



**JUNE 2, 2010 CITY COUNCIL BRIEFING AGENDA
CERTIFICATION**

This certification is given pursuant to Chapter XI, Section 9 of the City Charter for the City Council Briefing Agenda dated June 2, 2010. We hereby certify, as to those contracts, agreements, or other obligations on this Agenda authorized by the City Council for which expenditures of money by the City are required, that all of the money required for those contracts, agreements, and other obligations is in the City treasury to the credit of the fund or funds from which the money is to be drawn, as required and permitted by the City Charter, and that the money is not appropriated for any other purpose.



Mary K. Suhm
City Manager

5-27-10
Date



Edward Scott
City Controller

5/27/10
Date

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CITY SECRETARY
DALLAS, TEXAS



COUNCIL BRIEFING AGENDA

June 2, 2010

DATE

(FOR GENERAL INFORMATION AND RULES OF COURTESY PLEASE SEE OPPOSITE SIDE.)

(LA INFORMACIÓN GENERAL Y REGLAS DE CORTESÍA QUE DEBEN OBSERVARSE

DURANTE LAS ASAMBLEAS DEL CONSEJO MUNICIPAL APARECEN EN EL LADO OPUESTO, FAVOR DE LEERLAS.)

General Information

The Dallas City Council regularly meets on Wednesdays beginning at 9:00 a.m. in the Council Chambers, 6th floor, City Hall, 1500 Marilla. Council agenda meetings are broadcast live on WRR-FM radio (101.1 FM) and on Time Warner City Cable Channel 16. Briefing meetings are held the first and third Wednesdays of each month. Council agenda (voting) meetings are held on the second and fourth Wednesdays. Anyone wishing to speak at a meeting should sign up with the City Secretary's Office by calling (214) 670-3738 before 9:00 a.m. on the meeting date. Citizens can find out the name of their representative and their voting district by calling the City Secretary's Office.

Sign interpreters are available upon request with a 48-hour advance notice by calling (214) 670-5208 V/TDD. The City of Dallas is committed to compliance with the Americans with Disabilities Act. **The Council agenda is available in alternative formats upon request.**

If you have any questions about this agenda or comments or complaints about city services, call 311.

Rules of Courtesy

City Council meetings bring together citizens of many varied interests and ideas. To insure fairness and orderly meetings, the Council has adopted rules of courtesy which apply to all members of the Council, administrative staff, news media, citizens and visitors. These procedures provide:

- That no one shall delay or interrupt the proceedings, or refuse to obey the orders of the presiding officer.
- All persons should refrain from private conversation, eating, drinking and smoking while in the Council Chamber.
- Posters or placards must remain outside the Council Chamber.
- No cellular phones or audible beepers allowed in Council Chamber while City Council is in session.

"Citizens and other visitors attending City Council meetings shall observe the same rules of propriety, decorum and good conduct applicable to members of the City Council. Any person making personal, impertinent, profane or slanderous remarks or who becomes boisterous while addressing the City Council or while attending the City Council meeting shall be removed from the room if the sergeant-at-arms is so directed by the presiding officer, and the person shall be barred from further audience before the City Council during that session of the City Council. If the presiding officer fails to act, any member of the City Council may move to require enforcement of the rules, and the affirmative vote of a majority of the City Council shall require the presiding officer to act." Section 3.3(c) of the City Council Rules of Procedure.

Informacion General

El Ayuntamiento de la Ciudad de Dallas se reúne regularmente los miércoles en la Cámara del Ayuntamiento en el sexto piso de la Alcaldía, 1500 Marilla, a las 9 de la mañana. Las reuniones informativas se llevan a cabo el primer y tercer miércoles del mes. Estas audiencias se transmiten en vivo por la estación de radio WRR-FM 101.1 y por cablevisión en la estación *Time Warner CityCable* Canal 16. El Ayuntamiento Municipal se reúne el segundo y cuarto miércoles del mes para tratar asuntos presentados de manera oficial en la agenda para su aprobación. Toda persona que desee hablar durante la asamblea del Ayuntamiento, debe inscribirse llamando a la Secretaría Municipal al teléfono (214) 670-3738, antes de las 9 de la mañana del día de la asamblea. Para enterarse del nombre de su representante en el Ayuntamiento Municipal y el distrito donde usted puede votar, favor de llamar a la Secretaría Municipal.

Intérpretes para personas con impedimentos auditivos están disponibles si lo solicita con 48 horas de anticipación llamando al (214) 670-5208 (aparato auditivo V/TDD). La Ciudad de Dallas se esfuerza por cumplir con el decreto que protege a las personas con impedimentos, *Americans with Disabilities Act*. **La agenda del Ayuntamiento está disponible en formatos alternos si lo solicita.**

Si tiene preguntas sobre esta agenda, o si desea hacer comentarios o presentar quejas con respecto a servicios de la Ciudad, llame al 311.

Reglas de Cortesía

Las asambleas del Ayuntamiento Municipal reúnen a ciudadanos de diversos intereses e ideologías. Para asegurar la imparcialidad y el orden durante las asambleas, el Ayuntamiento ha adoptado ciertas reglas de cortesía que aplican a todos los miembros del Ayuntamiento, al personal administrativo, personal de los medios de comunicación, a los ciudadanos, y a visitantes. Estos reglamentos establecen lo siguiente:

- Ninguna persona retrasará o interrumpirá los procedimientos, o se negará a obedecer las órdenes del oficial que preside la asamblea.
- Todas las personas deben abstenerse de entablar conversaciones, comer, beber y fumar dentro de la cámara del Ayuntamiento.
- Anuncios y pancartas deben permanecer fuera de la cámara del Ayuntamiento.
- No se permite usar teléfonos celulares o enlaces electrónicos (*paggers*) audibles en la cámara del Ayuntamiento durante audiencias del Ayuntamiento Municipal.

"Los ciudadanos y visitantes presentes durante las asambleas del Ayuntamiento Municipal deben de obedecer las mismas reglas de comportamiento, decoro y buena conducta que se aplican a los miembros del Ayuntamiento Municipal. Cualquier persona que haga comentarios impertinentes, utilice vocabulario obsceno o difamatorio, o que al dirigirse al Ayuntamiento lo haga en forma escandalosa, o si causa disturbio durante la asamblea del Ayuntamiento Municipal, será expulsada de la cámara si el oficial que esté presidiendo la asamblea así lo ordena. Además, se le prohibirá continuar participando en la audiencia ante el Ayuntamiento Municipal. Si el oficial que preside la asamblea no toma acción, cualquier otro miembro del Ayuntamiento Municipal puede tomar medidas para hacer cumplir las reglas establecidas, y el voto afirmativo de la mayoría del Ayuntamiento Municipal precisará al oficial que esté presidiendo la sesión a tomar acción." Según la sección 3.3(c) de las reglas de procedimientos del Ayuntamiento.

AGENDA
CITY COUNCIL BRIEFING MEETING
WEDNESDAY, JUNE 2, 2010
CITY HALL
1500 MARILLA
DALLAS, TEXAS 75201
9:00 A.M.

