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AVG



The AVG Köln mbH





The AVG Köln mbH – Company Headquarter





The AVG Köln mbH – Residual Waste Combustion Plant





The AVG Köln mbH – Composting Plant





The AVG Köln mbH – Composting Plant





The AVG Köln mbH – Landfill site





The AVG Köln mbH – Landfill site





The AVG Köln mbH – Comercial waste treatment

Niehl Geestemünder Straße Heumar Wikinger Straße





Communal self-administration

What services does a local authority have to provide?

In addition to the general administration, these are above all tasks of "public services":

- Energy, gas and water supply
- Public transport
- Education
- Fire Brigade
- Hospitals
- Waste and waste water disposal



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Communal self-administration

- Local self-administration is different in the individual states.
- In countries that are built according to the principle of subsidiarity, it is more pronounced than in centralized states.
- The stronger the municipal self-administration is, the easier it is to make an independent financing.

The following is a description of how this works in Germany.



Legal Basis

On the federal level:

• Bundesgebührengesetz BGebG

On the state level:

• Kommunalabgabengesetz (Municipal tax legislation)

On the municipal level:

• Gebührensatzung (Statute of charges)



Legal Basis

It is distinguished between:

• Taxes

for example: trade tax or real estate tax

• Charges or fees

for example: waste disposal charges or sewage charges

Contributions

for example: local improvement assessment



Legal Basis

• Taxes

Have no concrete consideration

Charges or fees

Actual use of services



Types of Charges

 \triangleright

Budgets for charges are run alongside the general budget of a city.

- Charges are levied for:
 - waste disposal
 - waste water disposa
 - streetcleaning





- the issuing of documents
- building permissions





Waste disposal charge





Waste disposal charge

In contrast to market prices, charges are calculated on the basis of other principles:

> equivalence principle

costing principle

principle of equality

the need for cost



Waste disposal charge

The amount of the waste disposal charge depends on:

- Size and number of containers
- Frequence of emptying
- Type of waste
- > Type of emptying (full- or partial service)











Calculation of Waste disposal charge

The municipal administration calculates the costs of the total waste disposal:

Cost of waste collection (refuse collection)





Calculation of Waste disposal charge

- The raised container volume is known because each landowner is registered.
- In this way, the sum of all garbage containers in liters can be determined.
- > The calculated costs are divided by this liter volume.
- Then, the charge for each tonne size can be calculated by multiplication with the individual lit volumes of a refuse bin.





Calculation of Waste disposal charge

What services are provided for this fee?

- Emptying the residual refuse bin (gray)
- Emptying the paper tray (blue)
- Emptying the bio waste bin (brown)
- Pollutant collection
- Electronic scrap collection
- Bulky waste collection
- Recycling centers
- Elimination of wild waste deposits















Calculation of Waste disposal charge

However, it is only necessary to pay for the volume of residual waste bins deposited on a property.

This stimulates waste separation!



Calculation of Waste disposal charge

The municipalities have a lot of freedom in defining their charges, so there are many variants.

- Charge also for the bio waste bin
- Billing by weight or by volume
- Separation between basic charge and service fee according to weight, volume or emptying frequency



Thank you very much







Connective Cities Dialogue Event Financing mechanisms for municipal sanitation services

StEB – Stadtentwässerungsbetriebe Köln, AöR

Cologne, 18 September 2017





- StEB Business and Figures
- Financing concept StEB
- Invaluable Water





50 AD - Colonia Claudia Ara Agrippinensium



Graphic: Römisch-Germanisches Museum Köln / R. Stokes





Wastewater disposal during the roman period



Image: Fubar Obfusco Lizenz: CC-BY-SA-3.0



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1848 – Initiation of the new age wastewater management





Carl Steuernagel





1881 – Inauguration of the "Kronleuchtersaal"



Photo: StEB Köln / Peter Jost





1905 – First mechanical WWTP in Cologne



Photo: StEB Köln





1953 – First operation of the biggest WWTP in Cologne



SCHMUTZWASSERDÜKER UNTER DEM RHEIN BEI KÖLN-NIEHL.









StEB Cologne and its duties today

- » Wastewater drainage and kind treatment
- » Flood prevention and flood precaution

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» Management and development of the smaller rivers and streams











Waste water disposal



ONNECTIVI

1 M inhabitants
 5 WWTP's
 2.377 km sewer
 148 pumping stations
 94.643 road gullies













Business report 2016

»	Fixed assets	1.93 Bn €
»	Turnover	215.1 M €
	 Sector Wastewater Disposal 	203.5 M€
	Sector Flood Prevention	7.3 M€
	Others	4.3 M€
»	Investments	49.4 M €
	 Sector Wastewater Disposal 	42.3 M€
	Sector Flood Prevention	0.8 M€
	 Sector Bodies of Water 	1.2 M€
	 Sector Storm water drainage 	5.1€
»	Employees (Status December 2016)	641
	 Employed apprentices 	25
	Average age	45.64 years
	 Percentage of women 	24.49 %













29.09.2017

StEB - Stadtentwässerungsbetriebe Köln, AöR 13





Process of investments and maintenance in T€







Development of wastewater charges in Cologne







Basic needs for reliable public service: Financial precondition

- Public service such as Wastewater management needs much money to be ensured
- Stable cash flow to fund investment and activities
- Reliable financial basis to support huge investments => pay back >70 years
- Low price for customer , households and industries





Sewage charges

Basis of charge amount





Other charges

(depending on actually discharged amount)

For example:

- Water that does not need be treated (unpolluted groundwater)
- Sludge from small treatment plants
- Sewage from pits without discharge point
- Chemical toilets etc.
- Works according to the wastewater charges statute





Basis of Calculation and Balancing



Calculation Rules

Trade Law, IAS





Fees & Charges and the Impact of Inflation

How to handle service fees in an inflationary environment?



29.09.2017

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Basics for the future development of charges

What does this means in figures?







What are the results?

- » stable internal cash flow
- >> financially secured investments -> reliable infrastructure and service contribution to public health
- > credit worthiness and capability to serve loans, secured and guaranteed salaries for employees etc.
- » Safe service
- » Good regional, national and international acknowledgement





Let us talk about value

Financing models on the institutional side demand steady financing stream from customer side (fees). How to get there? Economist know the cost of everything but not its value. Water is invalueable but

financial institutions only value in currency, cash flow etc.



Invaluable Water





If customers, shareholders and stakeholders do not value water a vital resource, they neither want to support businesses, nor want to pay for fresh water or even waste water cleaning.

Thus you may not secure internal financing. As a result you will not get money from institutional lenders.

Customers, shareholders and stakeholders do not buy products, but emotions and good feelings.

That is why customers buy Nestle, Contrex, Vitel etc. bottled water and life style products even though there is a sustained and disposable water supply in their homes.





The role and independence of a Water Company







Final Counclusion

Make water to be a good feeling for customers, shareholders and stakeholders to ensure sustainable fees for an internal cash flow and make banks an even better feeling when lending money.

Build up your sexy corporate brand.





Thanks for listening. I wish you a good time in Cologne.