



Request for City Council Committee Action From the Department of Public Works

Date: April 3, 2007
To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee
Subject: **Property Acquisition for a joint City/County Solid Waste Management Facility.**

Recommendation:

- a) Authorize the proper City Officials to negotiate, prepare, and execute appropriate development, operating, and maintenance management agreements with Hennepin County for the proposed project and site.
- b) Authorize the proper City Officials to acquire through negotiation or condemnation the property located at 620 Malcolm Ave. S.E.

Previous Directives:

- March 30, 2007: Request to Amend Purchase Agreement for city-owned property at 2850 20th Avenue South.
- November 3, 2006 – Resolution 2006R-543 of the City Council proposing development of the City's former South Transfer Station site into a renewable biomass energy system of a combined heat and electrical power generation facility.
- Approved and included in the 2007-2011 Five-Year Capital Improvement Program.
- June 30, 2006: Direct City staff to negotiate and execute a purchase agreement in accordance with the requirements of the Request for Proposals to Midtown Eco Energy.
- June 16, 2006: Set Public Hearing for June 20, 2006 for Proposed Sale.
- March 31, 2006: Direct City Engineer to issue a Request for Proposals (RFP) for the sale of the South Transfer Station for the purpose of a biomass combined heat and power generation facility.
- December 23, 2005: Direct City staff to return to the T&PW and HEE Committees with RFP, or a recommendation of an alternative to the RFP process for the development of the South Transfer Station into a biomass combined heat and power generation facility.
- November 22, 2005: Receive and File, Preliminary Options Analysis for Hennepin County/City of Minneapolis Joint Household Hazardous Waste and Voucher Facilities
- January 18, 2005: Authorization to coordinate examination of facilities effort with Hennepin County
- July 23, 2004: Direct the proper City officers to continue negotiations for the sale of the City of Minneapolis South Transfer Station located at 2850 20th Av S, for the purpose of a proposed combined heat and power biomass plant. In addition, based on an evaluation of the 30-Year Solid Waste Plan, Public Works will make a recommendation on relocation options for the South Transfer Site operations.
- May 14, 2004: Direct the proper City officers to negotiate terms and conditions of an option for the sale of the City-owned property at 2850 20th Avenue South for the purpose of a proposed combined heat and power biomass plant. By this action, the Council expressed its will as to the preferred disposition of the South Transfer Station if it is sold, but reserved the decision to sell it pending review of Solid Waste planning.

- October 8, 2004: Authorization to enhance contract with Foth and Van Dyke

Prepared by: Paul Miller, Project Manager Property Services (612) 673-3603.

Approved by:

Steven A. Kotke, P.E., City Engineer/Director of Public Works

Presenters: Greg Goeke, Director Property Services, Carl Michaud, Director of Environmental Services (Hennepin County)

Permanent Review Committee (PRC) Approval _____ Not applicable NA

Policy review Group (PRG) Approval _____ Not applicable NA

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget (If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Business Plan: Action is within the plan. Action requires a change to plan.
- Other financial impact (Explain):
- Request provided to department's Finance Dept. contact when provided to the Committee Coordinator

Community Impact

- Neighborhood Notification: NA
- City Goals: NA
- Comprehensive Plan: NA
- Zoning Code: NA

Background/Supporting Information

Beginning in 2004, the Council and Mayor directed City staff to begin the sale process of the City's South Transfer Station located at 2850 20th Ave. S. for the purposes of a proposed combined heat and power biomass energy facility. At the time, Public Works was directed to evaluate options for the relocation of the services the City provided at that location. Recently, the City granted an extension of time to the buyer, Midtown Eco Energy, on the option and closing related to the purchase of the property.

Since 2004, CPED has completed the Industrial Land Use Study that has identified all of the industrial properties within Minneapolis by zoning type. In conjunction with that effort, CPED staff began working with Public Works to evaluate potential industrial sites for relocation of the South Transfer operations.

Additionally, representatives from the City and Hennepin County have discussed the potential of the City and Hennepin County partnering at the new location. The City and County identified the need for a Household Hazardous Waste facility to be located in Minneapolis. Co-locating the City's and County's operational needs one location seemed prudent.

Current City and County Sites and Services

The City's Solid Waste and Recycling Division manages curbside residential solid waste, including garbage, recyclables, white goods and yard wastes via a combined municipal and contract collection system. Currently, the City operates at two sites; the North Transfer Station

at 2710 Pacific Ave. N. and the South Transfer Station located at 2852 20th Avenue South. The City provides a residential and small business construction waste management service at the South Transfer Location.

Hennepin County's Department of Environmental Services manages household hazardous waste (HHW) services for County residents at two locations outside the City (Brooklyn Park and Bloomington). A facility for the management and recycling of household hazardous waste does not exist in Minneapolis. The County desires to locate a permanent HHW facility within the City to provide more convenient access for residents and increase participation in the HHW program.

