

# Memorandum

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DALLAS, TEXAS



CITY OF DALLAS

DATE February 5, 2010

TO Transportation and Environment Committee Members: Linda L. Koop (Chair), Sheffie Kadane (Vice Chair), Jerry Allen, Tennell Atkins, Carolyn R. Davis, Angela Hunt, Delia Jasso, Pauline Medrano, Ron Natinsky, Vonciel Jones Hill

SUBJECT Transportation and Environment Committee Meeting Agenda

Monday, February 8, 2010 at 2:00 – 4:00 p.m.  
City Hall, 1500 Marilla, Room 6ES  
Dallas, TX 75201

1. **Approval of Minutes for the January 25, 2010 Meeting**  
(Action / 5 Minutes)
2. **Green Energy from McCommas Bluff Landfill**  
Ron Smith, Assistant Director, Sanitation Services  
(Briefing / 30 Minutes)
3. **Green Energy Recovery - Southside Wastewater Treatment Plant**  
Jody Puckett, Director, Dallas Water Utilities  
(Briefing / 30 Minutes)
4. **Cost Recovery - Traffic Signs**  
Beth Ramirez, Assistant Director, Public Works and Transportation  
(Action / 30 Minutes)

*Linda L. Koop*

(RB)

Linda L. Koop, Chair  
Transportation and Environment Committee

- c: The Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Thomas P. Perkins, Jr., City Attorney  
Deborah Watkins, City Secretary  
Craig Kinton, City Auditor  
Judge C. Victor Lander, Administrative Judge  
Ryan S. Evans, First Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
A.C. Gonzalez, Assistant City Manager  
Forest Turner, Assistant City Manager  
David Cook, Chief Financial Officer  
Jeanne Chipperfield, Director, Budget and Management Services  
Edward Scott, Director, Controller's Office  
Theresa O'Donnell, Director, Sustainable Development and Construction  
Helena Stevens-Thompson, Assistant to the City Manager – Council Office

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

1. Contemplated or pending litigation, or matters where legal advice is requested of the City Attorney. Section 551.071 of the Texas Open Meetings Act.
2. The purchase, exchange lease or value of real property, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Section 551.072 of the Texas Open Meetings Act.
3. A contract for a prospective gift or donation to the City, if the deliberation is an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Section 551.073 of the Texas Open Meetings Act.
4. Personnel matters involving the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Section 551.074 of the Texas Open Meetings Act.
5. The deployment, or specific occasions for implementation of security personnel or devices. Section 551.076 of the Texas Open Meetings Act.
6. Deliberations regarding economic development negotiations. Section 551.087 of the Texas Open Meetings Act.

## TRANSPORTATION AND ENVIRONMENT COMMITTEE MEETING RECORD

The Transportation and Environment Committee (TEC) meetings are recorded. Agenda materials and audiotapes may be reviewed/copied by contacting the Public Works and Transportation TEC Staff Coordinator at 214.670.4545.

**Meeting Date:** January 25, 2010    **Start Time:** 2:03 p.m.    **Adjournment:** 3:34 p.m.

**Committee Members Present:**

Linda L. Koop (Chair), Sheffie Kadane (Vice Chair), Tennell Atkins, Carolyn R. Davis, Angela Hunt, Delia Jasso, Pauline Medrano, Ron Natinsky, and Vonciel Jones Hill

**Committee Members Absent:**

Jerry Allen absent on City business

**Other Council Members Present:**

None

**City Executive Staff Present:**

Jill A. Jordan, Assistant City Manager

### TRANSPORTATION AND ENVIRONMENT COMMITTEE AGENDA

1. **Approval of Minutes for January 11, 2010**

**Action Taken/Committee Recommendation:**

Motion was made to approve the minutes for the January 11, 2010 meeting subject to corrections. No corrections were suggested and the minutes were approved as submitted.

Made by: Kadane

Seconded by: Atkins

Passed unanimously

2. **City of Dallas Environmental Outreach Efforts**

**Presenter:** Helen Dulac, Cease the Grease, Dallas Water Utilities

Ms. Dulac provided a briefing on the activities of the City's Environmental Outreach Committee (EOC) including its guiding principal and goals, membership and public education programs.

**Action Taken/Committee Recommendation:**

Ms. Davis asked why Code Compliance was not a partner in the Trash Attack Program. Ms. Dulac stated that Code Compliance is not generally a part of EOC; however, they would approach Code Compliance about getting more involved in EOC activities. She

indicated, however, that there are other programs, such as Storm Water Management, that have an anti-litter component.

Mr. Natinsky asked if there was an outreach effort for school districts other than DISD that have schools within the City of Dallas, such as Plano ISD, Richardson ISD, and Carrollton-Farmers Branch ISD. He stated that the majority of the kids in North Dallas do not attend DISD schools and that equal effort should be made to educate those teachers and students. Ms. Koop agreed with Mr. Natinsky, stating that Richardson ISD schools are located in her district. Ms. Dulac agreed that the EOC needed to target programs to those school districts. She did say, however, that many of the EOC members participate in the Cottonwood Festival through the Richardson ISD and that Science Day at the Dallas Zoo is open to all teachers in North Dallas.

Ms. Jasso suggested that the EOC work with businesses and get the permitting departments to help educate them.

Ms. Koop asked the EOC to include an education program about the hazards of blowing leaves into the storm water system. Mr. Atkins stated that this issue also includes lawn care services. Mr. Natinsky stated that he has brochures on the program and would provide Committee members with copies. Ms. Dulac stated that there is an existing program administered through Storm Water Management that includes distributing the message through homeowner associations. Ms. Koop suggested a public service announcement to get the message out on the hazards of blowing leaves into the storm water system.

The Storm Water Management mascot, "Trinity Trudy," and the Water Conservation mascot, "Blue Dew," were introduced to the Committee. Ms. Koop commented on the importance of the mascots, especially for children.

No action was taken on this item.

### **3. Street Cut Standards and Implementation**

**Presenter:** Rick Galceran, Director, Public Works and Transportation

Mr. Galceran updated the Committee on street cut policies and practices.

#### **Action Taken/Committee Recommendation:**

Ms. Koop stated that Atmos Energy has a timeframe to get all street cut repairs completed. However, she indicated that most of the citizen complaints received are related to the length a time it takes to complete a street cut.

