

# AUSTIN MONITOR

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## RESOURCES

### **New city contract: ‘death knell’ for private dumpster services?**

Bob Gregory, CEO of Texas Disposal Systems, and his son Adam Gregory sounded the alarm at Monday’s Electric Utility Commission meeting concerning the pending authorization of a 36-month city contract with Republic Services, or another qualified bidder, to provide dumpster services for city facilities and special events.



The contract came before the commission because Austin Energy is one of the departments to be serviced, specifically for disposal of class 2 nonhazardous waste, in an amount not to exceed \$900,000.

Bob Gregory warned that the contract would be another step in line with what he described as the city’s plan to make solid waste a public utility. Historically, the city has limited itself to provision of carts and residential services, he said; if it were to take on dumpsters as well, it could result in millions of dollars lost for private companies, including his.

“This is the death knell of our business,” he said to the commission.

Jessica Frazier, chief financial manager of Austin Resource Recovery, clarified that the city was not attempting any kind of overthrow. “Our intentions are pure,” she said. “We are not trying to take over private enterprise.”

According to city code, Frazier said, the Resource Recovery department is a utility and has 2,000 commercial customers with cart services.

Commission Chair Karen Hadden asked why the Zero Waste Advisory Commission had voted against authorizing the contract at last Wednesday’s meeting. Adam Gregory responded that it involved staff not giving the commissioners specific answers, such as which landfill the waste would be going to. He said that staff’s opaqueness on this issue had made negotiations frustrating.

“We’re dealing with staff that’s playing the dual role of competitor and regulator,” he said. “It’s an unfair situation.”

In fact, the city is required to respect a bidder’s confidentiality by state law. According to Chapter 252 of Texas Local Government Code concerning the purchasing and contracting authority of municipalities, “A municipality may receive bids or proposals under this chapter through electronic transmission if the governing body of the municipality adopts rules to ensure the identification, security, and confidentiality of electronic bids or proposals and to ensure that the electronic bids or proposals remain effectively unopened until the proper time.”

TDS also took issue with the special events component of the contract. Bob Gregory said that big events are a major source of revenue for his business and that this contract would allow the city to dominate that market.

Frazier contradicted his claim, arguing that the Resource Recovery department would prefer not to work special events because it always means overtime for staff. “We are the provider of last resort,” she said.

The commission was split as to what to do with this item. Hadden proposed that the commission wait a month to make a decision, in order to review the information it had been provided. “Personally, I have a lot of concerns,” she said.

Commissioner Cary Ferchill disagreed, pointing out that since this contract was sent back for a redo last December by City Council, Austin Energy now runs the risk of not having a way to dispose of its nonhazardous trash.

“I grant you there are a bunch of other issues,” he said, “but from my point of view, I want to get (Austin Energy) someplace to put their waste.”

Vice Chair Brent Heidebrecht felt uneasy due to Austin Energy’s piece of the contract being less significant compared to other city departments. “I’d rather abstain,” he said.

Ferchill made a motion to authorize execution of the contract, but he did not receive a second, and so the commission took no action on the item.