9:00 am Invocation and Pledge of Allegiance 6ES

 Special Presentations

 Open Microphone Speakers

VOTING AGENDA 6ES

1. Approval of Minutes of the May 19, 2010 City Council Meeting
2. Consideration of appointments to boards and commissions and the evaluation and duties of board and commission members (List of nominees is available in the City Secretary's Office)

Briefings 6ES

- A. Water Utilities: Overview of Proposed FY 10-11 Budget
- B. Sanitation Services Proposed FY 11 Budget

Lunch

Closed Session 6ES

Attorney Briefings (Sec. 551.071 T.O.M.A.)

- Richard M. Lacella v. City of Dallas, Cause No. 08-12985
- Helen Watts v. City of Dallas, Cause No. 08-13000-A
- Ruth Herrera v. City of Dallas, Cause No. 09-00529-E
- Keith Clarence Braxton v. Danny R. Hulseley and City of Dallas, Cause No. 09-03394-C
- City of Dallas and TWDB v. Dale Hall, et al., Cause No. 08-1520
- Yi Yin v. City of Dallas, et al., No. 3:09-CV-00295-G

AGENDA
CITY COUNCIL BRIEFING MEETING
WEDNESDAY, JUNE 2, 2010

Open Microphone Speakers

6ES

The above schedule represents an estimate of the order for the indicated briefings and is subject to change at any time. Current agenda information may be obtained by calling (214) 670-3100 during working hours.

Note: An expression of preference or a preliminary vote may be taken by the Council on any of the briefing items.

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 in 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.

PUBLIC MEETINGS FOR JUNE 1 - JUNE 15, 2010

Tuesday, June 1, 2010

Civil Service Board

8:30 a.m.

City Hall Suite 1C-South

Memorandum



DATE May 27, 2010

TO Honorable Mayor and Members of the City Council

SUBJECT Water Utilities: Overview of Proposed FY10 – 11 Budget

Attached is the Water Utilities: Overview of Proposed FY10 – 11 Budget Briefing to be presented by the Water Utilities Department at the June 2, 2010 meeting of the Dallas City Council.



Ryan S. Evans
First Assistant City Manager

Attachment

c: Mary K. Suhm, City Manager
Thomas P. Perkins, City Attorney
Deborah Watkins, City Secretary
Craig Kinton, City Auditor
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Judge C. Victor Lander, Administrative Judge
Helena Stevens-Thompson, Assistant to the City Manager
Jo M. Puckett, P.E., Director, Dallas Water Utilities

Water Utilities: Overview of Proposed FY10 - 11 Budget

June 2, 2010



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Purpose

This briefing provides an update on the FY09-10 Budget and an overview of Dallas Water Utilities' recommended FY10-11 Budget

Dallas Water Utilities: FY10-11 Budget Focus

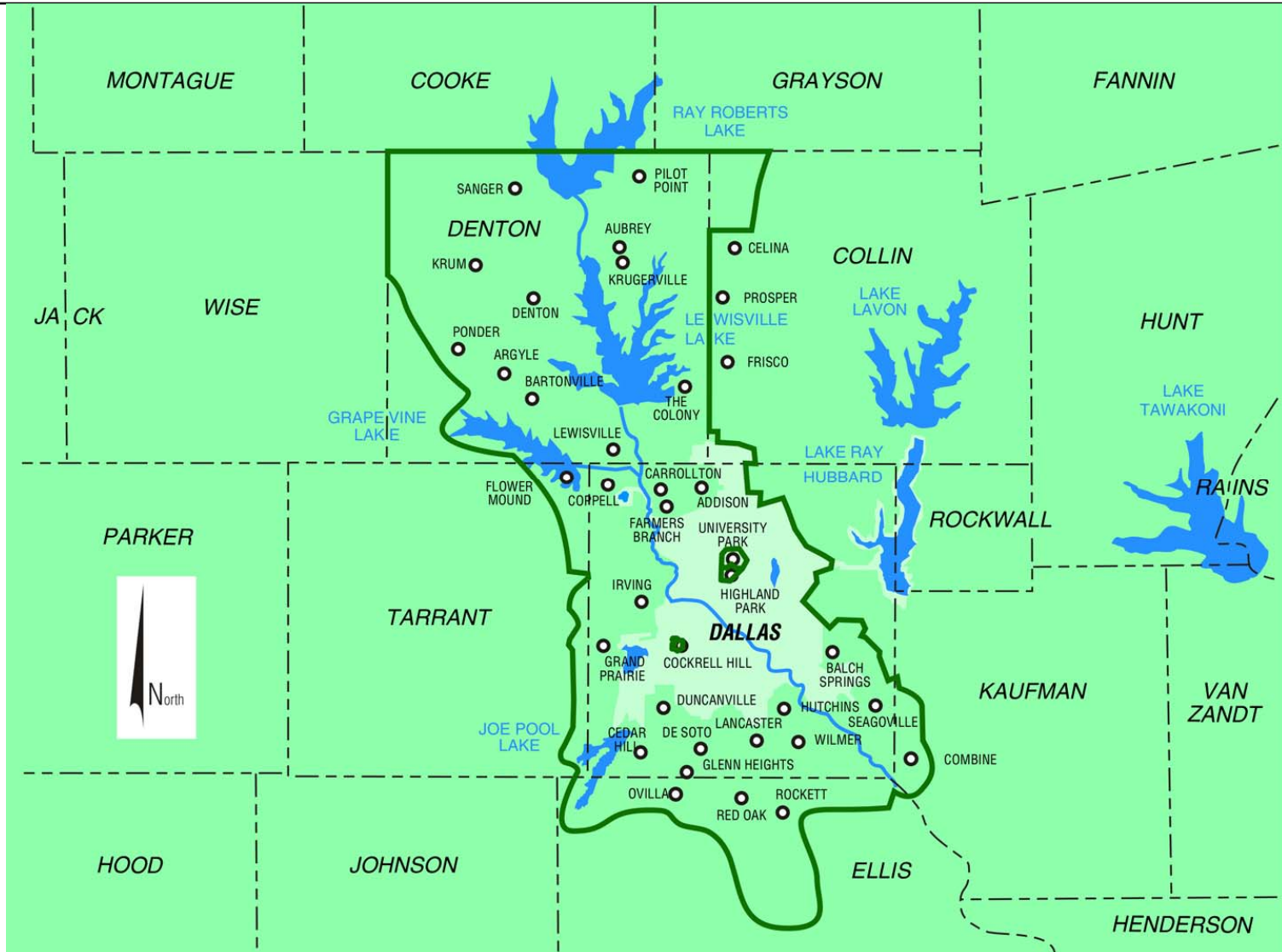
- Dallas Water Utilities is a large, municipally owned regional water/wastewater supplier
 - Costs are driven by infrastructure requirements for both growth and renewal
 - Responsibility for planning to meet water requirements for service area
 - Self-supporting
- Proposed budget continues the focus on maintaining infrastructure and conserving resources through:
 - Programs for water and wastewater systems maintenance to pro-actively detect water system leaks
 - Water conservation efforts
 - Annual replacement rate of 1.5% for aged water and wastewater mains
 - Commitment to provide high quality and sufficient water and wastewater service to meet customer needs

