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Department of Utilities
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To: Chairperson Martin and Members of the Utilities Committee

From: Director of Utilities Chris Shaw
Deputy Director of Utilities Chris Stempa
Enterprise Fund Accounting Manager Kelli Rindt

Date: June 27, 2017

RE: *Approval of a 3% Rate Increase for Receiving Station Waste Haulers effective January 1, 2018*

BACKGROUND:

The Wastewater Facility "Receiving Station" is an environmentally managed disposal site for hauled wastes generated outside of the City of Appleton. The Receiving Station Program was approved by the Wisconsin Department of Natural Resources (WDNR) in 1999 with the understanding that the wastes accepted would not have adverse effects on the Wastewater Treatment Plant operation nor introduce any harmful pollutants that could pass-through to the Fox River. This program relies on utilizing excess treatment capacity by introducing wastes directly into the 4.4 million gallon anaerobic digesters.

The Receiving Station site opened in late summer 1999. At that time the decision was made to solicit wastes from the dairy industry. Since that time, other wastes have been accepted and are from the food industry, landfill leachate, and other wastewater treatment plants. The program currently includes 30 approved wastes that are transported by 6 permitted waste haulers.

REVENUE:

On January 1, 2010 the rate structure was changed from a single rate to a five-tier system based on the characteristics of the waste. TSS is a parameter tested for and is believed to be the most representative indicator of treatment costs incurred by the AWWTP. The range in TSS concentrations generalizes other important treatment characteristics of authorized hauled wastes. These characteristics include biological oxygen demand (BOD), nitrogen, and phosphorus. Each of these parameters has a specific treatment cost associated with them.

Since 1999 there have been four rate increases for the permitted haulers. Table 1 on the following page summarizes rate increases since 1999. Table 2 depicts receiving station

Table 1: Receiving Station Rate Increases

Year	Increase	Cost/Ton
1999	Starting Rate	\$4.80
2003	3.00%	\$4.94
2006	5.25%	\$5.20
2010	Began Tier Fee Structure	Variable
2015	10%	Variable

revenue generated annually since 2009.

Table 2: Receiving Station Revenue

Year	Revenue
2009	\$498,089
2010	\$643,217
2011	\$591,805
2012	\$666,890
2013	\$643,934
2014	\$1,050,250
2015	\$1,473,124
2016	\$2,161,440

BASIS FOR PROPOSED RATE INCREASE:

Receiving Station wastes enter directly to the facility’s anaerobic digesters or to headworks based on treatability characteristics. These are physical, chemical, and biological treatment processes which rely upon direct costs associated with electrical, natural gas, and chemical usage to sustain them. In the last two years, electrical costs (\$/kWh) have decreased 1.7% and gas costs (\$/Therm) has decreased 8.6%. Chemical costs have not increased in the last two years. In addition to the aforementioned treatment costs, the majority of the wastes are generated from food based industries that are high in salts (i.e. chlorides). Therefore, tanks, piping, pumps, and even concrete structures are subject to degradation and maintenance. A number of projects have been completed over the history of the program to ensure proper waste treatment. Following are a list of major projects: \$50,000 to recoat the carbon steel walls and refurbish the concrete floor of the primary receiving tank, \$32,000 to replace receiving station waste conveyance pipe (upgraded to 316L stainless steel), and \$65,000 to replace the carbon steel sludge blending tank with a concrete epoxy lined tank. In 2018 we are proposing \$35,000 to complete concrete repairs.

Additionally, the dewatered end product, biosolids, must be transported for land spreading to an approved agricultural site. The hauling and application of biosolids tends

to be the greatest cost variable for biosolids. Over the next three years there will be a 3% contractual increase in hauling rates.

RECOMMENDATION:

Therefore, we are requesting approval of a rate increase for Receiving Station Waste Haulers of 3% (see Table 3) effective January 1, 2018. The rate increase is estimated to provide approximately \$60,000 of additional revenue to the Wastewater Utility on an annual basis. This increase helps ensure that the Utility is covering treatment, maintenance, replacement, and operational related expenses. This rate change does not require authorization outside of the City of Appleton.

Table 3: Proposed Tier Rate Structure

Tier	Current Rate	Proposed Rate
1	\$5.25	\$5.40
2	\$7.30	\$7.50
3	\$12.00	\$12.40
4	\$16.50	\$21.50
5	\$22.00	\$22.70