

## 11-2-21 Round Rock City Council – Packet Briefing

**H.4 Consider a resolution authorizing the Mayor to execute an Amended and Restated Refuse Collection Contract with Central Texas Refuse, LLC.**

**H.5 Consider a resolution authorizing the City Manager to provide written notice to Waste Connections Lone Star, Inc., Waste Management of Texas, Inc., Central Waste and Recycling, and Texas Disposal Systems, Inc., that their existing Franchise Agreements for Nonresidential Refuse Collection with the City will terminate on April 30, 2022.**

**I.1 Consider an ordinance amending Chapter 32, Article II, Section 32-23 and Section 32-33, Code of Ordinances (2018 Edition), adopting nonresidential refuse collection rates. (First Reading\*)**

**Craig Morgan:** Roll call at 7:35, bring to order. Meagan, please call the roll.

**Meagan Spinks:** Mayor Morgan?

**Craig Morgan:** Here.

**Meagan Spinks:** Mayor Pro-Tem Flores?

**Rene Flores:** Here.

**Meagan Spinks:** Councilmember Ly?

**Michelle Ly:** Here.

**Meagan Spinks:** Councilmember Baker?

**Matt Baker:** Here.

**Meagan Spinks:** Councilmember Ortega?

**Frank Ortega:** Here.

**Meagan Spinks:** Councilmember Stevens?

**Kristin Stevens:** Here.

**Meagan Spinks:** Councilmember Montgomery?

**Hilda Montgomery:** Here.

**Craig Morgan:** Alright. Citizen Communication pursuant to Texas Government Code, Section 551.007 which allows public to speak for a total of three minutes on any of the agenda items listed below, excluding any executive sessions. We do have several cards. I think I'm going to go ahead and do Citizens Communication on this, this morning. And then Thursday night, we probably will do it on the Agenda Item. So, alright if I mispronounce your name I apologize. Some of the writing does not look, it's about like mine. And so, just bear with me. State your name and address for the record. We will hold you to three minutes. Like any other decorum we have, we will have decorum. There won't be name calling, there won't be any other thing. You will be asked to leave if that's the case. That's how we run these meetings and that's how it will be tonight or this morning and that's how it will be tonight, Thursday night as well. Aright, Paul Daugereau. If I stated that wrong, I apologize.

**Paul Daugereau:** That's close enough. Good morning honorable Mayor and Council. My name is Paul Daugereau. I represent Waste Management in Austin. We have been doing business in and around Round Rock for over 20 years now. We currently serve approximately 600 commercial dumpster customers, with approximately 100 roll off and compactor customers. Each one of these has a different contract so. A couple of the contracts are Baylor Scott and White, Dell,

Round Rock, Kalahari, Toppan Photomasks, Christianson Air Conditioning, St. David's, Amazon, H-E-B, D.R. Horton. My question is, do any of these guys know that this is coming? Do any of your customers out here know that their right to choose their contractor is going to be gone? And I'm sure you can't answer at this point but we are here to say, we'd really appreciate it if we could get even an RFP out or at least table this, go look and see if there is another way to do this because it's going to trigger a lot of angry calls from your customers. And I'd ask the Council to take a step back today and just see if there is another way to do this where it's not going to be such a mess, and it will be. You're going to have a lot of different people calling. Your staff is going to be fielding a lot of angry calls. So, take a step back, take a look if there is another way to do this without just going straight out without an RFP. So, thank you so much and have a great day.

**Craig Morgan:** I got a question for you Mr. Daugereau since this is on the Agenda. Mr. Daugereau?

**Paul Daugereau:** Yes, yes sir.

**Craig Morgan:** Since this is on the Agenda I get to, I can ask questions.

**Paul Daugereau:** Sure. Go for it.

**Craig Morgan:** Do you have closed contracts?

**Paul Daugereau:** Do we have any what?

**Craig Morgan:** Do you have any closed market contracts in the state of Texas?

**Paul Daugereau:** Do we have any closed market contracts?

**Craig Morgan:** Where it's...

**Paul Daugereau:** Yes, yes we do but, yes and we do. Those are for smaller cities.

**Craig Morgan:** Okay.

**Paul Daugereau:** Not for something this large. For something this scale it's going to be a major issue to get all of this together without having issues, without having service disruptions.

**Craig Morgan:** Right.

**Paul Daugereau:** When you start putting something together on this big of a scale there will be service disruptions.

**Craig Morgan:** And they have been con, there have been a number of businesses contacted.

**Paul Daugereau:** Say that again?

**Craig Morgan:** There have been a number of businesses contacted. Many of the ones that you just mentioned.

**Paul Daugereau:** Sure. Sure, I'm sure several of them will be. Like I said there is a difference between such a large city like yourself changing over or small cities that have started like this. Cities with 5,000 people or 5,000 homes that start off small and they have a fully franchised city compared to you guys are large and it's going to be a major project to get all this done. So, yeah.

