

ORDINANCE NO. 0-793

AN ORDINANCE PROVIDING FOR INDUSTRIAL COST RECOVERY BY THE CITY OF CONWAY, ARKANSAS IN CONNECTION WITH THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY CONSTRUCTION GRANT PROGRAM WITH RESPECT TO PUBLIC LAW 95-217.

WHEREAS, The City of Conway did accept an offer of a construction grant from the U. S. Environmental Protection Agency for 75 percent reimbursement of the eligible costs of a sewerage project, and

WHEREAS, by accepting the grant offered, the City of Conway, among other things, agreed to adopt, implement and maintain a system of industrial cost recovery for construction grants as approved by the Regional Administrator of the Environmental Protection Agency in accordance with EPA regulations 40 CFR 35.925-11, 35.928 and 35.935-15, and

WHEREAS, action must be taken to set forth billing and collection procedures and the disposition of funds collected. (This legislative enactment provides for the general provisions of industrial cost recovery & for the use of supplements to define specific schedules of charges for each individual grant or period of grants requiring an industrial cost recovery charge.)

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CONWAY, ARKANSAS THAT:

SECTION 1. "City" as used in this ordinance shall mean the City of Conway, Arkansas.

The initials "EPA" as used in this ordinance shall mean the United States Environmental Protection Agency.

Other terms and specifics relating to a particular grant project are as defined and included in the applicable section or supplement to this ordinance.

Section 2. All existing or future industrial users as defined in Section 7, which contribute applicable wastes to the sanitary sewer system of the City shall be charged a fee in proportion to the Federal grant allocable to the treatment of such industrial wastes. The charge for industrial cost recovery shall be based upon such factors as volume, delivery flow rate and waste strength characteristics.

Section 3. The industrial cost recovery amount shall be

based on the Federal government's share of the sewerage project costs as specified in the ordinance supplement. The cost recovery period shall be based on the useful life of the grant-funded treatment works or 30 years, whichever is less. The annual amount to be recovered shall not include an interest component.

Section 4. The City shall return 50 percent of the amounts recovered from industrial users together with any interest earned, to the U. S. Treasury annually. The recovered amounts returned to the U. S. Treasury shall be transmitted annually through the EPA together with any interest earned thereon from the temporary investment of such funds.

The City shall retain 50 percent of the amount recovered from industrial users. A portion of the retainage may be used to pay the incremental costs of administration of the Industrial Cost Recovery System.

Section 5. Eighty (80) percent of the retainage, after paying the incremental costs of administration, together with any interest earned, shall be deposited annually in a separate fund. This fund, together with interest earned thereon, shall be solely used for the eligible costs of the expansion or reconstruction of treatment works associated with the project or as necessary to meet the requirements of the EPA. The City shall obtain the written approval of the Regional Administrator of the EPA prior to commitment of the retained amounts for any expansion or reconstruction. Pending use, the amounts deposited in this fund shall be invested in obligations of the United States Government or agency thereof; or, deposited in local banks in accounts fully collateralized by obligations of the United States Government or any agency thereof.

Section 6. The remaining 20 percent of the funds retained by the City shall be deposited annually into another separate fund. The funds may be used as the City desires; however, such funds cannot be used to reduce any charges related to sewer use, or in any manner prohibited by other ordinances of the City.

Section 7. All users of the sewage system shall be assigned to a category designating that the user is subject to or exempt from industrial cost recovery charges. Criteria for assignment of industrial users to the categories subject to industrial cost

recovery is as follows:

All non-governmental, non-residential users of a publicly owned treatment works which discharges more than the equivalent of 25,000 gallons per day of sanitary waste and which is identified in the Standard Industrial Classification Manual, 1972, Office of the Management and Budget, as amended and supplemented under one of the following divisions:

Division A - Agricultural, forestry, fishing.

Division B - Mining.

Division D - Manufacturing.

Division E - Transportation, communications, electric, gas and sanitary services.

Division I - Services.

A user in the divisions may be excluded if it is determined that such user introduces primarily segregated domestic wastes or wastes from sanitary conveniences in the amount of 25,000 gallons per day, or less. Sanitary flow of industrial users shall not be subject to the industrial cost recovery charge. Sanitary wastes, for purposes of this ordinance, are the wastes of the strength discharged from residential users as identified by the two parameters - 200 parts per million (PPM) biochemical oxygen demand (BOD) and 200 parts per million (PPM) suspended solids (SS).

Section 8. The basis for billing industrial cost recovery charges shall be in accordance with existing sewer use billing policies and procedures. Each industrial user, as defined in Section 7 of this ordinance, shall be charged based on their process waste contribution. The industrial cost recovery charges will be specifically noted on a customer's regular sewerage use bill, or shall be set forth as a separate bill. Industrial cost recovery charges shall be billed to individual users at least once each year, but may be billed more often if deemed practical.

