



**RIVER FALLS CITY COUNCIL JOINT WORKSHOP WITH THE UTILITY ADVISORY BOARD
REGARDING BIOSOLIDS**

March 8, 2022, 5 p.m., Training Room, City Hall

City Council Members Present: Mayor Dan Toland, Todd Bjerstedt, Nick Carow, Sean Downing, Scott Morrisette, Alyssa Mueller, Diane Odeen, Ben Plunkett

Utility Advisory Board Member Present: Kellen Wells-Mangold; Mark Spafford; Adam Gierl; Tim Thum; Mark Wespetal

City Staff Present: City Administrator Scot Simpson; Assistant City Administrator Jason Stroud; Utility Director Kevin Westhuis; Community Development Director Amy Peterson; Administrative Services Manager/City Clerk Amy White; IT Specialist Jon Smits; IT Specialist Sterling Hackney; Human Resources Director Karen Bergstrom; Administrative Assistant Lanae Nelson; Water/Wastewater Superintendent Dean Seemuth; Lead WWTP Operator Bill Swenson; Finance Director Josh Solinger; Jennifer Smith, Assistant to the City Administrator

Others: Christine DeMaster, Trilogy Consulting, LLC; Ryan Yentz, Strand and Associates; Randy Lindquist, West Central Wisconsin Biosolids; Steve Skinner, West Central Wisconsin Biosolids; Jeff Bjork

At 4:59 p.m., Mayor Toland called the workshop to order and asked Utility Director Kevin Westhuis to provide an introduction. The meeting began with attendee introductions.

Westhuis provided a history of the West Central Wisconsin Biosolids (WCWB). Eleven communities came together and built a plant for sledge in the late 1990s. There are also ten non-members. Contracts are set to renew in 2025 with WCWB. The City was given until the end of June to decide whether to renew its contract.

Westhuis talked about upcoming WCWB projects. In 2023, a new building would be built for \$3.6 million which would house new scales and screeners. There would also be an upgrade to the HVAC. In 2025/2026, there would be a project to convert storage tanks, construct new centrate storage tank, a new dryer, HVAC in process areas, and for a cost of \$21.6 million. The final project would be in 2030 which would include higher capacity centrifuges, larger or more feed pumps, and pipe work for a cost of \$5.1 million. River Falls accounts for just under 20 percent of the volume.

Westhuis introduced Ryan Yentz. Strand and Associates has been working with the City for a few years looking at this drying facility and also the possibility of operating its own drying plant.

Yentz gave an overview of the biosolids study. The study results are more favorable for the City to go alone. He talked about the current process. Yentz said the costs for doing the project at the City's facility would be approximately \$7.2 million which would include equipment; building changes; electrical, mechanical and general conditions; engineering, and undefined changes. He said some of the non-monetary reasons that support drying in River Falls would be emerging electric dryer technology, potential giveaway to the community, and emerging contaminants.

Yentz talked about a potential schedule which would include a start design in August 2022, advertise in August 2023, construction in January 2024 with an end in June 2025. Yentz fielded questions.

Aldersperson Morrisette asked about the undefined details and engineering. How it would be discovered? Yentz gave an example of relocating pipe.

Alderson Mueller asked if what happens if the City can't get rid of biosolids and what's the cost. Yentz said it would need to be landfilled. He wasn't sure what the fees would be. Mueller asked if we would need more staff and if the difference would cover cost of new employee? Yentz said the equipment is desired to run unattended. He said it was assumed a half new employee.

The Mayor asked if the project moved ahead, how long would it be before something else would need to be done. Yentz said 20 years.

Alderson Downing asked about considerations for the City's Class A trout stream that we should be concerned about. Yentz isn't familiar with a Class A trout stream. Class A sledge is higher quality which is a positive. Downing asked about the smell factor. Yentz said any system will have odor control system. He recommended having a biofilter in any project. Utility Director Westhuis recommended a field trip before any decision would be made.

UAB Board Member Wells-Mangold asked about the ecological impact regarding trucks on road, wear and tear. Is there a way to quantify that dollar amount in terms of savings? Yentz said the number of trucks coming out of the facility would be reduced and provided further details.

Westhuis asked for information about quantity. Lead WWTP Operator Bill Swenson said there is about a ton of product per day. He talked about quantity and process

UAB Board Member Wespetal asked about pending state/federal rules that might make the plan obsolete. Yentz talked about PFAS. The more superior you can make sledge, the better it will be. Swenson said sledge is tested once a year saying the City has high quality sledge and explained the process.

UAB Board Member Thum asked how the product produced in Ellsworth compares. Yentz said it is the same. Randy Lindquist provided further details. Thum asked about the energy usage for drying the product. Yentz said the proposed dryer is the same. Lindquist gave details. Thum wasn't sure that drying is a good use of energy. Yentz said there are several options.

Wespetal asked about the extra costs and upgrades in 20 years. Yentz talked about evaluating equipment in the future. Wespetal asked about efficiency and bringing in other cities' waste. Yentz said it was good to keep the dryer running. He talked about scenarios.

