



March 23, 2021

The Honorable Rep. Leo Pacheco
660 SW Military Drive, Suite M
San Antonio, TX 78221

Via Email: leo.pacheco@house.texas.gov

Reference: HB 753--Relating to municipal solid waste management services contracts; limiting the amount of a fee.

Dear Representative Pacheco

I thank you for taking the time to represent the citizens and business owners of Universal City and for hearing our concerns regarding HB 753.

The purpose of this letter is to request that you strike down HB 753 which limits a city's municipal franchise fee for solid waste management to 2 percent (2%) and allows commercial solid waste services to be eliminated from solid waste franchise agreements.

Universal City requests that HB 753 not come into effect for the following reasons:

1. Municipal authority to grant franchises is not a plenary power but is derived from State Constitution or Statutory Authority under home-rule powers of the municipality. This authority should not be undermined, compromised, or eroded in any manner by the legislature.
2. Solid waste service is a taxing pledge that cities make on behalf of residents and businesses. The franchise fee must be set at a level that covers that pledge. A two percent (2%) franchise fee is inadequate to cover expenses related to this taxing pledge. Thus, a city would incur debt with no provisions for the repayment of that debt. City bears a plethora of responsibilities for solid waste services including

technology, personnel, payment systems, billing, accounting, communications, and contract management. A capped two-percent annual franchise fee for Universal City is \$30,000 annually. This token revenue is insufficient for managing a solid waste contract for a City with a population of 21,000 persons and over 300 businesses.

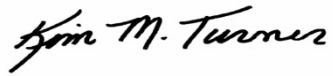
3. Providing solid waste management is a contracted obligation of a city for its residents. Residents of each city should determine the level of service desired and the related costs for providing the desired services. More services equate to more municipal oversight which equates to a higher franchise fee. Leave the choice of service and fees in the hands of the residents.
4. Residents and businesses desire and deserve a level of service and protection by its government. Local Franchise agreements are a tool for ensuring those rights and protections; protection from price gouging, breach of contracts, environmental protections, and general life, health and safety issues related to solid waste pick-up and disposal.
5. Franchise agreements hold solid waste companies accountable for services and protections for residents and businesses. Franchise agreements contain provisions prescribing the terms, conditions, obligations, and limitations upon and under which the solid waste provider must operate. Further, it provides for means of remediation and penalties should the solid waste provider fail to comply with the provisions of the franchise agreement. In the absence of the agreement, solid waste providers cannot not be held accountable.
6. Commercial open market solid waste services do provide choices for commercial businesses, but it also puts the enforcement of local, State, and Federal health, safety, and environmental regulations back on the business owner. Small businesses are not legally or financially able to know, interpret, or apply these regulations. Businesses expect their local government staff to provide this expertise on their behalf. In short, absent a franchise agreement, businesses take on all the expense and responsibility for contract management and regulatory conformity.

In closing, a two percent (2%) cap on a franchise fee for solid waste services undermines a city's obligation to its residents and businesses to be fiscally responsible and to provide for the satisfactory and efficient collection of garbage, grass, weeds, brush and other refuse in order to maintain safe and sanitary conditions. Eliminating commercial solid waste collection from a franchise agreement puts legal and environmental burdens on business

owners who may well find themselves ill equipped to handle such weighty issues.

Should you further questions or comments, do not hesitate to contact me at 210-619-0705.

Respectfully,

A handwritten signature in black ink that reads "Kim M. Turner". The signature is written in a cursive style with a prominent initial "K".

Kim M. Turner
City Manager

Attachments: HB 753 Proposed Text