Environmental Legacy Fund Overview

November 4, 2025

Agenda

- Fund overview
- Revenues and expenditures
- Uses of host fees and gravel taxes
- Major CIP commitments
- Fund balance review
- Forecast
- Potential funding sources and cost shifting
- Next steps and discussion

Environmental Legacy Fund Overview

Resolution No. 15-663, December 15, 2015

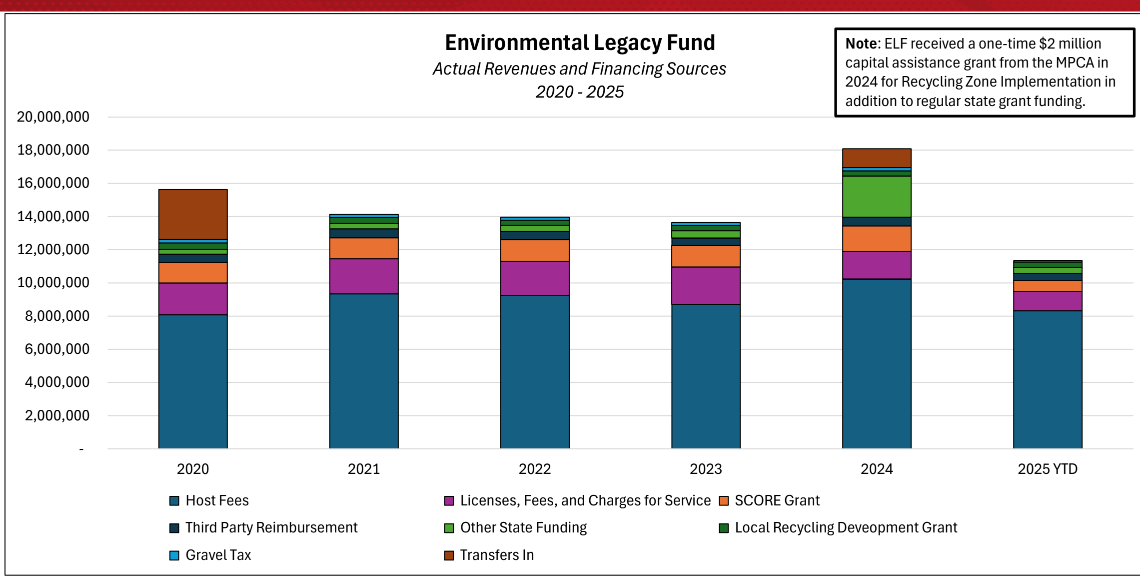
WHEREAS, the Environmental Legacy Fund has been established for and the protection, preservation or enhancement of the environment; and

WHEREAS, the Environmental Legacy Fund will be used to support environmental activities related to Brownfield Redevelopment, Environmental Capital Projects, Environmental Resources Operations, Gravel Pit remediation, Natural Area and Shoreland Conservation, Parks/Greenway Master Plan Improvements, and implementation of the Natural Resources Management Plan and Solid Waste Master Plan; and

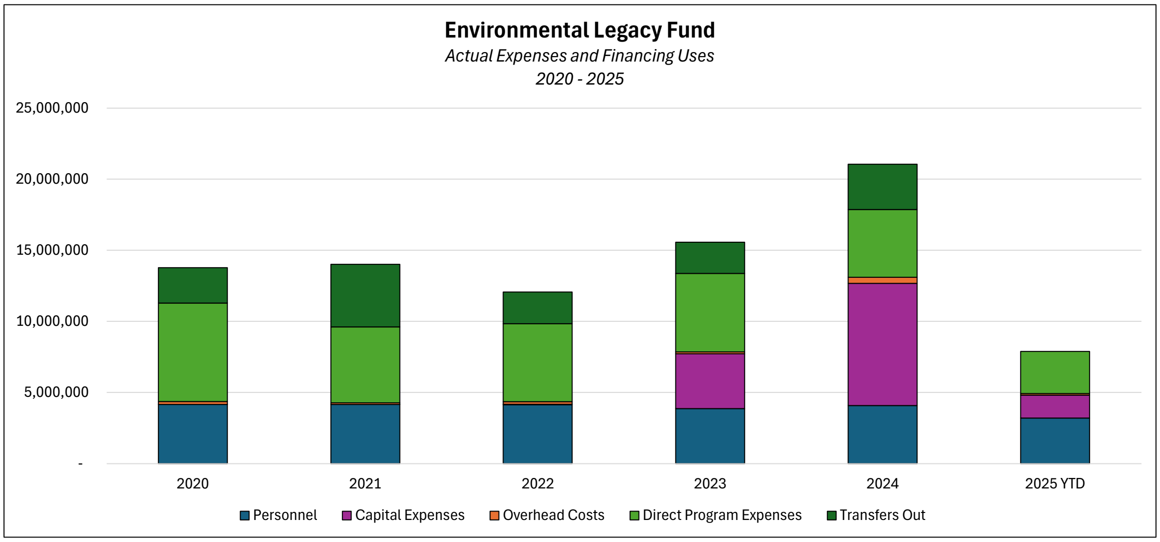
WHEREAS, the Environmental Legacy Fund is not intended to supplant the State of Minnesota's responsibility to close, remediate, or maintain landfills.

