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