

Item 24-1364: Approve Wastewater Rate increase of 9% for general service and special hauled waste service and increase compost fee to \$14/cubic yard to be effective January 1, 2025

Item 24-1367: 2025 Utilities Department Budget Discussion

Utilities Committee

Tues, Oct 22, 2024 4:30PM

Aldersperson Vered Meltzer (District 2) 00:55

We have no public hearings or appearances today. Our [audio glitched and cut out] of 9% for general service and special hauled waste service and increased compost feed of \$14 per cubic yard to be effective January 1 2025. Do I have a motion? All right, we have a motion and a second. And would someone from staff like to talk about this? Director three, go ahead. Oh. District Three.

Account Manager Kelli Rindt (Utilities) 01:25

Thank you. So, this action item is here to be—to request approval for the 9% rate increase for the wastewater services that would be effective on January 1, 2025. This 9% rate increase is really partially being driven by the digester maintenance that's going to need to be done in 2025.

Aldersperson Vered Meltzer (District 2) 01:51

Thank you. Any comments or questions from the committee? All right, seeing none—oh, Alder Doran, go ahead.

Aldersperson Chad Doran (District 15) 01:58

Thank you. I guess referring to the digester maintenance, can we—I guess, is that related to the Polymer issue from last year then, or was that already planned maintenance that we had had been looking at doing?

Director Chris Stempa (Utilities) 02:14

No, this this is independent, and as part of the presentation for the budget next year I can get into a little bit of that as far as the overarching project, just the project needs in general that are contributing to the rate increase. But no, the Polymer Incident, completely independent of the need to do this assessment and inspection.

Aldersperson Chad Doran (District 15) 02:35

Okay. Thank you. And just because I think a lot of people don't necessarily recognize why we—why these are sort of separate rate increases that we do. Everything—can you just kind of explain how everything, you know, funded through the rate—er the utility. Everything we raise rates for and charge for, just capital improvement projects, maintenance and operation that is funded through the enterprise, correct? I guess if you just want to explain that a little bit.

Director Chris Stempa (Utilities) 03:02

Sure. I'll defer to Kelli on that.

Account Manager Kelli Rindt (Utilities) 03:08

So, I'm going to step back just a little bit. So, we did that full rate study back in 2020 where we did the 20% rate increase, and then we had, we had known we were going to do annual increases for the next five years after—or the next four years after that. That initial plan was put together with the capital program that was available at that point. Obviously, we've been adding projects, and project costs have increased, so we're making up—we need to increase the rates to cover those additional costs and/or projects.

Alderson Chad Doran (District 15) 03:46

On that note, this digester project was not envisioned at the time, and it was alluded to in the memo, I think, at the time the last trilogy race study was done. This came about after, subsequently, and had to do with some other project work we were doing upstream of the digesters that reveal this intense corrosion within the ductal iron piping and concerns that we had regarding what the integrity of the inside of the digester, albeit in a different environment, we can't see it, and so we can't take the chance of hoping it's good, given what's going on upstream after 20 plus years of exposure to chlorides and different things. So that's really one of the primary reasons for the rate increase that wasn't projected initially, has to do with this project that got folded in after the fact, and some of the uncertainty regarding the full scope until we actually get eyes inside these vessels.

Alderson Chad Doran (District 15) 04:41

Just so—and so the community is clear, I mean, we're following the study that we did. We're completing that work. Costs have increased, and additional projects have come forward, necessitating the rate increase being more than what we had originally anticipated.

Director Chris Stempa (Utilities) 04:58

Correct.

Alderson Chad Doran (District 15) 04:58

Thank you. Just want to make sure everyone understood that. Thank you.

Alderson Vered Meltzer (District 2) 05:02

Thank you very much. Any other comments or questions? Seeing none, let's go ahead and vote. All in favor say aye. Aye. Any opposing or abstaining? Seeing none that is recommended for approval. That will go to Common Council this coming Wednesday.

[Cut]

Alderson Vered Meltzer (District 2) 07:35

All right. Our next information item 24-1367, is the utilities department budget discussion.

Director Chris Stempa (Utilities) 07:44

Yeah, I like the word discussion rather than presentation. I'm going to use the new guy card a little bit here, because I haven't done this before. I went back to watch what Chris Shaw had provided last year at the utility committee level for a presentation, per se. But I'll follow up the heels of the conversation regarding the rate study increase, and starting with wastewater first.

Director Chris Stempa (Utilities) 08:04

So really, we are still in a significant project mode. Projects that had a backlog from COVID caused by supply chain, all the things that we had been talked about. We're still wrapping projects up that had started two years ago, in part because HVAC, higher voltage electrical MCCs, things like that, take up to a year to get. So, these projects are have been in place. They're underway. They're not new projects, but they just take a long time to complete. And the cost has gone up. And these are all things that we know.

