To: Mayor and City Council

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Cc: Marc A. Ott, City Manager
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Date: November 17, 2015

Subject: Item #45 Austin Energy Class 2 Industrial Waste Contract

The purpose of this memo is to update Council on the past Council actions regarding the consolidation of waste contracts, and how those actions have affected the current Austin Energy (AE) Class 2 Waste contract.

Background

In early 2013, Austin Energy (AE) sought bids for a waste hauling contract that included the following industrial Class 2 waste streams:

- Soil contaminated with transformer oil from spills has a special waste exemption to go to local, municipal landfills even though the total petroleum hydrocarbon (TPH) is often greater than 1500 ppm. It is based on the relatively benign nature of mineral oil that makes up transformer oil (<50 ppm PCB).
- Asbestos, with proper handling conditions to prevent or minimize chances of exposure to airborne fibers.

There were only 2 bid responses to the contract, Republic Services and Texas Disposal Systems (TDS), TDS was deemed non responsive, with an absent price bid and no validating signature. Therefore, the Purchasing Office considered the Republic Services bid as the only valid bid received and evaluated.

On March 7, 2013 City Council directed AE to have the proposed class 2 industrial waste contract for waste disposal reviewed by Austin Resource Recovery (ARR) in an effort to coordinate waste efforts and the City's Zero Waste program. ARR reviewed the proposed contract and found no waste diversion opportunities and no concerns with the proposed contract language for handling the waste.

On March 8, 2013, the Austin City Manager issued a memorandum to all Department Directors. The subject of the memorandum pertained to Waste Disposal Contracts with a purpose of updating all City Departments and Offices on new procedures to manage and dispose of waste generated through city operations or controlled through city collections.

On April 10, 2013 the Zero Waste Advisory Commission (ZWAC) met and as part of their agenda, agenda item 3(c) pertained to the AE Waste Disposal Contract. The proposal to recommend the approval of the AE Waste Disposal Contract with the expiration date of September 30, 2015 and with the intent of not exercising any extensions after the contract expiration was approved.

On April 11, 2013 the City Council met and as part of their agenda, agenda item 19 pertained to the AE Waste Disposal Contract. Item 19 proposed to authorize the award and execution of a 24-month requirements service contract with Republic Services, for the management and disposal of industrial Class 2 non-hazardous waste for AE. The contract's estimated amount not to exceed $529,640, with three 12-month extension options in an estimated amount not to exceed $264,820 per extension option, for a total estimated contract amount not to exceed $1,324,100. The motion authorizing the award and execution of a two year requirements service contract with Republic Services was approved with Council action being required for any contract extensions on a 5-1 vote.

On May 25, 2015, the AE Class 2 industrial waste contract with Republic Services (NA130000107) was placed on a holdover, which allows the contract to continue under limited conditions. The holdover period was deemed necessary, until either an extension is approved by Council or a new combined contract is approved by Council. ARR is actively working on a combined ARR/AE and other city department class 2 waste contracts. The estimated time frame for a combined contract to be executed by August 2016, which falls outside of both the current AE waste contract period, thus requiring a City Council approved extension for AE. In the meantime, AE is coordinating with Purchasing and ARR to ensure we have continued service until Council makes a decision.

On September 21, 2015 the Electric Utility Commission (EUC) met and as part of their agenda, agenda item 8 pertained to the AE industrial class 2 contract 12-month extension request. The EUC motioned to postpone item 8 to the October 19th meeting to allow for additional information to be presented to the Commission by AE staff.

On October 19, 2015 the Electric Utility Commission (EUC) met and as part of their agenda, agenda item 9 pertained to the AE industrial class 2 contract 12-month extension requests. Staff from AE, purchasing and ARR were present to answer questions. Republic Services and TDS were present at the meeting. The EUC voted 5-2 and item 8 was forwarded to the City Council for a November 19, 2015 agenda item.

On November 18, 2015 the Zero Waste Advisory Commission (ZWAC) will review the AE proposed contract extension at their meeting.

Waste Contract Consolidation Update

ARR has been actively working with various city departments to coordinate efforts and develop several combined City waste hauling contracts, within the following categories:

- Municipal Solid Waste; Residential, Office, Retail
  Status: A consolidated contract is in place through ARR.
- Class 1 waste streams: Construction, Commercial, Industrial, Manufacturer
  Status: A consolidated contract is in place through ARR.
- Class 2 waste streams: Activated sludge, Plant Process Waste, Other Special Waste
  Status: *No consolidated contract in place to date – projected for Council action in September 2016.*
- Class 3 waste streams: inert waste streams such as glass, brick, concrete, rocks
  Status: Contracted through individual city construction projects and cannot be consolidated.

- Hazardous waste streams: City, Business/Commercial, and Residential generated hazardous materials
  Status: A consolidated contract is in place through ARR.

The task to reorganize the contracts for Class 2 waste streams requires extensive coordination, review and time to adequately evaluate the overall requirements and develop a scope for a combined contract. With existing waste contracts in place and varying contract expiration dates, the task has taken longer than anticipated. Staff estimates a consolidation waste contract to be presented to Council in September 2016.

Recommendation

Staff recommends an extension of current contract agreement until a replacement contract can be bid, accepted, and executed. Staff estimates a consolidation waste contract to be presented to Council in September 2016, and an executed agreement in October 2016.