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## CITY COUNCIL CONSIDERATION ITEM

### CITY OF FAIR OAKS RANCH, TEXAS

### June 2, 2022

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AGENDA TOPIC: Consideration and possible action regarding the programmed expiration of the city's exclusive franchise agreement with Republic Services for the collection, hauling, and disposal of residential garbage and refuse waste in the City of Fair Oaks Ranch

DATE: June 2, 2022

DEPARTMENT: Public Works

PRESENTED BY: Carole Vanzant, CPM, TRMC, Assistant City Manager, Public Works & Engineering Services

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#### **INTRODUCTION/BACKGROUND:**

The purpose of this agenda item is to receive direction from City Council regarding the programmed expiration (September 30, 2022) of the city's exclusive franchise agreement for the collection, hauling, and disposal of residential garbage and refuse waste with Republic Services. Primary options to consider include the following:

- Direct staff to exercise the city's option to renew the current agreement, inclusive of negotiating enhancements.
- Direct staff to solicit proposals (RFP's) for solid waste collection services with the goal of advancing a new long-term contract/franchise agreement coinciding with the FY 22-23. Please note cities are not required to solicit proposals for solid waste collection and disposal services.
- Direct staff to negotiate a new agreement with a specific service provider.

By way of background, a common best practice among cities is an exclusive solid waste collection, disposal, and recycling system. It provides several benefits inclusive of decreased cost of service, less impact (wear & tear) on streets, reduction in the number of collection vehicles, and increased accountability. Section 364 of the State of Texas Health & Safety Code authorizes a municipality to grant a franchise for solid waste collection and disposal. Article 13.02 of the Fair Oaks Ranch Code of Ordinances - Solid Waste establishes the City's program of service as authorized by the State of Texas.

#### ***Historical Perspective***

- The City of Fair Oaks Ranch executed a 5-year franchise agreement with Republic Services in 2005.
- The agreement was extended in 2010 for an additional 5-years and again in 2015 and 2016 for 1-year terms respectively.
- In 2017, City Council directed staff to solicit proposals for solid waste collection services. The city received three proposals.

#### ***Current Agreement***

- On October 1, 2017, the City entered into a five-year agreement, or exclusive franchise with BFI Waste Services of Texas, LP d/b/a Allied Waste Services of San Antonio//Republic Services of San Antonio for the collection, hauling and disposal of solid waste for residential properties in the city (see attachment).

- Key differentiators driving the selection to contract with Republic Services in 2017 included but was not limited to the following:
  - Reduced monthly rate for the citizens without extra containers (< 1/3 have extra carts).
  - Inclusion of an annual household hazardous waste community event (new service) with Republic Services.
  - No subbing of operations; 100% performed by Republic Services.
  - Twice per year bulk/brush pick-up, inclusive of new operational efficiencies (lessons learned) within defined sectors, proactive public outreach, and a staging area provided by Republic Services.
  - Enhanced education/community outreach inclusive of additional mailers, smart technology (Apps) and web site push/partnership.
  - Proven safety and customer care program.
  - Institutional knowledge of our community with proven performance history and in-kind services.
  - Minimal transition and interruption.
- The agreement is set to expire on September 30, 2022, but prescribes the following renewal option:
  - *“The City, at its sole discretion, shall have the option to renew this Agreement for up to two (2) additional two (2) year terms. There is no guarantee to the Contractor that the city will exercise this option to continue this Agreement beyond the initial five-year period. Both parties, in writing, shall agree to each extension”*

### **Next Steps**

- Republic Services has notified the city of their interest in exercising the first option to renew the agreement for two years. *Staff shares a mutual interest and recommends the city exercise its right to renew the agreement for another two-years.*
- If City Council decides to advance efforts to renew the current agreement, staff will work with Republic Services and Legal to solidify terms and conditions. An amended agreement will be brought back to Council for consideration and possible action.
- Staff’s recommendation to move forward with renewal efforts is based on the following:
  - The advantage of renewing our agreement includes seamless continued service and established base service rates for two years.
  - Republic Services has offered to increase their annual Household Hazardous Waste contribution from \$20,000 to \$25,000.
  - Overall performance of Republic Services, including covering historical shortages associated with the annual Household Hazardous Waste Collection event and waiving the 2019 service rate increase:

### Household Hazardous Waste Collection

Event Year	2018	2019	2020	2021
Total Cost of Event	\$92,300	\$32,494	\$43,897	\$39,840
Republic Services Commitment	\$20,000	\$20,000	\$20,000	\$20,000
City of Fair Oaks Ranch Commitment	\$10,000	\$10,000	\$10,000	\$10,000
Shortage	-\$62,300	-\$2,494	-\$13,897	-\$9,840

### Service Rates

	Service Monthly Rate	CPI	% Increase	Eligible New Rate
Oct-17	20.05			
Oct-18	20.05	3.17%	1.03	20.65
Oct-19	20.65	3.70%	1.03	21.27
Oct-20	20.65	2.92%	1.0292	21.25
Oct-21	21.25	2.92%	1.0292	21.87

*Section 5 of the Agreement states, "Rates may increase using the most recently trailing 12 months average CPI compared to the 12 months preceding. The annual rate adjustment will be the lesser of the CPI index or 3%."*

- Allow for one bulk/brush pile vs two separate piles.
- Allow for twice a year pick up of city spoils.
- Effectively addressing customer issues:
  - i. Missed services typically resolved by end of day or the following morning.
  - ii. Placing a storage area at City Hall for quicker delivery of bins to new customers.

### **LONGTERM FINANCIAL & BUDGETARY IMPACT:**

N/A as service cost is paid by customers.

### **LEGAL ANALYSIS:**

TBD subject to Council direction

### **RECOMMENDATION/PROPOSED MOTION:**

*Option 1 (staff's recommendation):*

I move to direct staff to exercise the city's option to renew the current agreement, inclusive of negotiating enhancements.

*Option 2:*

I move to direct staff to solicit proposals (RFP's) for solid waste collection services with the goal of advancing a new long-term contract/franchise agreement coinciding with the FY 22-23.

*Option 3:*

I move to direct staff to negotiate a new agreement with (insert name of specific service provider here).