

11-4-2021 Round Rock City Council Meeting

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*)

Begins at 1.32.26 of the video.

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

Michael Thane: This item is related to the commercial solid waste program in the City of Round Rock. We have been talking about this, and looking at making potential changes. Very important that we looked at it hard because businesses are very important to our community, and whenever we look at that we want to make sure we look at things in a way that helps the businesses the best way possible and provides the best service for our community. So this topic is about the commercial solid waste program. I'll first kind of talk about what our current program looks like, and then I'll talk about what the proposed changes would be. The current program is an open market where we have five vendors that currently pick up commercial solid waste in the City of Round Rock. As you see here, here are the four current vendors that are licensed with the city; they have a franchise agreement to work in the city and pick up garbage and recycling services. There's about 1,672 total commercial accounts in the city, and there's the breakdown of the five commercial accounts. When you have five vendors working throughout the city, as you can see, there are a few potential things that we wanted to look at to see if we can make the program better. One is, when you have five vendors, let's take a strip center for example. You can have multiple different dumpsters located at that facility, and that's what we have in the city today. So if you drive around you will see multiple dumpsters located throughout the city. With that, duplicate routes. Those five trucks are all driving down the streets, you know, various times of the day, and all over the town. With that you have excess wear and tear on the streets, and things like that. And then air pollution comes along with these large trucks. Less accountability. The City has no control over that at all. The businesses have an agreement with the business and if there's any issues, and the City does get called from time to time, we cannot really help them because we do not know who their vendor is at the time. We would have to go out there, see what their dumpster is, and help them with that. So that's some of the issues with the program that we were looking at. Is there ways to make improvements?

Here's a couple of slides. Here's an aerial photograph of a strip center. Just an example. The different color codes you see here are the different vendors/dumpsters at this complex. There's three different ones at that location. So when the trucks come in, they're driving across the parking lot, they're doing those things. Today there would be three trucks coming through this facility at various times. Another example that we have today, as you see the picture here. A number of different dumpsters; different colors, different vendors, all stacked up here. So that's the current program. We're looking at a proposed new program, which would be a single provider that works in the city. What are the advantages of a single provider? Cohesive planning and management. We would, the City would have a contract with that provider; we would be working directly with them, managing the program on behalf of the City to help our businesses as best we can. Consolidated routes. So we would have one truck running down the streets at any given time, that would be picking up every business when they're doing that. That brings fewer garbage trucks on the roadways which helps delay future street repairs; not causing street repairs to need to be done sooner. Street repair work is a large cost to the City repairing the streets. The General Fund has to pay a lot of money to keep the streets up, so anything we can do to help with that.

Reduces carbon emissions with less vehicles. Unified collection containers and dumpsters. Back to the example I just showed you. Now we would go to one single provider with dumpsters. Another advantage of that, once those dumpsters get in place, we will look at comingling opportunities. Can we go in there and put one large dumpster where all of those businesses can use it? From a visual, aesthetically appealing, a lot more better than what it has today. That's a big thing for the City. We want Round Rock to look good for our community. Establishes economies of scale. With that, when you have one vendor go into the businesses, all of them, there are economies of scale because they're stopping at every business. Today, an example, they can be stopping at every fifth business. So now you have one truck picking up all the garbage and in this contract we feel really good about the cost that we've negotiated, and with that, that is a benefit to our business community. We want to do everything we can as a City to help our businesses be as successful as they can, and that's what really started looking at this program and we see a lot of benefits, as you see here on this page.

Health and Safety. Obviously any time you're dealing with trash and all those types of things, we want to make sure everything is going smoothly from a health and safety perspective. And then the last item is the oversight and accountability. This would be a contract with the City of Round Rock. We would make sure things are occurring as we expect them to occur, and we would be auditing and overseeing that to make sure the trash is being picked up in the community in a fast and efficient way as possible. Why are we recommending Central Texas Refuse for this contract? They've been the residential provider for over 30 years in the City of Round Rock. Right now they are the only contractor that picks up all single family residential properties in the city. We do a biannual survey in the City, every other year and they have received very positive results on their performance. Very high results, as we talked about the other day. Police and Fire are way up there, and Parks, and then you've got the Trash is right there with them, which is very, very good. And that was very important to us. We want to make sure we team with a contractor that aligns with our philosophy in this community, and they've shown that over the years of being very, very good partners with the City. They currently have approximately 40 commercial of the customers; so that slide I showed you earlier. They are around 600 an something accounts out of the 1,600.

With a single provider you integrate the commercial and residential routes. Another benefit, when those trucks are picking up in a residential subdivision, if commercial properties have containers like you do in a residence, they can also pick up those so, we're just integrating everything together with one provider, and hopefully we'll get everything picked up quicker and more efficient in the city and everybody can benefit from that. Tonight it's November 4th, if Council approves the contract, here's kind of a little bit of an example of the transition plan going forward. In November and December, Central Texas Refuse would go out and visit with all the commercial businesses over the next two months. Go door to door, go talk to them, and survey them. Find out what their trash and recycling needs are so that then they can order the containers and the trucks that they need to do the work. And make sure that they find out what kind of... how many pick ups do they need a week? How large a container do they need? And they'll take all that data and that will be the roll off plan starting in January, February, March, as you see there. They're ready to go, they have some new trucks that they want to buy, the containers are ready to be ordered. So that would all take place here in November, December.