Mr. Atkins suggested taking a "before and after" photo prior to making a street cut. Mr. Atkins asked if the street cuts performed several years ago were monitored. Mr. Chris White, Supervisor for Street Services, stated that there is a five-year warranty on street cuts. When a maintenance issue comes up on a street cut that is older than five years, it is handled by Streets Services.

Mr. Atkins asked if the Water Department uses City personnel or independent contractors to repair cuts related to water main breaks. Mr. Galceran answered that the Water

Department repairs street cuts with a temporary patch, and then a contractor makes the permanent repair. Mr. White added that the City's contractor provides the five-year warranty for the repair.

Ms. Medrano asked about the requirements if a contractor made a street cut in error, and if inspections are made prior to the repairs. Mr. Galceran stated that all cuts are subject to the same requirements and that records are kept to track exactly who makes a street cut in a specific location. Ms. Medrano asked why no fees are required for a permit. Mr. Galceran indicated that the fees are covered under the franchise agreement with the utilities. Mr. Natinsky also expressed concern that a fee was not charged for a street cut permit.

Mr. Natinsky asked if there are procedures for using steel plates over repairs and commented that he had not seen contractors post signs near street cuts. Mr. Galceran stated that there are specific procedures required for the contractors. Ms. Koop suggested that the Committee provide Mr. Galceran with a list of specific locations where contractors are not following the street cut ordinance and/or are working without appropriate signage.

Mr. Natinsky asked Ms. Jody Puckett, Director of Water Utilities, what is required when new construction connects to a water main. Ms. Puckett stated that a private contractor or developer will obtain a permit to make the connection. They do not pay a street cut fee, but will pay a water connection fee, and make repairs consistent with the street cut ordinance.

Mr. Natinsky asked if the City had issued fines for street cuts and what happens if someone is fined multiple times. Mr. Galceran stated that future permits would be denied.

Mr. Natinsky asked staff to provide additional information on 1,803 "other" permits reported on page 12 of the presentation.

Ms. Hunt said she is convinced that street cuts are a source of potholes, and asked if there is a tracking system that allows staff to identify if a street cut repair had been done previously at the location of a pothole location. Mr. White responded that if a street cut is repaired according to the City's requirements, it will not become a pothole. He also confirmed that records are kept on the location of street cut repairs, and that if there are any problems during the five-year warranty period, the contractor who made the original street cut repair will be required to fix it.

Ms. Hunt asked what percentage of street cut repairs become potholes. Mr. White stated that there were not very many and reiterated that when the standards are followed utility cuts will not become a pothole. Mr. Galceran stated that he did not have a specific answer, but would look into Ms. Hunt's request.

Ms. Hunt asked about the status of tracking GIS coordinates to identify who is responsible for street cuts. Mr. Galceran stated that each individual department is responsible for identifying coordinates.

Ms. Hunt asked if there was a way to require contractors to place a permanent stamp in the street cut to alert the public as to who is responsible for the repairs. Ms. Jordan mentioned that a few years ago the City had looked at the possibility of adding some type of marking at the location of a street cut, but found that it would be difficult to identify when there were two or more cuts in the same area.

Ms. Davis stated that she liked the idea of training the utilities about the City's street cut repair requirements. Mr. White said that he conducted classes over the past year with all the franchise utility companies.

Mr. Kadane asked if Dallas Water Utilities or the Streets Department would be responsible for street cut repairs resulting from a water main break. Ms. Puckett stated that if Dallas Water Utilities makes a street cut they are responsible for the repairs in coordination with the City's contractor.

No action was taken on this item.

Linda L. Koop, Chair  
Transportation and Environment Committee

DRAFT

# Memorandum



CITY OF DALLAS

DATE February 5, 2010

TO Transportation and Environment Committee Members: Linda Koop (Chair), Sheffie Kadane (Vice Chair), Jerry Allen, Tennell Atkins, Carolyn R. Davis, Angela Hunt, Delia Jasso, Pauline Medrano, Ron Natinsky, Vonciel Jones Hill

SUBJECT **Green Energy from McCommas Bluff Landfill**

Attached is the briefing: Green Energy from McCommas Bluff Landfill. This briefing will be presented to the Transportation and Environment Committee on Monday, February 8, 2010.

Please let me know if you need additional information.

A handwritten signature in black ink, appearing to read 'Ryan S. Evans'.

Ryan S. Evans  
First Assistant City Manager

Attachment

C: Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Deborah A. Watkins, City Secretary  
Thomas P. Perkins, Jr., City Attorney  
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David K. Cook, Chief Financial Officer  
Mary Nix, Director, Sanitation Services  
Helena Stevens-Thompson, Assistant to the City Manager

# Green Energy from McCommas Bluff Landfill

Briefing to:

Transportation and Environment  
Committee

**February 8, 2010**

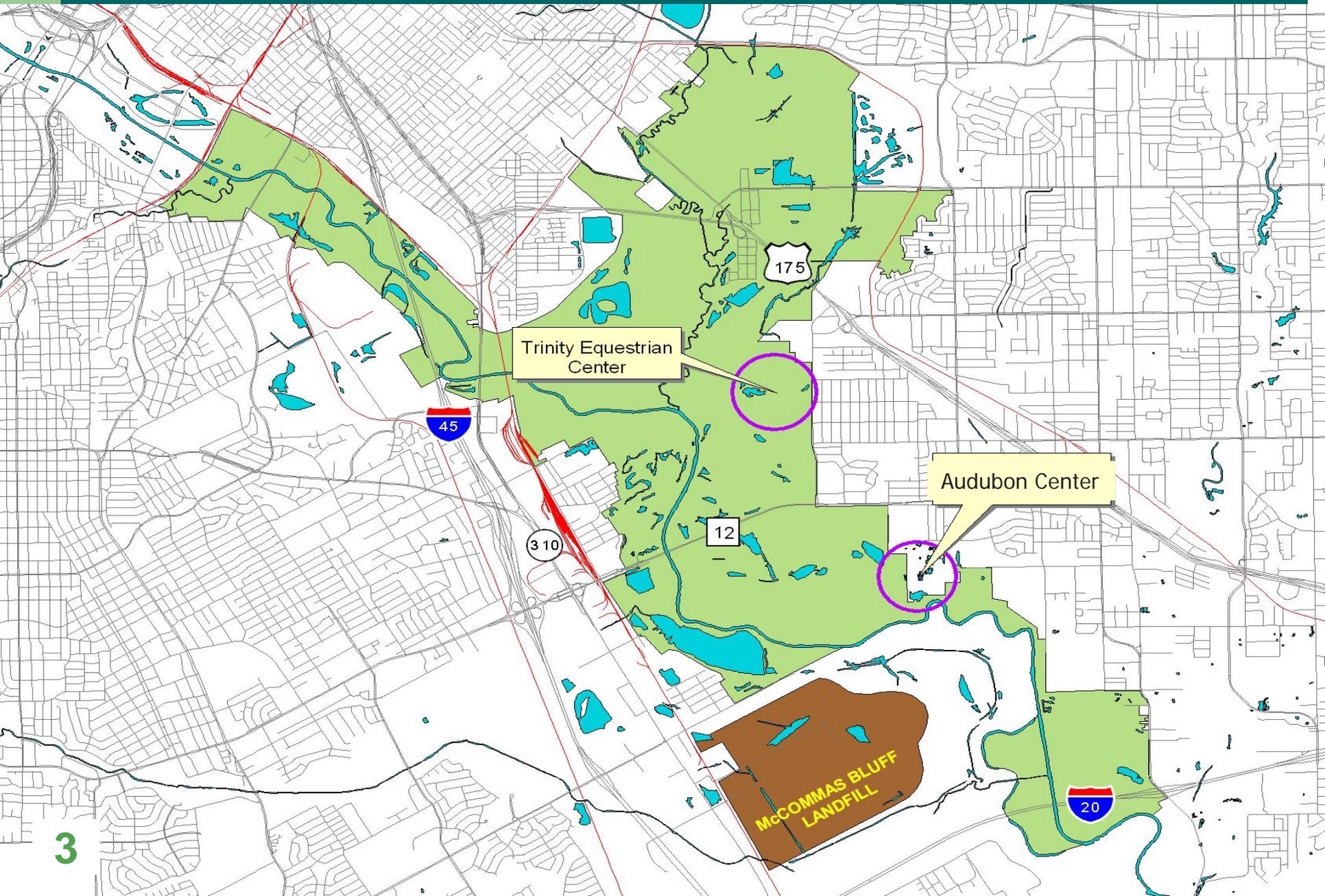
Ron Smith, Sanitation Services



# Where is it ?

- Located at the corner of Hwy 310 and I-20
- 2,025 acres
  - 996 acres - for waste disposal
  - 1,029 acres - for natural buffer, access roads, utilities
- Landfill “life”
  - Permitted in 1980 with an estimated 50 years
  - Current projection: 47 years (to 2056)
    - Landfill life has extended, due to improving compaction equipment over time and careful site management
- Borders the developing Trinity Corridor with hiking trails, equestrian center, canoeing and the Audubon Center nearby. Wetland mitigation property supports wildlife and abundance of native plants

# McCommas Bluff Landfill in the Trinity Corridor



# Landfill Facts

- **Large landfill – 11<sup>th</sup> by national measure**
- **Capacity:**
  - 156M cubic yards (CY) – capacity when site opened
  - 104M CY – current capacity after 28 years of operation
  - 2.25M CY - average annual usage:
    - Primarily, 1.8 M tons of solid waste
    - Also, daily soil cover, protective liners, berms and roadways, and final top cover ( approx.10-15% of space)
- **Gas Production: 5 million cubic feet per day**
  - Capable of heating 30,000 Dallas homes (or 11% of SAN customers)

# What is Landfill Gas ?

- Landfill Gas (**LFG**) is a by-product of waste decomposition over time
- Composed of:
  - 55% methane
  - 54% carbon dioxide (CO<sub>2</sub>)
  - 1% trace elements
- Uses
  - Industrial heating fuel
  - Natural gas substitution for household uses
  - Vehicle fuel for CNG / LNG units
  - Any use that Natural Gas serves

# Managing Landfill Gas

- Methane is a combustible gas and is designated by EPA as a “greenhouse gas”
  - Federal and state law requires proper management
  - Safety requirements necessary to prevent explosion or fire
- Management methods are, primarily:
  - Passive venting from the waste mass
  - Collection of gas through a matrix of wells and header conduits – then controlled gas destruction via a flare
  - Collection of gas (as above), processing of gas, and then beneficial re-use

# How the City manages its Landfill Gas

- City recognized the value of beneficial re-use in early 1990s
- Technical operations and financing for Landfill Gas management required new expertise
  - City entered a 30-year lease agreement in Dec 1994
  - Lessee is granted use of property to build gas processing facility
  - Lessee is required to collect all Landfill Gas, finance all expenses, meet regulatory requirements, and find market to sell gas
  - Lessee is to invest capital and recoup costs in first half of 30-year term
  - City receives \$120,000 / year as rent for first 14 years
  - **City then receives 12.5% of Lessee's gross revenue from gas sales, effective December 2008** (\$1.2M revenue budgeted for FY10)

# How the City manages its Landfill Gas

- Lessee installs gas collection wells
  - 311 wells in place now
  - wells drilled through in-place waste (about 80 feet deep)
  - lateral collection conduits and sumps added to system
- Lessee uses equipment to draw gas from wells under a controlled vacuum
  - 1995 -1999: Lessee flared gas while preparing gas processing plant
  - 1999 - now: Gas plant cleans gas to pipeline quality and then sells gas in open market



**Landfill Gas Processing Plant – on 2-acre tract**

# Benefit of the Gas Lease

- Collecting the gas maintains full compliance with environmental regulations
- Avoids direct cost to City
  - \$ 0.5M - Gas well field installation
  - \$ 1.5M - Flare and vacuum equipment
  - \$14.0M - Processing plant
- Provides City with revenue, after lessee recoups capital cost, royalty payments started Dec.2008

# How much more gas ...?

- Continuing to deposit waste will ensure increasing gas production over time
- Each waste cells produces gas for 15-30 years
- Gas can be recovered only after waste cell is full
- Nine more waste cells to be used over next 47 years, with gas production extending up to 30 years beyond ... or through 2087
- Lease agreement ends in 2024
- **Begin planning now to take over gas lease then**