**Craig Morgan:** Alright. Thank you, sir.

**Paul Daugereau:** Any other questions?

**Craig Morgan:** No.

**Paul Daugereau:** Thank you so much.

**Craig Morgan:** Robin Schneider.

**Robin Schneider:** Good morning Mayor and Council. My name is Robin Schneider. I'm the Executive Director of Texas Campaign for the Environment. We have more than sixty-eight hundred supporters in Round Rock. We might have knocked on one of your doors back in the pre-pandemic days. We are very much against the plan that is before you this week. While there are some reasons, good reasons to consider franchise agreements that in terms of less wear and tear on your roads, more consistent service, the recycling contractor that you have right now is running a sham operation at the moment. I don't know if you have been to their facility. I have seen that facility. There are bales, loose bales of totally mixed recyclables, baled up. There are some bales that are sorted but both of these bales or sorted and unsorted materials are being taken to landfill. The landfill is right down the street. I have no idea why they are doing this. The recycling markets are very high. Even if the recycling markets are low, the contract that you have already requires them to recycle the recyclable materials. Your residents are paying for this service and they are not getting the service that you are paying them to do. So, I urge you all to go to that facility on Chandler Road, see for yourself. It is a mess and after that you should be enforcing that contract. If necessary, terminating that contract, not expanding it so that actual recycling can occur. So, this is a slam dunk in my opinion. You must not pass these Agenda Items. You need to take a more thorough approach. If you're going to go in the franchise direction. Do bids. Find out what services are available. Dell Diamond is one of the best in the country in term of composting and diverting waste, zero waste. CTR and Balcones, their partner, is not doing their job now. There is no reason why they should be rewarded with more business when there are perfectly competent haulers and processors in the area. You have choices, you need to exercise them. Thank you.

**Craig Morgan:** Appreciate it. Thank you. Victor Cornell.

**Victor Cornell:** Good morning Council. My name is Victor Cornell. I live at 2207 Boxwood Path here in town. I've lived there about 25 years now and I used to have to pay for curbside pick up for my recycling because we didn't have it in town yet and so they would come and pick it up. And, I was so excited when we got the single stream curbside. I thought oh that's great because it would save me 12 bucks a month, but it was also good. And then when I saw pictures of recycling going into the landfill, that's not what I was hoping for. And so, if you have time to evaluate HR and H5, H4 and H5 instead of just signing a contract. I don't care who gets the contract as long as they are really recycling what I put in my recycling bin, is all I'm really looking for. So, don't rush it. Don't rush into a 5-year contract. Take your time, go look at the facility. Look at other facilities. Shop around and get us a good deal. That's all. Thanks.

**Craig Morgan:** Thank you. Michael...

**Michael Mnoian:** Mnoian.

**Craig Morgan:** Huh? What is it?

**Michael Mnoian:** Mnoian.

**Craig Morgan:** Mnoian. Sorry about that.

**Michael Mnoian:** Oh, it's alright. I'm used to it. Michael Mnoian, President Central Waste and Recycling. We are one of your franchised haulers that has received notice of termination. Unlike everybody else in this room, we have no facilities, we have no landfill, we no exclusive contracts. We rely on cities like you to just open market and do business. We are the smallest hauler in this room. So, we have a lot to lose. You've taken away our right to work in this City. Corporate headquarters is right next door in Cedar Park. So, we are pretty close. I wish you guys would reconsider, provide an RFP and just get another opinion. Thank you very much.

**Craig Morgan:** Appreciate it. Bobby Gregory.

**Bob Gregory:** May I hand these out?

**Craig Morgan:** Sure.

**Bob Gregory:** Thank you Mayor for the opportunity to hand those 11 copies of emails that I sent you guys last night. Attached with it is photographs that hopefully the next speaker, or one of the next speakers, Adam Gregory, will be able to discuss. On Thursday, November 4, if you approve Agenda Items H.4, H.5 and I.1, you will be voting to abolish the competitive open market for collection of commercial solid waste and recyclables in Round Rock. CTR proposes service rates that are subject to escalation at their request. All other service providers, including TDS, currently serving customers in Round Rock will have their contracts with businesses declared null and void and will be prohibited from servicing any type of solid waste or recycling accounts, except at least initially, temporary construction roll-off accounts.

For decades, businesses in Round Rock have had the freedom to contract with the service provider of their choice, to negotiate rates and services, and to hire and fire the service provider based on costs or quality of service. This competitive open market has served well to keep costs low and service quality high, and is of great benefit to Round Rock businesses. Unfortunately, that open market competition would be abolished if you passed these three items. Currently though, apparently, the staff has been working in secret for months to negotiate away the rights of businesses, restaurants, multi-family complexes, churches, schools, and industry to enjoy this competitive open market. TDS was only made aware of this potential action on Friday, October 29<sup>th</sup>. This drastic and destructive change would be made without any prior public discussion, any stakeholder input, without any competitive bidding process to determine if any other service providers can provide better rates and services, or if such a drastic change is of any benefit whatsoever to businesses or citizens, or the City. Both the current nonexclusive franchise agreements and the proposed deal with CTR require the contractor to pay the City 10% of gross revenue collected in Round Rock, so I do not see the financial benefit to the City of this. Nor do I see why the City staff managed to do this during a Council retreat in July rather during a City Council meeting which was held that night, by the way, where it would come to the attention of stakeholders. It's been over twenty years since the City of Round Rock has sought competitive bids for its residential solid waste and recyclables collection. We urge you to put the contract out for bid. Is that my time?

