



DEPARTMENT OF
UTILITIES

Department of Utilities
Wastewater Treatment Plant
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MEMORANDUM

Date: October 16, 2024
To: Chairperson Brad Firkus and Members of the Finance Committee
CC: Chris Stempa, Director of Utilities
Kelli Rindt, Enterprise Accounting Fund Manager
From: Brian Kreski, Environmental Programs Coordinator
Subject: **Finance Committee Action: Request Sole Source contract with Beneficial Reuse Management for 2025-2027 Biosolids Transportation, Application, and Incorporation Services**

BACKGROUND:

The Appleton Wastewater Treatment Plant (AWWTP) annually land applies approximately 23,000 wet tons of biosolids to nearly 1,000 acres of permitted agricultural fields as part of the Biosolids Management Program. The program is committed to effectively manage and utilize 100% of the biosolids produced through beneficial use alternatives such as agricultural land application and biosolids composting. Each year the AWWTP has contracted the transportation, land application, and incorporation of approximately 90% of the biosolids produced to agricultural sites as far away as 80 miles (one way).

Biosolids transportation and land application services compliant with Wisconsin Department Administrative Code NR 204 had historically been provided to the city through one company. Superior Special Services first held the contract in 2000. The company name changed as part of various acquisitions over the years which included Onyx Special Services, Veolia Environmental Services, and finally Clean Harbors until late 2019.

On October 8, 2019, Clean Harbors notified the AWWTP that it would not proceed with work under the existing contract unless the AWWTP agreed to pay an additional surcharge of 20% to 24% based on the mileage range to permitted sites. AWWTP management staff decided to pursue a different direction based on Clean Harbors' unexpected request and its inability to satisfy baseline contract conditions. A formal RFQ process for services was immediately initiated with the support of the Utilities Department Director, Deputy Director, Environmental Programs Coordinator, Deputy City Attorney, and the Enterprise Account Manager.

RFQ RESULTS (2019-2021):

The AWWTP sent an RFQ to five firms with the capacity and experience to meet the AWWTP's requirements for these contracted services. The contract term was from October 2019 to December 2019, with two optional years in 2020 and 2021. Two of the five firms submitted a formal response. Based on the results of the RFQ process, Beneficial Reuse Management (BRM) was awarded the 2019-2021 contract. The BRM contract was 3% less than the 2019 Clean Harbors surcharge rates and was less than the next closest quote as part of the 2019 RFQ process.

PROPOSED BRM CONTRACT EXTENTION (2025-2027)

The BRM extension proposal is summarized in Table 1. The Transportation and application rates for 2024 remain unchanged or a similar projection to the 2023 costs because BRM will need to accommodate for increases incurred for expenditures such as trucking services that are affected by rising fuel costs (27% increase), scaling (30% increase), labor, insurance, benefits, and miscellaneous overhead. These factors create a challenging environment for companies to deliver on required contract services while maintaining profit margins to stay competitive, grow, and reinvest in their companies. Despite the proposed increases, rates are competitive with market adjustments seen with past RFQ processes and contract extensions.

TABLE 1: BRM CONTRACT SERVICES PROPOSAL

BRM Contract Year:	2024 (current)	2025	2026	2027
Transportation and Application:	\$463,744	\$579,680	\$597,070	\$614,982
Annual Cost Increase	2%	25%	3%	3%

Note: Costs based on 23,000 wet tons and average unit rates for distance, scaling, and fuel surcharges

Attached to this memo is a letter from BRM which outlines the cost increases being proposed as part of a 2025-2027 contract extension. It is noteworthy that BRM has provided extremely reliable and regulatory-compliant services over the life of the existing contract. In doing so, BRM has helped avoid the need to rely on more costly alternatives such as biosolids composting or landfilling.

JUSTIFICATION

History and experience have consistently demonstrated the importance for the land application contractor to possess the necessary expertise, experience, and specialized equipment to deliver the required services. Equally important is their ability to be nimble and responsive to change. Appleton's active inventory of land application sites includes approximately 14,000 acres across six counties and is subject to ongoing evaluation. Maintaining relationships with landowners is a critical component to the success of the AWWTP Biosolids Management Program. Farming decisions are driven by commodity prices which dictate planting rotations and nutrient requirements, weather conditions, lease agreements, changes in ownership, and public influence formulated by opinions on biosolids. The performance of the prior contractor stressed many of those relationships which took time to recover from. BRM was a key player in reestablishing that trust and has gained the trust of the AWWTP management staff. They have demonstrated their ability to deliver necessary services and sustain the high standard that the AWWTP Biosolids Management Program has been historically recognized for.