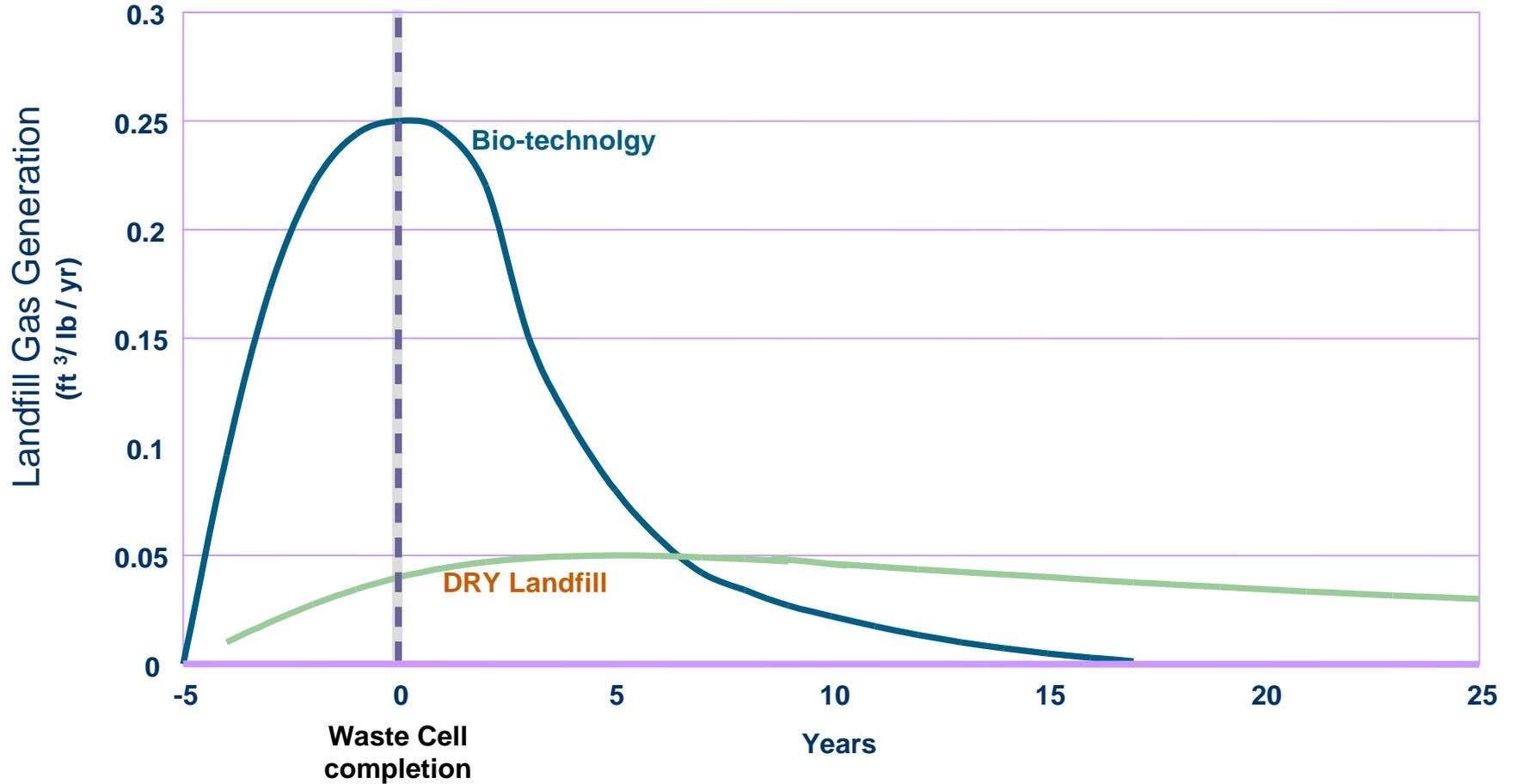
# LFG as Renewable Energy

- **EPA identifies certain energy sources as “renewable” sources:**
  - Solar
  - Wind
  - Landfill gas
  - Hydro Power
  - Hydrogen
  - Geothermal