**Craig Morgan:** That is your time but you said you're going to speak on behalf of Adam?

**Bob Gregory:** Adam is signed up to speak.

**Craig Morgan:** So, are you gonna speak for him or are you gonna...?

**Bob Gregory:** No, he is going to speak.

**Craig Morgan:** He's gonna speak. So that is your three minutes. I do have a couple of questions. Nothing was secretive. I want to make sure that... we do a lot of stuff on our strategic planning through the City on a lot of big issues, not just the trash contract issue when we talk about, and those are public meetings posted. So, everything was done correctly on that. Let me ask you this. Do you have any closed market sole-source contracts in central Texas?

**Bob Gregory:** We do.

**Craig Morgan:** Okay. And do they get good complete bids? Like does Georgetown get a good rate? Are they, since it's a closed market, so it shuts out everybody else in the room. Do they get, you know, do they get good rates?

**Bob Gregory:** We have numerous closed market or franchise or contract for services. Georgetown being one of them. We've had Georgetown for 23 or 4 years. Just last Monday night a week ago today, well last, Monday or Tuesday. They approved a 10-year extension to that contract, with two 5-year options. It has been bid several times in that process. Competitively bid to other haulers though.

**Craig Morgan:** Okay. Alright.

**Bob Gregory:** The other contracts have been bid as well. We've been doing business here for over 40 years. 43 years we've had contracts here in Georgetown, for 43 years.

**Craig Morgan:** Okay. Appreciate it.

**Bob Gregory:** Thank you.

**Craig Morgan:** Adam Gregory.

**Adam Gregory:** Good morning folks. Adam Gregory with Texas Disposal Systems. You may recall a couple of years ago, CTR Round Rock Refuse was caught landfilling recyclables by comingling recycling and solid waste in the same truck. There was a story on KXAN about that. There is a link to that story in the letter we sent you. More recently significant evidence has been discovered and put together of massive landfilling of recyclables taking place at the CTR Wilco MRF operated by Balcones. I'll draw your attention to the packet of photographs that was just handed out to you as part of the letter. I hope you'll go through each of those photographs. But you can see very clearly from those photographs massive piles of unprocessed material. Hundreds and hundreds of bales or baled unsorted single stream recycling. We've been monitoring this and those bales go into roll off truck and they go straight down the road to the Williamson County Landfill. In that packet of photographs, you'll see several instances of those roll off trucks dumping those bales of unsorted single stream recyclables on the working face of the landfill. It's very clear that those bales contain a lot of paper, aluminum cans, different types of plastic. They are not a waste product in any way. As someone who's designed and operated a large-scale material recovery facility, I can tell you its unsorted single stream recycling that's going into the landfill. CTR uses that facility for the material they collect as part of your residential contract. Just yesterday it was verified that the routes collected here in Round Rock were dumped at that facility, and most likely destined for the landfill. I think the residents and the businesses would be very concerned about that. This is a direct violation of their contract. The current contract states that 'neither the contractor nor the recyclables processor shall discard any portion of the collected single stream recycling unless it makes up a de minimus amount.' I hope you can see, what's clear to everyone else, in those photographs is far more than anything that could be called a de minimum amount being disposed. Should dishonest and environmentally destructive behavior like this be rewarded with a no bid, long term, exclusive contract for all commercial solid waste and recycling in the City? We think the answer is absolutely not. Should the Round Rock City Council kick all haulers, other than CTR Round Rock Refuse out of town? We urge you to vote 'No'. Should the Round Rock City Council force all residential, industrial commercial entities to contract with CTR without a bidding process, without knowing the facts? We urge you to vote 'No'. I know that's my time. I appreciate it, folks. I'm happy to answer any questions.

