

City of Meridian FY2022 Budget Amendment Form

Personnel Costs

Full Time Equivalent (FTE): _____

Fund#	Dept.#	G/L#	Proj.#	G/L# Description	Total
3510	60	41200	0	Wages	
3510	60	41206	0	PT/Seasonal Wages	
3510	60	41210	0	Overtime	
3510	60	41304	0	Uniform Allowance	
3510	60	42021	0	FICA	\$ -
3510	60	42022	0	PERSI	\$ -
3510	60	42023	0	Worker's Comp	\$ -
3510	60	42025	0	Employee Insurance	\$ -
Total Personnel Costs					\$ -

Operating Expenditures

Fund#	Dept.#	G/L#	Proj.#	G/L# Description	One-Time	On-Going	Total
3510	60		0				\$ -
3510	60		0				\$ -
3510	60		0				\$ -
3510	60		0				\$ -
3510	60		0				\$ -
3510	60		0				\$ -
3510	60		0				\$ -
3510	60		0				\$ -
3510	60		0				\$ -
3510	60		0				\$ -
3510	60		0				\$ -
3510	60		0				\$ -
3510	60		0				\$ -
3510	60		0				\$ -
Total Operating Expenditures					\$ -	\$ -	\$ -

Capital Outlay

Fund#	Dept.#	G/L#	Proj.#	G/L# Description	Total
3510	60	94100	0	Capital-Vehicle	\$ 304,000
3510	60		0		
3510	60		0		
3510	60		0		
3510	60		0		
3510	60		0		
Total Capital Outlay					\$ 304,000

Revenue/Donations

Fund#	Dept.#	G/L#	Proj.#	G/L# Description	Total
3510	60		0		
3510	60		0		
3510	60		0		
Total Revenue/Donations					\$ -

Total Amendment Cost - Lifetime



Please only complete the fields
highlighted in Orange.

Amendment Details

Title: **Biosolids Truck Trailer and Equipment**Department Name: **Public Works**Presenting Department Name: **Public Works**Department #: **60**Primary Funding Source: **3510**

CIP#: _____

Project #: _____

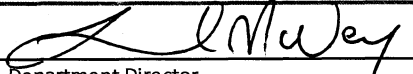
Is this for an Emergency? ☐ Yes ☒ NoNew Level of Service? ☐ Yes ☒ No

Clerks Office Stamp

Date of Council Approval _____

Acknowledgement

Date

 4/19/22
Department Director

REVIEWED

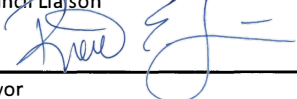
By Todd Lavoie at 8:16 am, Apr 21, 2022

BP 4/19/22

Chief Financial Officer

Approved Jessica Perreault 3:29pm 4/22/2022

Council Liaison

 4-22-22
Mayor

Total Amendment Request \$ **304,000**

City of Meridian FY2022 Budget Amendment Form

	Prior Year(s) Funding	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Department Name: <u>Public Works</u> Title: <u>Biosolids Truck, Trailer and Equipment</u>
Personnel		\$ -	\$ -	\$ -	\$ -	\$ -	Instructions for Submitting Budget Amendments: ➤ Department will send Amendment with Directors signature to Finance (Budget Analyst) for review ➤ Finance will send Amendment to Council Liaison for signature ➤ Council Liaison will send signed Amendment to Mayor ➤ Mayor will send signed Amendment to Finance (Budget Analyst)
Operating		\$ -	\$ -	\$ -	\$ -	\$ -	
Capital		\$ 304,000					
Total	\$ -	\$ 304,000	\$ -	\$ -	\$ -	\$ -	
Total Estimated Project Cost: \$ 304,000							

Evaluation Questions

Please answer all Evaluation Questions using the financial data referenced above.

1. Describe what is being requested?

The Public Works Department is requesting a truck, trailer, and equipment to allow them to self-haul the biosolids produced at the WRRF. This self-haul option presents significant long term cost savings to the City.

2. Why was this budget request not submitted during the current fiscal year budget cycle?

The Department was not made aware of the contracted service price increase until mid-budget year.