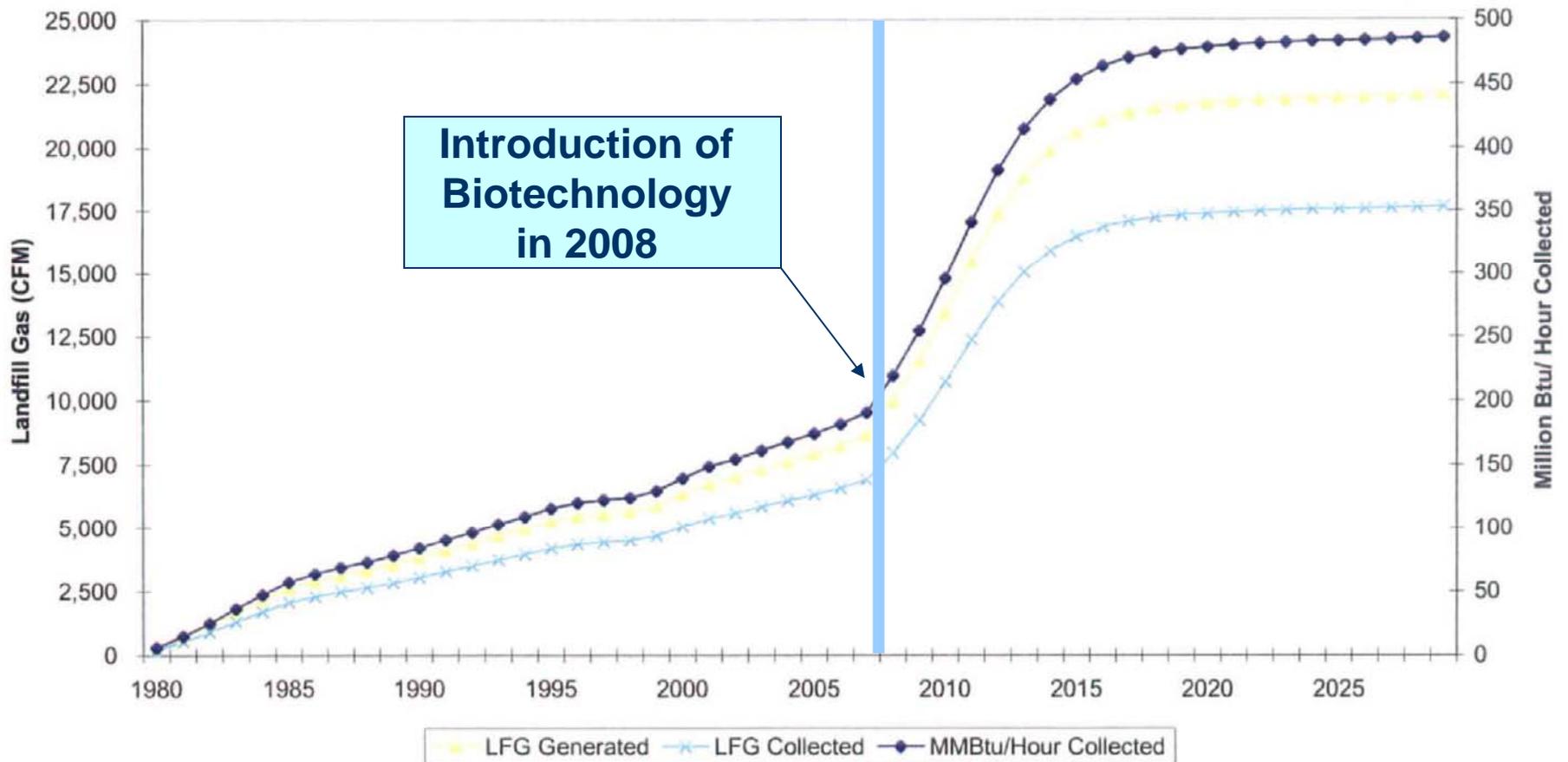
# Maximizing the Green Energy Benefit

- City pursued use of **Biotechnology** as means to maximize landfill life and gas production
- Received TCEQ permission in 2007 to begin to employ biotechnology methods
  - Adds fluids to waste mass to speed up decomposition
  - Also accelerates gas production, providing City with increased annual revenue-share from sales
  - Rapid decomposition promotes landfill settlement, creating up to 30% recovery in previously-used waste capacity
- McCommas Bluff Landfill as a model site for others

# Conventional and Bioreactor Gas Curves



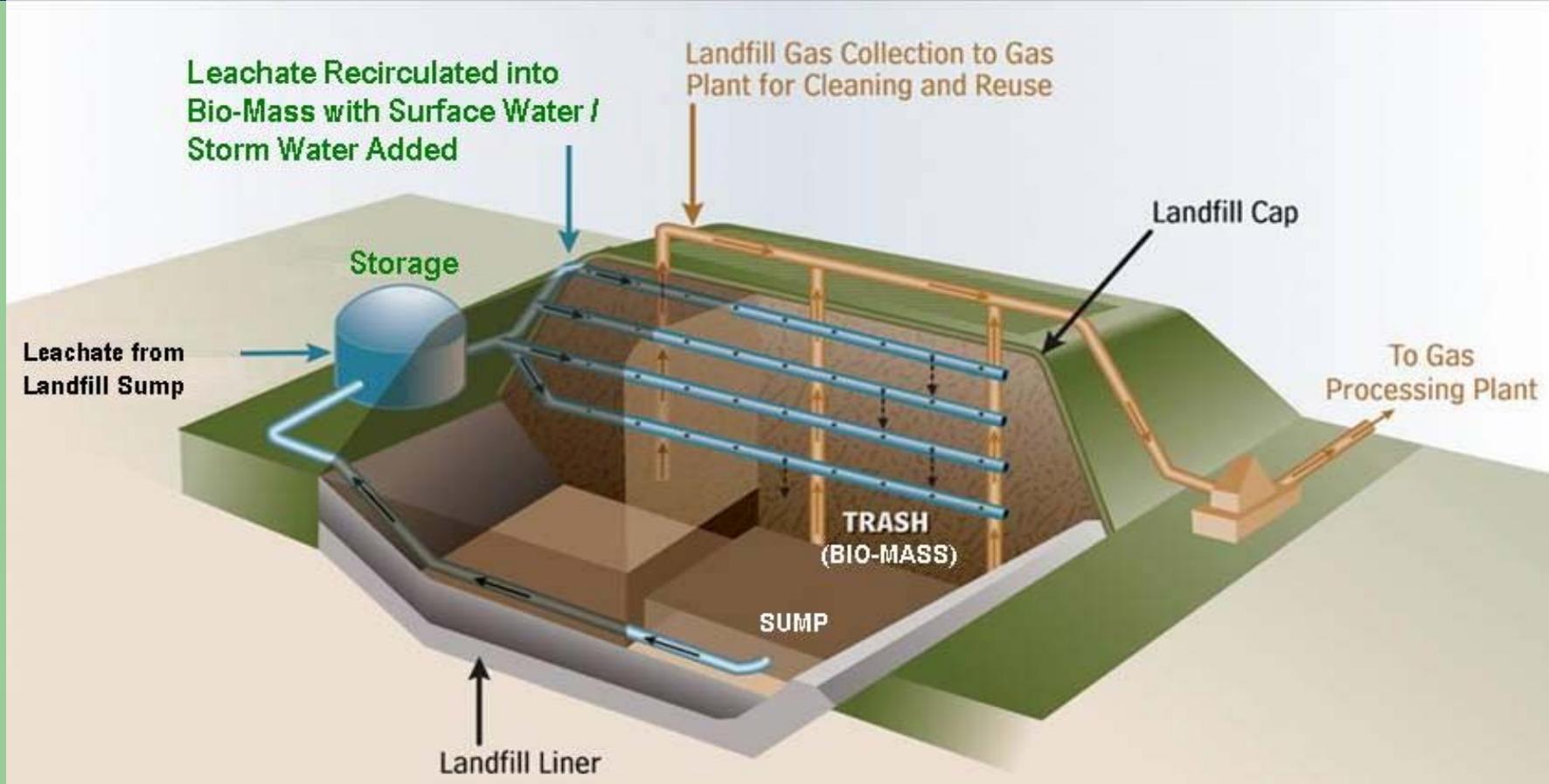
**Figure 5**  
**Landfill Gas and MMBtu/Hour Collected vs. Time**  
 McCommas Bluff Landfill, Dallas TX  
 May 2005  
**Combined Bioreactor Project**



# Other Benefits of Biotechnology

- Re-use of landfill space
  - Accelerating the waste decomposition speeds up the landfill settlement ... resulting in waste space that can be re-used
  - Re-use space saves money:
    - Reduced need for new cell construction (\$4M per construction project)
- Reduces or eliminates the cost of leachate disposal
  - Waste fluids are typically pumped from landfill to sewer system
  - Biotechnology allows for fluids to be “cleaned” with repeated trickling through waste mass

# Design of Bio-Tech Cell





**Use of scrap tires (shredded)  
in landfill's Biotechnology  
filter layers**

# Who actually uses our gas ?

- Landfill gas is transported via pipeline to market
- McCommas' gas is sold to a buyer with highest offer – who often seeks credit for use of renewable energy source
- Buyer may receive tax incentives
- City receives royalty based on gas sales