And then the transition of businesses over to the new vendor for all commercial would take place in that January through March timeframe. April 30th, as I stated earlier, we have five franchise vendors working today. April 30th is when those franchise agreements would terminate. So basically, you have to have a franchise agreement to pick up trash in the city. Once that date hits, then they would no longer be able to work in the city. Central Texas Refuse would be picking up all the garbage and trash in the commercial properties. That also includes multi-family, industrial properties as well under that grouping. In the contract we have negotiated rates for all of these different services. We have also stated in there that there will be no change in those rates all the way through September of 2023. So the contractor cannot come to the City and the City Council and petition for a rate increase prior to September of 2023. After that they can petition, potentially up to once a year, they can petition. The way that process works, they will look at their numbers, they will come to the staff and we will evaluate them. It will base on a CPI and the baseline rates have been established. And whatever the CPI is, we'll look at that with them. If we're good with the potential rate change then we

would bring that to Council. So going forward, Council would be responsible for approving any potential rate increases in the future. That's kind of the program before us tonight. A change in the whole program. So I'll be happy to answer any questions now. Mayor, if you want to open it up to the public comment.

Craig Morgan: Yeah, I think what, if it's alright with everybody, I think we'll do all the cards that we have. And then we'll, that way we'll have questions throughout, you'll hear what some of them have to say. And then we'll get back up and you can respond. Alright, just like we did, I think there's some repeats. Three minutes. Keep your comments to three minutes. When the button goes off I will hold you to the three minutes. If you're about to finish up a statement go ahead and finish it. I'm not going to sit there... but don't go on for another two or three minutes. Also, since this on the Agenda, you can be asked questions from up here, and so be prepared for that. Alright, John Harris.

John Harris: Good evening Mayor, members of the Council, I'm John Harris with Waste Connections Lone Star Inc. Earlier this afternoon I emailed you all a petition that I signed that formally states some of the arguments, and basis of the arguments that we have. I'm here to – and I do have copies of that if you need it, but I know that you all got it, so we can spare that. I am here to say that, I'm asking you all to please reconsider before voting in favor of this, for a number of reasons. One of those is in the essence of fairness. We have been here for over 20 years servicing the commercial businesses in the City of Round Rock. We've been honored to be of service to the community. We've been the provider of choice for nearly 200 commercial businesses as of today. And seemingly overnight that choice that people have made to go with Waste Connections is being taken away from those businesses. Over those years we've invested quite a bit of equity both in the form of financial capital for the equipment, the trucks, putting people on the job to service these commercial businesses. We've also put in a lot of sweat equity, building relationships with these businesses. That's part of the value that we've been able to provide to these companies who need a service that doesn't just have trucks and equipment behind it, but also people and representatives who can come out and resolve issues. Openness is also a main value that we've grown accustomed to seeing in working and partnering with the City of Round Rock as a non-exclusive franchise holder. Openness doesn't seem to have been something that has been part of this process. It was quite clear that something like this could have been brewing back whenever the non-exclusive franchise agreement was taken from a five-year term to a one-year term. We asked what was going on. We didn't really get a clear answer, it was just 'we wanted to keep options open.' That would have been a great time as one of just a handful of partners, to be able to get some information and would have given us the opportunity to come to the table and be collaborative with you all, and possibly bring some ideas that could add value to the community as you guys are trying to resolve these issues. It doesn't seem like anyone else knows. I've yet to encounter a Waste Connections customer that knew about this, even though things were posted publicly, which I'm sure they have, this is obviously a public meeting. Doesn't seem like a lot of people have really gotten the memo, and understand exactly what their new rate is going to be if you do vote in favor. It also doesn't feel like this is in the best interest of the people of the community, of the City of Round Rock. The business owners, people who we partner with, at least. Not everyone, I believe, is going to save money by going to this. There was a claim made in the last meeting that every one of, at least CTR's existing customers, is going to see a reduction in their bill. I don't think that was a deliberate mistake, but I don't believe that to be true. And also I don't think that we're quite prepared to go through this transition because of the number of containers, who all has recycling versus who has trash. A lot of information is missing in order to be able to follow through on this and make an effective transition. So, I ask you all to please reconsider. It's in the best interest of businesses and if nothing else, afford yourself some more time to evaluate this information. Thank you.

Craig Morgan: Any questions for Mr. Harris? I have a couple, real quick, and I didn't get to ask you on Tuesday. Do you have exclusive contracts in the state of Texas anywhere?

John Harris: We do.

Craig Morgan: Do you make these same arguments against your own company at those cities?

John Harris: Not with those contracts. There's been a fair and open process that's been behind the award of those contracts in every one of those cases. And I think that's the main distinction here. If the City of Round Rock does go exclusive I would just expect there to be a process behind that that includes everybody who's invested in being there.

Craig Morgan: Okay. Thank you so much.

John Harris: Thank you.

Craig Morgan: Victor Cornell.

Victor Cornell: Evening Mayor and Council. I saw most of y'all Tuesday so we don't need to rehash that, but, the only two things that I was concerned about are the accountability issue. I'm not sure we've got good accountability now, so I'm worried about not having good accountability later. And the full service – I didn't even know about no compost availability. A lot of our businesses could really use composting but now that's like off the table for five years, so you know, that's not great. But other than that, yeah, same stuff. Just be cautious before signing a five-year contract.

Craig Morgan: Thank you. Would you state your name and address for the record?

Victor Cornell: Victor Cornell, 2207 Boxwood Path.

Craig Morgan: Thank you. Any questions for him? Andrea Kilper. If I mispronounced that I apologize.

Andrea Kilper: No, that was right. Good evening Mayor and Councilmembers. My name is Andrea Kilper, I'm the Food Production Manager, I can't see everyone, sorry.

Craig Morgan: That's alright.