**Craig Morgan:** Thank you. Tom Mistler.

**Tom Mistler:** Mayor, I'd like to cede my time to Bob Gregory.

**Craig Morgan:** You want it? Come on.

**Bob Gregory:** Thank you very much. As I said a moment ago, TDS has done business in Round Rock for 44 years. We don't have contracts with the City, we have contracts with many businesses around here, including multi-family complexes, which means hundreds of accounts that we have. We do a lot of food waste composting, organics composting. I don't think organics composting is even contemplated in the proposed contract. While trash is, and recycling is, I don't think composting is. That's a bigger and bigger thing all the time, to have composting occur. A lot of people want that. If they want it and they have it, like Dell Diamond has it; they have a very good program for that, they would not be able to use our services any more. They would be absolutely prohibited. We wouldn't be able to drive on City streets. I know the City has the power to do this. I'm asking you, particularly with a 10% franchise fee that you're getting now, the same as what you will get under the other, under the new contract, to do this a different way. To allow the open market nonexclusive franchise to remain. So that there can be open competitive market. The City can dictate what they want and how they want to do it. They'll also have it easier, have the ability to stop someone and terminate their ability to continue service, or continue it with more service providers. It's worked for many, many years for you guys. Please let it continue to work again and just say 'No' to these three items. And for gosh sake, don't do it with no stakeholder process. It's never been done. It blows up in the face of every city that tries to do it like this. California has done it, Los Angeles did it, their rates quadrupled. They went from 150 haulers to seven. They've got control; they make a lot of money. But the service is horrible and the rates are atrocious. New York city is going through it right now and

you've probably seen on the news how trash is building up in the streets. I'm not saying trash is going to build up in the streets here, I doubt that that will happen, but you will have more control with a competitive market. Please, I urge you, say 'no' to all three of these. Don't make us go through what we have to do to let the businesses know, and we have not found a customer yet that knows about this. Including the Round Rock Independent School District who did a tour of our facilities yesterday. They knew nothing about this. They depend on recycling and composting. I urge you, please say 'no', stop it in its tracks, don't hear it on Monday, on Thursday. If you do, vote 'No'. Thank you for that added time.

**Craig Morgan:** Thank you, Mr. Gregory.

**John Harris:** Good morning, John Harris with Waste Connections, Lone Star, Inc. Good to be with you all. I am here to, quite frankly, say quite a bit of what's already been stated. We have several hundred commercial businesses in the City of Round Rock that have chosen Waste Connections and prefer our services, for a number of reasons. This Agenda Item would take that decision and undermine it, of those customers, seemingly overnight. I think that part of what we have issue with is that we were not involved or really notified in any way that this was going on. If we were, we would have been given the opportunity to cooperate and perhaps add value by bringing some ideas to the table. I think every one of the folks in the room could make that argument. And in some cases, bringing us all in the same room together we could bring some ideas to the table that could be considered. Case in point, organics. How can we execute that? Is there another means other than making the City completely exclusive to one service provider, while at the same time achieving some of the things, some of the tenets that the City wants to achieve? I don't know what those are because we weren't brought to the table to learn that, but I could imagine, I could speculate. It could be reduced wear and tear on roads, perhaps simplification of administration from the City's utility billing, maybe even ease of understanding the franchise payments that come in on a quarterly basis by going to one provider, perhaps there's some value there. Any one of those cases we can help to add value with and resolve that without making the City completely exclusive and taking away the ability of commercial businesses to choose their provider. A lack of a competitive process may be leaving some value on the table for businesses. I've taken a look at the rates in the contract and they seem very high, particularly once you get into larger businesses that have multiple containers, you can see the numbers start to grow astronomically above what they're currently getting, at least through our service. I would imagine it's the same across the board as you look at other competitors. Last, but not least, the terms and conditions of the contract; very favorable to the hauler in mind, gotta tip my cap to them, but it's essentially an evergreen that doesn't, you're never within two years of ending it unless you give a two-year notice of termination. This is a very difficult market to source containers, trucks and even drivers. We've never seen supply chain disruption to this degree. Seems an odd time to try to put all that onus on one hauler. I just ask the question, what if this does not go very well? I appreciate that time to be with y'all this morning and giving me time to talk. Greatly appreciate the opportunity to be brought to the table and open this thing up, and I think some of our customers would appreciate that too.

**Craig Morgan:** Thank you Mr. Harris. Alright, anybody else? Alright we're gonna move on to Staff Briefing. Consider staff briefings and Council member discussion and/or questions regarding items on the agenda for the November 4, 2021 City Council meeting. Alright.

[Mayor goes through items on the Agenda – proclamations, awards, presentations, consent agenda, resolutions, other items]

**Craig Morgan:** H4, Consider a Resolution authorizing the Mayor to execute an Amended and Restated Refuse Collection Contract. Let's cover H.4 and H.5...

**Michael Thane:** Yes sir.

**Craig Morgan:** ...and I.1, I mean, all together.

**Michael Thane:** Yes sir. So this is the item before us, Sole-Source Commercial Solid Waste. We've been internally discussing this for a couple of years because we're starting to see a lot of cities in central Texas that have gone to a closed market or sole source, where they have one provider. We've been evaluating the benefits of it. I have a few slides

