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Water Treatment Facility
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TO: Chairperson Kathy Plank and Members of the Finance Committee

CC: Chairperson Greg Dannecker and Members of the Utilities Committee

FROM: Utilities Director Chris Shaw

DATE: Wednesday, October 04, 2017

RE: *Authorization Request to Sell Water Plant Membrane Cartridges and Decommissioned Ultrafiltration Equipment through a Consignment Agreement(s)*

BACKGROUND:

The Appleton Water Treatment Facility (AWTF) no longer utilizes ultrafiltration as a unit process within the facility's treatment train. The replacement process technology, ultraviolet light, has now been in operation for more than one year and has reached an excellent level of performance. Recently, with State regulatory approval, the ultrafiltration process was decommissioned and now serves no purpose to the water utility. As such, the utility would like to explore an agreement to consign existing inventory including membrane cartridges, parts, and equipment through a consignment house.

A consignment house was chosen as a method of liquidating AWTF's unused inventory and equipment for a number of reasons. Unlike online auctions, such as eBay, the seller has limited control over bidding which could result in a poor sale price. Selling out right requires advertising and/or marketing which comes with costs and no guarantee of reaching the target audience. Due to these considerations, city staff from the Attorney's Office, Finance and Utilities Departments recommend that an industry specific consignment house would best serve the utility.

The utility has completed a preliminary exploration of this method and finds that there appears to be modest value in used equipment albeit having 18 years of service life. It should be recognized that the ultrafiltration process produced over 50 billion gallons of potable water.

RECOMMENDATION:

Authorize the City Attorney and Utilities Department to execute a consignment agreement(s) and negotiate terms for the sale of membranes, ultrafiltration parts and equipment. Funds derived from these sales would be returned to the water utility. If you have any questions, regarding this project please contact me at 997-4200.