Andrea Kilper: Food Production Manager for the Round Rock Independent School District. I'm here tonight to voice my opposition to awarding CTR this no bid, long term, exclusive contract for all commercial solid waste and recycling services in the City of Round Rock. Round Rock ISD currently contracts with Texas Disposal Systems for our waste management, and coincidentally several of us from our District Sustainability Committee, which is a newly formed committee, a couple of years old now, we were able to tour their facility just this week in advance of kicking off our pilot program to compost food waste from our cafeterias in our schools. Composting is an initiative that we've been actively working towards for three years, and TDS has been the only viable partner that we have found with which we can execute this program. It's something that our students and our community members have been asking for and we are thrilled to finally be putting our plan into action. We're dedicated to reducing our environmental impact. This is a very big way in which we can do that, and our students are so excited to be taking part in this initiative. They're really fired up about this. We started it on Tuesday and they are 100% behind it and it would be a real shame to have to pull back, and back pedal, and say 'sorry kids, now we can't actually do this.' On our tour we saw with great transparency the dedication that TDS has for environmental stewardship and for doing things the right way. They are a vertically integrated waste management company with recyclable sorting, composting and landfilling, all operating in coordination at their facility. CTR, on the other hand, has shown a great lack of integrity regarding their commitment to environmental stewardship. In October of 2019 CTR was caught landfilling recyclable material by comingling Round Rock's solid waste and recyclables in the same collection vehicle. And again as recently as October of 2021, last month, more photographic evidence was brought to light allegedly showing massive amounts of baled, unsorted, single stream recyclables collected from CTR recycling facility being dumped at the Williamson County landfill by CTR trucks. Why should dishonest and environmentally destructive activity be rewarded with an exclusive long-term contract for all commercial solid waste collected within the City of Round Rock without any prior public discussion, any stakeholder input, and without any competitive bidding process? They shouldn't. I urge you guys to vote No to this resolution tonight. Thank you.

Craig Morgan: Any questions? Councilmember Stevens.

Kristin Stevens: How many of your campuses compost, in Round Rock ISD? Is it all of them?

Andrea Kilper: No, we're just getting started, and we are starting small with three campuses.

Kristin Stevens: And which ones are those?

Andrea Kilper: I'm sorry. They are Laurel Mountain Elementary, Spicewood Elementary and Pearson Ranch Middle School.

Kristin Stevens: Okay, so none of those are in the City of Round Rock. Correct?

Andrea Kilper: No.

Kristin Stevens: Okay. So this contract is for the City of Round Rock, and none of those are in the City of Round Rock, so I just wanted to clarify that.

Andrea Kilper: Okay, well I understood that their trucks would not be able to drive on the streets either, for any of our schools. We do want to roll this program out to all of our schools.

Craig Morgan: Only in the City.

Andrea Kilper: Okay.

Craig Morgan: Councilmember Montgomery, did you have a question? Okay. Thank you for being here. Ray Bryant.

Ray Bryant: Good evening Mayor, Council. For the record, my name is Ray Bryant and I am a representative for Texas Disposal Systems. Round Rock has not been out for bid for more than 20 years. The stated reason to negotiate a new contract without an RFP competitive process was because the current provider had a high score in customer satisfaction and their prices were low. In the new proposed residential contract, it looks the City receives the exact same services that's under the current contract, and the previous contracts going back over 10 years. It is not necessary to have an RFP process to understand how the marketplace has changed, evolved, expanded, and what services are now available to the cities and customers in 2021. TDS recently completed an 11-month intense negotiation with the City of Georgetown. We also completed a similar process with the cities of Kyle, Buda, and others. And in the cases the staff did extensive research in the marketplace. In each of these cases and many others, the scope of the contract was extended, and it included things like the choices of cart sizes; opportunities for leaf programs that divert from the landfill; materials from the Citizen's Collection coming back to the City in the form of mulch, compost, precast concrete items made with recyclable glass; enhanced educational programs; free apps to download on your phone with reminders for service days and recyclable items; free pilot program for third cart composting; free discounted materials for City parks, free use of TDS facilities for staff retreat and other uses, just to name a few. All of the cities that we have negotiated with have added many of these services to their packet. The City of Round Rock has none of these in their new contract. It appears you have the same services you had 15 years ago. Now just think about it for a moment. Do you have the same cell phone you had 15 years ago? Do you have the same internet connection that you had 15 years ago? Do you have the same computer that you had 15 years ago? You basically have the same curbside waste and recycling services you had 15 years ago. We have invited your staff to tour our site to understand what our capabilities are. None of them have done this to this point. We still have an open invitation to the City Council members and to the City staff. There is no rush to make this decision tonight. Please do your due diligence prior to moving forward to make sure you have the absolute best deal for the City and citizens of Round Rock. Thank you for your time.

Craig Morgan: Anybody have any questions? Councilmember Ortega?

Frank Ortega: Are you speaking on behalf of TDS? Am I hearing that correctly?

Ray Bryant: That's correct.

Frank Ortega: How many exclusive contracts do they hold right now?

Ray Bryant: Cities?

Frank Ortega: Yes sir.

Ray Bryant: We have 37 cities. And HOA's as well?

Frank Ortega: I'm not concerned about HOA's.

Ray Bryant: Okay. Yes, we have 37 cities, 38 cities.

Frank Ortega: Is the City of Georgetown one of them?

Ray Bryant: That's correct.

Frank Ortega: Thank you sir.

Ray Bryant: I also, Mayor, you should have a spreadsheet where comparison of the Round Rock, yes ma'am, and Georgetown. Any other questions?

Craig Morgan: Thank you sir. Jay Howard.