NOW, THEREFORE, BE IT RESOLVED, That the Dakota County Board of Commissioners, in accordance with and pursuant to the Fund Balance Policy No. 2003, hereby commits the entire fund balance of the Environmental Legacy Fund for purposes of protection, preservation, or enhancement of the environment as of December 31, 2015.

Revenues and Financing Sources



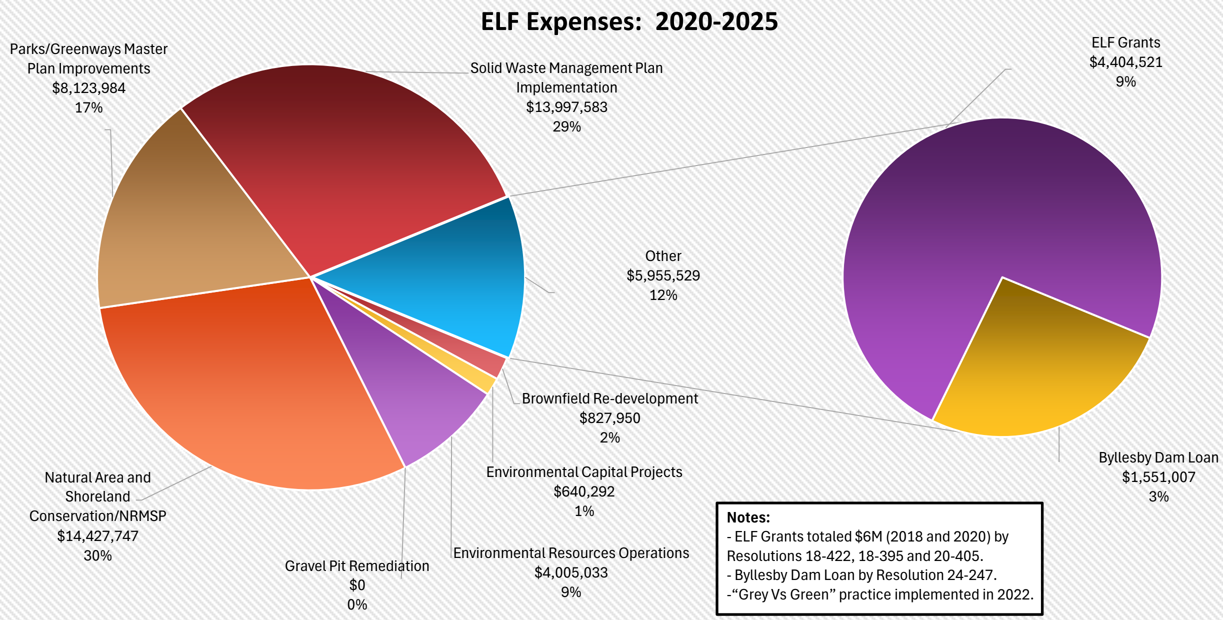
Expenditures and Other Financing Uses



ELF: Host Fee and Gravel Tax Revenues

- Host Fees (Minn Statutes 371, 375 and 473)
    - Since 1998
    - In lieu of Surcharge Authority (Minn Statutes 115A.919)
    - Less restrictive than Surcharge
        - Language from Current Agreements: "The County may use host fees for any public purpose. The County is not restricted to those uses for surcharge fees enumerated in Minn Stat 115A.919"
- Gravel Tax (Minn Statutes 298.75)
    - For "restoration of abandoned pits, quarries, or deposits"
    - If there are no abandoned pits, "shall be used for any other unmet reclamation need or for conservation or other environmental needs"

Environmental Legacy Fund Use: Host Fees



Notes:
- ELF Grants totaled $6M (2018 and 2020) by Resolutions 18-422, 18-395 and 20-405.
- Byllesby Dam Loan by Resolution 24-247.
-"Grey Vs Green" practice implemented in 2022.