City of Dallas Water Utilities Fact Sheet

The Dallas Water Utilities is funded from solely water and wastewater revenues

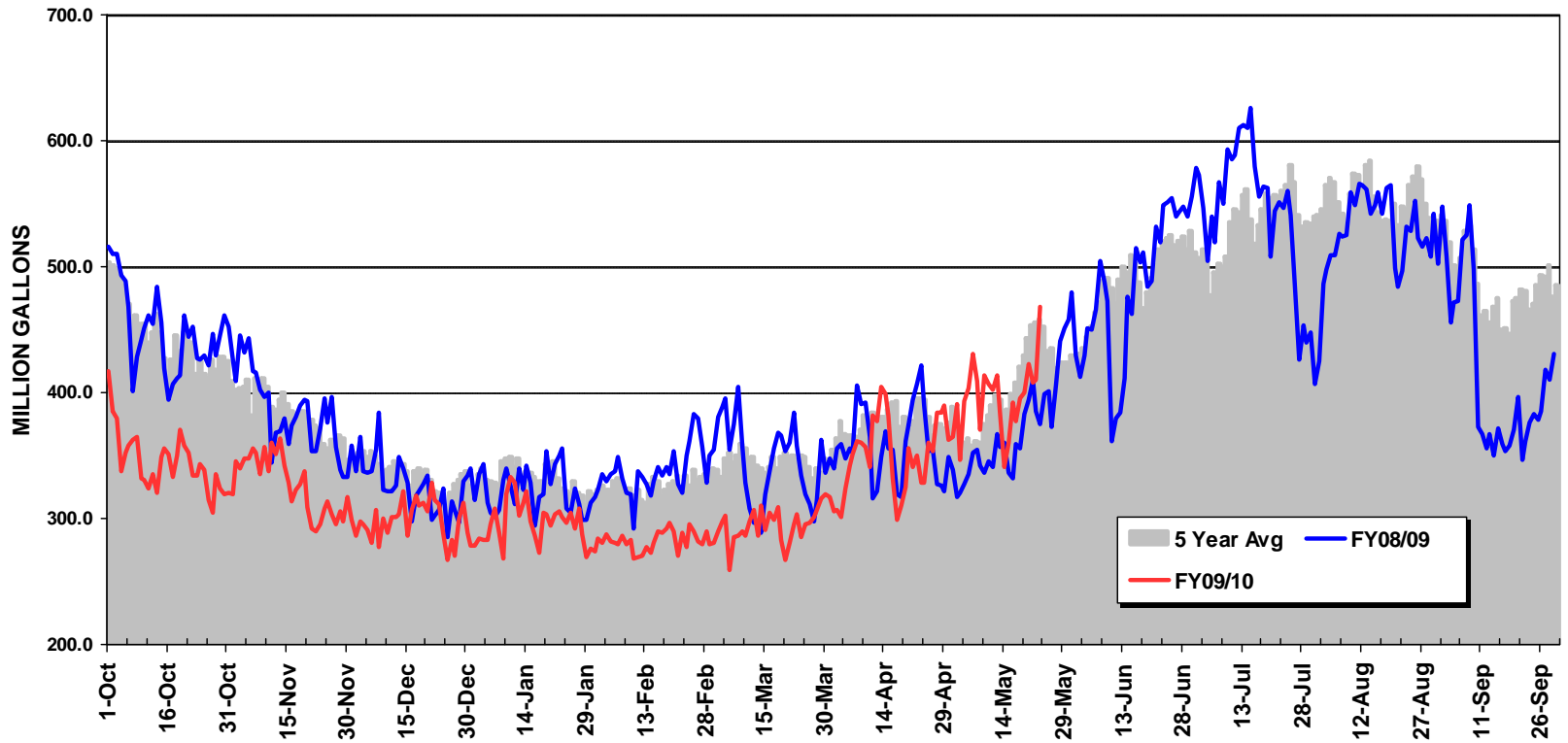
- Approximately 1,500 employees
- Population served (treated water)
 - 1.3 million - City of Dallas
 - 980,000+ wholesale customer cities
- 699 square mile service area
- 308,000 retail customer accounts
- 9,280 miles of water and wastewater mains
 - More than 55% older than 50 years
- 3 water treatment plants, 2 wastewater treatment plants
- Wholesale customers
 - 23 treated water, 4 untreated water, 11 wastewater

City of Dallas Customer Cities



Dallas Water Utilities System

Daily Water Consumption (FY09 and FY10)



9.1 BG behind FY09 consumption through May 24th. Last year's water consumption was 148 BG

FY10-11 Proposed Operating Budget

Services by Key Focus Areas

| Service Number | | FY 10 Budget | FY 10 Estimate as of Mar FTA | FY 11 Proposed Budget |
|----------------------------------|---|----------------|------------------------------|-----------------------|
| Economic Vibrancy | | | | |
| 2.84 | Water Capital Funding | \$ 256,715,446 | \$ 219,383,465 | \$ 260,856,884 |
| 2.85 | Water Production & Delivery | \$ 102,721,891 | \$ 103,143,521 | \$ 102,420,484 |
| 2.86 | Water Utilities Capital Program Management | \$ 12,415,226 | \$ 12,691,301 | \$ 13,283,579 |
| Clean Healthy Environment | | | | |
| 3.64 | Wastewater Collection | \$ 16,035,506 | \$ 16,672,198 | \$ 16,985,095 |
| 3.65 | Wastewater Treatment | \$ 46,970,575 | \$ 47,131,020 | \$ 48,798,647 |
| 3.68 | Water Conservation | \$ 4,602,244 | \$ 4,672,608 | \$ 5,319,147 |
| E3 Government | | | | |
| 6.16 | CIS Support for Water | \$ 10,645,463 | \$ 10,645,463 | \$ 10,780,463 |
| 6.82 | Water Planning, Financial and Rate Services | \$ 2,968,114 | \$ 2,455,600 | \$ 3,209,684 |
| 6.83 | Water Utilities Customer Account Services | \$ 19,912,371 | \$ 19,406,360 | \$ 21,384,676 |
| 6.84 | Water's Price of Doing Business | \$ 57,378,646 | \$ 56,604,742 | \$ 58,035,156 |
| Totals | | \$ 530,365,482 | \$ 492,806,278 | \$ 541,073,815 |

Budget Assumptions

- Operations and Maintenance
 - Personnel Costs - Full Year Funding of FY10 FTEs for leak detection/maintenance - \$102K
 - Power and Chemical Costs – Reduced based on projected lower pumpage for FY 11 – (\$5M)
 - Integrated Pipeline Project to connect Lake Palestine - \$3.2M
 - Wastewater treatment contract fees - \$850K
 - Street Rental increased by \$750K reflect proposed retail revenue increase
 - Conservation program additions
 - Leak detection/repair crews - \$1.5M
 - Industrial, Commercial and Institutional (ICI) customers incentives and training - \$0.6M
- Capital Improvement Program of \$346.3M
 - Debt Service increase of \$11M
 - Revenue bond sale of \$250M Spring 2011