Jay Howard: Good evening Mayor and Council. Again my name is Jay Howard, I'm with Texas Disposal Systems. At Tuesday morning's meeting it was stated by one of our competitors that the contract that you're considering tonight is weighted very heavily in favor of the contractor. Having reviewed hundreds of these contracts over the years I would have to agree. A couple of things that stuck out to me. The contract is between the City and Central Texas Refuse, LLC but as you all are aware, last year CTR was purchased by a Florida company called Integrated Waste Solutions Group. Mr. Lavengco is the President and CEO of IWSG, according to their website. Based on this, I'm wondering why the City's contract isn't with IWSG. I'm assuming it's probably for some liability purposes. But why is IWSG wanting to limit their liability in the City of Round Rock? In Section 2, under Definitions, of all places, it states that Balcones Recycling guarantees 'contractor and all affiliates processing and marketing of 100% of recyclables collected and deposited at any of the Balcones Recycling Facilities, as current contract stipulates.' I'm not certain what contract that's referring to, but what are the stipulations to that contract? It's not clear. What are the penalties for noncompliance? I don't see any. How is this to be measured and enforced by the City staff? I don't see a mechanism in the contract for that. Then in Section 8.2 the heading reads 'Disposal of Recyclable Materials Prohibited' but the language under this heading doesn't actually prohibit the disposal of recyclable materials. In fact, it doesn't even address that. Given the current circumstances, maybe it should. And as it stands, when you consider Section 35.8, there is no prohibition and there is no penalty for such acts. Then in Section 5.2.2 you've got the automatic renewal language. Here you have the 'evergreen' renewal language that's clearly very good for the contractor. Our company has 35, 37 city contracts and more than 200 contracts with MUDs and HOAs, and we don't have a single contract that has such language. I find that highly unusual. Then in Section 20, under Service Rates, the rate adjustment language appears. This is by far the most unusual and confusing rate calculation language I've ever seen in such a contract. First of all there's no annual cap on such an ask. Then it outlines how 60, approximately 65% of the rates are 'based on the operations, overhead and profit, which may be modified' at some time, but, based on what, it's not clear. What are the modifications based on? That's also... it doesn't say. Later it does mention CPIU and what it calls 'other factors which may contribute to adjustment' to a rate, but it doesn't offer a formula for how CPI would even be used. So however it works, it seems that the City would be obligated to, as the contract states, 'not unreasonably refuse such a rate increase if it were petitioned for.' So, thank you for your time.

Craig Morgan: Any questions for Mr. Howard? Councilmember Ortega.

Frank Ortega: Sir, correct me if I'm wrong, but aren't most of our waste facilities regulated by the state?

Jay Howard: Waste facilities? Yes sir.

Frank Ortega: Okay, so the penalties, if any, are created, would then be done by the state?

Jay Howard: The item that I was speaking of has to do with the disposal of materials collected as recyclables. In other words, it's collected as a recyclable material but it's actually disposed of in a landfill. My point was that there's no penalty in the contract that the City could assess to contractor if in fact they were caught doing something like that.

Frank Ortega: Got 'cha. Thank you.

Jay Howard: Yes sir.

Craig Morgan: Any questions? I have one real quick, Mr. Howad. So your contract you just signed in Georgetown is for 10 years. Right?

Jay Howard: Yes.

Craig Morgan: With two renewals for 5. Right?

Jay Howard: I believe so.

Craig Morgan: Okay, so a 20-year contract, in essence.

Jay Howard: In essence.

Craig Morgan: Okay. Thank you.

Jay Howard: Yes sir.

Craig Morgan: Alright. Paul Daugereau. I probably butchered it again. I'm sorry.

Paul Daugereau: It's okay. Good evening honorable Mayor and Council. My name is Paul Daugereau. I'm the Waste Management Public Sector rep in Austin. Thanks so much for having me here tonight. I appreciate it. Waste Management has serviced Round Rock customers for over 20 years now. We currently service approximately 600 customers within the city, each with its own individually negotiated contract, with different terms and different contract rates. At this point it does not appear that these customers know of the potential changeover that's occurring. Many of the current customers Waste Management services in Round Rock are compactor accounts. There are many varieties of compactors but the main two are stationary and self-contained. Stationaries have two parts; the compactor and the receiver box, which is switched out during the service. Self-contained compactors are one piece of equipment that are used primarily for schools, resorts, hotels, hospitals and grocery stores. These compactors are sealed to prevent leakage and must be hauled together, dumped, and then replaced. Waste Management has several of these high-profile accounts in Round Rock. The reason I bring this up is because I cannot find any pricing for self-contained compactors, or any rental rates for either type in the current pricing schedule in the contract. I can only locate hauling pricing for receiving boxes for stationary compactors. This could become an issue during implementation and is something Council should further review before entering into a new contract. Switching out dumpsters is a fairly easy process, but purchasing and installing compactors is a much more difficult, and where a company could run into issues during the implementation, especially on this scale. It also should be noted that waste haulers typically do not rent equipment unless they are the actual hauler. Today I'm asking you to put out an RFP for these services. It is the only fair way to proceed for your business community. If you will not agree to put out an RFP, I recommend at least tabling this item tonight to ensure that contract is complete and has not left out any essential items that may cause confusion during the implementation. Thank you.

Craig Morgan: Any questions? I have one and I won't... but first of all I commend you for your service to your city, that you represent on your City Council.

Paul Daugereau: Thank you sir.

Craig Morgan: 'Cause it's tough and you know what it feels like...

Paul Daugereau: I do know exactly what it feels like to be up there with you guys.

Craig Morgan: ...but you serve on a City Council that has a closed market. Right?

Paul Daugereau: That's right.

Craig Morgan: Are you in favor of an open market?

Paul Daugereau: Well I will tell you, our city started as closed market a long, long time ago when it was a very small city. To try to change something at this scale is something, if I was on the other side of this dais, I wouldn't take on. It's going to be tough. You're going to get, like I said last time, there's going to be a lot of complaints and they're going to come in your direction. I'm sure that these guys are going to do their best to do a great job for you, but it's going to be a huge process. So that's why I'm here to tell you, if I was on the other side of that dais I don't know if I'd be taking this on. So...

Craig Morgan: But that city is fast growing now.

Paul Daugereau: We are fast growing, but everything is already in place.

Craig Morgan: Alright. Appreciate your service. Councilmember...

Matthew Baker: It's a good perspective, especially with your experience. So, does Waste Management have sole contracts with its cities?

Paul Daugereau: We do have sole contracts and from what I, the ones that I manage, they are smaller cities, and we do have sole contracts, but, like I said, they started out small and grew up. I haven't seen anything on this level of change, and I wouldn't want to do it.

Matthew Baker: So fundamentally, I want to make sure I'm hearing you correctly. Sounds like you're saying fundamentally you'd be against sole source contracts, then.

