Agenda - Executive Policy Committee - January 21, 2009

Report - Standing Policy Committee on Infrastructure Renewal and Public Works - January 13, 2009

Item No. 1 Flat Fee for Non-Household Hauled Wastewater
eFile WW-2.3

STANDING COMMITTEE RECOMMENDATION:

On January 13, 2009, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the recommendation of the Winnipeg Public Service as contained in the report of the Director of Water and Waste dated December 12, 2008, and submits the following to Council:

1. That the Sewer By-law No. 7070/97 be amended as follows:

    A. That the current overstrength wastewater surcharge on hauled wastewater be eliminated.
    B. That an additional fee of $7.15 per kilolitre for non-household hauled wastewater be included.
    C. That these amendments take effect January 1, 2010.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Agenda - Executive Policy Committee - January 21, 2009

Report - Standing Policy Committee on Infrastructure Renewal and Public Works - January 13, 2009

DECISION MAKING HISTORY:

STANDING COMMITTEE RECOMMENDATION:

On January 13, 2009, the Standing Policy Committee on Infrastructure Renewal and Public Works concurred in the recommendation of the Winnipeg Public Service as contained in the report of the Director of Water and Waste dated December 12, 2008, and submitted the matter to the Executive Policy Committee and Council.

On November 4, 2008, the Standing Policy Committee on Infrastructure Renewal and Public Works laid the matter over to its meeting on January 13, 2009.

RE: FLAT FEE FOR NON-HOUSEHOLD HAULED WASTEWATER

FOR SUBMISSION TO: Standing Policy Committee on Infrastructure Renewal and Public Works

ORIGINAL REPORT SIGNED BY: Barry D. MacBride, P.Eng.
Director of Water and Waste

REPORT DATE: December 12, 2008

RECOMMENDATION:

It is recommended that the Sewer By-law 7070/97 be amended to:

- Eliminate the current overstrength wastewater surcharge on hauled wastewater;
- Include an additional fee of $7.15 per kilolitre for non-household hauled wastewater;
- That these amendments take effect January 1, 2010.

Report Summary

Key Issues:

- Effective July 1, 2007, Council approved a base charge and the application of an overstrength surcharge on hauled wastewater as set out in section 50 of the Sewer By-law. However, this surcharge has never been applied in practice due to difficulties in developing actual rates for each generator of overstrength hauled wastewater.

- Accordingly, the Public Service is now recommending a change from the surcharge plan to a simpler scheme with the base charge applied to all hauled wastewater, with an additional fee applied to non-household wastewater. Household wastewater includes wastewater from residences and wastewater that is exclusively household wastewater from businesses. Household wastewater is defined in Appendix A, the draft amending by-law which is attached.

- The proposed amendment to the By-law (a copy of the draft amending by-law is attached to this report as Appendix A) means that, in addition to the base fee of $2.51 per kilolitre for all hauled wastewater, non-household hauled wastewater will be subject to an additional fee of $7.15 per kilolitre, effective January 1, 2010.

- With this amendment and the new fee, the overstrength discharge surcharge can be eliminated for hauled wastewater.

IMPLICATIONS OF THE RECOMMENDATION(S):

General Implications

	None
	For the organization overall and/or for other departments
x	For the community and/or organizations external to the City of Winnipeg
	Involves a multi-year contract

Comment(s): A flat fee for treating non-household hauled wastewater will impact generators of this wastewater as outlined in this report.

Policy Implications

x	No
	Yes

Comment(s):

Regulatory Implications

	None
	Eliminates or reduces regulatory impact
x	Proposes regulatory impact

Comment(s): Sewer By-law 7070/97 will be amended to reflect the recommendations contained in this report. The impact of the change will be new costs for generators of non-household hauled wastewater as outlined.

