

**CITY OF EL PASO, TEXAS
REQUEST FOR COUNCIL ACTION (RCA)**

DEPARTMENT: Environmental Services

AGENDA DATE: September 9, 2008

CONTACT PERSON/PHONE: Ellen A. Smyth, P.E., (915) 621-6719

DISTRICT (S) AFFECTED: All Districts

SUBJECT:

Discussion and action on the R. W. Beck Presentation on Revenue Enhancement and Flow Controls

BACKGROUND / DISCUSSION:

The Department would like to explore revenue options and have identified that other cities have adopted Flow Control through franchise or permitting license fees. If the Council chooses to explore this option, it will require an operational, infrastructure, regulatory and financial analysis to evaluate the options to accept the additional tonnage. An ordinance will be necessary.

PRIOR COUNCIL ACTION:

N/A

AMOUNT AND SOURCE OF FUNDING:

N/A

BOARD / COMMISSION ACTION:

N/A

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*****REQUIRED AUTHORIZATION*****

LEGAL: (if required) Josette Flores

FINANCE: (if required) _____

DEPARTMENT HEAD: _____

(Example: if RCA is initiated by Purchasing, client department should sign also)
Information copy to appropriate Deputy City Manager

APPROVED FOR AGENDA:

CITY MANAGER: _____

DATE: _____

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THE CITY OF EL PASO

Revenue Enhancement Options and Flow Control

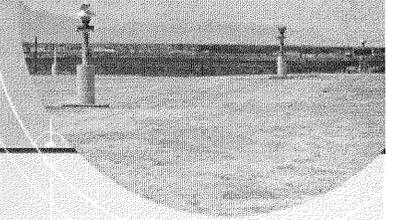
SEPTEMBER 2008

R·W·BECK

Mind Powered: Insight with Impact.

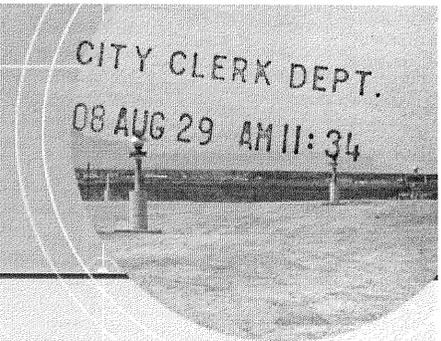
Presentation Overview

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- LRC requested ESD to bring a review of revenue enhancement options to Full Council
- Unresolved future of Camino Real Landfill (Sunland Park, NM) creates need for the City to consider options

Review of Revenue Enhancement Options-Definitions



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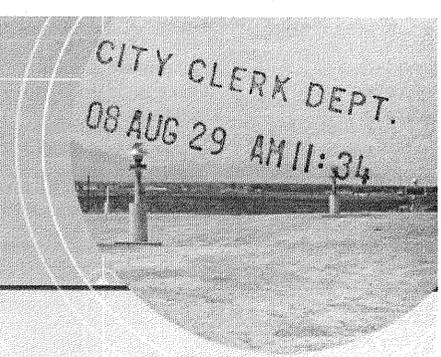
Franchising - A company is given the right to provide solid waste services. In exchange, company pays a fee to the local government, usually based on gross revenue

Permitting/Licensing - Fee typically charged to private solid waste haulers. Fee often a combination of (1) an annual application charge and (2) an annual charge for each collection vehicle

Both options challenging to implement: 2004 contract between City and Waste Connections includes clause prohibiting “additional fees in the nature of a permit or franchise fees”

Unresolved Future of Camino Real Landfill Impacts City of El Paso

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A circular stamp is located in the top right corner of the slide. It contains the text 'CITY CLERK DEPT.' and '08 AUG 29 AM 11:34'. The background of the stamp shows a photograph of a landfill site with a fence and a building in the distance.

