



Environmental Services

Solid Waste Franchise Fees

July 24, 2014



Overview

- Franchise agreements required by Title 9.04.390 B of the City Code (Council Approval - August 2010)
- Non-exclusive franchise to operate and maintain a solid waste collection and hauler service within the City of El Paso
- Requirements for a Hauler franchise agreement took effect on September 1, 2011
- Franchise agreements expire December 31, 2014
- 11 franchise agreements approved to date



Purpose of Franchise Agreements

- Maintain high quality of community aesthetics and beautification in the City
 - Standards for container maintenance (free of graffiti)
 - Prevention of litter and waste accumulation outside containers
- Empower City to address instance of solid waste collection services that violate the agreement
- Directs Hauler providing collection service to require additional service for its customer, when needed
- Established additional requirements for Franchisee and identifies specifics for communication between City and Franchisee



Franchise Fee – Previous Consideration

- FY11 Budget Hearing
 - Assuming an annual average revenue of \$50M from commercial market
 - Annual fee of 1% gross revenue for first 2 years (\$0.5M)
 - Annual fee of 2% gross revenue for second 2 years (\$1.0M)
 - Annual fee capped at 3% gross revenue (\$1.5M)
- RW Beck Report
 - Franchise fees typically range from 4% to 10% of gross revenue
 - Annual revenues: \$1.9M (4% fee) to \$4.8M (10% fee)



Franchise Fees

- Current Franchise Agreements
 - No fee in place
 - Agreements expire December 31, 2014

- Future Consideration of Franchise Fees
 - Evaluate the best mechanism for implementing the fee
 - Percentage of gross revenue,
 - Apportioned based on miles traveled, or
 - Tons of waste delivered to landfills
 - To be discussed as part of FY2015 budget hearings
 - Franchise fees typically range from 4% to 10% of gross revenue



Comparison with Texas Cities

- Plano 7%
- Beaumont 7%
- Irving 5%
- Flower Mound 5%
- Sugarland 5%
- Arlington 5%
- Dallas 4%
- Denton 4%
- Houston 4%
- Garland 4%
- Grand Prairie 4%



Street Capital Improvement Plan (CIP)

- Franchise fees would go to General Fund
- Funds be allocated to Street CIP
- ESD's FY14 contribution to the Street CIP:
 - 1,850,000 total miles driven on City streets
 - \$2,413,448.00 contribution to the general fund
 - This is 7.0% of total revenue from solid waste collection fees from the homes.



Previous Council Action

- November 12, 2013 LRC
 - Directed staff to work with legal to delete franchise fees

- February 4, 2014
 - Title 9.04 revised to delete both franchise fees and flow control



Questions?