Environmental Implications

x	No
	Yes

Comment(s):

Human Resources Implications

x	No
	Yes

Comment(s):

Financial Implications

	Within approved current and/or capital budget
x	Current and/or capital budget adjustment required

Comment(s): As a result of implementation of the flat fee, the Wastewater Utility will generate revenue estimated at $500,000. This revenue will be used to mitigate ongoing increases in sewer rates for other users so that overall the net impact on the sewer utility will be zero. However, the flat fee for non-household hauled wastewater will apply to leachate hauled from City landfills. It has been estimated that for 2010 the flat fee for leachate hauling will cost the Solid Waste Utility approximately $230,000.

Report

REASON FOR THE REPORT

By-law amendments require Council approval.

HISTORY

On December 6, 2006 Council approved the following changes to the Sewer By-law No. 7070/97:

- Effective July 1, 2007, the disposal fee for normal strength and overstrength hauled wastewater be increased from $1.00 per kilolitre to $2.51 per kilolitre.

- Effective July 1, 2007, Section 50 be amended to include the following threshold limits to characterize overstrength hauled wastewater;
    - A biochemical oxygen demand greater than 2400 milligrams per litre.
    - A total suspended solids concentration greater than 5500 millilitres per litre.

On November 4, 2008 a report entitled “Flat Fee for Non-Residential Hauled Wastewater” was presented to the Standing Policy Committee on Infrastructure Renewal and Public Works. The Committee asked the Public Service to revise the report so that businesses producing hauled wastewater similar to residential hauled wastewater would not have to pay the proposed additional flat fee. The report has been revised accordingly.

DISCUSSION:

By way of background, hauled wastewater is:

- a term for hauled sewage
- all matter (liquid and solid) that is pumped out of septic tanks, holding tanks, and tanks/interceptors from household or non-household (commercial/industrial) properties
- raw and untreated
- more concentrated than regular sewered wastewater (the more concentrated it is, the more expensive it is to treat)
- more taxing on the treatment processes than regular sewered wastewater

Hauled wastewater comes from:

- properties, primarily household, within the city but not serviced by the wastewater

sewer system (e.g., properties south of Wilkes)
- properties outside of the city (e.g., R.M. of Headingley)
- businesses and industries connected to the City's wastewater sewer system that also have pump out tanks/interceptors containing wastewater from their business processes
- portable toilets

Haulers must obtain an annual licence from our Department to use the City's two hauled wastewater disposal facilities (at the North End and South End wastewater treatment plants). At this point, 74 wastewater hauling vehicles are licensed with 36 vehicle owners.[1]

The Water and Waste Department developed a tracking system in 2005 to record wastewater hauler information. The Department is able to determine the loads that would be subject to a non-household fee as recommended in this report.

Problems with implementing surcharge fee as originally planned

In March 2007, in an attempt to apply the surcharge fee, the Water and Waste Department began sampling non-household hauled wastewater at the sources where it is generated to determine the standard strength of different types of non-household hauled wastewater. The Department identified five sectors that generate almost all non-household hauled wastewater:

- industrial businesses
- large commercial businesses
- large interceptors
- food service establishment grease traps
- portable toilets

What we found was sample collection was difficult. In addition, after analyzing 224 samples, there were huge variations in the strength of the sewage within each sector, so that it was not really possible to use averages. We concluded that it would also not be possible to collect enough samples from hundreds of generators to accurately characterize the waste of each generator. Since virtually all overstrength wastewater is generated from non-household sources, a flat fee for non-household hauled wastewater will be a simpler way to cover the costs of treating non-household hauled wastewater disposed at the City's facilities.

Another finding was that food service establishment grease trap volumes are very small resulting in estimated invoice amounts below the Sewer By-law billing threshold of $50. Instead of including them in the flat rate proposal the Department will investigate and

[1] Private recreational vehicles are exempt from a licence requirement and fees.

report on the option of requiring food service establishments to have a grease trap licence or permit, the cost of which will recover some of the cost to treat this wastewater.