# How do others manage landfill gas ?

- Passive venting (mostly **small** sites)
  - Only allowable if quantities are very small
- Harmlessly burn gas using landfill flare (**mid-sized** sites)
- Larger sites – seek beneficial gas use
  - McCommas Bluff Landfill: produces pipeline-quality gas
  - WMT Lewisville landfill: generates electricity (6MW)
  - WMT Skyline landfill: generates electricity (12MW)
    - Portions of electricity used for landfill needs
    - Excess power sold to grid

# Summary

- All landfills must manage LFG by regulation
- McCommas site produces 5M cubic feet daily – and processes it for pipeline-quality sale
- Biotechnology methods are maximizing gas production and associated revenues
- Future of gas plant management
  - Gas production to continue beyond 2050
  - Plan now for end-of-lease in December 2024
  - **Future briefings to address transition of lease**

# Memorandum



DATE February 4, 2010

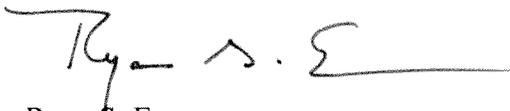
TO Council Transportation and Environment Committee:  
Linda Koop, Chair; Sheffie Kadane, Vice Chair; Jerry R. Allen, Tennell Atkins,  
Carolyn R. Davis, Vonciel Jones Hill, Angela Hunt, Delia Jasso, Pauline Medrano,  
Ron Natinsky

SUBJECT Green Energy Recovery –  
Southside Wastewater Treatment Plant

Attached is the briefing that will be presented on Monday, February 8, 2010 regarding Green Energy Recovery at the Southside Wastewater Treatment Plant (SWWTP).

This briefing provides an update on the progress of the existing SWWTP – Renewable Energy project and provides details on additional opportunities associated with the Co-Digestion project.

Please contact me if you require additional information.



Ryan S. Evans,  
First Assistant City Manager

c: The Honorable Mayor and Members of the City Council  
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Jody Puckett, P.E., Director, Dallas Water Utilities



**City of Dallas - Water Utilities Department  
Green Energy Recovery  
Southside Wastewater Treatment Plant**

**Presented to the TEC  
February 8, 2010**



**Green Energy Recovery  
Southside Wastewater Treatment Plant**

- ◆ **The objective of this briefing is to provide an update on the progress of the existing Southside Wastewater Treatment Plant Renewable Energy Project and provide details on additional opportunities associated with the Co-Digestion project**

## Briefing Outline

- ◆ What is Biogas
- ◆ Southside Wastewater Treatment Process
- ◆ Project Background and Drivers
- ◆ Renewable Energy Leasing Project Details
- ◆ Benefits Associated with the Project
- ◆ Cogeneration Facility - Utilities Update
- ◆ Cogeneration Facility - Lease Agreement Update
- ◆ Additional Opportunities – Co-Digestion Project
- ◆ Questions

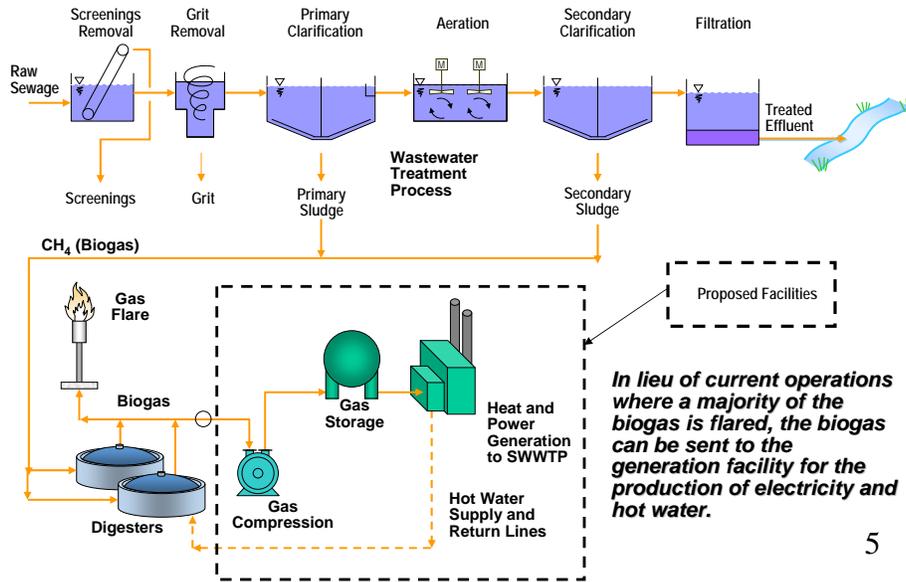
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## What is Biogas?

- ◆ Biogas is the methane (CH<sub>4</sub>) produced as a by-product of the anaerobic digestion process at the Southside Wastewater Treatment Plant
- ◆ DWU's biogas is currently used to fire boilers to heat the digesters, but a large portion is burned off in flares
- ◆ Biogas is a renewable fuel source that can be used to generate electricity in lieu of using coal or natural gas

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## Southside Wastewater Treatment Process



## Project Background and Drivers

### ◆ Wastewater Residuals Master Plan (1994)

- Recommended consolidation of solids processing and disposal at Southside Wastewater Treatment Plant (SWWTP) and the construction of a Cogeneration Facility to convert the biogas being produced into electricity

### ◆ Texas Senate Bill 7 (1999)

- Set goals for electricity generation from renewable energy resources and established rules for buying and selling renewable energy credits (REC's)

### ◆ Texas Senate Bill 5 (2001)

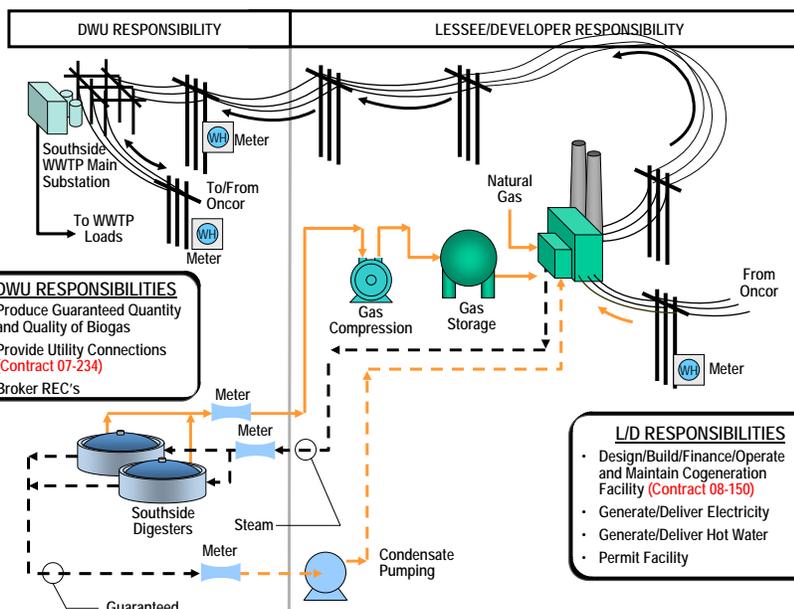
- Required political subdivisions to reduce energy consumption by 5% each year for five years. Program was renewed for another 5 years in 2007 with the passage of Senate Bill 12