here just to kind of go through some of the benefits of going to a program like this. Currently we have the five existing franchise providers picking up commercial solid waste in the City of Round Rock. Central Texas Refuse has the contract for all single family residential. This is all here for commercial; that would be multi-family, industrial, commercial, those types of things. This is as of last January of 2021. Kind of the numbers of the five, of the business they have. As you see there, there's 1,672 total. Central Texas Refuse is 667 and it kind of goes down from there. Current program, we have multiple vendors. When you go out you'll see strip centers and stuff. There could be all five vendors having dumpsters back there, so we have multiple vendors; that creates duplicate routes throughout the city. Right? You have the same trucks driving down the same streets 'cause they're not picking up every business; they're picking up the businesses they have under contract. There is your excess wear and tear on streets, potential air pollution, and then there's less accountability. The City is not involved at all. We do get calls from time to time from a business that their trash is not being picked up, or whatever. We don't even know who the business is contracted with. We know it's one of the five, hopefully, so there's less accountability for them from the City's perspective. Here's just a couple of photos of what you could see out there today. Here's an aerial photograph of just different businesses having different dumpsters. Here are some behind shopping centers, as you see, multiple containers, different providers. You see this kind of all over town. What are the benefits of going to a sole source contract? There's a few here. Cohesive planning and management. So we'd be working together with one contractor to get the best benefits for the community. Consolidated routes. You'd have one company picking up every business throughout the city. Fewer garbage trucks on the City roadways which would delay needed street repairs; reduce carbon emissions. Unified collection containers and dumpsters. Once these are all with one provider there's a plan to look at comingling down the road. You have a strip center, or whatever, that has 7 or 8 businesses in there and they all have an individual dumpster. Go in there and evaluate can we go to one larger dumpster, or two larger dumpsters? So that we aesthetically improve the look of the City, which is the next item there – more aesthetically pleasing. Establishes economies of scale. We've negotiated rates in this contract that we feel are very competitive. When a truck is picking up every business there should be some economies of scale because they're getting a lot more business than driving past five businesses and getting every sixth one, or whatever it is. So there's economies of scales in that cost, which is very important. We want to make sure that we do what we can for the businesses of our community to make sure that we provide the best place for them to do business in the City. Health and safety. Obviously when you're dealing with trash it's a health and safety issue. And accountability and oversight. We would be auditing and making sure our contractor is doing everything we expect them to do in the city and holding them accountable to providing great service to all businesses in Round Rock.

Why Central Texas Refuse? They've been a residential provider for the past 30 years. Every other year we do a customer survey and they are one of the highest rated services that the City provides. Very, very highly, good service that they've been providing for a number of years. Current provider of about 40% of the existing commercial customers, as I showed you in the previous slide. And then we can integrate many commercial and residential routes. There's a lot of commercial customers that have a container like you do at your house. So that truck can also pick up; it'll pick up a residential, it can pick up those commercial ones as well, so there's going to be some integration of that. So just a lot of economies of scale and working together with one provider I think, as you see it, there's a number of cities in central Texas that are doing this, so we're not the only one that's looking at it. So there are quite a few benefits when you go to that, and then we do care about the cost, I mean, that's why in this contract we were really very careful when we were talking to CTR. The costs have to be better than what's out there today or we're not going to, it's off the table. I mean, there's a lot of benefits but we want to make sure the cost to our businesses help them, and it's not a hinderance. If Council approves the contract on November 4<sup>th</sup> here is a rough schedule. This kind of shows you what we're looking at. Immediately in November and December, CTR will send out representatives to talk to the businesses, survey them. What kind of needs do you have as far as your trash and recycling pick ups? What does that look like? So that they can right-size the containers and plan for that. They will order new trucks and containers, and that will all happen in November and December. Then we get into January through March, containers will be arriving as existing customer's contracts expire then they would come in there and potentially take those over. And then April 30<sup>th</sup>, which is the next item, H.5, the existing franchise agreements would be terminated April 30<sup>th</sup>, so then as of May 1<sup>st</sup> then all of the businesses would be receiving trash and recycling services from one vendor which would be CTR. In the contract you will

notice their rates, and they're locked through September 2023. So they cannot petition for a rate increase prior to September 2023. It will be based on the Consumer Price Index, so that we will look at that and then we'll bring that to Council. Any time there's a future rate increase it will come before Council to consider before that happens. So, that's kind of the transition schedule. That's the layout of the plan, we have Mr. Mike Lavengco, who is the CEO of Central Texas Refuse here with his team, and invite him to come forward if he'd like to say a few words. And we're happy to answer any questions.