Paul Daugereau: Well, if I was managing a city of this size and I was on the dais, I would be against it.

Matthew Baker: Okay, and again, in all fairness, if Waste Management were offered this contract, they'd say no.

Paul Daugereau: Oh I'm sure that we would absolutely go for it too. But on the same vein, I see things from both sides of the Council, and from the dais, and it's going to be tough, guys. I'm just being honest with you.

Matthew Baker: I don't disagree, but I just want to make sure I understood you correctly.

Craig Morgan: And you do have two, that I'm sitting here looking at, that is in Lewisville and Cedar Hill, which are both very big comparable cities, that is closed sourced.

Paul Daugereau: Right, we're not currently in Lewisville.

Craig Morgan: Okay.

Paul Daugereau: Thank you.

Craig Morgan: Alright, thank you. Adam Gregory.

Adam Gregory: Good evening Council, Mayor.

Craig Morgan: Good evening.

Adam Gregory: Adam Gregory with Texas Disposal Systems. I hope you've had the opportunity to review some of the photographic evidence that we sent you on Monday and I presented to you on Tuesday morning. As you can see, we've enlarged some of the photographs so that you and the public can see just what material has been landfilled by CTR on a systematic and regular basis since at least August when we first became aware of it. I heard the representative of CTR on Tuesday and I've heard the representative of Balcones in the media categorically deny that they were landfilling recyclables. I can assure you, and the public can see with their own eyes, if they look at the evidence that we provided to

you that those representatives of CTR or Balcones are either misinformed or they're making false statements. The pictures tell a totally different story. Some of these photographs were taken by myself. Some were taken by my colleagues at TDS. And some were taken by others engaged by TDS. I assure you the time, location and content of these photographs can be authenticated. I hope that you and the City staff will be interested in doing so. I want to remind the Council and the public of the language contained in the current contract between Round Rock and CTR. On page 5, 'neither contractor nor recyclables processor shall discard any portion of the collected single stream recyclables unless it makes up a de minimis amount.' Again, I urge you to look at the photographs. You can see the bales loaded into CTR roll off containers at the Wilco MRF. These are bales, unsorted single stream material. These containers were then followed down, just down the road to the Williamson County Landfill. CTR dumpster dumping the bales. These are then compacted and buried. These are bales of single stream recyclable material. You can see aluminum cans, milk jugs, paper, cardboard, all other sorts of valuable recyclables that ought to be recovered. You can see it clearly right in the photos. These are not bales of residual or contamination. These are valuable recyclables being dumped in the landfill. It appears this is a clear violation of their contract and what we consider a clear violation of the public trust. I respectfully suggest to you that this behavior should not be rewarded with a long-term exclusive contract. Especially without a procurement process. I'll finish with a question. If the actions of CTR and Balcones at the Wilco MRF are completely above board as they've claimed, then why did they stop hauling this material to the landfill immediately after we presented our evidence on Tuesday? Thank you, Council. I'm happy to answer any questions.

Craig Morgan: Yeah, any questions for Mr. Gregory? I got one.

Adam Gregory: Yes sir.

Craig Morgan: I've never been to your facility but where is your landfill and recycle? Are they together? Next to each other?

Adam Gregory: They are near each other, yes.

Craig Morgan: Fenced off?

Adam Gregory: We have a 2300-acre facility.

Craig Morgan: Is it fenced off?

Adam Gregory: There is a public...

Craig Morgan: Not where you can't see it from the public?

Adam Gregory: There is a public road between the two facilities. Yes...

Craig Morgan: Alright.

Adam Gregory: They are on opposite sides of a road.

Craig Morgan: Alright. Thank you.

Adam Gregory: You bet.

Craig Morgan: Oh, hold on. I'm sorry.

Kristin Stevens: Sorry. I'm learning all of this. I'm learning a lot about garbage. That stuff that you said was bundled and taken to the landfill that was not contaminated. How do you know there was nothing contaminated in there?

Adam Gregory: I can, I'm very familiar with single stream recycling. You can see large amounts of aluminum cans, milk jugs, paper, cardboard. It's very clear that its unsorted single stream. Contamination looks like film plastic, things like that. Food, trash...

Kristin Stevens: I've got kids. I know what they accidentally stick in the recycle bin when our trash can's full. I get it. We work on that together all the time. But, you didn't test it. You didn't go in, sneak in and dig through it to make sure it wasn't contaminated.

Adam Gregory: It's very clear from the pictures that it is clean, recyclable material.

Kristin Stevens: Okay. Thank you.

Adam Gregory: That ought to have been recovered.

Kristin Stevens: Okay. Thank you.

Craig Morgan: Any other questions? Thank you Mr... oh, Councilmember Ortega. Sorry we keep letting you put them down.

Adam Gregory: Yes sir.

Frank Ortega: Going back with Councilwoman Stevens' question. Contaminated. Could that be that food had gotten onto it or something like that, that may have stuck and could not get off of there? I mean obviously from a bale in a photograph taken from a distance there, doesn't show me what your trying to explain.

Adam Gregory: Sure, and I'll explain that. In any recycling process there will be trash in there that shouldn't have ever been in there. And there will be certain small amounts of recyclables rendered unrecoverable by those other materials. The volume of material that is at this facility that has been baled up as quote, unquote, "contamination" is far out of proportion. Your contract allows for a de minimis amount to be disposed of for those very reasons. If you look over time at the photographs and if you look closely at the package of photographs we showed you, you can see the amount processed material very, very slowly accumulating at their facility. Now the unprocessed material, the baled material that's being baled up, put in the roll offs, and taken to the landfill, and I followed some of those roll offs myself from the recycling facility to the landfill. The proportions are entirely out of whack. It seems the majority of the material coming out of that facility is going to the landfill when it should be a very small percentage.

Craig Morgan: Councilmember Baker.