## Project Background

- ◆ Two separate projects previously awarded in support of the Cogeneration Facility
  - ◆ November 10, 2008, Council awarded a twenty-year lease agreement to Ameresco Dallas, Inc. to finance, design, permit, build, operate and maintain a Cogeneration Facility at SWWTP (**Contract No. 08-150**)
  - ◆ February 11, 2009, Council awarded the construction of the Cogeneration Facility utilities and digester improvements at SWWTP (**Contract No. 07-234**)
  - ◆ Briefed to the Transportation and Environment Committee on September 8, 2008

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## Renewable Energy Leasing Project Details



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## **Benefits of the Project**

- ◆ **Proposed facility will produce 30,000,000 kWh per year reducing Southside's purchased power by 60%**
- ◆ **Since the cost of electricity to be provided by the Lessee/Developer will be substantially less than cost from Oncor/Brazos, the resulting savings to be realized is estimated at \$1.6M dollars per year over the twenty year term of the lease**
- ◆ **This project will generate approximately 30,000 Renewable Energy Credits (REC's) per year. At the current market value of \$2.00 (\$7.50)/REC, the monetary value to the City will be \$60,000 (\$225,000)/year**
- ◆ **The REC's generated by this project may also be used for other purposes such as points contributing towards LEED's certification.**

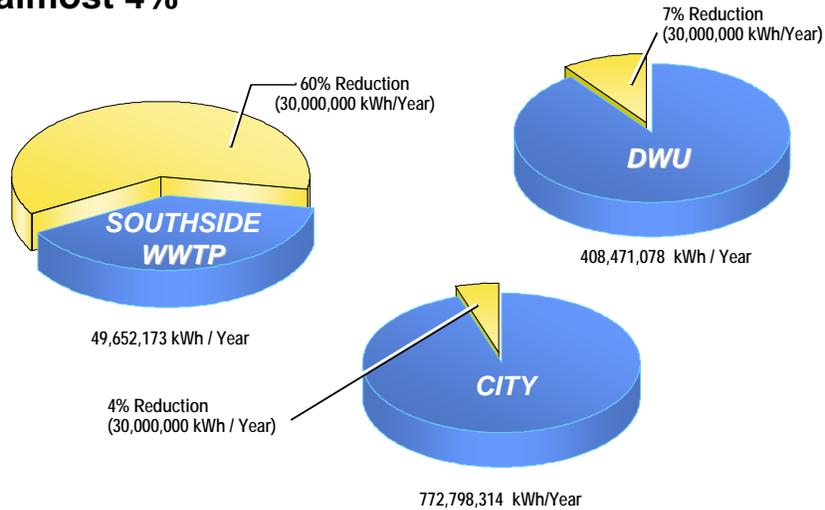
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## **Benefits of the Project (cont'd)**

- ◆ **This project will help the City comply with Texas Senate Bills 5 and 12**
- ◆ **This project will provide a fourth source of electricity to SWWTP which will increase the service reliability at the plant**
- ◆ **Other than the cost to extend utilities to the leased premises, this project will not require any capital outlay to implement**
- ◆ **This project will not require any additional labor or skill set above and beyond DWU's current staff complement and capabilities**
- ◆ **New cogeneration system increases emissions at the SWWTP but reduces overall emissions in the region**

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**As a fuel to generate electricity, DWU's Biogas has the potential to reduce the City of Dallas' total grid derived electricity consumption by almost 4%**



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## Status of Existing Renewable Energy Projects

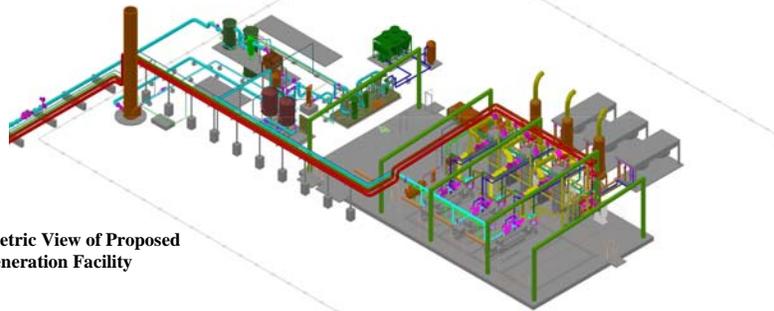
- ◆ **Cogeneration Facility Utilities and Digester Improvements (City Responsibility)**
  - ◆ Construction is 80% complete
  - ◆ Final Completion is estimated in March 2010



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## Status of Existing Renewable Energy Projects

- ◆ Ameresco Dallas, Inc. (**Developer**)
  - ◆ Permitting to be Complete – February 2010
    - Requires Air and Building permits
  - ◆ Anticipated Start of Construction – March 2010
  - ◆ Commissioning of Facility – July 2010
  - ◆ Effective In-Service Date – August 2010



Isometric View of Proposed  
Cogeneration Facility

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## Additional Opportunities – Co-Digestion

- ◆ Co-Digestion is the process in which alternative energy sources (high strength wastes) are fed into traditional municipal waste digesters for the purpose of increasing biogas production
- ◆ On May 27, 2009, Council authorized a feasibility study for the collection of high strength wastes and implementation of a co-digestion process at SWWTP
- ◆ Results of the study concluded that grease was the most viable energy source for co-digestion
- ◆ Grease digestion has the potential to produce approximately 500,000 cubic feet per day of additional methane
- ◆ The resulting electrical energy produced by the Cogeneration Facility would be approximately 11 million kWh/year