In July, State of New Mexico Environment Department granted one year permit renewal, instead of the requested (and standard) 10 year permit

- Recent appeal by Camino Real's owner (Waste Connections, Inc.) denied
- Requires WCI to seek another permit extension
- Future of this disposal facility is in question

If Camino Real Landfill Closes, Where Would the Waste Go?

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Approximately 400,000-450,000 tons

Potential Scenarios

1. WCI builds a transfer station and/or new landfill
2. City of El Paso accepts at its existing landfill(s)
3. Do nothing: creates a public health and safety issue

**THEREFORE: City MUST prepare for the Camino Real
Landfill not being viable option**

Accepting Additional Waste Requires Expenditure by the City

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Additional Costs

- Cell Development and Construction
- Equipment and Personnel
- Legal, Engineering, Consulting and Permitting

Additional tonnage will offset additional costs

Net financial benefit will be positive

If City decides to accept additional waste and fund changes, a mechanism is needed to “protect” this investment. Flow control is the mechanism.

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What is Flow Control?

- **Flow control is a legal approach for the City to protect an investment in the disposal system**
- **Local governments direct the flow of solid waste in their jurisdiction to a publicly owned landfill**
 - Implemented via ordinance
- **Based on 2007 U. S. Supreme Court case**
 - Local “government’s important responsibilities” include protecting “the health, safety and welfare of its citizens”
 - Waste management is a public function, and local government has a “vital” role
 - Revenue generation is a recognized public benefit in the absence of discrimination
 - *United Haulers Association v. Oneida-Herkimer Solid Waste Management Authority*¹

Advantages and Disadvantages of Flow Control

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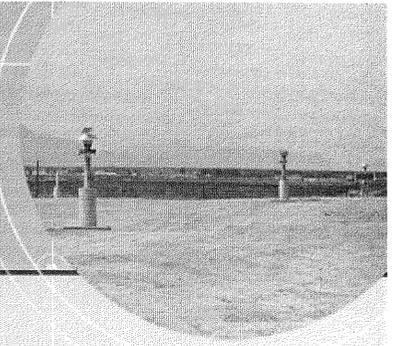
Advantages

- Allows better planning
- Ensures sufficient disposal capacity
- Increases diversion of recyclables and hazardous materials
- Mitigates the impact of fluctuations in solid waste disposal quantities due to operations at other facilities
- Reduces illegal dumping
- Reduces the environmental impacts of hauling solid waste long distances
- Spreads the costs of the disposal system among all waste generators in the City
- Reduces the cost per ton to operate the City's landfill(s)
- Increases revenue

Disadvantages

- Reduces choice for haulers
- May require increased enforcement
- Potential for legal challenges
- Significant implementation costs
- Consumes landfill capacity quicker

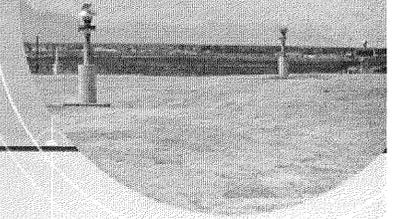
Many Local Governments Across the U. S. Have Flow Control



Entity	Population
Montgomery County (MD)	949,347
Southeastern Public Service Authority (VA & NC)	907,767
Pierce County (WA)	805,400
Delaware County Solid Waste Authority (PA)	562,286
Onondaga County Resource Recovery Agency (NY)	459,031
Escambia County (FL)	306,407
Oneida-Herkimer Solid Waste Authority (NY)	296,342
Cabarrus County (NC)	159,612

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If City Moves Forward, Next Steps Include...



Phase 1 - Feasibility Analysis

1. Confirm the potential quantity of waste that would be added to the City's landfills
2. Conduct operational, infrastructure, regulatory, legal and financial analysis to evaluate the options to accept the additional tonnage
3. Estimate the costs and revenue associated with accepting more tonnage at the City's landfills
4. Address how industrial waste would need to be managed

Phase 2 - Implementation

1. Develop (with assistance from industry specific legal counsel) flow control ordinance
2. Implement plan for the City to accept the necessary waste by June 2009

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