Matthew Baker: Mr. Gregory, so based on your experience, and I'll lean on that a little bit, is it kind of your perception that what some of the stuff that you saw had not been sorted at all? So would it be fair to say, and I don't want to put words in your mouth, but would you say that there had been no determination if it was contaminated or not? It was just recycle material baled up and hauled? Or is that not what you are saying?

Adam Gregory: No, I fully agree with that statement. These bales clearly appear to have been unsorted single stream material that was simply baled up and thrown away.

Matthew Baker: So, in your opinion no determination had been made whether it was contaminated or not at that point?

Adam Gregory: Absolutely not.

Craig Morgan: Any other questions? Alright. Thank you. Bob Gregory.

Bob Gregory: May I give you a handout?

Craig Morgan: You can just set it right here and we'll pass them out.

Bob Gregory: Thank you.

Craig Morgan: Thank you.

Bob Gregory: I think I'm the last speaker for Texas Disposal Systems.

Craig Morgan: No. Oh, I don't know if you are the last speaker or not.

Bob Gregory: Okay. If I'm not I apolo... never mind. Good evening Mayor, Councilmembers. Thank you for the opportunity to address you and to urge you to vote No on agenda items H4, H5 and I1. I would like to reassert the comments you allowed me to give on Tuesday morning at your last meeting. I'm Bob Gregory, founder and President and principal owner of Texas Disposal Systems. TDS has serviced Round Rock businesses for the past 43 years. We only heard last Friday afternoon of this complete City elimination of competition between solid waste service providers within the City, meaning all restaurants, multi-family complexes, industries, schools, churches and all other businesses, except at least initially temporary construction roll off services, could only be served by one hauler, Central Texas Refuse. The handout I provided you includes the email I sent to you on Monday evening and handed to you Tuesday morning, as well as some other tabs. Under Tab 1 are the photographs that Adam was just talking about, and that we talked about on Tuesday morning. Under Tabs 2, 3, 4... 2, 3, and 4, is the June 25, 2021 news coverage of CTR's deal with Balcones Recourses to operate the CTR Wilco Recycling Facility and reporting on the new ownership and control of CTR and the majority ownership of Balcones. TDS believes Round Rock residents and business owners should know if the business practices of CTR and Balcones have been radically changed by the company's new ownership and upper management teams. The City stakeholder process, followed by an RFP process with a stakeholder scoring and public presentations, would allow the contract requirements and terms of the deal to be customized to fit the specific needs of the City and its ratepayers. There simply are not problems with the existing non-exclusive commercial haulers franchise system. Certainly not problems sufficient to justify the City's termination of all private haulers contracts within the City and end the competitive market with no advanced notice to its excepted parties. We haven't found a single TDS customer who's had advance notice of this action purposed tonight. TDS has provided solid waste services again to businesses in Round Rock for 43 years. I respectfully submit that it is just wrong for the City staff to provide TDS, and the other 3 commercial haulers with non-exclusive franchise agreements with the City, less than a week notice. I have some more but I'll respect your time.

Craig Morgan: Alright. Thank you, Mr. Gregory. Any questions for...

Bob Gregory: I'm happy to answer any questions.

Craig Morgan: Yes, any questions for Mr. Gregory? Yeah, Councilmember Baker.

Matthew Baker: Hey Mr. Gregory, thank you for being here.

Bob Gregory: Thank you.

Matthew Baker: In the packet you handed out, I know a little bit about waste and recycling but I'm a little rusty and I wanted to do some research before, after I heard your comments on Tuesday. I certainly take your allegations seriously. Trust me on that. When it comes to recycling, y'all recycle right? I mean you have recycling at TDS. Correct, right?

Bob Gregory: We have a MRF and we recycle a lot.

Matthew Baker: Yeah, yeah.

Bob Gregory: Yes.

Matthew Baker: How much of the recycling that comes into your facility gets taken to a landfill? I mean some of it's contaminated, what kind of percentage rates by volume or weight?

Bob Gregory: Different cities have different amounts. Overall, I think it's about 13 or 14, maybe 9 %, something around 15 or less...

Matthew Baker: Okay.

Bob Gregory: ...percent.

Matthew Baker: So...

Bob Gregory: That's with commercial. We process everything through a MRF. So that's commercial and many, many cities...

Matthew Baker: Okay...

Bob Gregory: ...put together.

Matthew Baker: Okay. And my research may be off. I think that nationally it's maybe higher than that, maybe 20-30% of recycled, stuff that's put in the recycle bin ends up going to a landfill because it's either the wrong plastics, it's contaminated, it's food byproducts like pizza boxes. So, but you do take some to the landfill, but it sounds like it beats the national average.

Bob Gregory: Certainly, some goes to the landfill.

Matthew Baker: Okay.

Bob Gregory: Some are higher than others. Nothing as high as what is coming out of the Wilco MRF.

Matthew Baker: Okay. Do you all, do y'all do all your own recycling?

Bob Gregory: We do our own recycling.

Matthew Baker: 100% of what you all collect goes to TDS or...?

Bob Gregory: We're in large areas. So, actually we may haul some in far distant areas, from Houston to Alpine...

Matthew Baker: Okay.

Bob Gregory: ...we service. But most all of it, we do it.

Matthew Baker: Okay. And then I was confused on Tuesday because I thought based on your comments, you were against sole-source contracts but TDS does have sole-source contracts with cities as well. Correct? So...

Bob Gregory: Over 30. Yes.

Matthew Baker: So, y'all aren't against that, it's just you're against the process, perhaps, that we're taking in picking a company. Correct?

Bob Gregory: We're not against sole contracts. We have over 30 of them. What we're so concerned about here is absolutely no consideration for what the 40 years of building up a business and spending the money on the accounts, the trucks, the goodwill, as mentioned earlier. And with really a lot of things that are not considered, chief of which is whether your material is being landfilled.

Matthew Baker: Mmhmm.