3. What is the explanation for not submitting this budget request during the next fiscal year budget cycle?

Because of the significant lead time in ordering the truck (8-10 months), a budget amendment is requested to start the ordering process. The necessary FTE will be requested as part of the normal FY23 budget process. If the City does not want to pursue a budget amendment, the ordering process would not be able to be started until FY23, and the City would continue to pay higher contracted hauling costs for a longer period of time.

4. Describe the proposed method of funding? If funding is split between Funds (i.e. General, Enterprise, Grant), please include the percentage split. List the amounts and sources of anticipated additional revenue that will result from approval of this request.

Enterprise Fund

5. Does this request align with the Department/City's strategic plan? If not, please explain how this request was not included in the Department/City strategic plan?

Yes

6. Does this request require resources to be provided by other departments? If yes, please describe the necessary resources to be provided by other departments.

Yes - Purchasing

7. Does this Amendment include any needed Equipment or Software that will utilize the City's network? (Yes or No)

No

8. Is the amendment going to result in the disposal of an asset? (Yes or No)

No

9. Any additional comments?

Total Amendment Request \$ 304,000

Every effort should be made to avoid reopening the budget for an amendment. Departments will need to provide back up and appear before the City Council to justify budget amendments. Budget amendments are intended for emergency or mandatory changes to the original balanced budget. Changes to the original balanced budget may cause a funding shortfall.



MEMO TO CITY COUNCIL

Request to Include Topic on the City Council Workshop Agenda

From:	Laurelei McVey, Public Works	Meeting Date:	
Presenter:	Laurelei McVey	Estimated Time:	20 minutes
Topic:	Biosolids Self Hauling Analysis and FY22 Budget Amendment for \$304,000 for the Purchase of a Hauling Truck and Trailer		

Recommended Council Action:

Move to approve the FY22 Budget Amendment in the amount of \$304,000 for the purchase of a Biosolids Hauling Truck and Trailer and authorize the Mayor to sign.

Background:

The Wastewater Resource Recovery Facility (WRRF) produces biosolids as an end product of the wastewater treatment process. Through third-party services provided by Timbercreek Recycling, under the existing solid waste contract with Republic Services, these biosolids are currently hauled offsite and disposed of at a municipal solid waste landfill (Ada County Landfill at Seamans Gulch).

- The WRRF currently produces approximately 9,350 wet tons of biosolids per year which equates to approximately 350 haul trips per year
- Between 6-7 haul trips to the landfill are completed each week
- Biosolids production generally has a gradual increase in volume each year with additional growth (flow)

The hauling of biosolids is covered under the City's solid waste contract with Republic Services in an MOU that memorialized additional services provided when the contract was assumed from SSC. Historically, this MOU never established a contractual price for this service, just that the program would continue. The costs for disposal and hauling of the biosolids are currently passed through to the City from Republic Services. Republic Services has stated that the last several years they have operated this service at a slight overall net loss.

Currently, the City of Meridian is the only large city in the Treasure Valley that is not already self-hauling.

With substantial increases in hauling rates, the Public Works Department began analyzing the option of self-hauling its biosolids.

Each biosolids haul trip has two separate components- a haul fee and a disposal fee.

- The disposal fee is dictated by the Ada County Landfill. This rate is currently set at \$29/ton.

- The hauling rate is dictated by Republic Services for the cost of trucking (staff, equipment, fuel) the biosolids from the Meridian WRRF to the landfill. Republic Services contracts this service through Timbercreek Recycling at a rate of \$195/haul under their last contract. As of March 1, 2022, the price has increased to \$415/haul.

The change in haul rate was caused by several elements.

- The cost of labor (particularly CDL drivers) and fuel have risen dramatically across the board. Republic Services evaluated alternative hauler options, but were unable to find local haulers at a rate that was less than what was proposed by Timbercreek.
- Timbercreek Recycling has indicated the trailer they utilize to haul the biosolids is at the end of its life. They either need to purchase a new hauling trailer or conduct significant, ongoing repairs to keep the trailer functional. Today, Timbercreek only utilizes their biosolids trailer for hauling Meridian's biosolids as it must be thoroughly cleaned between each use if they wanted to utilize it for something else. This restricts their ability to spread the cost of the purchase or repairs to other users or projects.

In FY21 the City spent ~\$342,800 on biosolids hauling and disposal (under the old haul rate). It is estimated that the City will spend ~\$407,000 in FY22 based on the increased hauling rate. We are anticipating budgeting ~\$423,000 in FY23 for this service.

