



Environmental Services

Item 4. Solid Waste Franchise Fees

October 29, 2013



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
- 9 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



Background

- ESD successfully implemented curbside residential recycling program
- City Council directed staff to consider options for requiring commercial recycling, including possible ESD entry into commercial collection
- City did not have existing mechanism to regulate commercial collection or recycling
- In lieu of entering commercial collection market, City enacted franchise agreements, with eventual collection of franchise fees



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



Street Capital Improvement Plan (CIP)

- Franchise fees would be allocated to Street CIP to support ongoing investments and maintenance of the City's street network
- ESD's contribution to the Street CIP:
 - 1,850,000 total miles driven on City streets
 - \$2,413,448.00 contribution to the general fund, which is 7.0% of total revenue from solid waste collection fees



Recommendation

- Department recommends that franchise fees be adopted when current agreements expire



Questions?