



TO: Mayor and Council

FROM: Bert Lumbreras, Assistant City Manager

DATE: May 18, 2007

SUBJECT: TDS Item on May 24th Council Agenda

Below is some background information regarding the Texas Disposal Systems item that will be going to Council on May 24th. It addresses the history, scope of the contract and other pertinent factors of the item.

- There are a number of areas (duplexes and four-plexes) in the City where customers have consistently set out excessive trash, debris and bulky items. Solid Waste Services (SWS) had distributed information to residents explaining the Pay-As-You-Throw Program guidelines, but the problems persisted.
- SWS continued to receive complaints regarding these areas with regard to excessive trash, debris and bulky items. Due to the volume of waste material generated in these areas, SWS could not keep up with garbage collection under the Pay-As-You-Throw Program guidelines.
- To handle the volume of material, SWS initiated a competitive bid solicitation in July 2003 (Council approved on 12/11/2003) to establish a dumpster service contract with a private hauler. This service also includes bi-weekly bulky collection. Currently, there are 547 customer accounts on this service.
- The current contract with Allied Waste expires May 24, 2007. There are no extension options remaining.
- We have two aging landfills and the Council voted to oppose the expansion applications of both landfills at the May 17th Council meeting. Rather than take more trash into the current landfill, we should instead place waste into a landfill that adheres to environmental best practices and has capacity to expand.

- Due to the issues regarding the northeast landfills, and because SWS was increasing the number of customer accounts to receive this service from 547 to 1,012. TDS was the only local, viable option
- Even though in the past this has been put out for competitive bid, staff has chose not to place this in the competitive bidding process for the two reasons just outlined.
- The proposed contract with TDS is being awarded as an exempted procurement under LOCAL GOVERNMENT CODE CHAPTER 252. PURCHASING AND CONTRACTING AUTHORITY OF MUNICIPALITIES Subsection 252.022 (2). It is exempt from municipal bidding requirements for the following reasons:
 - Texas municipal bidding statutes specifically exempt contracts “necessary to preserve or protect the public health or safety of the municipality’s residents” from the competitive bidding process.
 - Texas case law has determined that a contract for solid waste services is a “procurement necessary to preserve or protect the public health or safety of the municipality’s residents.”
- The current contract with BFI is three years old and was bid prior to substantial increases in fuel and metal prices. The proposed contract accounts for those increases and SWS believes that the proposed contract price increase is reasonable.
- The proposed contract with TDS will require a 7.35% rate increase for the residential dumpster customers. This rate increase for the remaining four months in FY06-07 will result in additional revenue of \$5,950.60. The rate increase will be done during the budget process.
- The proposed contract is for one year with four one-year extension option, for \$260,752 per year, for a total estimated contract amount not to exceed \$1,303,760.

If you have any other questions regarding this item, please contact my office at 974-6339.

Cc: Toby Hammett Futrell, City Manager
 Willie Rhodes, Director Solid Waste Services