

City of Weslaco

**Background information regarding
proposal to extend Franchise for
City-wide grease trap waste
collection and disposal**

**City Commission Meeting
February 15, 2011**



LES Corporate Snapshot

- ✓ The nation's leading exclusively Non-Hazardous Liquid Waste company
 - ❖ A national leader in disposal of commercial and industrial liquid waste streams
 - ❖ Largest collector and disposer of grease trap waste in the United States
- ✓ Recognized for Best Safety and Environmental Management Practices
- ✓ 75,000+ service calls for 24,000+ customer locations in 32 states
- ✓ Collect and dispose of more than 250 million gallons of wastewater annually



"Three Pillars" Corporate Philosophy

- ✓ Our company is built on three pillars that continue to guide us in every facet of our business:
 1. **Commitment to the Environment**
 2. **Safety and Compliance**
 3. **Customer Service**
- ✓ Good relationships with our customers, state and local regulators, and the communities that we serve are an integral part of all three business pillars here at Liquid Environmental Solutions

Wastewater Pretreatment Facilities

- ✓ Permitted to receive, treat and discharge more than 900,000 gallons of non-hazardous commercial and industrial wastewater per day
- ✓ Own and operate 13 pretreatment facilities in 8 states
 - ❖ Texas (6): Houston*, Dallas*, Austin, San Antonio, El Paso **and the Rio Grande Valley – Weslaco!**
 - ❖ Arizona: Phoenix*
 - ❖ Louisiana: Shreveport
 - ❖ Florida: Jacksonville*
 - ❖ Alabama: Mobile*
 - ❖ Illinois: Chicago*
 - ❖ Kansas: Kansas City*
 - ❖ Oklahoma: Oklahoma City
- * Denotes CWT facilities which handle a wide variety of non-hazardous industrial liquids, contact water and grit trap waste
- ✓ All facilities recognized for safety and environmental records
- ✓ Facilities use physical, thermal and chemical methods to treat wastewater for reuse of core components
- ✓ Company pioneered grease recovery from grease trap waste for beneficial reuse in fuel blending and development of residual grease and food “fuel” in production of Biogas



LES Weslaco



LES Houston



LES Phoenix

State of the Franchise

- ✓ We are now in the sixth year of the seven year franchise; 21 months remaining
 - ❖ Option of City to extend for two additional seven year terms per City Contract
- ✓ Based on City's Year One Report, Weslaco saves \$81,500 per year from this Franchise
 - ❖ \$407,500 savings so far; \$163,000 additional savings to end of this term

State of the Franchise

- ✓ Franchise direct financial benefits are actually **higher**
- ✓ Originally the 10% franchise fee projected total payments of \$128,300 over seven years (\$18,328 per year)
- ✓ City accepted LES proposal to add services fees to water bills and LES added 3% to the franchise fee
- ✓ Plus, growth in City has increased the size of franchise
- ✓ Result is LES currently pays City average of \$24,000 franchise fees per year; thus overall benefits now total \$87,000 annually

State of the Franchise

- ✓ This is a non-exclusive franchise, meaning that other companies can apply to provide services as long as they comply with the franchise requirements (which protect the City and its wastewater system)
- ✓ LES is a strong Weslaco based business offering the City greater value
 - ❖ Our facility is the premier liquid disposal site in the Valley
- ✓ We employ five team members here; Site Manger Christine Schmidt is a proud Weslaco resident

LES Franchise Proposal

1. City Commission approve the first contract extension at this time – second 7 year term
2. LES would prepay remaining 21 months of initial franchise with approval of second 7 year term
 - ✓ Payment of Estimated fees = \$42,000
 - ✓ Annually true up payment based on services provided
 - ✓ We do request that City allow LES flexibility of price increases tied to CPI in second 7 year term
 - ✓ *LES has never asked for a price increase in 5+ years and will commit to no price increases in remainder of current term*

Franchise Proposal

3. The City would continue to enforce franchise terms on any haulers proposing to serve the City
 - ✓ Protects the City – ensures the intended benefits continue to flow to Weslaco and not to a hauler seeking to cut corners
 - ✓ Level Playing Field for local hauler LES
4. To further increase wastewater system compliance, grit traps could be reinstated to the franchise at Commission discretion
 - ✓ Services can be less frequent than grease traps but are good stormwater control policy (est. 2x yearly)

Thank You!



LES Weslaco: Company CEO Alan Viterbi congratulates Jesse Rios, Erasmo Gonzalez, SW Division Director Robert Rangel, Weslaco Manager Christine Schmidt, Jose Gonzales and Hector Ochoa for their hard work and an outstanding job in 2010

On behalf of our more than 450 colleagues at Liquid Environmental Solutions, Christine and I are very proud to be a part of this City and hope to be an active member of the Weslaco business community for decades to come