Potential Site

In the 2007-2011 Five-Year Capital Program, the City approved funding for a joint City/County facility (PSD08). In 2006, CPED identified the site located at 602 Malcolm Ave. S.E. as a suitable site for a joint City/County Solid Waste Management Facility. The site is approximately 14.5 acres in size; of which five acres are related to solid waste handling operated by SKB Inc. with the remaining portions leased for semi-trailer and container storage. The site was identified as a possibility for the following reasons: 1) A fully licensed and permitted solid waste transfer operation run by SKB Inc. all ready exists on the site, 2) Public Works desires portions of the site to accommodate roadway re-alignment and storm water management as part of the SEMI redevelopment, 3) The existing buildings at this site were considered large enough (approximately 50,000sf) for the South Transfer operations and to also accommodate and relieve the burden of some of the functions from the North Transfer Station location, and 4) Preliminary discussions with the property owner indicate that they are a willing seller.

Since that time City and County staff has worked on preliminary planning for a joint Solid Waste Management Facility located on the targeted site. As part of that planning, it was determined that the traffic volumes generated by the proposed facility would be less than that of the current operation, including a change in type of traffic from predominantly heavy truck traffic to mostly passenger vehicles. It is anticipated that with cooperative planning, the joint facility operations will have an overall reduced impact on the surrounding neighborhood than the current operations.

To date, cooperative planning between the City and Hennepin County staff have resulted in the following:

Guiding Principles for the Partnership

City of Minneapolis and Hennepin County staffs have agreed to maintain the best interests of all customers throughout the planning and implementation of the new recycling facility. Customers are considered Minneapolis and Hennepin County residents, small businesses needing to dispose of solid waste, and the City's Solid Waste Management Department and any of its contractors. Paramount to the joint project is to provide excellent customer service, cost-effective operations, management and disposal of waste in an environmentally responsible manner, support efforts to maintain a clean City and County, and provide for a sustainable facility design. By operating one site that integrates City and County functions, the following outcomes can be achieved:

- Customers will experience a high level of service in a safe and convenient manner
- Waste will be managed in environmentally responsible manner
- The site will be clean and well maintained
- The facility will be operated in an economically efficient manner

- The facility will provide a convenient, one-stop drive thru solid waste and recycling facility.

City and County staff will draft appropriate development and operating agreements as needed to facilitate the project and operate the site for the foreseeable future.

Site and Existing Facilities

- The site (14.5 acres) will be large enough to meet the needs of both the City and the County. The site is currently zoned I2 (medium Industrial) which is appropriate for the intended uses.
- With limited investment, the existing facilities can be re-used to meet the operational needs of the City's Solid Waste and Recycling services.
- Due to the regulatory requirements associated with processing and storing hazardous materials, it will be more cost effective for Hennepin County to design and construct a new facility on the site to serve their Household Hazardous Waste needs.

Acquisition and Ownership:

- The City will initially acquire the entire site for both parties. At an appropriate time, Hennepin County will reimburse the City a pro-rated share of the acquisitions costs that represent the County's anticipated land use needs of the site. At the completion of construction, the site will be officially divided and Hennepin County will take ownership of the land associated with the County's building. Any financial adjustment between both parties will be made at the time.
- The City shall retain any undeveloped portion of the site not intended for waste management (about 2.5 acres). A portion is envisioned for area storm water management needs.
- CPED staff will be the lead agency in negotiations for the acquisition of the proposed site, community engagement, and general communications to neighborhoods groups and businesses.
- The County shall enter into an access and drive lane easement agreement with the City for site access.

Design and Construction

- The project will be co-managed by the City's Property Services and Hennepin County staff.
- The design firm of LHB was selected for the project utilizing the County's design selection process.
- Initially, until an agreed upon concept plan is developed, the costs for site investigation, programming and conceptual design shall be shared equally.
- Costs for improvements to the existing facility will be the responsibility of the City, while the County will bear the cost of construction for the new HHW facility.
- Costs of site improvements, access roadways, gatehouse and scales shall be shared equally between the City and County.

Operating Plan

- The City and County staff plan on cooperatively developing and eventually operating the site. As part of the programming and business analysis process, opportunities for partnering and joint services will be identified for efficiencies and/or improved service.
- Prior to construction, a mutually agreed upon operating and site maintenance management plan will be developed to define roles and responsibilities and appropriate distribution of annual operating costs.
- The City's Solid Waste and Recycling Division intend to relocate various recycling operations of its North Transfer Station to this site.

Recommendation

A joint city/county Solid Waste and Household Hazardous Waste Management Facility would be cost effective solution to meet the operational needs of the City and County. Convenient and needed services for citizens and small businesses will be accessed at one location. Therefore, for the purposes of a joint city/county Solid Waste and Household Hazardous Waste Management Facility, we are requesting authorization for the proper City Officials to

- a) Negotiate, prepare, and execute appropriate development, operating, and maintenance management agreements with Hennepin County for the proposed project and site.

And to;

- b) Acquire through negotiation or condemnation the property located at 620 Malcolm Ave. S.E..

A final purchase agreement and sale closure will not be submitted for approval until all joint City/County development, operating, and maintenance management agreements are in place.