Major Capital Projects – Use of ELF Fund Balance

Major Capital Projects	Available Budget Remaining Through 2025	ELF Category
Veterans Memorial Greenway*	$9,785,923	Parks/Greenways Master Plan Improvements
Recycling Zone Implementation (Pending 11/6 Discussion at PDC)	$9,671,489	Solid Waste Management Plan Implementation
Byllesby Dam Turbine Upgrade	$3,965,429	Other
Spring Lake Park Reserve River Access	$800,000	Parks/Greenways Master Plan Improvements
Vegetation Management	$750,218	Natural Area and Shoreland Conservation/NRMSP
Spring Lake Park – Fischer Ave. Trailhead	$700,000	Parks/Greenways Master Plan Improvements
Water Quality and Quantity Capital Projects	$689,895	Environmental Capital Projects
Thompson Oaks*	$468,245	Environmental Capital Projects
1500 Towerview Redevelopment (Northwest Airlines Site in Eagan)	$400,000	Brownfield Redevelopment
Land Acquisition and Restoration	$355,721	Natural Area and Shoreland Conservation/NRMSP

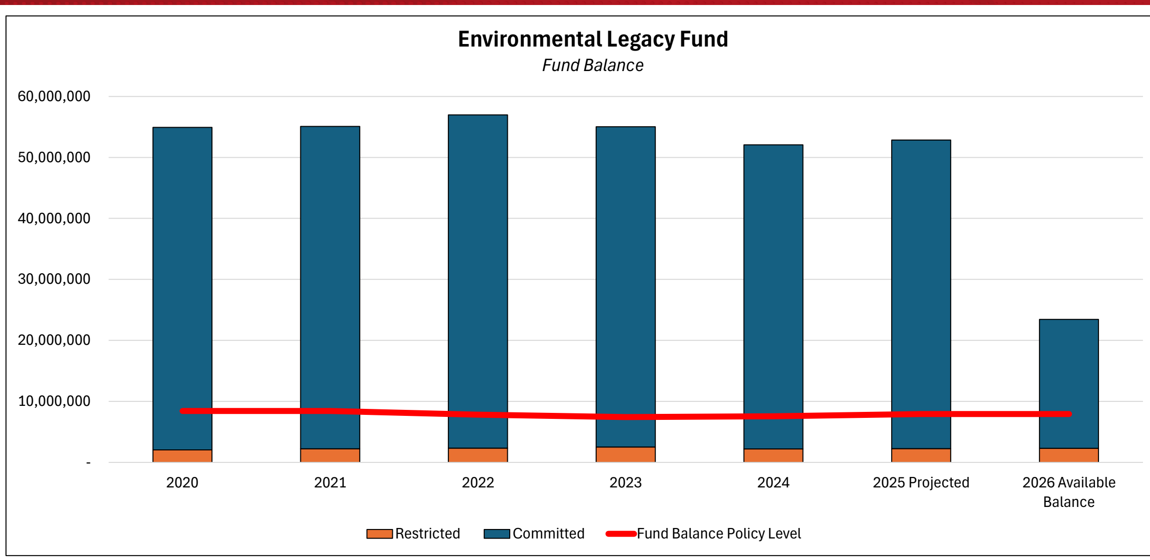
*Budgeted prior to "Grey Vs. Green" practice implementation