**Mike Lavengco:** Thank you Michael. Good morning Mayor, Council, Administration. First off I'd like to say thank you for your business. It's been a great pleasure of CTR for the many years we've been here to service the City of Round Rock. And as Michael mentioned, you know, you do your surveys and those are independent. And we think we provide a very good service to the community and we welcome the opportunity to partner with you even further through this new, you know, this new contract. So, a couple of things. One, again, I think we've had an excellent relationship. I think we've been very responsive to any and everything that comes up. I know that some of the, I guess, accusations that were brought before you this morning, I would tell you, one of them I would like to address and that is, we do not currently, nor will we every landfill recycling materials. I mean you can, with social media and other things, you can make things look the way you want them to look but I can assure you, welcome you out. I know some of the City has been out to our facilities many times. We absolutely are committed to recycling and everything else that needs to be provided to have a very successful commercial program, just like we have our successful residential program. Please be comforted and understand that we absolutely do not deviate from that. That is one of our core beliefs as a company and me personally, and you know, I myself have been in the business for 37 years and average of my team is 20 plus years, and we're not going to jeopardize our reputation for anything like that. So once again, I think it's a great opportunity as you mentioned and discussed with some of the other folks in the room, everyone has these type of contracts and in fact they recently expanded and extended some of these, and I can assure you we're not always, very seldom when an incumbent is doing a very good job do we even get the opportunity to even come in and be a participant. But, you know, it's a very competitive business but again, at the end of the day, the goal is to give the best possible service at an economical price to your businesses and stimulate economic development for your city. I've sat on economic development boards, P and Z boards, fire and ESD boards, and it's all about doing what's best for the citizens of the City as well as the businesses. And this is a protection also, for the City and the businesses here in the open market, there's a lot of volatility out there, and this contract protects them from that, and gives you the ability to be more competitive in attracting businesses to your community. So, again I thank you for your business and be glad to answer any questions, but one other thing I would like to say is, you know, there was a question about sourcing of people and resources and things like that. I would tell you we already have done that and everything is in place to provide every aspect of this service, and again, I've been in the business a long time and have a lot of great relationships with vendors and manufacturers, and there is no problem with us sourcing people and resources to provide this service to the City of Round Rock.

**Craig Morgan:** Okay. Any questions for Michael Thane?

**Mike Lavengco:** Thank you very much.

**Craig Morgan:** Questions? Mayor Pro-Tem.

**Rene Flores:** Michael, there's a comment in there about one of the components is the operations overhead and profit component and you know that's looked at on a regular basis. I was curious, you know, if we get to the point where we're looking at that and there's no agreement on what they think they should get versus what we think we should pay. Is that, I mean what happens in that case? Where there's, is it just a matter of talking it through and coming to a good number or if that, if we're so far apart? For example, in future years, what happens then?

**Michael Thane:** You're referring to, so in the contract there's two different pieces basically. There's a residential rate...

**Rene Flores:** Right.

**Michael Thane:** ...calculation and that's what you're referring to...



**Rene Flores:** Right.

**Michael Thane:** ...right there. There's three, landfill component, fuel component, operations component. The third one, operations component, is based on a CPI (Consumer Price Index), so we already have the base line of price there and then it's based on CPI. So it's pretty simple, basically whatever the CPI is doing then that's what they're going to petition for. They're eligible to petition for up to one time per year for a rate change. But to answer your question specifically, yes, it is a negotiated discussion. They will come in, okay, once a year and say okay, here's what the landfill costs are, here are our tonnages, fuel the same way. Come in with a CPI for the old operations and then they present to us a petition for, to consider, the City to consider a rate increase. We will sit down, we will comb through that. It takes many weeks. I can tell you that right now, we don't just take their numbers. We want all the backup material. So we get all the backup, we go through it, we get with the Finance department. We check it again, and then once we're happy with it then we would come before Council to consider. If we're not happy with what they're proposing, we won't even bring it to Council. So there's a lot of going back and forth. And then we're not here to, you know, a business is there to, they have to survive too. Right? So we're not here to cut their costs so that they're losing money but we're also here to protect our citizens and make sure we have the most competitive rates that we can get for our community. And that's what we're going to do when that process occurs.

**Rene Flores:** Okay. Let me just, a follow up question. So with regards to billing, I think residential gets included in the water bill today. How do you see that happen on a commercial side? Would that also be a part of the water bill or...?

**Michael Thane:** No sir, so today residential will remain as part of the utility bill. Commercial will be handled separately by CTR. We wanted it that way because, okay, when a business signs up, CTR will work with them to get them the container and their frequency of pick ups. CTR will be responsible for the billing. If not, there would have been a lot of going back and forth. It would have been really hard and we determined what a lot of other cities are doing that have is gone to sole-source provider and many times, we've seen it both ways. The benefits outweighed, when it went to the provider, that was the most beneficial. We will keep an eye on all that though, like I said earlier, accountability, auditing, this is a contract between the City and CTR, so it's our job to make sure that the contract is going as we intended. So we will be involved, any and all times with their staff to make sure businesses are being taken care of and the service is right. If we see —we'll be out on the streets. We have a lot of vehicles out there. If we see something not getting picked up or something not looking right, trust me, the first call will be to CTR, "What's going on?" Because one of the big things I mentioned, is aesthetically we want the City of Round Rock to look good and we want that trash to be gone. And that's what businesses want. They want a good price and the trash to be gone. So we'll make sure we look at that.

**Craig Morgan:** Go ahead, Mayor.

**Rene Flores:** And I had one other question.

**Craig Morgan:** Alright.

**Rene Flores:** There were comments in the contract about there's a log of customer concerns, complaints that are kept on each, well, it was referencing this contract and I was curious, does that exist today for all of the providers? And is that something that we review on a regular basis, as far as those concerns against each of the vendors?