FY10-11 Capital Improvement Program

- Major FY10-11 projects include:
 - Pipeline Replacement Program - \$127M
 - Central Wastewater Treatment Plant Influent Pump Station - \$58M
 - Walcrest Pump Station and Reservoir Improvements - \$36M
 - Southside Wastewater Treatment Plant Improvements - \$20M
 - Right of Way acquisitions for Water Transmission Main from East Side Water Treatment Plant - \$10M

- CIP includes four categories
 - Regulatory \$13.8M
 - Growth \$71.2M
 - Rehab and Replacement \$226.5M
 - Work for Others \$34.8M
 - \$346.3M

FY10 Retail Revenue Requirement

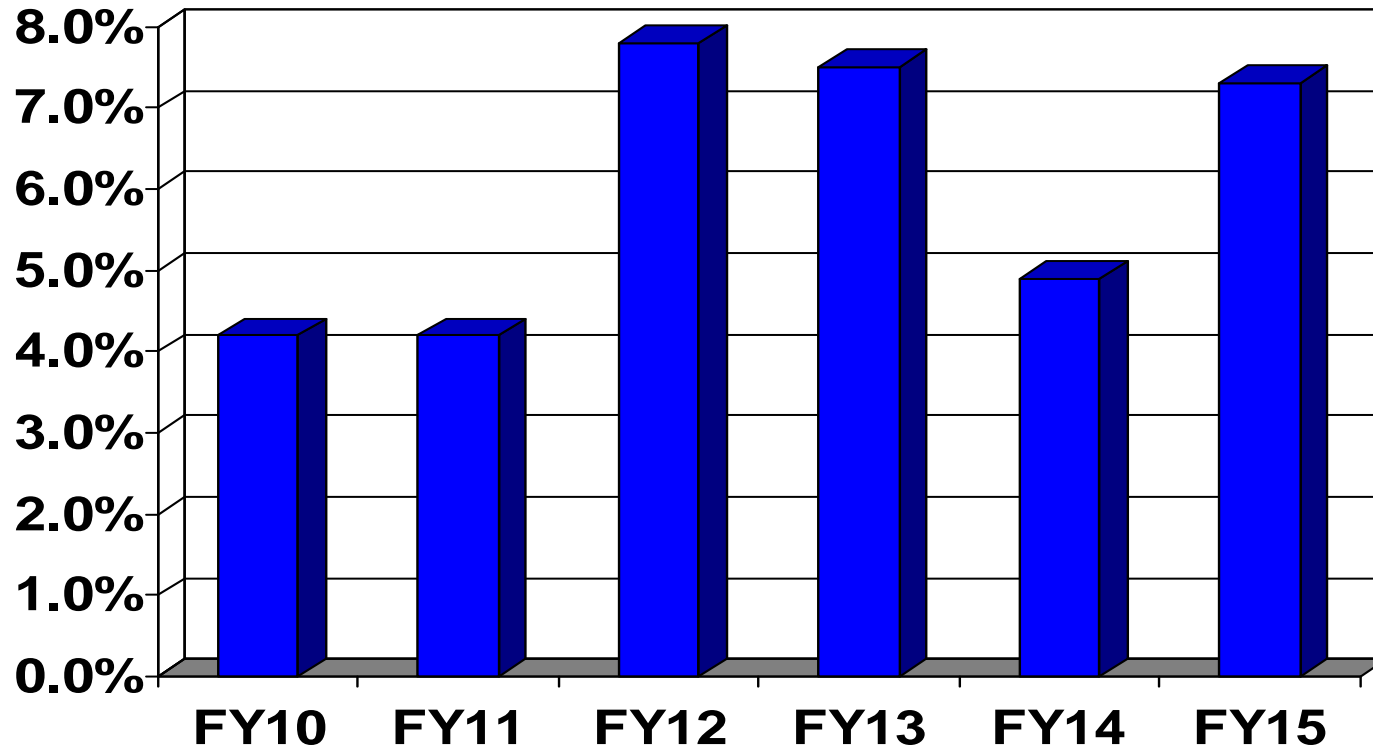
| | |
|---------------------------------------|------------------------|
| Preliminary FY11 Budget | \$541,073,815 |
| Preliminary Revenues at Current Rates | <u>(\$523,073,834)</u> |
| FY11 Additional Revenue Requirement | \$17,999,981 |

= 4.2% Retail Rate Increase
(Identified in Future Outlook - August 2009)

Impact of Proposed 4.2% Rate Increase

- Typical monthly residential water and wastewater bill would increase from \$52.53 to \$54.74
 - Based on water use of 8,300 gallons and 6,100 gallons Winter Months Average for sewer
- US EPA affordability guideline for water and wastewater bills is 2% of median income
 - Dallas' water and wastewater bills would be 1.3% of median income

