

Memorandum



CITY OF DALLAS

Date: August 29, 2014

To: Members of the Budget, Finance and Audit Committee: Jerry R. Allen (Chair), Jennifer S. Gates (Vice Chair), Tennell Atkins, Sheffie Kadane, Philip T. Kingston

Subject: **Upcoming Agenda Item: Ordinance Amending Chapter 18 of the Dallas City Code for FY 2014-15**

On September 17, 2014, Council will consider an agenda item to update the sanitation residential fees in Chapter 18, Section 18-9, as part of the proposed FY 2014-15 budget adoption. In addition to these changes, there is also a proposed change to Section 18-11 (c) (4) related to the City's disposal service contracts.

The City offers discounted disposal service contracts, with reduced rates for commercial haulers that guarantee the disposal of a specified quantity of solid waste at the landfill annually. These contracts provide competitive rates to our volume contract customers; as well as help the City plan for annual operational needs and future waste cell construction.

Contract customers generate over \$6.5 million in revenue annually representing approximately 37% of the annual landfill revenues.

Section 18-11 (c) (4) currently requires the City to calculate and apply a Consumer Price Index (CPI) increases annually for our contract customers. Staff recommends amending this provision to allow a CPI increase, but only if there is an equal or greater increase to the general gate rate at the McCommas Bluff Landfill for the next fiscal year starting October 1st. This will allow staff to provide consistent rate adjustments for contract customers.

Attached is a copy of the proposed ordinance language change.

Please contact me if you need additional information.



Forest E. Turner
Assistant City Manager

[Attachment]

Cc: Honorable Mayor and Members of the Dallas City Council
A.C. Gonzalez, City Manager
Warren M.S. Ernst, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager

Joey Zapata, Assistant City Manager
Charles M. Cato, (I) Assistant City Manager
Theresa O'Donnell, (I) Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor & Council

The FY 2014-15 Fee Ordinance will include the following provision:

SECTION X. That Paragraph (4) of Subsection (c) of Section 18-11, "Specifying Charges for Disposal of Solid Waste Materials," of Chapter 18, "Municipal Solid Wastes," of the Dallas City Code, as amended, is amended to read as follows:

"(4) Payment of the disposal service charge under a disposal service contract will be calculated in accordance with the terms of the contract and this subsection. The initial disposal service charge for each solid waste disposal contract entered into pursuant to this subsection will be the disposal service charge in effect under Subsection (b)(2) on the date the contract is executed. On October 1 of each calendar year, the disposal service charge ~~will~~ may be increased by the percent change, if any, between the June consumer price index for the current calendar year and the June consumer price index for the prior calendar year, except that the annual increase in the disposal service charge may not exceed six percent during any calendar year. The percent change will be determined by the director using The Consumer Price Index for All Urban Consumers (CPI-U) for the South Region for All Items, 1982-84=100, published by the United States Department of Labor, Bureau of Labor Statistics. This Consumer Price Index adjustment to the disposal service charge will only be applied if there is an equal or greater percentage increase in the gate rate for the next fiscal year. The contractor must pay the disposal service charge on a monthly basis. At the end of each contract year, the director of sanitation shall perform a reconciliation to determine the actual tonnage of solid waste disposed of at the landfill under the contract in that contract year and to make any adjustments to the amounts finally owed by the contractor."