Section 9. To determine the use charges for industrial cost recovery where delivery flow rate, and biochemical oxygen demand (BOD) and suspended solids (SS) loading are factors, the Federal grant amount shall first be assigned to functional cost components related to the characteristics based on treatment works design criteria. The resulting component grant amounts shall then be divided by the cost recovery period to derive the effective annual cost recovery

amount. These amounts shall be divided by the total treatment works design capacities of the respective functions to arrive at unit charges for industrial cost recovery.

Section 10. The charges as determined based on criteria in Section 9, develops the amount of sewerage works grant to be recovered from each industrial user. The schedule of industrial cost recovery charges, as specified in ordinance supplements, shall be reviewed and adjusted annually for: (1) Changes in treatment works capacity; and (2) The receipt of additional grant awards.

Section 11. All industrial users shall be monitored by the City for the determination of their hydraulic and strength contribution. The results of such monitoring shall be used as the individual industry's total contributed flow and strength concentration. A deduction may be given where discernible for allowance of waste from sanitary conveniences to determine the portion of industrial process waste subject to industrial cost recovery charges. Such allowance of waste from sanitary conveniences shall be based on an estimate of 25 gallons per day per employee and 200 parts per million (PPM) biochemical oxygen demand (BOD) and 200 parts per million (PPM) suspended solids (SS), or the best available technology at time of billing.

Section 12. All industrial users subject to the industrial cost recovery charge shall be billed in accordance with City billing practices with charges beginning as stated in respective supplements and continued for as long as the charges are required to be effective.

Section 13. Amounts collected from the industrial cost recovery charge will be certified to annually, subject to proper accounting procedures. The separation and transmittal of the amounts collected into the respective funds specified in Sections 4, 5 and 6 will also be certified to.

Section 14. The Environmental Protection Agency shall have the right to audit all records pertinent to the industrial cost recovery system.

Section 15. Any charge or amendment to this ordinance must have the written approval of the Regional Administrator of the EPA.

Section 16. This ordinance shall take and be in full force from and after its passage under the terms provided herein.

Section 17. The Mayor is hereby authorized to issue supplements to this ordinance as required for additional grant receipts or changes as specified in Section 10.

PASSED by the City Council of the City of Conway, Arkansas this _____ day of _____, 197_____.

Mayor

ATTEST:

City Clerk

CITY OF CONWAY, ARKANSAS

SUPPLEMENT No. 1

TO ORDINANCE NO. _____

1. Federal Environmental Protection Agency grant of \$4,466,377 for EPA Grant Project No. C-05-0369-03-0 subject to industrial cost recovery charges beginning the first day of October, 19 79 and continuing for the next 30 years thereafter.
2. Description of treatment works constructed and service area located therein are as identified in EPA Treatment Works Grant Application No. C-05-0369-03-0, dated October, 1977.
3. The Federal Grant Amount for this project is \$4,466,377. Based upon engineering analysis such amount is allocated \$1,956,889 to flow; \$1,072,846 to BOD; and \$1,436,642 to Suspended Solids as indicated on attached Table 2.
4. The basis of design for this project is flow 6.0 mgd; BOD 10,008 pounds per day; and Suspended Solids 10,008 pounds per day.
5. Assignment of unit charges to functional cost components for this specific grant is shown in Table 1.

TABLE 1

COMPONENT	TOTAL COST	FLOW		BOD		SS	
		%	\$	%	\$	%	\$
Interceptor	\$ 15,079	100	15,079				
Pump Sta. & FM	433,934	100	433,934				
Mobilization	77,000	100	77,000				
Operations Bldg.	221,000	100	221,000				
Primary Clarifiers	197,000			35	68,950	65	128,050
Aeration Basins	490,000			60	294,000	40	196,000
Final Clarifiers	261,000			60	156,600	40	104,400
Miscellaneous Struct.	36,750	100	35,750				
Chlorine Bldg.	102,000	100	102,000				
Filter Bldg.	393,000			38	149,340	62	243,660
WW & Cl. Cont. Tank	217,000	100	217,000				
Drying Beds	170,000			35	59,500	65	110,500
Sludge Dig. & P. Bldg.	820,000			35	287,000	65	533,000
Gritser & Thp. Bldg.	130,000	100	130,000				
Thickeners	99,000			35	34,650	65	64,350
Exterior Piping	603,000	100	603,000				
Interior Piping	439,000			35	153,650	65	285,350
Pump Bldg.	162,000			60	97,200	40	64,800
Site Work	56,000	100	56,000				
Roads	87,000	100	87,000				
Mobile Equip.	69,000			35	24,150	65	44,850
Instrumentation	186,250	100	186,250				
Electrical	250,900	100	250,900				
Total	\$5,515,913	44	\$2,415,913	24	\$1,325,040	32	\$1,774,960