RECOMMENDATION:

I am requesting sole source approval for the 2025-2027 Biosolids Transportation, Application Services, and Incorporation Services contract to be awarded to Beneficial Reuse Management based on the rates provided in the attached proposal extension letter.

If you have any questions regarding this project, please contact me at 920-832-2316.

Encl:

Finance Department Sole Source Request Form
BRM Proposal Letter



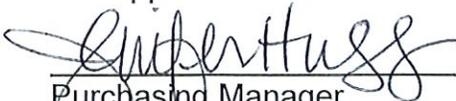
SOLE SOURCE REQUEST

The undersigned certifies that the commodity/service shown below qualifies as a sole source request and meets one or more of the following requirements. The department has demonstrated, and the Purchasing Manager concurs that only one source exists, the price is equitable, and/or noncompetitive negotiation is in the best interests of the City.

- Unique, proprietary, or one-of-a-kind:** Specific commodity/service is required and available from only one source, giving the City a superior and necessary benefit that cannot be obtained from other sources.
- Inadequate competition:** Purchasing solicitation (bid, proposal, or quote) did not result in any qualified vendor responses and competition is determined to be inadequate.
- Health or Safety Concern:** When a health or safety concern exists that is *not* an immediate threat but needs to be addressed in a period that does not allow for formal competitive procurement procedures.
- Continuity of design:** Consistency with current commodity or service.
- Emergency procurement:** A risk of human suffering or substantial damage to real or personal property exists requiring immediate attention.
- Cooperative purchase:** Purchase from another governmental unit contract or state approved purchasing association.
- Other:** Description provided below

PROPOSED DETAILS
Requesting dept: Appleton Wastewater Treatment Plant
Product/service: Biosolids transportation, application, & incorporation services
Vendor name: Beneficial Reuse Management
Total cost: \$579,680 (2025), \$597,070 (2026), \$614,982 (2027)

Justification and price quotation provided by the department, for the items to be considered and approved as a sole source purchase attached for review.


Purchasing Manager

10/16/2024
Date



10-14-2024
City of Appleton
Brian Kreski
Environmental Programs Coordinator
RE: Biosolids Hauling Contract Extension

Dear: Mr. Kreski,

Beneficial Reuse Management (BRM) has enjoyed working with the City of Appleton on their long standing biosolids application program for the last 5 (plus) years. We value our partnership and hope the city feels the same. To that end, we'd like to propose a contract extension to the agreement we have that expires at the end of this year.

We feel an extension is warranted based on the excellent customer service we've provided by removing all biosolids allocated to us each year in an environmentally safe and timely manner. We work around the clock when needed and do whatever it takes to ensure the city can operate its plant and not have biosolids storage issues due to our lack of ability to move and spread the sludge.

We also feel that a price increase is warranted due to rising costs to execute the program. Trucking rates have gone from an average of \$90-\$95 per hour three years ago to a current average of \$125-\$130 per hour and they will be increasing from there. Labor and insurance have gone up significantly and equipment today is far more expensive than it was even just two years ago. For these reasons, we are requesting a 25% increase for trucking and spreading.

Another example of other increased costs: if you look at incorporation alone, when we charge \$22 per acre, as we have this year, that is approximately \$880 per day we are paid, since we can till on average about 40 acres in that day. To have a tractor, loader and tillage equipment on site incorporating for \$880 per day – that is significantly below market rate. If we work on average 14 hours on that day, we are getting paid \$62 per hour. The going rate for all of that equipment and those services is significantly higher (in the hundreds of dollars per hour) and so we're also requesting an increase for incorporation.

Below is a breakdown of our price increase request:

Straw:

2025	\$7.25 per bale
2026	\$7.50 per bale
2027	\$7.75 per bale



Incorporating:

2025	\$30.00 per acre
2026	\$31.00 per acre
2027	\$32.00 per acre

Spreading and trucking:

2025	25% increase from 2024 pricing
2026	3% increase from 2025 pricing
2027	3% increase from 2026 pricing

Mobilization:

We are currently charging \$1000 mobilization fee for every time we are required to haul sludge. However, this fee does not cover the cost associated with it. Each time we have to move the 4-5 pieces of equipment to a new site, it can take over a day to move it. If we need to use a lowboy, it can cost several thousand dollars. We're requesting the mobilization fee to increase to \$2200 per movement.

Scaling:

We are not requesting an increase for the scale fee but reserve the right to request one if our cost for scaling is increased to us.

We'd like to thank you for your consideration for this extension, Brian. We value our partnership with the City of Appleton and remain committed to offering you the best service possible in an environmentally friendly and safe manner.

Sincerely,

A handwritten signature in black ink, appearing to read "Trevor Schuurman".

Trevor Schuurman