**Michael Thane:** Today, we have a log of compliance for residential pick up. We see that constantly. Commercial, I have no idea. There's five vendors working out there. I couldn't tell you right now who's picking up what. We're kind of out of the loop so there is no log, there's no Q.A., Q.C. There's no checking on how the commercial side's going. It's really just handled between the business and the provider that they picked.

**Rene Flores:** Alright, thank you.

**Craig Morgan:** Councilman Baker.

**Matthew Baker:** Michael, on this proposed contract and maybe even compared to what we do today. So if we have a container that, and I'm just talking about appearance sake, so sometimes you'll see these commercial containers are completely filled up, overflowing, and I'll see the truck come in and pick up the container and maybe leave some of the debris there. How is that handled today? How would that be handled under this existing contract as far as – Is that something that's addressed between CTR and the business? Do they have to... are they forced to get a larger container? Are they forced to get picked up more often? How do we deal with that issue now and how would it be dealt with under the current contract?

**Michael Thane:** So today that is totally handled between the provider, the hauler, and the business. Unless we get a call, right? If we get a call, and we get calls periodically from businesses, we'll start checking on it and then if we find out who the provider is we can make a phone call to them saying they have a 4-yard dumpster getting picked up twice a week. We're getting complaints that it's always overfilled, you know, etcetera. We will make that call. Going forward because we'll have more control – initially if you look at this here, that second line item; CTR rep. visit and survey the businesses. What their plan is, to go out there and visit with each business, and understand what their business is and right-size the right container that they need with the number of frequency of pick ups. That's why you'll see a rate schedule in there that has 2 yarder, 4 yarder, 6 yarder, 8 yarder, one time a week, twice a week, three times a week. So that's going to start day one. We will figure out a way going forward as far as quality control to make sure everything is going the way it needs to be going. We do not want trash on the street. If we get complaints, we want to hear about them so we can make sure CTR, they're dumping the dumpster and a large portion of it is not falling on the ground. We're not going to want that. So we will try to keep that open communication with them and daily so that everything remains good.

**Matthew Baker:** On looking at the rates, page, or I think page 27 – what's the comparison of the rates to the proposed contract versus similar sized cities? Have you done an analysis of that?

**Michael Thane:** Okay, page 27 is for the downtown district, that's the three blocks.

**Matthew Baker:** I'm sorry.

**Michael Thane:** But go to the very end exhibit.

**Matthew Baker:** Yeah.

**Michael Thane:** Exhibit I, Exhibit 1

**Matthew Baker:** Yup, okay yup, there you go.

**Michael Thane:** We did do some spot checking with another city and all the rates you see on this table are better than that city's rates that they have currently for their closed market provider. So that was one of the big things here, we wanted to make sure, and also I will say, that the numbers you see on this table here, Central Texas Refuse, has 660 accounts today. All 660 should be getting a reduced rate of what you see on this table. So that's a benefit. I cannot tell you the other four providers, what they're charging because it's negotiated between them, so I can't say that. But from the data we provided, the existing CTR customers will see a benefit and the neighboring city that we compared to, these rates are better than what they're charging today, based on our comparison.

**Matthew Baker:** Based on the slide in front of us, so curious how you came up with this schedule on the implementation. Is this something that you or staff worked out or is this something that you and the CTR discussed? How did this schedule get worked out?

**Michael Thane:** So we've had quite a bit of discussion on this topic so I will tell you CTR was pretty – they sat down, they laid out a pretty good schedule to us and it outlined everything they had planned on doing. They had a very aggressive schedule of getting it done in about 3 months and my first question was because if, you know, if we move forward with this I want to make sure that it goes smoothly and there's no hiccups. We get to that last date, I don't want a business not having a dumpster out back. So they had an aggressive schedule of 3 months. They laid out how they were going to

do it. They have a third party coming in to assist them, they've already got their trucks and containers ready to go. So I would say if you ask CTR, they plan on doing it in 90 days and getting it done. From a city perspective, we were a little bit more cautious. That's why you see basically a six month schedule all the way to April 30<sup>th</sup> because of, you know, November, December, we worry about when you're going to surveying everybody, are the, is the owner going to be there? Are we going to be able to get all those contacts? There is sixty days there, so that's quite a bit of time. CTR feels confident that they're going to get that done but just to add cushion we put in there a few more extra months just to make sure it goes on schedule. But that was a schedule that they created and then we shot holes in it and went back and forth and that's kind of where we've landed today.

**Matthew Baker:** Okay. Alright and then I just before Thursday, I'd like to get a briefing on the, on some of the things that came up about the recycling since we pride ourselves on that and I'm certainly a big supporter of that so let me get a briefing before Thursday.