The Recommended Plan

We recommend that we consider hauled wastewater in two categories:

1. Household
    - is typically two to four times more concentrated than regular sewered wastewater (based on the median values of actual data from the hauled wastewater sampling program – household data)
    - has a base disposal fee of $2.51 per kilolitre (in Schedule A of Sewer By-law 7070/97) which is charged to the wastewater hauler – haulers then pass this charge to their customers

2. Non-household
    - is typically 70 to 340 times more concentrated than regular sewered wastewater (based on actual data from the hauled wastewater sampling program – non-household data)
    - is usually from commercial/industrial properties

This report recommends that a flat rate of $7.15 per kilolitre be charged to the generator of non-household wastewater in addition to the base charge to the haulers. The $7.15 is an estimate of the cost of treatment based on the median (middle) value of the analytical data measuring strength from the monitoring of hauled wastewater. Everyone who generates non-household hauled wastewater will pay the same flat rate per kilolitre. The cost to sample and characterize the wastewater of each generator, although it would result in fairer charges for each generator, is burdensome and would add considerably to the cost of the program.

The recommended fee for non-household hauled wastewater would:

- be a flat fee of $7.15 per kilolitre (not based on specific wastewater strength threshold limits).
- be effective January 1, 2010, to allow for communication with generators and changes in internal processes in the City and to allow generators of non-household hauled wastewater to adjust to this flat fee,
- be billed directly to the wastewater generator, based on reporting by wastewater haulers,
- not be charged for food service establishment grease traps.

This fee would be in addition to the current base disposal fee for hauled wastewater, which is:

- $2.51 per kilolitre (for both household and non-household hauled wastewater)
- in effect under Sewer By-law 7070/97,
- billed to the wastewater hauler.

Impact on Customers

The flat fee will be charged directly to hauled wastewater generators and therefore will have no impact on wastewater haulers.

The flat fee will directly impact non-household generators. As a flat fee is being implemented, all non-household customers will pay the same rate based on volume regardless of the strength of the wastewater. This fee will impact City departments that generate non-household hauled wastewater including Water and Waste and Transit. The impact on Transit will be minor (about $2,000 per year) but the impact on the Solid Waste Utility for leachate disposal will be major (about $230,000 per year). Notice will be given to all non-household generators respecting the new fee as noted under Communication Strategy. The period provided will allow generators including City departments to budget for the fee.

Impact on Revenue

Current revenue from hauled wastewater disposal fees is about $600,000 annually, set on the base fee of $2.51 per kilolitre and additional charges for specific sources.

Based on the recommended $7.15 per kilolitre non-household flat fee, the Department estimates receiving additional revenue of about $500,000 in 2010. The impact of this new revenue would be to reduce dependence on Winnipeg water/sewer rate payers. This is a revenue shift rather than a revenue increase.

Cost of Service Rates

The Department intends to review all water and wastewater rates in a cost of service rate study planned for 2009. In this study the implications of nutrient removal at the wastewater treatment plants will be included and may impact these rates as well.

Other Cities

Appendix B shows some charges for 13 other cities. Charges vary from free in Thunder Bay to as much as $73.23 per kilolitre for industrial wastewater in Vancouver. Our rate of $2.51 for household is at the lower end whereas our rate of $9.66 ($2.51 plus $7.15) for non-household is about the median value.

Clearly there are significant differences in how municipalities calculate these charges. We have used the median wastewater strength. Had we used the average strength, the charges would be much higher since the data are highly skewed. We viewed it as

unfair to charge based on the average because it is so high compared to the median. We will look at this again in the cost of service rate study mentioned above.

COMMUNICATION STRATEGY:

The Department will communicate with customers as follows:

Strategy	Timeline
Notice mailed to all non-household hauled wastewater generators advising of the flat fee (about 1,770 customers)	After the fee is approved
Notice mailed to wastewater haulers advising of the flat fee and our billing process	After the fee is approved
Notice to new non-household wastewater generators	As they are identified through our tracking system
Individual meetings with non-household hauled wastewater customers on request	After the notice is mailed out

FINANCIAL IMPACT:

The following financial impact statement for this project has been prepared in accordance with the recommendation adopted by Council on December 13, 2000.

