
Franchise Fee for City of Dallas Waste Haulers

Briefing to **Finance, Accounting and Accountability Committee**

August 29, 2006

Department of Sanitation Services

Background

- Dallas is an open market for waste haulers
- Approximately 400 waste haulers
- Permit program last modified 1992
- Unknown volume of commercial business

How the City Regulates Haulers

- Purpose of regulating waste haulers
 - Provide oversight of waste hauling industry within city
 - Ensure all waste haulers meet Health and Safety standards
 - Ensure Environmental compliance
 - Authority given by Ordinance, Texas Department of Health, TCEQ
- Regulated by permit and sticker (decal) system
 - \$65 per vehicle per year
 - \$85 per container per year
- Generates \$1.9 million annual revenue
 - Top 25 customers generate 75% of revenue
- Fee used:
 - infrastructure upkeep
 - cost of monitoring haulers for regulatory violations
- Self-reporting format (annual permit requirement)
 - Periodic field surveys for compliance

How Do Others Regulate Haulers?

- Municipalities oversee private haulers via:
 - Exclusive franchise
 - Non-exclusive Franchise
 - Non-exclusive Right-of-Privilege
 - Vehicle permits
 - No formal method
- Cities may haul commercial waste themselves

Why change the process

- **Manageability:**
 - No annual sticker replacement
 - Approx 1,000 vehicles require decals
 - No container fee stickers / decals to replace
 - Approx 20,000 containers citywide
 - Some haulers – up to 7,000 dumpsters to sticker each year
- **Becoming the industry standard**
- **Generates additional revenue - \$300,000 est. based on 4% of haulers' gross revenues**
- **Proposition 9 City Charter Amendment (2005)**
 - Expands the right to franchise to solid waste services

Implementation Process

- Contact commercial haulers
 - Describe proposed franchise
 - Receive customer feedback
- Draft and implement ordinance changes
- Haulers apply for franchise with city
- City issues franchise agreement via Council action (and/or as delegated to CMO)
- City issues vehicles decals
- Franchisee sends City monthly revenue report with 4% fee
- Franchisee sends annual report to City
- City audits Franchisee's financial statements annually (via City auditor)

Ordinance Requirements

- Article IV of Section 18 of the City Code –
Private Solid Waste Collection Service
 - Amended to reflect Franchise Fee procedures
 - Currently under legal review
 - Anticipate adoption Sept 2006

Timeline

- June-Aug Draft ordinance changes
- July Draft ordinance sent to CAO;
complete NLT Aug 25
- Aug CMO to review draft ordinance and
methodology
- Aug Review with customer groups
Brief Small Group
Brief FA&A Committee (Aug 29)
- Sept 13 Council action to approve ordinance
changes
- Sept 14 Send notice to all commercial haulers
- Oct 1 Implement on 3-month phase-in