

Request for Committee Action

To: Transportation & Public Works
Date: 11/10/2015
From: Public Works Department
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File type: Action
Subcategory: City Policies

Subject:

Commercial Pricing Structure Change for Solid Waste and Recycling Services

Description:

Approving the Commercial Pricing Structure Change for Solid Waste and Recycling Services

Previous Actions:

None

Ward/Neighborhood/Address:

All Wards

Background/Analysis:

The Division of Solid Waste & Recycling Services provides garbage, recycling, yard wastes, large items, problem materials (metals), and electronics collection services for approximately 88,874 residential properties, 339 City buildings and parks, and an additional 204 commercial properties, in Minneapolis. All residential properties with 1-4 dwelling units in Minneapolis are required to have City services. Larger residential buildings, city buildings, parks and commercial properties have the option of applying for, or contracting with, the City for services. All collection services are provided by City employees or by a contractor, Minneapolis Refuse, Inc.

All serviced properties are charged a per-dwelling-unit base fee and a per-garbage-cart disposal fee. Currently, the number of "dwelling units" at a commercial property is calculated using the number of garbage carts placed; with the first garbage cart equivalent to one "dwelling unit", and each additional garbage cart equal to ½ of a "dwelling unit". There is currently no additional charge for, and no limit to, the number of one-sort recycling or organics recycling carts placed and serviced at a commercial property.

In August of 2015, the City began to roll-out organics recycling collection services for items such as food scraps, and food soiled papers and tissues. This service is currently available to approximately 25% of City customers and will be available to all customers by June 2016.

Organics recycling is a service not routinely offered by private haulers servicing many of the commercial properties in the City. It is anticipated that an increased number of commercial properties will apply for City services in order to receive the organics recycling collection. At \$60/per ton, organic recycling material is the most costly material for the City to process. The average residential customer participating in the organics recycling program is expected to divert an average of 7.5 pounds of organic material per week at a processing cost of \$0.23. It is expected that the average commercial customer will divert significantly more organic material each week, and could divert up to 200 pounds of organic material per week at a processing cost of \$6.00.

One-sort recycling service is routinely offered by private haulers servicing many of the commercial properties in the city for a fee. One-sort recycling is currently offered to city-serviced commercial properties, as part of the per-dwelling-unit base fee, but at no additional charge, with no limit. Commercial customers are currently using an average of 20%, and up to 200% more capacity than the average residential customer, with no added cost.

In order to recover the current and anticipated cost of providing one-sort recycling and organics recycling services to commercial properties that opt-in to city service, a change in the calculation of "dwelling units" for these customers will be implemented. Beginning immediately for new customers, and March 1, 2016 for existing customers, the number of "dwelling units" at a commercial property will be calculated using the number of garbage carts, recycling carts, and organics carts placed; with the first of each type of cart included as one "dwelling unit", and each additional cart equivalent to ½ of a "dwelling unit". The new calculation will increase costs for 31% (61) of the city's existing commercial customers. The average increase will be \$15.93 per month or 13%. Existing customers will be notified by mail by January 1, 2016 of the change in their Solid Waste and Recycling fee.

Financial Review:

No additional appropriation required, amount included in current budget.