Members of the Public Works Department have recently met several times with Republic Services and Timbercreek to determine alternatives and discuss the City's potential desire to self-haul. Both parties had no concerns with the City pursuing the self-haul options as the services today are generally just pass-through costs.

Available Options:

- Status Quo - Continue to pay increased haul rate (\$415/haul) to Republic Services with no contractual commitment required. The Public Works Department would still recommend memorializing this rate in an MOU.
- Enter into a longer-term MOU with Republic Services- The City could agree to enter into a longer term contracted hauling rate with an MOU for a term of 5, 7 or 10 years that would lower the haul cost to \$357, \$379, or \$388 per haul respectively.
- Self-Haul Option (discussed in further detail below)

Self-Hauling Analysis:

The Public Works Department conducted an analysis of self-haul costs and completed an ROI for this proposal.

In order to self-haul, the City would need to:

- Purchase a hauling truck:
 - Class 8 Day Cab is required to performed the require weight haul. A new truck is estimated at \$180,000.
- Purchase a hauling trailer:
 - Trailer: a conveyor belt trailer is used by the City of Boise and Nampa for their self-haul needs. New units are at the current value of \$124,000.
- Hire an FTE:
 - Wages are based on a Level H employee, fully burdened. This employee would need a Class A CDL.

- This employee could be utilized in the Collections crew when not conducting hauling operations (staffing considerations discussed in more detail below).

Other assumptions that were included in the ROI include:

- Fuel
- Repair and maintenance costs on the equipment
- A 3% annual growth increase in the biosolids volume. This additional future volume could be handled with the truck making more trips per day to the landfill.

The ROI did not include any future increases to 3rd party haul rates, which are likely over time and would further improve the timeframe for break-even on the ROI.

Based on the analysis by Public Works, at the new haul rate (\$415/haul), the ROI for the City to self-haul is 3.34 years from the delivery time of the equipment. Over a period of 15 years (estimated life of the equipment), this is an estimated savings of \$1.17M.

Year	Capital Cost	Hauls	Fuel	R&M	Staffing	Total Staff and Equipment Cost	Hauling \$415	Savings	B/C Ratio	Payback
Year 0	\$304,000.00					\$304,000.00				(\$304,000.00)
Year 1		346	\$5,513.31	\$6,971.37	\$42,114.00	\$54,598.68	\$143,498.70	\$88,900.02	0.40	(\$215,099.98)
Year 2		353	\$5,623.58	\$7,008.10	\$43,377.42	\$56,009.10	\$146,368.67	\$90,359.58	0.70	(\$124,740.40)
Year 3		360	\$5,737.74	\$7,046.12	\$44,678.74	\$57,462.60	\$149,339.96	\$91,877.36	0.93	(\$31,341.25)
Year 4		367	\$5,853.64	\$7,084.72	\$46,019.10	\$58,957.47	\$152,356.63	\$93,399.15	1.11	\$62,057.91
Year 5		374	\$5,958.42	\$7,119.62	\$47,399.68	\$60,477.72	\$155,083.81	\$94,606.09	1.26	\$156,663.99
Year 6		380	\$6,062.69	\$7,154.36	\$48,821.67	\$62,038.72	\$157,797.78	\$95,759.06	1.38	\$252,423.05
Year 7		387	\$6,166.97	\$7,189.09	\$50,286.32	\$63,642.38	\$160,511.90	\$96,869.52	1.48	\$349,292.57
Year 8		393	\$6,271.19	\$7,223.80	\$51,794.91	\$65,289.90	\$163,224.55	\$97,934.64	1.57	\$447,227.21
Year 9		401	\$6,396.62	\$7,265.58	\$53,348.76	\$67,010.95	\$166,489.04	\$99,478.09	1.64	\$546,705.30
Year 10		409	\$6,524.55	\$7,308.19	\$54,949.22	\$68,781.96	\$169,818.82	\$101,036.86	1.70	\$647,742.16
Year 11		417	\$6,655.04	\$7,351.65	\$56,597.69	\$70,604.39	\$173,215.20	\$102,610.81	1.76	\$750,352.97
Year 12		426	\$6,788.14	\$7,395.99	\$58,295.63	\$72,479.75	\$176,679.50	\$104,199.75	1.80	\$854,552.72
Year 13		434	\$6,923.90	\$7,441.21	\$60,044.49	\$74,409.61	\$180,213.09	\$105,803.49	1.84	\$960,356.20
Year 14		443	\$7,062.38	\$7,487.33	\$61,845.83	\$76,395.54	\$183,817.35	\$107,421.81	1.88	\$1,067,778.01
Year 15		452	\$7,203.63	\$7,534.38	\$63,701.20	\$78,439.21	\$187,493.70	\$109,054.49	1.91	\$1,176,832.50
							15 yr savings	\$1,175,310.70		
							less truck/trailer purchase			