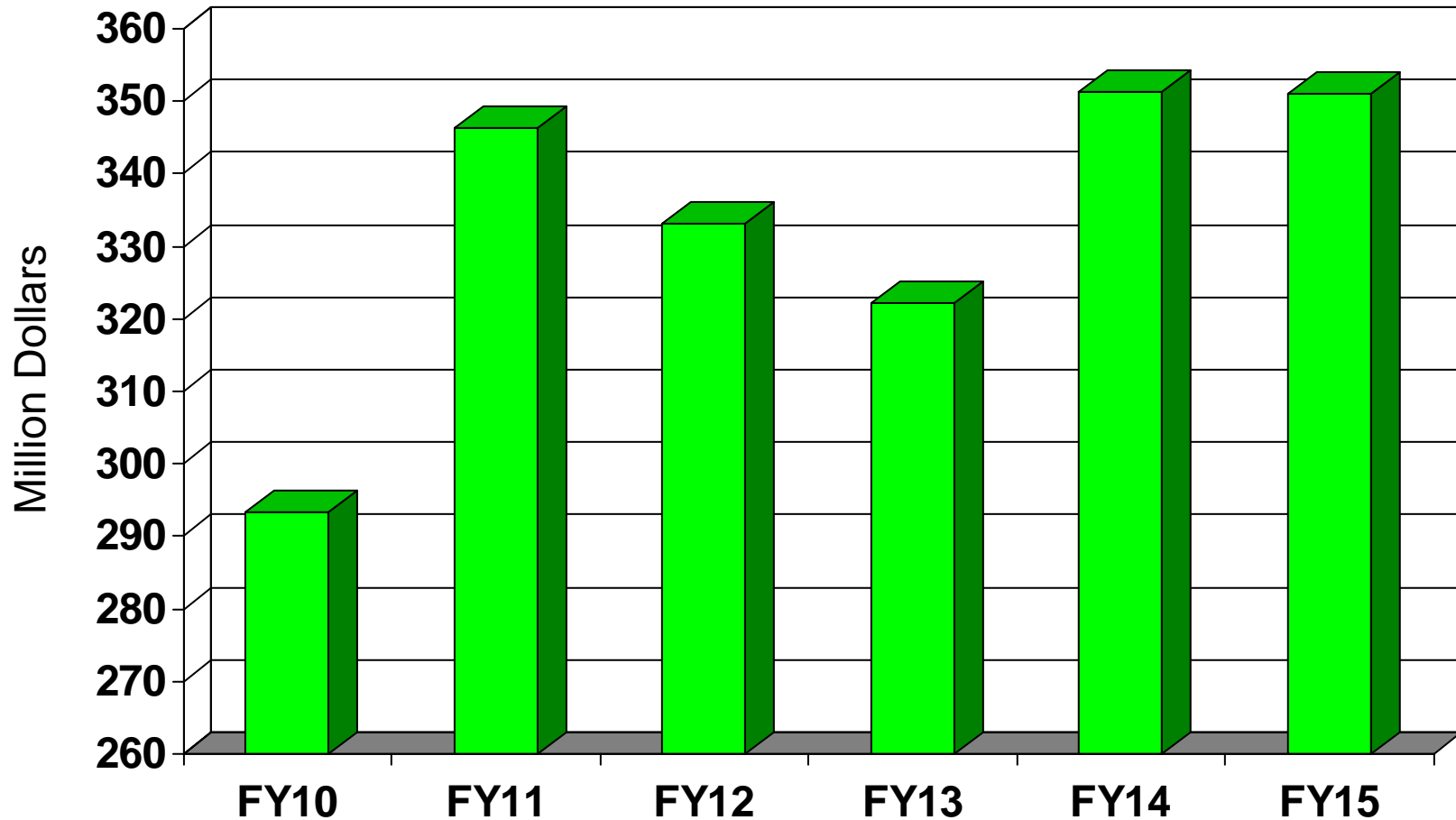
Future Outlook: Rate Increases



Assumptions include: 1) O&M annual increases of 3%; 2) debt costs cover existing debt payment schedule and amount for bonds to be sold to refinance and refund outstanding commercial paper; and, 3) cash transfers to meet FMPC recommended 20% equity and bond ordinance coverage of 1.50 times max year P&I for year end and maintain 1.30 at any point during the year.

Note: Includes cost of Integrated Pipeline Project to connect Lake Palestine

Future Outlook: Capital Improvement Program



Note: Does not include cost of future water supply acquisitions

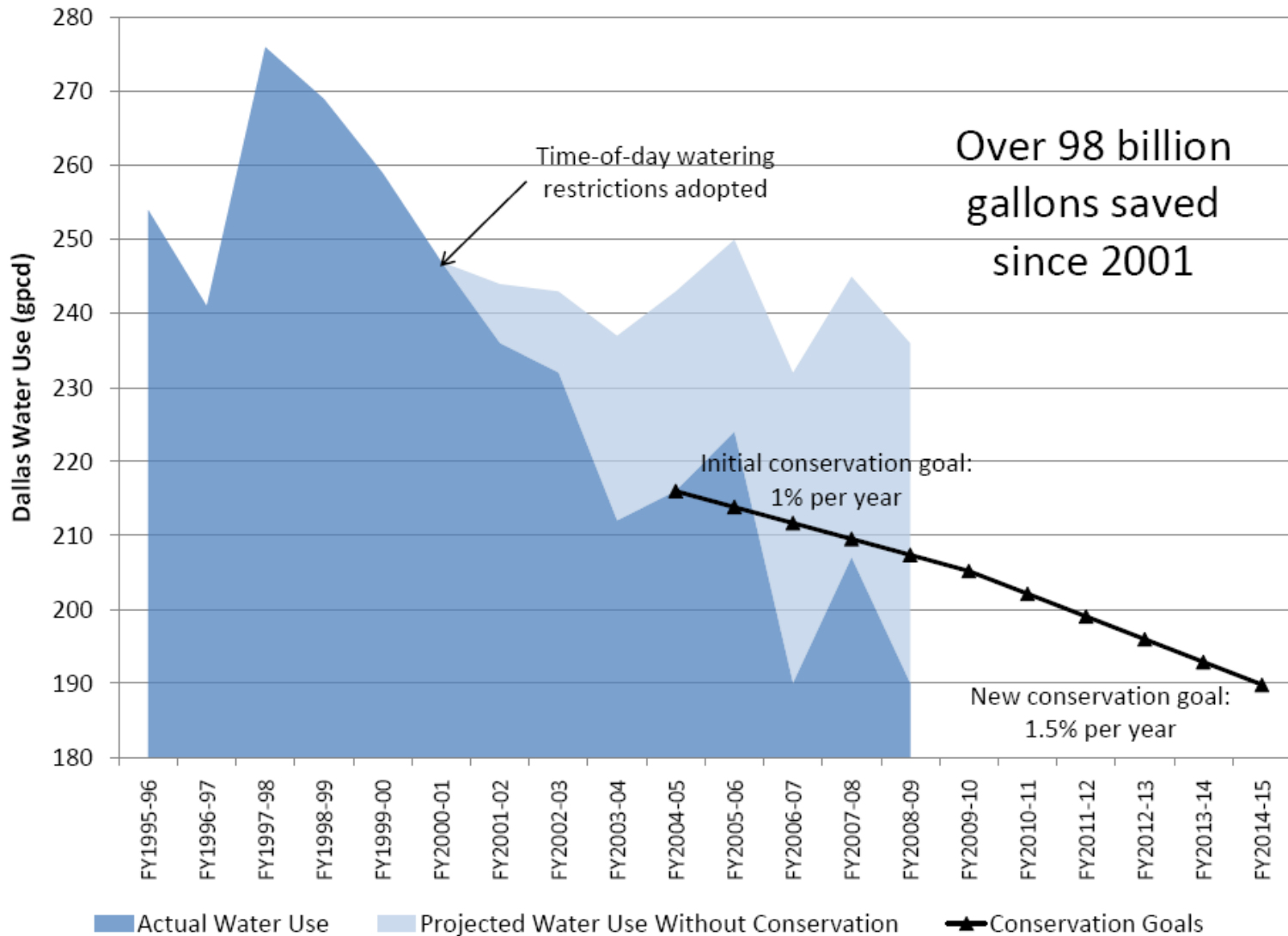
RECAP of Preliminary DWU Budget

- FY10-11 Expenses of \$541.1M
 - Includes funding for \$346.3M Capital Program
 - Includes additional funding for Water Conservation Program
- Retail rate increase 4.2%
 - Typical bill increases - \$2.21/month
 - Budget increase primarily driven by increases in debt to fund capital projects