Director Chris Stempa (Utilities) 08:37

Matter of fact, we had a public bid project early this year, a wastewater. The forecasted costs within a year, year and a half, had gone up by almost double for certain things. We can't afford to do it. Fortunately, we're in a

place with that specific system that we can postpone it for a later capital year and actually tackle more work within one single scope biddable project. So, there's a benefit on that one, one of the few that we can actually wait a little bit. So no, no, no harm in the treatment process and reliability of operation. But this, this budget and the rate that Kelli had spoken to is really the result of just fixing things that are 20 plus years old. That's it.

Director Chris Stempa (Utilities) 09:16

We got some regulatory requirements coming up on wastewater and water. On the wastewater side, we're likely going to be reissued our WPDES. That's been promised, and we're okay with waiting. But our TMDL limit, total maximum daily load for phosphorus effluent, will be ratcheted down officially. We'll have a year to comply. We've been demonstrating compliance thus far, but it will officially be on the books. So, what does that mean? That means that we're gonna have to consistently meet it, and to do that, we need more chemical. That chemical's about \$6,000 a load. We go through about a load of that every other week, and so as we move forward, we need to do some other improvements to provide reliability to that chemical system. That's primarily facilitated through programming and instrumentation. We got to make sure our instrumentation and our programming, is robust enough and versatile, flexible enough to handle different situations in the diurnal patterns, you know, based on when people actually use the sewer system. It changes how we treat. So that's another example of just evolving needs in construction projects.

Director Chris Stempa (Utilities) 09:19

The digester is certainly one of them. The digester one, like I spoke to, we don't yet know—I don't want to say it's like opening Pandora's Box. We hope and believe everything's okay, but we have to verify. If it is not, we have to be able to pivot and still get work done while those are down. It is going to be a costly endeavor to take them down, not only operationally, but more importantly, because of the hauled waste program. Over half of that is facilitated and fed directly to the digesters. Bruce—natural—or bio gas, methane gas, we burn that to heat the digester processes and provide building heat through the boilers. So, when those are down, we can't do all those things. We have to defer on hauled waste revenue, which means you're not only down—you're going to be absent that that revenue stream—you have to make up your heating needs differently. So, we're trying to target a window of time to get that work done in the warm weather months next year. Again, keeping our fingers crossed that the scope of work involved to do is going to be short, not something more invasive, but we'll be ready to handle either way.

Director Chris Stempa (Utilities) 10:22

On the drinking water side, regulatorily, we started feeding phosphoric acid this year as part of our lead and copper requirements. Public Works has been continuously working in the in the distribution system to identify, remove lead service lines and now galvanized lines. Regardless of the progress (and it's been great that they've been making), we have to abide by the treatment requirements. That is phosphoric acid. The other part of that is because you're feeding an acid, it changes the pH of the water leaving that specific area. You have to then buffer it with a different chemical, that sodium hydroxide. We've got a two-year window to benchmark consumption needs for that sodium hydroxide system. That's a new system to—not necessarily to the facility—but we have to right size it based on the needs of the operation.

Director Chris Stempa (Utilities) 12:11

The former system that exists in there is way oversized. It's not been used for about—I might be wrong with this—10 to 15 years, because we haven't needed it, because it's an entirely different need back at the time when we had membranes and CIPS. Membranes no longer exist. It was mothballed. It's sitting there, but it's not right sized for our needs for the phosphoric acid system. So that will be another requirement that we have. It'll be another project, and next year, we're going to be doing the engineering for it, and the subsequent year, it'll

be a replacement of that system. It will also be a replacement of the hypochlorite bleach tank system, our bulk storage system. Those are fiberglass tanks. They're 20 plus years old. We re-lined re-line them twice now.

Director Chris Stempa (Utilities) 12:55

You can only reline fiberglass tanks so many times before the structural integrity starts to go. The tanks flex when they're load. They crack. They leak. We have to replace them. So, we're gonna—we're gonna bolt those two bulk chemical storage system projects together. We need to get a refined cost for that. That will also be a fairly significant cost to go in and do that work. And that—again, the rate studies—I know a rate increase is on the wastewater side. There's a rate study need on the water side, and that's and that's related to that. So, we have that as part of the rate study.

Director Chris Stempa (Utilities) 13:28

Now, Kelli, if there's anything I'm missing with that, but I think—so in a nutshell—and again, I apologize for not having a presentation per se, that really captures the water and the wastewater sides, as far as the budget needs for 2025.

Aldersperson Vered Meltzer (District 2) 13:44

Thank you for that very thorough summary. Do we have any comments or questions up here? All right, well, thank you for that discussion, and thank you also for you and the rest of the team's work on answering all the questions that my colleagues and I have been submitting for budget Saturday. I know that that takes a lot of work. Some of those answers are pretty lengthy and involve a lot of details, so just wanted to thank you for that and looking forward to the discussions that we'll have on budget Saturday.