Staffing Considerations:

An FTE would be required under the self-haul scenario. Republic Services/Timbercreek currently estimate the average daily haul time for each biosolids trip is approximately 2 hours. We are restricted from bringing more than 2 hauls per day to the landfill (an existing landfill requirement) due to the moisture content of the biosolids. If an FTE hauled 2 loads per day, 3 to 4 days per week, they would still have about 50% of their time available to assist with other wastewater related activities.

Currently, our Collections group that completes the sewer cleaning and inspections is understaffed and unable to keep up with the established goals. Two additional FTEs have been planned in the CFP to help address this need (FY23 and FY24).

We would propose that the biosolids hauling responsibilities be included in the Collections group in FY23 as they get their new staff member. This group already has to hold CDLs and is familiar with driving large vehicles and equipment. Under this scenario, one FTE could perform the biosolids hauling in the morning and could then assist with Collections system duties for the remaining half of the day.

Timing:

Unfortunately, the lead time for the truck and trailer is significant. It is estimated that delivery of this equipment from order would be approximately 8 months. With the City's internal purchase processing time, it is likely to take about 9-10 months to obtain. The City could look at alternatives such as used equipment to shorten this lead time; however, the availability of quality used equipment is unknown at this time.

Due to the significant lead time, we are recommending an FY22 budget amendment in the amount of \$304,000. Although the actual expenditure of this money would likely not come until FY23 when the equipment is delivered (~Feb/March 2023), this would allow us to begin the purchasing process.

An FTE would be requested as part of the normal FY23 budget process. This FTE, as noted above, is already included in the CFP. The planned FTE can be requested through the normal budget process since the equipment will not arrive until 2023.

The City will need to continue to pay the \$415/haul rate until the equipment can be delivered in 2023. These costs were included in the FY23 sanitary services base budget.

Impact of Biosolids Dryer Equipment:

With the discussion of the potential installation of a biosolids drying facility, utilizing partial ARPA funding sources, it is important to analyze the impact of this facility on the self-hauling project's ROI. The biosolids drying facility, would take approximately 3 years to design and construct. This facility would likely come online in late 2025 (which is 2 years into the 3.4-year ROI payback). The biosolids drying facility is expected to approximately halve the number of hauls to the landfill, so the ROI would be extended by an additional 2 years making the updated ROI still favorable.

Potential Project Disadvantages:

The Public Works Department also analyzed the potential disadvantages to self-hauling. The disadvantages include the risk if the truck or trailer break down and repairs are needed. The City has a few options to mitigate this risk including temporary storage of the biosolids at the WRRF. Republic Services, Timbercreek, and a neighboring city that currently self-hauls have all indicated that they could also help us haul in the event of an emergency backup. Additionally, the City would assume the responsibility of the Timbercreek spill prevention plan, which outlines measures to take in the event of a vehicle crash or spill. Today, the City would help Timbercreek in these scenarios as we are still ultimately responsible for the biosolids until they are delivered to the landfill. No special permitting is required to haul the biosolids.

Recommendation:

It is recommended, based on the positive ROI and the ability to maintain better control over future hauling increases that the City pursue self-hauling of its biosolids.

It is recommended that the Council approve an FY22 budget amendment in the amount of \$304,000 for the biosolids truck and trailer.

This recommendation and analysis is predicated on the Council also approving an FY23 budget staffing resource as planned for in the Collections group and discussed above.

Questions related to this memo and budget amendment should be directed to Laurelei McVey, Public Works, lmcvey@meridiancity.org, 208-985-1259.