NOTE: Numbers will change some

APPENDIX

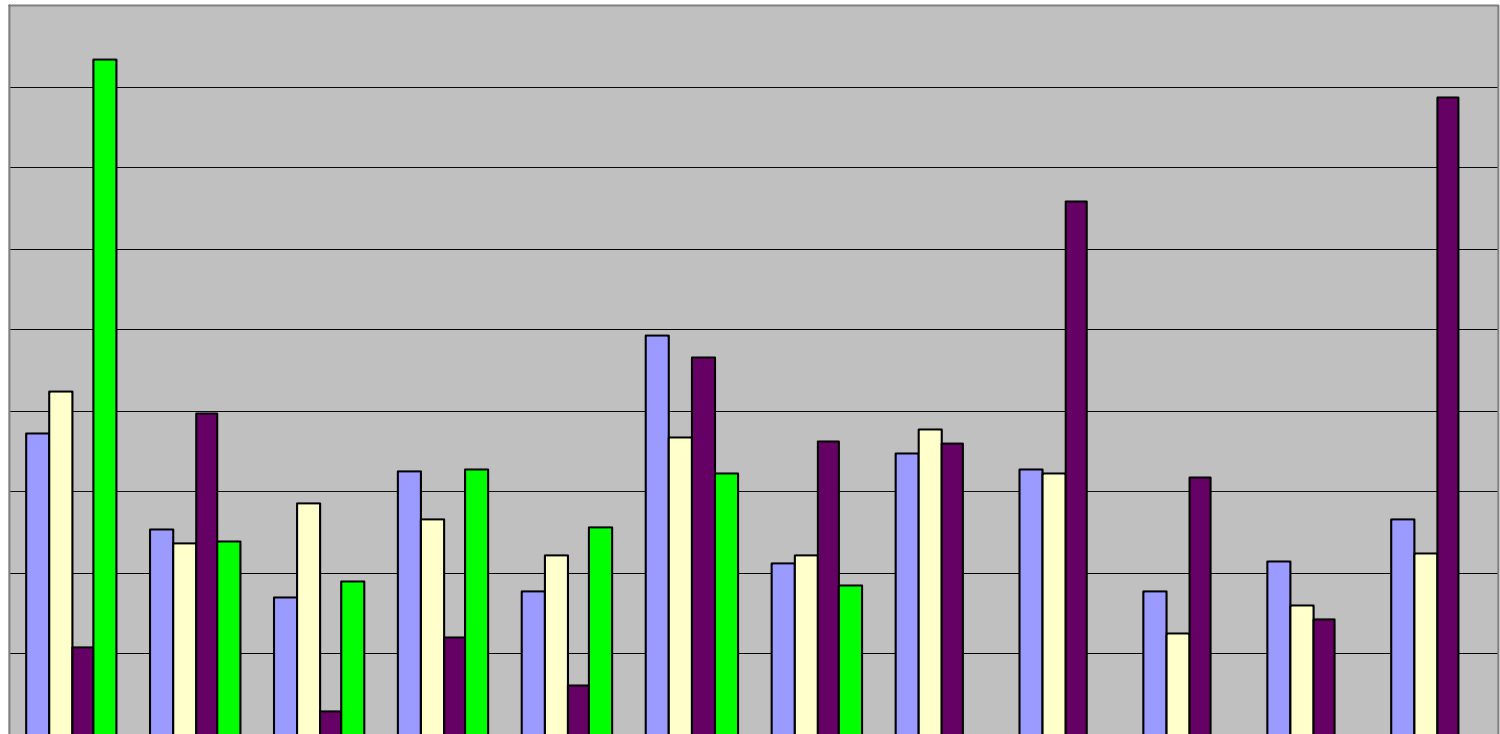
Dallas GPCD Trends



Additional Conservation Program Budget from the Five-Year Water Conservation Strategic Plan Update

| Measure | FY10-11 | FY11-12 | FY12-13 | FY13-14 | FY14-15 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Additional Savings from existing water loss programs | \$0 | \$0 | \$0 | \$0 | \$0 |
| TX HET toilet law | \$0 | \$0 | \$0 | \$0 | \$0 |
| Additional leak detection and repair crews | \$1,545,000 | \$1,572,250 | \$2,252,000 | \$2,321,750 | \$2,334,500 |
| Water-wise landscape design requirements | \$0 | \$0 | \$0 | \$0 | \$0 |
| ICI commercial equipment rule | \$0 | \$0 | \$0 | \$0 | \$0 |
| Voluntary twice-weekly irrigation schedule | \$0 | \$0 | \$0 | \$0 | \$0 |
| ICI customer water audits | \$0 | \$27,105 | \$27,758 | \$28,496 | \$29,307 |
| ICI hospitality program | \$50,000 | \$102,166 | \$104,626 | \$107,409 | \$110,466 |
| ICI training programs | \$25,510 | \$26,063 | \$26,690 | \$27,400 | \$28,180 |
| ICI business partnership program | \$0 | \$0 | \$0 | \$0 | \$0 |
| Enhanced toilet incentive | \$0 | \$778,738 | \$797,488 | \$818,702 | \$842,008 |
| ICI financial incentives | \$500,000 | \$2,909,121 | \$2,948,122 | \$2,973,344 | \$3,001,053 |
| Irrigation system incentive | \$0 | \$0 | \$93,917 | \$694,189 | \$1,586,557 |
| Residential clothes washer incentive | \$0 | \$74,933 | \$149,995 | \$210,076 | \$475,323 |
| TOTAL | \$2,120,510 | \$5,490,375 | \$6,400,596 | \$7,181,366 | \$8,407,394 |
| Projected FTEs | 5.75 | 5.50 | 2.50 | 11.00 | 4.25 |

Historical Rainfall Data



| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep |
|-----------|------|------|------|------|------|------|------|------|------|------|------|------|
| 5 Yr Avg | 3.71 | 2.55 | 1.70 | 3.26 | 1.77 | 4.94 | 2.13 | 3.49 | 3.27 | 1.78 | 2.14 | 2.67 |
| 10 Yr Avg | 4.25 | 2.36 | 2.85 | 2.66 | 2.21 | 3.67 | 2.22 | 3.77 | 3.22 | 1.25 | 1.60 | 2.24 |
| FY09 | 1.08 | 3.97 | 0.29 | 1.20 | 0.62 | 4.65 | 3.62 | 3.61 | 6.58 | 3.17 | 1.43 | 7.86 |
| FY10 | 8.33 | 2.38 | 1.90 | 3.27 | 2.57 | 3.24 | 1.86 | | | | | |

Memorandum



CITY OF DALLAS

DATE May 27, 2010
TO Honorable Mayor and Members of the City Council
SUBJECT **Sanitation Services Proposed FY11 Budget**

On June 2, 2010, Sanitation Services will brief the subject topic. Attached are the briefing materials for your review.

Please let me know if you have any questions.

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

Ryan S. Evans
First Assistant City Manager

Attachment

C: Mary K. Suhm, City Manager
Deborah A. Watkins, City Secretary
Thomas P. Perkins, Jr., City Attorney
Craig D. Kinton, City Auditor
Judge C. Victor Lander, Administrative Judge
Jill A. Jordan, P.E., Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Forest E. Turner, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Mary Nix, Director, Sanitation Services
Helena Stevens-Thompson, Assistant to the City Manager

Sanitation Services Proposed FY11 Budget

Briefing to City Council

June 2, 2010



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Purpose of briefing

- Overview of the services provided by Sanitation
- Review factors affecting the cost of service
- Establish the proposed residential fee for FY11
 - Offer several service scenarios for consideration
 - Provide cost and/or savings figures for each
- Project the revenues for FY11
- Receive Council recommendations on finalizing SAN budget

Mission Statement of SAN Services

To protect the public health and the quality of the environment through the efficient collection, recycling and disposal of municipal solid waste.

