3) Reaffirm the importance of Riverbend as a drop-off facility for residents and businesses assessing the peak demand times and days of the week to allow for more streamlined operations; and 4) Consider contracting with one of two local recycling vendors that have the capacity to receive and transfer the City's curbside recyclables after first consulting with County officials.

Mr. Krivit reported Foth suggests that the City may wish to consider the following decision criteria as a means to chart out the best path forward for Riverbend: 1) Continue to partner with the County; 2) Keep the change to single-stream transfer/processing/marketing as simple as possible; 3) Partner with local private company for direct haul from the curbside recycling route to the vendor's facility to avoid additional costs of sorting or transfer operations at Riverbend; and 4) Find the "best value" to the City (the least cost solution with the highest

value proposition). He reported Foth staff conducted a facility site inspection and tour of Riverbend to document the current operations and participated in several meetings throughout the day with various City personnel, recycling service providers and Nicollet County officials with the City Administrator organizing and facilitating these meetings. He reported City staff directed him to complete a cost analysis of the existing facility operations and provide a series of budget data and reports from Riverbend and also directed Foth to conduct a series of informal requests for preliminary price quotes from prospective recycling contractors that could transfer, process and/or market the City's recyclables in single-stream form. Three potential new operating scenarios were developed and communicated by Foth to the prospective vendors.

Mr. Krivit recapped Nicollet County financial assistance for Riverbend reporting Nicollet County and the City of North Mankato entered into an agreement in October 2003 for the City to own and operate a recyclables materials recovery facility. The City agreed to finance the construction of Riverbend through the sale of \$1.4 million in G.O. Utility Revenue Bonds issued in April 2004. The County agreed to support the facility with payments to the City of \$64,000 annually for ten years for a total payment of \$640,000. The City agreed to pay the balance of the bond debt and operations of Riverbend through a combination of revenue sources including: 1) Net revenues from the sale of recyclable materials; 2) Municipal solid waste and recycling collection fees charged directly to resident; and 3) General ad valorem taxes as determined by the City Council. The County also agreed to support the operations of Riverbend originally through annual payments of \$78,000 and then adjusted in 2009 to \$89,232 annually through 2014. The City and County are scheduled to meet to determine the third five-year annual payments for the period ending December 31, 2019.

In response to questions, Mr. Krivit reported that moving to single-stream could increase participation by 20-40 percent. He also stated the drop-off would continue 24/7 along with the spring and fall pickups/drop-offs. He reported the potential next steps should include immediately renewing its operating agreement with Nicollet County for Riverbend; prepare for a transition to single-stream curbside recyclables collection in North Mankato through the development of RFP; explore the option of joining the City of Mankato in drafting and releasing a joint RFP for trash and recyclable collection services (if such a two-City, joint RFP is released, the City should retain the rights to select and contract with its own collection service provider); consider contracting with one of the two local recycling vendors that have the facility capacity to receive and transfer the City's curbside recyclables after first consulting with County officials.

Administrator Harrenstein stated that in this environment he recommends pursuing a joint RFP with Mankato. In response to questions he reported drop-off at the recycling center and spring and fall pickups/drop-offs would not change. Mr. Krivit reported it may be advantageous for both communities to have a joint contract. He reviewed the trash and recyclable rates for both Mankato and North Mankato. However, he stated competitive bids were received during the last RFP process and he believes contractors are ready to do single-stream. There may also be an economy of scale purchasing recycling and trash carts.

**Recent Economic Reports**

Mayor Dehen provided information received at the Cities/Counties/Universities meeting giving analysis for the cities to strengthen our appeal. Some discussion was held about the MSA numbers and what area was included in the reports.

There being no other business, the Council workshop was adjourned at 6:55 p.m.

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Mayor

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City Clerk