Wells-Mangold asked the costs the City would be responsible for if they remained contracted at WCWB. Westhuis said 20 percent. There was discussion about communities not having issues getting rid of their sledge.

Mueller wanted to make sure staff is involved in process. Yentz talked about getting input from staff.

There was continued discussion about capacity, the closest drying facility, and down time. There was conversation about the uniqueness of the regional facility and if any other communities were going to start their own facility. Westhuis said River Falls is the only community which hasn't signed a contract with WCWB.

Christine DeMaster, Trilogy Consulting, LLC, provided some history. She talked about the increasing costs at WCWB and alternatives. She said Alternative 1 – is to construct a city facility. The utility would have to issue debt. O&M would go down. She talked about debt service and an annual operating expense of \$634,000. DeMaster provided information about projected cash needs including annual debt service, projected cash flows and reserve levels. She said the main takeaway was the utility could fund and finance the project and will continue to be in excellent shape. It is based on the current level of sales. She is trying to be conservative with projections.

DeMaster talked about Alternative 2 which is to renew the contract with West Central Wisconsin Biosolids. She talked about River Falls' estimated share of treatment charges of \$840,000 after 2025 improvements and \$940,000 per year after Phase 3 upgrades. She talked about cash flows and reserve levels. She built in a 10 percent transportation cost. DeMaster said a rate increase would be needed after the Phase 1 project went online.

City Administrator Simpson clarified that DeMaster is assuming there not a rate increase factored in the numbers. She affirmed. Simpson spoke further about rate increases. Wells-Mangold asked about rate increases between the alternatives. DeMaster said the total difference is about \$300,000. You would probably be looking at rates 10 percent higher with the second option. She talked about the transportation costs being a risk. If you have more customers, you will pay more.

DeMaster talked about the findings and what does it mean for utility to issue more debt. She talked about the bond rating being affected by debt issued. She talked about the larger costs with option two.

Mueller asked about owning versus taking sledge to Ellsworth. Simpson talked about a comparable risk analysis and gave examples. Redundancy risk is separate risk and he talked about redundancy. He doesn't know how to get rid of it. He talked about the dryer.

Wells-Mangold asked what the cost would be for a 10 per rate increase for normal household. Simpson said \$5 per month.

Alderson Plunkett asked if the \$3.1 million was the total differences in cost on the 2035 date. DeMaster said yes and provided details. Plunkett asked if that was inclusive of a grant that wasn't received. She provided an explanation.

Stafford asked if the debt service factored in the removal cost of Junction Falls. DeMaster said no. Westhuis said that would be coming out of electric. Simpson talked about the CIP.

Plunkett asked who owns WCWB after the City exits the contract. Westhuis said the utility would own if the City built. There was discussion about capital the City has in WCWB. If the City leaves, the equity would remain at WCWB.

DeMaster believes Alternative 1 is more cost effective than Alternative 2. She wanted to emphasis that they were as conservative as possible, but the costs could be higher than shown.

Westhuis said we weren't erring on side to make it look like it is better to build our own facility. There are many reasons to stay with West Central. He talked about the research that had been done. There needs to be discussion. It is a legacy decision. He wants to be responsible to our rate payers. Staff is looking for red flags.

Stafford asked about finding a middle ground. Westhuis talked about creating thicker sledge which would result in less trips.

Simpson's strong opinion is to go with the group and what they decided and do our own. The middle ground is convincing the other members to give us a better deal. It would be uncomfortable. Simpson spoke further about the numbers. He doesn't see how that is practical or politically feasible considering the joint ownership. He said it is pretty clear that we stick with what we are doing and rates go up, or don't stick with what we are doing and rates will probably go up later. Staff would really like to understand is how many of you are convinced there would be a non-monetary consideration that would change your mind. Staff is satisfied that the monetary analysis is settled. It is more cost effective for our rate payers to do our own facility. Simpson spoke further about non-monetary considerations, risks, and the WCWB facility.

Simpson asked about a straw poll and clarified its use. Staff would like to understand those of you who feel you know enough at this point to determine whether monetary alone is enough to do that. If you don't, we need to get emails from you saying, "I could decide if I knew this." Simpson asked for a show of hands for how many think you know where you want to go right now. He then asked how many of those would be that we should be pursuing our own facility. All of Council was in favor of doing a City facility. He asked if there was there anybody ready to decide and it was the other way?

Simpson spoke further about the next steps including impact on WCWB. The Mayor said we have been elected and appointed to take care of what's best for River Falls. He understands that we want to be good neighbors but that should not come into the decision.

Lindquist said if River Falls gets out of the contract, WCWB may not do the large project. He just wanted everyone to be aware. The Mayor asked if staff knew what is needed. Simpson talked about giving notice to WCWB, and they ask for a

timeout and present other options. Currently, this is the best information we have. We need to take this information and make the decision. He hasn't heard from Council how they feel about handling other communities' waste. He talked further about it.

Westhuis thanked DeMaster and Yentz for their presentations and Randy, Steve, and guests for attending.

The workshop ended at 6:22 p.m.

Respectfully submitted,

Kristi McKahan, Deputy Clerk