

COUNCIL ACTION FORM

SUBJECT: **HAULED WASTE AGREEMENT WITH BURKE CORPORATION**

BACKGROUND:

The Ames Water Pollution Control Facility (WPCF) is capable of accepting hauled liquid wastes. Depending on the nature of the waste, it can be either discharged into the headworks of the facility, or it can be discharged directly into the digesters. Appendix Q of the Ames Municipal Code contains fees for the disposal of such hauled wastes. Fees have been established for domestic/septic tank waste and for restaurant grease trap waste. For unique non-domestic waste, the fees are calculated on a case-by-case basis. There is an additional 15% surcharge that applies for wastes that originate outside the Ames City limits.

Burke Corporation, located in the City of Nevada, processes fully cooked meat products for the food service and prepared foods industries. Burke is proposing an expansion to their production. The Nevada Wastewater Treatment Plant currently accepts waste from Burke, but does not have sufficient capacity to be able to accept the planned increase in loading from Burke. The City of Nevada is undertaking a capacity expansion, but it will be approximately five years before it is able to accept the additional loading from Burke.

In July of this year, Ames staff was approached by the Ames Economic Development Commission on behalf of Burke, inquiring whether the Ames WPCF would have the capability of accepting a portion of the wastewater generated by Burke's proposed expansion. The waste would be hauled by tanker truck from Burke's facility to the Ames WPCF. The loading would gradually increase over a period of four years as Burke works to ramp up their production.

Burke Corp. has provided an estimate of the volume and concentration that they anticipate would need to be hauled to the Ames WPCF. The table below shows the anticipated maximum volume and loading provided by Burke.

Parameter	2020	2021	2022	2023
Average volume, gallons/day	4,800	7,500	10,700	19,800
Average CBOD mass, lbs/day	75	100	130	210

CBOD –Carbonaceous Biochemical Oxygen Demand

The following table compares the anticipated loading due to hauled waste from Burke to the design capacity of the Ames WPCF and its current loading.

	WPC Design Capacity	Current Loading	Available Capacity	Year 5 Load from Burke
--	---------------------------	--------------------	-----------------------	------------------------------

Flow (MGD)	12.1	9.3	2.8	0.019
BOD (lb/day)	16,150	12,600	3,550	210
TSS (lb/day)	16,190	17,400	-1,210	52.5
TKN (lb/day)	2,750	1,750	1,000	23.6
TP (lb/day)	--	320	--	10.5

BOD – Biochemical Oxygen Demand

TSS – Total Suspended Solids

TKN – Total Kjeldahl Nitrogen

TP – Total Phosphorus

Note that the data set above suggests that the Ames WPCF is already overloaded for Total Suspended Solids (TSS). Over time, it has become clear that the design capacity for TSS was very conservative, as the facility continues to comfortably meet its permit limits in spite of exceeding the design loading.

Based on the proposed volume and loading, an estimate of the fees that would be generated from the hauled waste is shown below.

	CBOD @ \$0.44/lb (+15%)		TSS @ \$0.65/lb (+15%)		TKN @ \$1.01/lb (+15%)		Total P, no surcharge		Volume @ \$0.00377/gal (+15%)		Hauled Fee @ \$8.24 per truck (+15%)	Annual \$
	lbs per day	\$/ day	lbs per day	\$/ day	lbs per day	\$/ day	lbs per day	\$/ day	1,000 gal. per day	\$/ day	\$/ day	@ 252 days per year
2020	75	\$38	17	\$13	8	\$9	4	\$0	4.8	\$21	\$8	\$17,054
2021	100	\$51	26	\$20	12	\$12	5	\$0	7.5	\$22	\$11	\$24,056
2022	130	\$66	35	\$26	16	\$16	7	\$0	10.7	\$46	\$17	\$32,201
2023	210	\$106	53	\$39	24	\$24	11	\$0	19.8	\$86	\$31	\$51,448
												\$124,759

The Ames Economic Development Commission has provided the attached letter encouraging the City of Ames to provide this assistance, in support of regional economic growth.

Accepting hauled waste will use a portion of the available capacity of the Ames WPCF, and that capacity will not be available for other growth in Ames until the proposed agreement expires in five years (when the Nevada expansion is complete and Burke can discharge directly to Nevada). However, the incremental loading from the proposed Burke waste is not a significant percentage of the currently available capacity, and staff believes that accepting the Burke waste would not be a determining factor in deciding whether there is sufficient capacity to accommodate a future industry in Ames.

The agreement will be for a limited period of time, and the capacity will eventually become available again for future growth within Ames. Ames ratepayers can be

assured that they are not subsidizing an entity outside the City limits due to the 15% surcharge being applied.