What does Sanitation do?

- **Serve Dallas' single-family residences by collecting residential waste and recyclables**
 - Cost of service is driven by:
 - Labor, equipment, fuel - 71% of expenses
 - Self-supporting through Sanitation Fee
 - Fee is a **full-cost recovery** model – not subsidized by General Fund

- **Operate regional landfill (McCommas Bluff)**
 - Primary purpose to meet residents' needs
 - Residential customer generates 35% of landfill waste
 - Residents pay “cost” for landfill use
 - Provides disposal for commercial waste haulers
 - Deliver 65% of waste stream – about 1.1.M tons
 - Pay **market rate of \$21/ton** – generating net revenue for General Fund

SAN's Services:

\$73,642,282

1) Residential Refuse Collection **\$30,915,347**

- Essential public health service
- ALL households now on **OneDAY Dallas** garbage service for full year
- 236,000 accounts that generate over 300,000 tons of waste
- Transport of waste from 3 transfer stations
- 420. FTEs

2) Brush / Bulk Service **\$11,319,430**

- Monthly collection of 200,000 tons each year
- Unscheduled services
 - storm and flooding cleanup
 - “Cost Plus” service; neighborhood projects and Code support
- 141.0 FTEs

3) Dead Animal Collection **\$314,801**

- Both on-demand and scheduled service
- Over 50,000 animals collected annually
- 6.0 FTEs

SAN's Services, cont'd:

4) Waste Diversion & Recycling **\$12,817,525**

- ALL households now on ***OneDAY Dallas*** service for full year
- Household Chemical Collection Center; quarterly round-ups
- Waste diversion at landfill: green waste (mulch), concrete, asphalt
- 132 FTEs

5) Landfill Operations **\$17,324,140**

- Serves Dallas residents & business; acts as a regional disposal facility
- Generates **\$20.3M** in commercial revenues + **\$1.9M** in gas royalty
- 150 FTEs

6) City Facilities Refuse Collection **\$951,040**

- Manages recycling and garbage collection for 230 city buildings
- Service provided via 3 contractors with city staff oversight
- Includes placing and servicing over 100 recycling drop-off stations around city to address multi-family recycling

Budget Summary of Services

Current Year Budget

Proposed FY11 Budget

| Bid Name | FY10 Expenses | | FY10 Revenues | FY11 Expenses | | FY11 Revs |
|--------------------------------------|---------------|---------------------|---------------------|---------------|---------------------|---------------------|
| | FTEs | Dollars | Budget | FTEs | Dollars | Budget |
| Animal Collection | 9.6 | \$516,663 | \$525,375 | 6.0 | \$314,801 | \$308,005 |
| Brush / Bulk Waste | 159.2 | \$12,396,374 | \$12,705,404 | 141.0 | \$11,319,430 | \$11,124,649 |
| City Facilities collection | 0.0 | \$950,771 | \$736,855 | 0.0 | \$951,040 | \$736,855 |
| Landfill Services | 141.3 | \$17,687,842 | \$33,006,057 | 149.7 | \$17,324,140 | \$30,607,190 |
| Residential Refuse Collection | 431.3 | \$31,303,217 | \$30,976,556 | 419.7 | \$30,915,347 | \$29,568,157 |
| Waste Diversion | 102.4 | \$11,606,589 | \$11,061,266 | 132.1 | \$12,817,525 | \$14,526,800 |
| Totals | 843.7 | \$74,461,456 | \$89,011,513 | 848.4 | \$73,642,282 | \$86,871,656 |

REVENUE projection

■ SAN Residential Fee - generates \$59.2M

- **Full-cost recovery** model – collects only what is needed to meet the cost of service :
 - Residential refuse and recycling collections
 - Brush / bulk service
 - Disposal of residential wastes at landfill
 - Collection of dead animals
- Recycling sales revenue (**\$2.1M**) - offsets the cost of service to residential customer

■ Landfill Fees - generates \$30.6M

- Residential portion is \$5.5M; commercial haulers \$20.3M
- Landfill gas royalty: \$1.9M; waste hauler franchise: \$2.9M

■ City Facilities' waste collection - \$0.7M

- Revenues equal cost of collection
- Cost is charged directly to departments served

REVENUE – factors for FY11

- **SAN fee** - maintain *full-cost recovery*
- **Landfill : hold “gate rate” at current fee**
 - \$21/ton reflects market levels - no change in price indices
 - Amount of tons received at landfill reflects the construction economy; need to see more construction starts before landfill revenues increase
 - Expand landfill fee schedule to include “hard to handle” wastes (tires, styrofoam, electronics, waste soils, mattresses)
 - Landfill gas royalties increasing to \$1.9M (from \$1.6 in FY10)
- **Recycling program growth**
 - Reach or exceed 2011 goal of 43,600 tons
 - Re-sale value of recyclables is up 26% from FY10 budget
 - Revenues estimated at \$2.1M (vs. \$1.2M in FY10)

FY11 Revenue Summary

| | <u>FY09-10</u> | <u>FY10-11</u> |
|--|------------------|------------------|
| ❑ <u>Collection Revenues:</u> <ul style="list-style-type: none"> ■ Based on 3¢ decrease in SAN fee ■ Includes revenues for city facilities, Cost Plus | \$ 60.6 M | \$ 59.2 M |
| ❑ <u>Recycling Revenues:</u> <ul style="list-style-type: none"> ■ Sale of recyclables; education fund | \$ 1.2 M | \$ 2.1 M |
| ❑ <u>Disposal Revenues:</u> <ul style="list-style-type: none"> ■ Commercial customers \$20.3 M ■ Franchise fees \$ 2.9 M ■ Landfill gas royalties \$ 1.9 M | \$ 27.2 M | \$ 25.2 M |
| Totals: | \$ 89.0 M | \$ 86.5 M |
| <i>Current FY10 projection:</i> | <i>\$86.7 M</i> | |

EXPENSES

– and how they affect SAN Fee

■ Expense reductions

- **(\$1.4M): OneDAY Dallas**
 - 7 months of **OneDAY** in FY10 saved \$2.0M (Mar-Sept)
 - Full-year savings in FY11 is an additional \$1.4M

- **(\$1.2M): Fuel**
 - SAN vehicles annually consume 2M gallons
 - Majority is diesel and CNG
 - In FY11, fuel rate lowered to \$2.66/gal; usage to drop by 12%

■ Cost Increases

- **\$1.1M: Contract for Day Labor**
 - New 3-year contract increases cost of day labor by 8%

- **\$0.9M: Account changes**
 - Number of SAN accounts decreased from 236,810 to 236,147 (more vacancies)
 - Non-collectable rate rising to 2% (fewer are paying their bills)

- **\$0.2M: Facility Upgrades**
 - Replace weigh scales, modify aging structures at transfer sites

