



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 2/26/2025

ALL

Item Creation Date: 2/14/2025

ARA – DAFOG LLC

Background:

The Administration & Regulatory Affairs Department (ARA) recommends that City Council approve an ordinance granting a commercial solid waste operator franchise to DAFOG LLC. Article VII of Chapter 39 of the City Code of Ordinances makes it unlawful for any commercial solid waste operator to collect, haul or transport solid waste or industrial waste from commercial properties located within the City without first having obtained a franchise for that purpose upon the consent of the City Council.

ARA's Franchise Administration Division collects franchise fees from commercial solid waste transporters, coordinates audits and compliance review and actively monitors state/federal legislation and administrative proceedings that impact these fees. The City currently has 239 solid waste operator franchises. For FY 2025, the total solid waste franchise revenue to the City is projected to be \$9,806,079.00.

The proposed ordinance grants the franchisee the right to use the City's public ways for the purpose of collecting, hauling, or transporting solid or industrial waste from commercial properties located within the City of Houston. In consideration for this grant, each franchisee agrees to pay to the City an annual franchise fee equal to four percent of their annual gross revenue, payable quarterly. To verify franchisee compliance with the franchise, the franchisee company has the duty to maintain required customer records, which the City has the right to inspect during regular business hours. The franchise agreement contains the City's standard release and indemnification, default and termination, liquidated damages, and force majeure provisions. The proposed franchise term is 10 years from the effective date.

Departmental Approval Authority:

DS
EC

DocuSigned by:
Tina Paez

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**Tina Paez, Director
Administration & Regulatory
Affairs Department**

Other Authorization

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