Fund Balance Policy

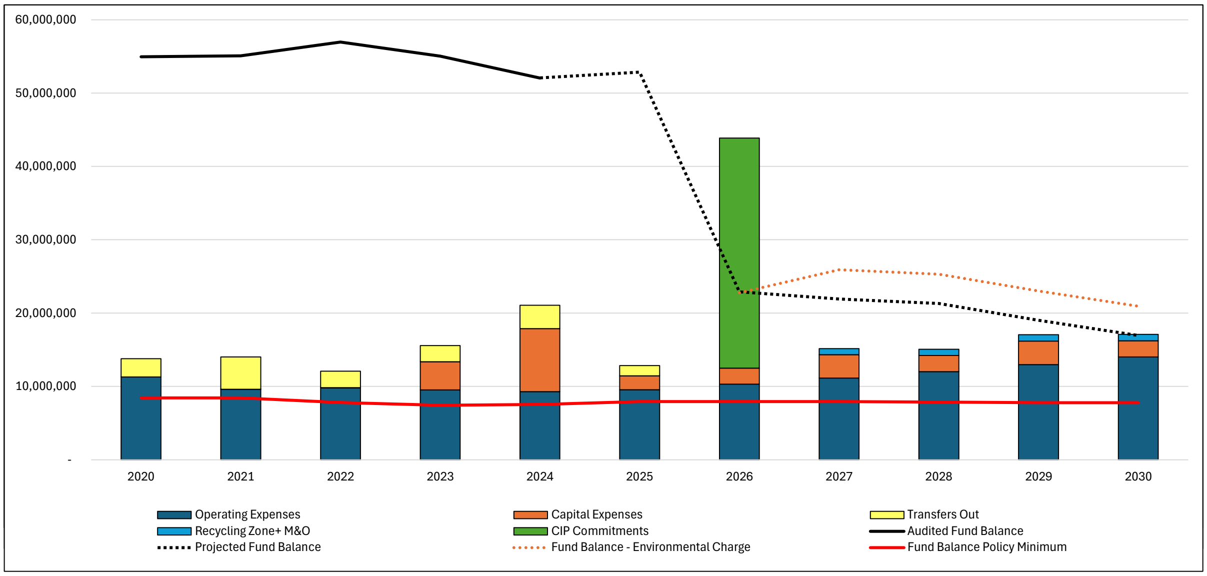
The County maintains a minimum fund balance at year-end equal to or greater than two times the actual ELF expenditures from the prior year's operating funds in the Environmental Resources Department budget. If the balance is below the minimum, the County Manager must propose a budget to the Board of Commissioners that restores the minimum fund balance in the following budget year.

Source: Dakota County Fund Balance Policy (Policy 2003)

Fund Balance



Forecast



Potential Future Funding Sources

- Renegotiate Host Fee Agreements
  - Current agreements expire December 31, 2027
  - In-county vs. out-of-county waste fee differential (currently 33%)
  - Annual fee by waste stream
  - Annual fee increases
  - Minimum payments
- Implement a County Environmental Charge
  - Limited to Solid Waste Management related activities
  - Fee structure options
    - Property-based charges (Anoka, Carver, Scott)
      - Residential
      - Non-residential
    - Fee on waste bills (Hennepin, Ramsey)
    - Combination (Washington)

County Environmental Charge

Current Metropolitan Area County Environmental Charge Fees

County	Fee Structure	Fees
Anoka	Property-based	Residential ($15.61 - $24.02) Non-residential ($53.23 - $1,362.90)
Carver	Property-based	Residential ($25 - $28) Non-residential ($70 - $210)
Scott	Property-based	Residential ($12 - $27) Non-residential ($43 - $132)
Hennepin	Fee on waste bills	15.5% - 21.4%
Ramsey	Fee on waste bills	38% - 53%
Washington	Combination	35% and $3 per residential parcel

Examples of Potential Fees to Raise $4M

Parcel Type	Fee
Single Unit Residential	$21
Multi-unit Residential	$17
Commercial value <=$100K	$85
Commercial value>$100K	$155
OR	
Residential	$3
AND	
Waste Bill Fee	5.9%

Decrease Ongoing Reliance on ELF Fund Balance

- Increase SCORE funding for solid waste programming
- Maximize grant funding from state and other sources
  - Ex. LCCMR, LSOHC, DNR, MPCA
  - Typically requires County match (25%)
- Bonding for environmental capital projects
  - Use ELF for debt service (Recycling Zone Plus)
- Environmental Legacy Fund policy changes

Next Steps

- Recycling Zone Plus construction contract award – 11/6
- Projections and fund balances – 11/18
- 2026-2030 CIP update – 11/18
- Fund balance policy recommendations – Q2 2026
- Revenue recommendations – Q2 2026

Discussion