TABLE 2

STEP	TOTAL COST	FLOW		BOD		SS	
		%	\$	%	\$	%	\$
III	\$5,515,913	44	\$2,415,913	24	\$1,325,040	32	\$1,744,960
EPA Share @ 75%	4,136,935		1,811,935		993,780		1,331,220
EPA Share Step I	8,853		3,895		2,125		2,833
EPA Share Step II	<u>320,589</u>		<u>141,059</u>		<u>76,941</u>		<u>102,589</u>
Totals	\$4,466,377	44	\$1,956,889	24	\$1,072,846	32	\$1,436,642

FLOW: Cost per Unit = $\$1,956,889 / 6,000 = \underline{\$326.15 / 1000 \text{ gals.} / 30 \text{ yrs.}} = \$10.87 / 1000\text{g/yr.}$

BOD: Cost per Unit = $\$1,072,846 / 10,008 = \underline{\$107.20 / \# / 30 \text{ yrs.}} = \$3.57 / \# / \text{yr.}$

SS: Cost per Unit = $\$1,436,642 / 10,008 = \underline{\$143.55 / \# / 30 \text{ yrs.}} = \$4.79 / \# / \text{yr.}$

6. Unit charges shown in Table 2 will be applied to sewage contributions of industrial users subject to the ICR charge from October 1, 1979 to October 1, 2009, unless revised according to Section 10 of the ordinance.

7. Made effective this 23 day of January, 19 79 by action of the Mayor subject to authorization given by Ordinance No. 0-79-3 of the City of Conway, Arkansas dated the 23 day of Jan, 19 79.

Mayor

ATTEST:

City Clerk

Company	No. of Employees	Total Eff. flow 1000gpd per day	Effluent flow less Domestic(1) flow 1000gpd/day	ICR(4) Flow Cost	Total lbs. BOD per day	Lbs. BOD less (2) domestic portion	ICR(5) BOD Cost	Total lbs. TSS per day	Lbs. TSS less (3) domestic portion	ICR TSS Cost	Total ICR Costs	ICR(7) Cost Per Year
AERMOTOR	85	11.5	9.3	3033.20	9.4	5.8	621.76	6.1	2.5	352.88	4,013.84	133.79
D.H. BACDWIN	350	60.0	51.2	16,698.88								
BARRY OF CONWAY	230	3.4	0	—								
CENT. ARIK. DUST	7	15.8	15.6	5087.94	(1410.0) 32.9	32.6	3,499.72	(1185.0) 104.1	103.8	14900.89	23,983.15	782.77
CONWAY MILLS	300	101.3	93.8	30,592.87	9.5	0	0	13.4	0.8	114.89	30,707.71	1,023.59
DEAN FOODS	38	62.4	61.4	20,025.61	270.6	269.0	2,822.68	66.1	64.5	9252.98	58,121.39	1,937.38
FMC	400	87.5	77.5	25,276.65	86.8	70.0	2,509.00	81.7	14.9	9216.90	42,092.03	1,403.23
KIRKWOOD	70	68.2	66.4	21,656.36	2.3	0	0	20.5	17.6	2,526.48	24,182.84	806.09
POLYUGEN	300	109.4	101.9	33,234.69	76.4	63.8	6,239.36	32.8	20.2	2,299.71	42,973.71	1,432.46
RIPPER BACK TOWER	4	14.4	14.3	4,163.95								
ROCK TENN	62	5.3	3.7	1206.76								
TATG CONT	22	3.2	2.6	847.99								
UMC	325	94.8 (3.0)	86.7 (-)	28,276.61	(3.8) 119.4	10.5.7	(0) 11,331.09	(27) 26.2	(0) 72.5	(0) 10,507.38	(0) 50,015.63	(0) 166,719
VIRCO	600	171.3 (87.5)	156.3 (72.5)	50,977.75	(23,645.88) 44.3	(22.6)	(0) 2,047.52	(35.8) 70.0	(10.6) 4.4.8	(1521.63) 79,210.91	(25,167.51) 59,455.81	(838.92) 1,931.81
WARDS	1380	190.2	155.7	50,781.86	204.6	146.6	15,715.52	258.1	200.1	28,796.13	95,293.21	3,176.44
16.												
17.												

() BASED ON TEST DATA RATHER THAN WATER USAGE.

Notes: (1) Estimated domestic sewage flow per employee per day 2.5 gal/day (5) ICR Bod Cost \$ 107.20 per pound
 (2) Estimated domestic pounds of BOD per employee per day 0.042 (6) ICR TSS cost \$ 123.55 per lb.
 (3) Estimated domestic pounds of TSS per employee per day 0.007 (7) ICR cost per year based on 30 year life of facilities.
 (4) ICR flow cost \$ 836.15 per 1000 gal.
 * 6 DAYS WORK WEEK = 26 DAYS/MO.
 MIN FLOW = 25000 GPD/DAY