Bob Gregory: Of being, the recyclables are being landfilled. So, that's why we are asking for a public process. Most of these contracts that are single, franchised, what's my word?

Craig Morgan: Sole-source?

Bobby Gregory: Well sole-source is a different word but it's exclusive. Exclusive contract. Most of them are exclusive, have been for some time. They started with smaller communities, they don't have to but they can. But it's, it is a major, major issue to do that. It's also a major, major, major issue to go backwards if you're not happy with it. Particularly with an evergreen contract where you have to give two- or three-years notice...

Craig Morgan: Gotcha.

Bob Gregory: ...to do it. So, we're asking the process be, occur. We're asking that businesses and churches and school districts and everyone else, have a chance to weigh in. And that's our biggest deal with this.

Matthew Baker: Yeah, thank...

Bob Gregory: There's really been no consideration for any other stakeholders, part of which are the other four haulers.

Matthew Baker: Okay. Thank you for expanding on that because I got a lot of comments after Tuesday. A lot of email. And a lot of the comments were mistakenly assuming that we are going to go without any competition. When, I guess you can say it that way but, it's very common for many cities including your company and Waste Management to have these sole-source or exclusive contracts. It's not whether that's correct or not, it's the process I guess that I'm hearing more of tonight, of how we are selecting the company not that we are actually doing a sole-source contract.

Bob Gregory: It is becoming more and more common to have them. Cities need money and they want money. They're losing money in other ways with Uber and Lyft and cablevision and other things like that. In this case you have a 10% franchise fee from the non-exclusive franchise operators anyway. You're really not gaining anything. Actually, you're losing temporary roll off construction accounts. We pay a lot of money to the City right now for construction hauling. I don't think it's in the contract, it's not requiring a fee and it's not requiring control over the construction hauling. With this contract going into place, we will no longer pay a fee to the City for construction hauling because we won't have a franchise agreement. You're eliminating all franchises except one, and that's CTR.

Matthew Baker: Okay. Well, thank you for that response. I have been able to tour your facility, it's has been a little while, so maybe I'll get out there and get a more updated tour, but thank you for being here.

Bob Gregory: I hope you will. I hope all of you will come and see us, and I hope you'll give us some time...

Craig Morgan: Yeah, I got a question...

Bob Gregory: Anything.

Craig Morgan: So, for some of your sole-source contracts, I hear you, that, you know, these businesses have built good will, you know, you've put money into it.

Bob Gregory: Sure.

Craig Morgan: Was that a concern when you were getting a sole-source contract?

Bob Gregory: There is no question if you have the opportunity to get a sole-source contract and it is a sole-source contract you're not going to go out there and fight it. I'm a public interest guy, I'm a public process guy. I've argued for public process even when it benefited us to move forward. There's no question this needs a public process, particularly with the situation of the recyclables.

Craig Morgan: Did the...

Bob Gregory: Did that answer your questions? I don't mean to avoid your questions at all.

Craig Morgan: Yeah. You've been great. Did the 20-year contract that you just signed in Georgetown, did they go out for an RFP?

Bob Gregory: They've been out for and RFP several times.

Craig Morgan: But did they go out for that 20-year contract just this recently?

Bob Gregory: Not this last, they did 5 years ago.

Craig Morgan: Because they have a relationship with you, right?

Bob Gregory: 23 years, we've hauled their waste.

Craig Morgan: And CTR has a 30-year relationship with us. And so, it ironic that when these companies have relationships it's okay to continue the contracts and do stuff. But, when it's not going in your favor then you have some problems with, you know, how it's going about. But, you know, CTR has built a lot of goodwill in this city. I mean, their rankings have been hugely high for the biannual survey. I mean only behind the police, fire, and parks. I mean those are services that we are supposed to provide. I mean this is a contract that's come in, and you know how tough it is to be in the trash world. You've been in it for a long time. You know how citizens are, and businesses and so, I just think it's really kind of, it's not really that fair when you're sitting there saying that, you're almost like CTR has not built any goodwill in this city or done anything in this city. And, they've done a lot of goodwill and I'll give you another example. The winter storm, they came out and helped out citizens when we called them. And so, I just think we got to be a little bit more fair about this, you know, building the goodwill. I think y'all all do a great job for your cities because that's why the cities are doing it, and they see a lot of benefits, and every one of you haulers in here have a sole-source contract at a lot of cities around, so.

Bob Gregory: May I respond quickly?

Craig Morgan: Sure, go ahead.

Bob Gregory: Okay. Thank you. Tabs 2, 3, and 4 in the handout that you just have in front of you deals with the announcement of CTR's purchase by a large company. And, which is a wholly owned subsidiary of a very, very large NOVA fund. It's not the same company you contracted with 25 years ago. It's a different company a year ago. We have no idea what their culture is or what their dictates from the upper management are down. Apparently they're different, because things have changed a lot just within the last year. So, I think it's fair for us to point out that this is a different company. Mike is here. Mike's a good guy. Some of the drivers are here. We're all having driver challenges. The equipment is here. It's a different company, totally different ownership. So, I please ask you to give it a little bit of consideration of a very, very, different group of people that own, and upper management that controls, CTR and think about the weight of your step.

Craig Morgan: Thank you Mr. Gregory. Appreciate you being here.

Bob Gregory: Thank you for that chance to respond.

Craig Morgan: So, I have a, so, I think Rick Fraumann. I'm sorry.