Financial Impact Statement

Date: December 2, 2008

Project Name: **First Year of Program** **2010**

FLAT FEE FOR NON-HOUSEHOLD HAULED WASTEWATER

	2010	2011	2012	2013	2014
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 230,000	$ 230,000	$ 230,000	$ 230,000	$ 230,000
Less: Incremental Revenue/Recovery	500,000	500,000	500,000	500,000	500,000
Net Cost/(Benefit)	$ (270,000)	$ (270,000)	$ (270,000)	$ (270,000)	$ (270,000)
Less: Existing Budget Amounts	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Net Budget Adjustment Required	$ 230,000	$ 230,000	$ 230,000	$ 230,000	$ 230,000

Additional Comments: The Solid Waste Utility's operating costs would increase by $230,000 for leachate disposal at the wastewater treatment facilities beginning in 2010. This has not been included in the 2009-20011 budget as submitted.

"Original signed by M. L. Geer, C.A."

Moira L. Geer C.A.
Manager of Finance & Administration

2-Dec-08

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

Legal Services Branch

External Consultation With:

There was no specific consultation with wastewater haulers or non-household wastewater generators respecting this report. However, they are aware that a non-household fee will be imposed as this was discussed both at the Annual Customer Seminar held December 7, 2005 and at an information session held on January 31, 2007 where wastewater haulers and industrial and commercial hauled wastewater generators were informed that a surcharge would be applied to high strength wastewater. This plan is simpler but different than the plan proposed at that time so a notice will be sent with an offer to meet individually with each customer.

THIS REPORT SUBMITTED BY:

Department:	Water and Waste
Division:	Environmental Standards Division
Prepared by:	R.D. Ross
	K.J.T. Kjartanson, P.Eng.
	M. Marsland
File No.:	WW/040-17-03-05-01

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Appendix A

Draft By-law to amend the Sewer By-law No. 7070/97

2012

THE CITY OF WINNIPEG

BY-LAW NO. .

A By-law of THE CITY OF WINNIPEG to amend the Sewer By-law.

THE CITY OF WINNIPEG, in Council assembled, enacts as follows:

Sewer By-law amended

1 The Sewer By-law No. 7070/97 is amended by this By-law.

Section 50 amended

2 Section 50 is amended by striking out the first sentence and substituting the following:

A person discharging sewered wastewater shall pay an additional overstrength charge over and above the uniform sewer rates where such wastewater has a biochemical oxygen demand (BOD) greater than 300 mg/L and/or contains more than 350 mg/L total suspended solids.

Section 73.1 added

3 The following section is added immediately after section 73:

73.1 **Hauled Wastewater Disposal Fee (household wastewater and food service establishment wastewater exempted)**

(1) In this section,

"household wastewater" means greywater and toilet waste discharged by

(a) appliances such as dishwashers and washing machines; and

(b) plumbing fixtures such as toilets, urinals, bidets, sinks, showers and bathtubs.

It does not include greywater or toilet waste that has been mixed with other wastewater in a holding tank or septic tank.

"food service establishment" means any place, other than a dwelling unit, where food is manufactured or prepared. Food service establishments include bakeries, restaurants, cafeterias, catering operations, retail food stores, hotels, commissaries, canteens, and temporary food service operations.

(2) In addition to a fee payable by a person discharging wastewater under section 73, the generator of hauled wastewater must pay a volumetric fee set out in Schedule A for wastewater that is not household wastewater or wastewater from a food service establishment.

(3) For greater certainty, the fee referred to in subsection (2) applies to all wastewater except household wastewater and wastewater from a food service establishment that has been kept separated from other wastewater until it enters the wastewater disposal vehicle.

Schedule A amended

4 Schedule A of the Sewer By-law No. 7070/97 is amended by adding the following immediately after number 17:

17.1 Hauled Wastewater Disposal Fee (Section 73.1) $7.15/kL

Coming into force

5 This By-law takes effect on January 1, 2010.

DONE AND PASSED, this day of , 2008.

