



COMMISSION AGENDA REPORT

Meeting of January 30, 2020

Approval of Amendment to the 2020 Adopted Operating Budget increasing the Total Authorized Expenditures to Address Additional Biosolids Disposal Costs

Lead Staff: Eric Dundee, Director of Wastewater Operations and Reliability

Requested Action: The Commission is requested to adopt resolution (2020-01-30-R3) increasing the total authorized expenditures for the 2020 operating budget for dewatered biosolids.

Attachments:

Attachment 1: Proposed 2020 Operating Budget Amendment Summary

Attachment 2: Resolution (2020-01-30-R3)

Financial Impact:

The charges associated with disposing of the District's biosolids not able to be land applied are anticipated to cost up to \$775,000. The 2020 budget does not contain specific funds allocated for this purpose. The proposed amendment would increase the total authorized operating budget expenditures by \$775,000 from \$43,443,000 to \$44,218,000 with the increase funded from reserves as shown in Attachment 1.

Background:

Adopted Budget Amendment Requirements

Both Commission policy and Wisconsin statutes require that a change to the adopted budget needs the approval of 2/3 of the Commission and a published notice of a change in the budget. Recent changes to Wis. Stat. § 65.90 require that the public be notified of amendments to annual budgets either by a class one notice published within 15 days or by posting on the municipality's website within 15 days. The District's current policy requires that it follow §65.90, although it references older statutory language on how the notice should be posted. District counsel advises that following the current statutory language meets the intent of District policy (although the policy should be updated to track current language).

Reason for Amendment

Due to the weather in 2019, the District was unable to land apply enough volume of class B biosolids to create sufficient storage room in the Metrogro storage tanks to hold biosolids until spring hauling. This situation has created a critical problem for the District; therefore, the District has explored options to dispose of at least five million gallons of biosolids before the

beginning of the spring hauling season. This disposal work requires an operating budget amendment to use reserves and the execution of three separate service contracts and agreements.

Commission required action for approval of service contracts and agreements:

1. Contracted service to dewater the class B biosolids - \$254,000 base bid for biosolids dewatering of five million gallons with the option of increasing biosolids dewatering quantity by five million additional gallons. Approval of contracted service per resolution (2020-01-30-R4).
2. Contracted service to haul the dewatered biosolids to the Dane County Landfill. Estimated cost \$80,000. Approval of this contract will be a future Commission action.
3. Dane County Landfill tipping fees – estimated \$325,000. Costs will be based on actual tipping fee disposal weight. Agreement for acceptance of the material and authorization of transaction authority per resolution (2020-01-30-R5).

The estimated costs for the budget amendment are as follows:

1. Biosolids Dewatering - \$370,000 (base bid amount of \$254,000 plus a \$116,000 allowance for an additional two million gallons).
2. Disposal hauling - \$80,000.
3. Dane County Landfill tipping fees - \$325,000 (\$50 per ton).

Note: District supplies and labor will be accounted for in the existing 2020 budget.

Analysis and Options

The requested budget amendment is calculated for the disposal of a total of seven million gallons of biosolids. Five million gallons is required to be disposed of to create enough storage in District Metrogro tanks. The additional two million gallons is an optional amount the District has concluded should be added to the required work. Many factors including, but not limited to, increasing seasonal weather difficulties for Metrogro operations, known shortage of wheat fields for application in 2020, possible request for relief from other wastewater treatment plants and reduced cost of dewatering biosolids over five million gallons, were considered in determining the additional costs for this work.

Recommendation:

Approve amendment of the adopted 2020 operating budget increasing the total authorized expenditures for the 2020 operating budget by \$775,000 to \$44,218,000 as shown in Attachment 1.

Key considerations:

- Prevent environmental risks and permit violations due to insufficient biosolid storage.
- Complies with Commission financial policy



Option 1:

Delay budget action until later in 2020 when a better operating budget forecast is available.

Key considerations:

- The magnitude of the anticipated expenditures is too large to manage within the adopted operating budget without significant cuts in other District programs.

Next Steps:

District staff will publish the required notice of the budget amendment on our website as permitted by Wis. Statutes §65.90(5)(a).