EXPENSES

– and how they affect SAN Fee

| | | |
|--|-----------|------------------|
| Current Fee - FY09-10 | | \$ 20.34 |
| - OneDAY Dallas: full-year savings | \$ (0.54) | |
| - Lower fuel costs | \$ (0.40) | |
| + Day Labor - new contract | \$ 0.43 | |
| + Adjust for fewer accounts, collection rate | \$ 0.38 | |
| + Facility maintenance | \$ 0.07 | |
| + Other costs to maintain service level | \$ 0.04 | |
| <i>Decrease</i> to SAN Fee: | | \$ (0.03) |
| FY10-11 Proposed SAN Fee: | | \$ 20.31 |

Residential SAN Fee

Sanitation Fee - FY2005 through FY2011
(without sales tax)



| FY | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---------------|----------|----------|----------|----------|----------|-----------|-----------|
| Fee | \$ 16.54 | \$ 17.88 | \$ 18.85 | \$ 19.53 | \$ 20.98 | \$ 20.34 | \$ 20.31 |
| Change | | \$ 1.34 | \$ 0.97 | \$ 0.68 | \$ 1.45 | \$ (0.64) | \$ (0.03) |

Note: Step increase in fuel prices affected FY09 fee change

What other factors can affect the cost of service ?

- ❑ **Cost of service is primarily driven by:**
 - Labor, equipment, fuel - 71% of expenses
- ❑ **Ideas considered in recent discussions**
 - Create an Emergency Storm Clean-Up fund
 - Charge a Franchise Fee to the Sanitation Dept for waste hauling
 - Initiate a “living wage” for the contract Day laborers
 - Adjust the wages of the Sanitation truck drivers, laborers
 - Extend the 5-day furlough to Sanitation collections staff
 - Gain cost savings by modifying the brush / bulk collection program
- ❑ **None of these are in current budget projections**

SUMMARY:
Other Factors to Consider
Proposed FY11 Rate Does Not Include These Factors

| | Description | Change to FY11 budget | Effect on SAN fee |
|---|---|--------------------------|----------------------|
| 1 | Emergency Storm Fund Build a "storm response fund" of \$2M over a two-year period | \$1,000,000 | \$0.40 |
| 2 | Franchise Fee on SAN vehicles Assess "solid waste hauler franchise of 4% to SAN vehicles | \$1,770,000 | \$0.71 |
| 3 | Adjust wages of Day Laborers Increase labor pay rate from contract's \$7.25/hr (federal minimum wage) to Dallas County living wage of \$8.88/hr | \$857,013 | \$0.30 |
| 4 | Adjust wages of SAN drivers 2% pay adjustment for SAN truck drivers and laborers - 278 positions | \$249,228 | \$0.10 |
| 5 | Extend furlough to all SAN staff Currently, 108 SAN staff take 5 furlough days, while 409 are exempt. Extension to all SAN staff will require flexibility on furlough dates - and will incur additional overtime costs to meet all waste collection needs | (\$361,229) | (\$0.14) |
| 6 | Modify Brush Collection program Maintain monthly collection of brush only for <u>bagged</u> materials; offer quarterly collection of large limbs and bulk on pre-scheduled basis. Service change saves \$1.5M annually - with Year 1 savings at \$725k. | (\$725,000) | (\$0.29) |

Item 1:

Emergency Storm Fund

■ **Current Brush / Bulk service**

- Budgeted at \$12.4M for monthly collection
- Includes funds to address mild annual storm events

■ **Heavy Storm events**

- Occur periodically and unpredictably
- May generate wastes that amount to 3-6 times normal monthly collection volume
- Public expects waste removal within 6 weeks of storm
- Need for contractor assistance to meet public demand
- Cost for contract clean-up service: \$1.5 - \$2.0M

■ **Create fund to address Storm Debris swiftly**

- Assess fee in the SAN rate to build fund over 2-year period
- Modify fee annually if needed to replenish fund

Item 2:

Assess Franchise Fee on SAN

- ❑ Solid waste haulers remit a franchise fee of 4% of gross revenues to the city, per city ordinance
- ❑ Sanitation hauls solid waste – and is currently exempt from the ordinance
- ❑ If assessed, the franchise amount for SAN is **\$1.77M**
- ❑ Requires SAN fee increase of **71¢**

Item 3:

Adjust wages for Day Laborers

- **SAN supplements workforce with contract Day Labor**
 - Approximately 200 laborers per day
 - Majority work on recycling or refuse collection trucks
 - \$7.25 - Hourly rate that contractor pays laborers (federal minimum wage)
 - \$9.72 - Hourly rate that City pays contractor
 - New day labor contract in 2010 has better worker benefits:
 - Offers workers opportunity to increase pay with longevity
 - Offers paid holidays, paid vacation, bonuses, group health benefit option

- **Provide “living wage” minimum pay**
 - **\$8.88/hour** - Living wage, specific to Dallas County (for individual)
 - **\$857k** - Amount that SAN budget increases, if City requires contractor to pay minimum rate of Dallas County living wage
 - **30¢** - Amount that SAN residential fee increases for living wage reqmt

Item 4:

Modify pay of SAN field staff

■ Current pay rate for lowest-pay group

□ Truck Driver II

- 236 positions
- Avg pay rate: \$14.26 (range of \$12.35 - \$17.68)

□ Laborers

- 42 positions
- Avg pay rate: \$12.44 (range of \$10.62 - \$17.18)

■ Proposed pay adjustment of 2%

- Continues to promote pay equity with industry
- Average Truck Driver pay rate change**\$14.26 to \$14.52**
- Average Laborer pay rate change.....**\$12.44 to \$12.69**
- Budget increase of **\$249,228***
- Increases SAN fee by **10¢**

Pay adjustment proposed only for SAN workers; does not affect pay rate for similar positions in other departments.

* includes all driver and laborer positions

Item 5:

Extend Furlough in SAN

■ FY10 Budget

- \$117k savings already included for **108** positions
- **409** other SAN positions are exempted to serve:
 - Garbage and Recycling collection
 - Brush / Bulk waste collection
 - Waste transfer operations

■ FY11 budget

- Extend 5-day furlough to **all** SAN staff
- Exercise flexibility to meet operational needs
- Employees will be allowed to substitute furlough day for leave day
- **\$361,229** in additional savings; decreases SAN fee by **14¢**

Item 6:

Modify Brush/Bulk Service

■ Current service

- ❑ Monthly collection, pre-scheduled as Week 1, 2, 3, or 4
- ❑ Brush and bulk materials intermixed at curbside
- ❑ Cost of service: **\$11.4M**

■ Service change option

- ❑ Monthly collection of bagged leaves / grass / yard trimmings
- ❑ Large brush collected bi-annually on pre-scheduled week
- ❑ Bulk waste collected bi-annually on pre-scheduled week
- ❑ Residents may use Cost-Plus service for out-of-cycle requests
- ❑ Cost of service: **\$9.9M**

■ Benefits of change

- ❑ Meets most residents' needs without exceeding them
- ❑ Advances environmental goal by fostering landfill compost operation
- ❑ **Saves \$1.5M annually** ... with FY11 budget impact of \$725,000
 - Allows for partial FY implementation
 - Allows for public education costs