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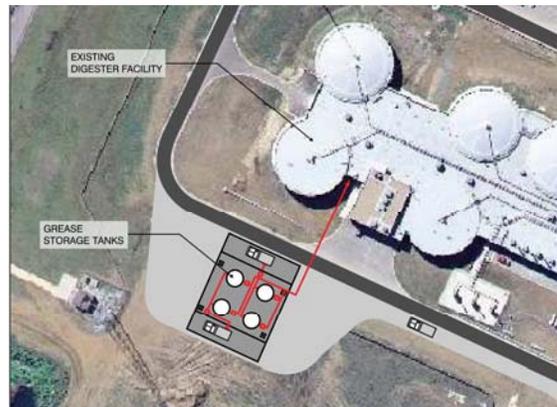
## Co-Digestion Benefits

- ◆ Increase in biogas production and resulting in increased electrical savings
- ◆ Increase in existing solids destruction thereby reducing the amount of solids to be disposed of at the plant
- ◆ Potential revenue stream generated from tipping fees charged to the grease haulers
- ◆ Increase in Renewable Energy Credits (REC's)
- ◆ Project furthers the Green Dallas Initiative

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## Co-Digestion Project Details

- ◆ City staff is currently working on development of a scope for a Design/Build contract for the grease receiving facility which will be brought to Council for approval later this year
- ◆ Project cost is anticipated to be around \$5M with a calculated payback of 3 years
- ◆ Total potential 10-year revenue stream is \$25M



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**Questions?**

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# Memorandum



CITY OF DALLAS

DATE February 5, 2010

TO Members of the Transportation and Environment Committee:  
Linda L. Koop (Chair), Sheffie Kadane (Vice Chair), Jerry Allen, Tennell Atkins, Carolyn R. Davis, Angela Hunt, Delia Jasso, Pauline Medrano, Ron Natinsky, Vonciel Jones Hill

SUBJECT Cost Recovery Policy – Traffic Signs Briefing  
February 8, 2010

Attached is the Cost Recovery Policy – Traffic Signs briefing that will be presented to you on Monday, February 8, 2010.

Please let me know if you have any questions.

A handwritten signature in black ink, appearing to read 'Jill Jordan'.

Jill A. Jordan, P.E.  
Assistant City Manager

## Attachment

c: The Honorable Mayor and Members of the City Council  
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Rick Galceran, P.E., Director, Public Works and Transportation

# Cost Recovery Policy - Traffic Signs

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Presented to  
Transportation  
and Environment Committee  
February 8, 2010



Presenter: Elizabeth Ramirez, P.E.  
Assistant Director  
Public Works & Transportation



# Purpose

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- ❑ **Develop a consistent policy for charging the public for specific types of signs**
  - no formal policy for sign charges in city code
  - charges need to be updated to reflect current expenses

# Background

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- On October 26<sup>th</sup> staff presented briefing on Crime Prevention signs
- Briefing recommended full cost recovery for signs from crime watch organizations
- There have been concerns about the proposed increase in charges

# Sign Costs

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## ❑ \$ 22 Sign cost

- Sign material has increased due to higher reflectivity standards
- Cost of aluminum sign blanks has increased
- Past analysis shows in-house fabrication lower than private sector

## ❑ \$18 Installation cost on existing pole

- Staff developed an average cost per sign based on data from past work orders and typical number of signs requested per order
- Crime Prevention signs are typically mounted on existing poles
- Signs that require a **new pole will cost an additional \$26**

## – \$50 Processing cost – (propose to recover via application fee)

- Covers costs related engineering site visits, work order preparation, and processing of payments

## ❑ Full Cost Recovery

- \$50 application fee + **\$40** (\$22/sign +18/install) mounted on **existing pole**
- \$50 application fee + **\$66** (\$22/sign+\$18/install+\$26/pole) mounted on **new pole**

# Options for Consideration

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- **Option 1 – continue current practice**
  - Public pays only \$22 for the cost of the sign
  - City pays sign installation + processing costs
  
- **Option 2 - full cost recovery**
  - Public pays \$50 processing cost
  - Public pays \$40 per sign <sup>(1)</sup>
  
- **Option 3 - partial cost recovery to encourage participation in crime prevention program**
  - Public pays \$50 processing cost
  - Public pays **\$0 per sign for first 10 signs** <sup>(1)</sup>
  - Public pays full cost \$40 per sign for additional signs <sup>(1)</sup>

Note: (1) \$66 per sign cost if a new post is required

# Sign Cost Comparison Example

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- ❑ A crime watch group typically requests 10 signs
- ❑ Option 1: At 10 signs, the crime watch group currently pays **\$220** (10 signs @ \$22/per sign)
- ❑ Option 2: If we ask for full cover recovery, they would pay **\$450** (\$50 application fee + (10 signs @ \$40/sign))
- ❑ Option 3: If we ask for partial cost recovery, they would pay **\$50** (\$50 application fee + \$0 for first 10 signs)



# Policy Options – Impact on Budget

	A	B	C = A – B	D	E = D - C
Options	Annual Cost of Signs for Crime Watch Program	Revenue to City	<u>Net</u> Cost to City	Current Amount Budgeted	Impact to Budget
<b>Option 1</b> Current Practice	<b>\$13,250</b> \$50 to process x 25 applications \$40 sign fee x 300 signs	<b>\$6,600</b> \$22 sign only x 300 signs	<b>\$6,650</b>	<b>\$6,650</b>	<b>\$0</b>
<b>Option 2</b> Full Cost Recovery	<b>\$13,250</b> \$50 to process x 25 applications \$40 sign fee x 300 signs	<b>\$13,250</b> \$50 fee x 25 applications \$40 sign fee x 300 signs	<b>\$0</b>	<b>\$6,650</b>	<b>+ \$6,650 surplus</b>
<b>Option 3</b> Partial Cost Recovery	<b>\$13,250</b> \$50 to process x 25 applications \$40 sign fee x <b>300</b> signs	<b>\$3,250</b> \$50 fee x 25 applications \$40 sign fee x <b>50</b> signs	<b>\$10,000</b>	<b>\$6,650</b>	<b>- \$3,350 Deficient</b>

- \$40 cost per sign (\$22 sign cost + \$18 installation cost) - assumes no new post is required
- Average 25 applications per year
- Typically 10 signs or less requested per application
- Average **300** signs installations per year
- 25 applications per year x 10 free signs per application = **250** free signs
- Total of 300 signs installed per year – 250 free signs = **50** remaining signs charged at full cost of \$40