_____
Mayor

_____
City Clerk

Approved as to content:

_____
Director of Water and Waste

Approved as to form:

_____
For Acting City Solicitor/Manager of
Legal Services

Appendix B - 2008 Hauled Wastewater Municipal Survey

Survey Questions	Vancouver	Calgary	Edmonton	Saskatoon	Regina
Current Disposal Rate (per Kiloliter)	$6.93 (septic), $73.23 (industrial)	$8.98	$13.55 (per axle)	$7.49	$4.40
Rate Effective Since	2008	2008	2008	2008	2005
Separate Rate For: Domestic; Industrial	Yes $6.93; Yes $73.23	No;No	No; No	No;No	No;No
Inovice Who:	Hauler	Hauler	Hauler	Hauler	Hauler
Threshold Limits Hauled Wastewater (BOD, TSS, TKN, P all in mg/L)	1516, 5061, N/A, N/A (Domestic) ; 41253, 101065, N/A, N/A (Non-Domestic)	No	No	No	No
Threshold Limits Sewered Wastewater (BOD, TSS, TKN, P all in mg/L)	No	No	300, 300, 50, 10	No	300, 300, N/A, 30
Monthly Administration Fee; How Much	No	Yes; $ 12.29	No	No	No
Rate For Wastewater From Outside Municipality (per Kiloliter)	$6.93 (septic), $73.23 (industrial)	$8.98	$13.55 (per axle)	$7.49	$4.40
Separate Wastewater Into Specific Sectors	Yes	No	No	No	No
Are Rates Based On Full Cost Recovery	Yes	Yes	Yes	Yes	No
Where Do You Sample	Dump site	Dump site	Dump site	Do not Sample	Source
How Many Samples Are Taken	1 per load	1 per load	10 % of loads	Do not Sample	2 - 3 for each source

Survey Questions	Brandon	Thunder Bay	Toronto	London	Hamilton
Current Disposal Rate (per Kiloliter)	$5.00 (per load)	Free	$27.86	$5.95	$8.54
Rate Effective Since	2000	N/A	2003	2008	2008
Separate Rate For: Domestic; Industrial	No;No	No;No	No;No	No;No	Yes $8.54; Yes $17.08
Inovice Who:	Hauler	Hauler	Hauler	Hauler	Hauler
Threshold Limits Hauled Wastewater (BOD, TSS, TKN, P all in mg/L)	No	No	No	No	No
Threshold Limits Sewered Wastewater (BOD, TSS, TKN, P all in mg/L)	No	300, 350, 100, 10	No	300, 350, 50, 10	300, 350, 100, 10
Monthly Administration Fee; How Much	No	No	No	No	No
Rate For Wastewater From Outside Municipality (per Kiloliter)	$5.00 (per load)	Free	Do not accept	$14.88	$17.08
Separate Wastewater Into Specific Sectors	No	No	No	No	Yes
Are Rates Based On Full Cost Recovery	No	No	Yes	Yes	No
Where Do You Sample	Dump site	Dump site	Dump site	Dump site	Dump site
How Many Samples Are Taken	1 every 2 months	1 per load	1 per load	1 per truck monthly	3 per truck quarterly

Survey Questions	Ottawa	Halifax	Fredericton
Current Disposal Rate (per Kiloliter)	$6.92	$35.00	$34.34
Rate Effective Since	2008	2007	2005
Separate Rate For: Domestic; Industrial	No; No	No; No	Yes $34.34; Yes $66.04
Inovice Who:	Hauler	Hauler	Hauler
Threshold Limits Hauled Wastewater (BOD, TSS, TKN, P all in mg/L)	No	No	No
Threshold Limits Sewered Wastewater (BOD, TSS, TKN, P all in mg/L)	300, 350, 100, 10	300, 300, 100, 10	No
Monthly Administration Fee; How Much	No	No	No
Rate For Wastewater From Outside Municipality (per Kiloliter)	$22.09	$35.00	$34.34
Separate Wastewater Into Specific Sectors	No	No	No
Are Rates Based On Full Cost Recovery	Yes	Yes	Yes
Where Do You Sample	Dump site	Do not Sample	Dump site
How Many Samples Are Taken	1 per load	Do not Sample	1 per load