**Michael Thane:** Yes, sir, yes, sir.

**Craig Morgan:** Councilmember Ly.

**Michelle Ly:** I think Waste Management mentioned that they do composting with like Dell Diamond and other commercial providers, this is something that CTR will be able to provide and will anybody lose any type of services that they're currently provided?

**Michael Thane:** No, in the contract we talk about trash specifically and recycling. But we have conversation with them that whatever the businesses are getting today we expect that same level of waste disposal. If it's medical waste, if it's composting, if it's whatever and CTR is going to work with that provider. So when they go survey them they're going to talk to them trash, recycling, composting, what are their needs and there are expectations that CTR will meet the needs of the businesses of our community. If they want composting, then CTR has to provide that. Dell Diamond's a prime example of that one.

**Craig Morgan:** Councilmember Stevens.

**Kristin Stevens:** I just to be clear on what Councilmember Ly said because that was one of my questions too. The services that are being provided to the commercial businesses in our city will, they will get the same level of service whether it be composting, recycling, whatever?

**Michael Thane:** Yes, ma'am.

**Kristin Stevens:** Correct

**Michael Thane:** Yes, ma'am.

**Kristin Stevens:** Okay and then Mayor Pro-Tem Flores mentioned the log and you said we don't keep track of that but did you say we have a survey that we do every couple years about satisfaction?

**Michael Thane:** Yes.

**Kristin Stevens:** Can we get something?

**Craig Morgan:** I'll address that.

**Kristin Stevens:** Okay.

**Craig Morgan:** I asked Will Hampton on that so since 2018, they've been over 80% satisfaction from the citizens.

**Kristin Stevens:** Okay.

**Craig Morgan:** And it's only behind police, fire, and parks.

**Kristin Stevens:** Okay, perfect. Is that, can we get that?

**Craig Morgan:** Oh yeah, I'm sure.

**Kristin Stevens:** In an email or something? It's on the website, okay.

**Craig Morgan:** It's the biannual survey, is what they're talking about.

**Kristin Stevens:** Okay, perfect. And my other questions have already been answered. Thank you.

**Craig Morgan:** Councilmember Ortega.

**Frank Ortega:** Thank you, Councilman... Council woman, Stevens, because that was one of my questions also about the survey. The other question is I have is that the contract provides for Commercial. It's going to be within the City of Round Rock, will that because I know we have businesses in the ETJ areas, will that take care of that or is that going to be something separate that is going to still be everybody who wants it can have it?

**Michael Thane:** That's separate. This contract is just for in the City of Round Rock and our residential contract we have today is just in the City of Round Rock. So if you're a Municipal Utility District, they negotiate their own contracts. This contract is only City of Round Rock, commercial and residential.

**Frank Ortega:** Thank you for clearing that for me.

**Craig Morgan:** Any other questions? Yeah, I think that along what Councilmember Baker's said I would be interested in the recycle. I know Michael addressed it but definitely want to, you know, pretty extensive – I haven't seen this until this morning but a pretty extensive email about that. I definitely want to look at it. I think CTR has been a great partner of ours, you know, I don't – they been with us for over 30 years. They've always been responsive, their surveys I think continue to be high. They, you know, they have over 30% of the commercial already. You know these, you know this, I can appreciate all the arguments, I'm in a similar business and sometimes we get bid out and sometimes we are the fortunate one. And when you're on the side of getting the contract you don't have the same arguments that you do when you're not on the right side of those contracts. You know, I think that they have, you know, they've earned the opportunity and this is the direction that the city wants to go in then they've earned that opportunity to have the first bite at it. Again, there's number cities, there's bigger cities that do it. I think that Sugarland at one point was a sole source city there. They're much bigger than us. I don't know if some cities in the metroplex probably, you know, I'm not counting the New Yorks and the Los Angeles of the world, you know, and so this has been something we have talked about for two years, kind of looking at and seeing. I can promise you that if the service isn't provided or we get a lot of complaints then, you know, this will be, you know, the contract allows us to get out of it. But I don't have as much concern about that. Like I said, I think they done remarkably well. I think that also as they go through their transition phase, that if something, just like any other thing they've done in the past, if it doesn't work or there's something that they can't meet, I think that they will be up front with you to try and figure out what is that solution. And so, you now, but I do think with Councilmember Baker's point, just some kind of update on what's kind of going on, I agree, you know I don't buy too much into KXAN stories. We know how they are. But I think that we definitely need an answer on kind of what's going on with that. We've had a couple people that had brought that up so. Are there any questions? Anything else? Alright, what will happen on Thursday night for all the people in the audience, we'll, you'll publicly speak on the agenda item. As you can see, just in fairness to you, everyone in the audience, probably from E.1 to F.3 will take a little time, 20, 30 minutes maybe a little bit more. So you don't have to be here right at six but that'll go first so, just so everybody is aware. Then what we'll do is, we'll let, what' we'll do is we'll take public comments on H.4. So just put down that you're here to speak on H.4, we know that it's for H.4, H.5, and I.1. So alright, any other questions?