Council is not being asked to authorize a specific agreement at this time. Instead, if Council is in support of the concept, it could give staff direction to develop a specific treatment agreement that would include details such as: time of day or day of week that loads can be delivered; the length of the agreement; and other items.

ALTERNATIVES:

1. Approve the concept of accepting hauled waste from Burke Corporation, and direct staff to develop a written treatment agreement that will be brought back to Council for final approval.
2. Do not approve the concept of accepting hauled waste from Burke Corporation.

MANAGER'S RECOMMENDED ACTION:

The Ames WPCF currently has additional capacity that is available to support growth in the community. Until that capacity is needed, however, it is not generating any revenue for the Sewer Fund. Approving an agreement to accept hauled waste for a fixed period of time would allow the facility to generate revenue in the short term, while knowing that the capacity will be "released" and available for future growth once Burke is able to discharge directly to the Nevada Wastewater Treatment Plant.

Because of 1) the indirect economic benefits that will be realized by the City with the expansion of the Burke facility in Story County, 2) the additional revenue that can be generated from the unused capacity at the WPC Plant, 3) the opportunity to assist one of our neighboring cities in securing an economic development project, and 4) the fact that the amount of capacity that will be lost at the WPC Plant over a short period of time due to accepting the Burke waste will be minimal; it is the recommendation of the City Manager that the City Council adopt Alternative No. 1. This action will approve the concept of accepting hauled waste from Burke Corporation, and direct staff to develop a written treatment agreement that will be brought back to Council for final approval.

September 6, 2018

Steve Schainker
City of Ames
City Manager
515 Clark Avenue
Ames, Iowa 50010

Mr. Schainker,

The Ames Economic Development Commission (AEDC) recently approached you and Director of the Ames Water and Pollution Control Department John Dunn regarding a to-be-negotiated wastewater hauling agreement with Burke Corporation (wholly-owned subsidiary of Hormel Foods) in Nevada, who intends to invest significantly in their Nevada facility. The expansion will double the production of the plant, create 210 new jobs, and require a capital investment of \$150 million. The Iowa Economic Development Authority will be investing significantly in the project, and the US Economic Development Administration is considering a sizable investment as well.

A primary issue in working through this expansion is addressing the additional wastewater demand that will be created, especially additional wastewater created prior to the construction and opening of the City of Nevada's new wastewater treatment facility in 2023.

Since Burke intends to begin production at the new facility in 2020 and Nevada's plant will not be online until 2023, the AEDC requested the City of Ames consider entering into an agreement with Burke Corporation to accommodate their wastewater needs until Nevada's new plant comes online. At the time of said request, it was stated that based on the information provided City of Ames staff, the Ames Wastewater Treatment Plant would be able to accept the proposed effluent and has adequate capacity to do so through 2023.

In making this request, the AEDC is fully aware this additional waste will decrease the Ames Wastewater Treatment Plant's capacity for future industrial expansion within the city limits, especially along East Lincoln Way, for the entirety of the execution of the agreement. That said, the AEDC works closely with all communities in Story County, to retain, grow, and attract business, create high quality jobs, and consistently increase the taxable valuation throughout the County. As a champion and catalyst of community and economic development throughout Story County, we strongly support this wastewater hauling proposal.

It is our belief that with the expansion of the existing Burke Corporation facility, we will see additional companies interested in locating and expanding throughout the County. The 210 workers will live throughout the laborshed, but several will call Ames home.

Many of these workers will also shop, recreate, socialize, and frequent a variety of Ames and Story County establishment, paying local fees and taxes, thereby expanding the local tax base. It is also important to note this will be a revenue generator for the City of Ames as well, as the hauling agreement will be dependent upon Burke paying a predetermined fee to the City of Ames Wastewater Treatment Plant.

The passage and execution of this agreement is a critical piece of the overall Burke expansion. It also provides Ames an excellent opportunity to help one of our neighboring communities grow and prosper. As both Ames and Nevada welcome new city leadership, this is an optimal time to cultivate a mutually beneficial relationship between both communities, which can continue to grow and prosper with time. As we have always said, what is good for Ames is good for Story County and what is good for Story County is good for Ames. This is the quintessential example of that and presents an opportunity that should not be wasted.

The expansion being proposed by Burke Corporation will support the economic and community development efforts of the region and will empower both existing and new industries interested in growing in Nevada and throughout Story County.

In closing, the AEDC strongly supports this wastewater hauling proposal. The overall project will have a positive impact not only on Nevada, but our entire county and region. We thank you for your consideration and will look forward to hearing from you soon.

Sincerely,



Daniel A. Culhane
President & Chief Executive Officer