Rick Fraumann: It's okay. Thank you very much. Good evening Mayor and Council, my name is Rick Fraumann, and I am the last speaker with TDS, so I'll tell you that. It's been stated that you have a responsive provider with low rates and that's why it wasn't necessary to look further, prior to making this decision to provide exclusivity in the commercial marketplace. And Mr. Mayor I understand in your full-time job you're an attorney. Some may ask 'Are all attorneys the same? After all, the law is the same so how could one attorney be noticeably different than anyone else?' The assumption tonight is that all commercial providers are the same. That nothing much of distinction is separating us, and this could not be farther from the truth. TDS was awarded the largest commercial account in Round Rock in October of last year. That is Round Rock ISD. 56 schools and more than 48,000 students. They chose us in an open RFP over their incumbent provider, CTR. TDS has the most comprehensive school recycling program in the state. We have over 246,000 students, 300 campuses, and 14 school districts that all chose our school recycling and composting program in an open-market RFP, over our competitors. Yes, we provide containers to each school and yes, we service them regularly, but that is by far the easiest part of our job and our commitment to the students. We provide a complete turnkey approach to maximize landfill diversion. We provide a TEKS approved, grade appropriate curriculum for environmental science that we developed. We train the cafeteria personnel, the janitorial staff, the teachers; we weigh the recycling, we weigh the compost, we provide reports measuring every school's progress. We take all of these materials to our site in Creedmoor for processing. And we have all the processing facilities to handle them. In the last four years alone we have diverted over 57 million pounds of material from the landfill. 2,886 tons of recycling and compost from these schools alone. And just so you know, the handout that you're seeing, the CTR price last year in the open market bid for Round Rock ISD was 93.5% higher than our price. And I also provided you with a tabulation of what we're currently charging in

the 5-page Excel spreadsheet with the contracted rates that are in your contract, and those show an 87% higher rate than the current rate. Now that may not be the actual final rate because in your contract there's nothing in there for compost. So I don't know if they provide the service, and if so, there's no one here that knows what the cost would be, so it could be even higher. It was stated that the new contractor would provide the same services that the existing contractors do. I am here to tell you that there's not one other company in this hall tonight that offers these services. We are not a commodity, and we are not all the same. Will you tonight demand these services be removed from the City's Round Rock ISD schools, void their competitively bid contract, while you almost double their rate at the same time? I hope not. Thank you.

Craig Morgan: Any questions for... how do you say your last name?

Rick Fraumann: Fraumann. Good German name.

Craig Morgan: Any questions for...? Alright.

Rick Fraumann: Thank you very much.

Craig Morgan: Thank you. Frankie Baylor, or Bates.

Frankie Bates: Good evening Mayor, and Councilpersons. I know the responsibility that's on your shoulders right now. I sat on for 6 years on the City Council for the City of Shiner, Texas. I also served in Lavaca County as a County Commissioner. Now I'm privileged to work with Texas Disposal and I'd like to impart some information about solid waste at the Dell Diamond. And I've asked Mr. Fraumann, who has compiled some information, if I can yield my time to him, I would appreciate that. Would that be alright, Mayor? Thank you.

Craig Morgan: That's fine.

Rick Fraumann: Thank you. I'm still Rick Fraumann. Thank you Mayor and Council, I wanted to talk to you about the Dell Diamond. In 2010 I approached, personally, the Round Rock Express with an idea, a concept. I'm going to call it, a dream. What if we could make the Dell Diamond the greenest stadium in all the minor leagues? What if we could do something together that would make the Dell Diamond an even better place to visit? My team at TDS spent a year researching every single cup, straw, plate, fork, knife and spoon in their inventory, to determine what was recyclable, and what was compostable. We presented our findings and our plan to the Express and they were very interested. But they had one concern; they had CTR service at the park and had experienced good service at low rates. But all they had was trash service. In fact, Reed Ryan told me a story about how when fans would ask him about their recycling program, he would say, "Did you see that catch over in right field?" and we laughed because he told me they had no recycling program. They were happy with basic service but they wanted to move forward and challenge the status quo. And TDS and Round Rock Express launched a program in 2012 that was revolutionary. I worked personally each of the first four games with our staff, training the brand-new green team at Round Rock. Training their employees, the food service company, talking to people in the suites and the fans. I ended up stationing myself in the trash dumpster the first two nights in order to make sure that the recyclables and compost didn't get put in the landfill. The Express sent out surveys and found that fans loved and appreciated the program. Every year we have improved the program that has brought Dell Diamond and the City of Round Rock itself national attention. Together we have diverted over 1 million pounds, 526 tons, in this long, fun, demanding, but greatly rewarding process. In fact, 2021 we had the highest diversion of any year. This is a massive success. This is unique. TDS is now the provider for UT Athletic programs and the new Q2 stadium. It takes a lot of work, vision and expertise. Has this now been our last season at Dell Diamond? Are you really sure that a company who has no experience doing this can jump in and perform at a higher level? And I would ask why should we be penalized for developing a nationally recognized program because there's a false assumption by a few, that anyone could do these things? I would tell you if the other company could do it, they would have been doing it before and they would be doing it now. We are not a commodity. We are a different model. We have a great stadium program that has taken a level of excellence and I would hate for something to happen to take that backwards, especially with something as treasured as the Dell Diamond. Thank you.

Craig Morgan: Alright. Any questions? Alright. Thank you. Robin Schneider.

Robin Schneider: Hi there. Robin Schneider with another good German name, with Texas Campaign for the Environment. I've heard in the press that staff referred to what was going into the landfill as possibly residuals, and that's what is the contamination that people have been talking about. The residuals is what it's called in the business. This is a picture of, taken at the Wilco facility. All of this is unsorted recyclables from people's recycling bins. And I understand that Balcones, CTR, that they have equipment, but to leave it outside, uncovered, destroys paper and cardboard. So in your new contract, if you should make the decision to approve it, you're supposed to be getting money for when the recycling is over \$95 a ton. This is a devaluation of those recyclables and money that would be taken out of your pocket if this should continue to occur. The other thing I wanted to show you is a picture of loads that were taken from CTR to the Wilco landfill. And here you can see all this cardboard. Cardboard is a very valuable commodity, and here it is at the landfill along with lots of other things that should have been recycled but that weren't, and this is very troubling. You know, I don't have the staff to be policing recycling facilities, and you folks probably don't have the staff to do that either. So when evidence comes to you of mishandling of materials you need to take it seriously, otherwise your residents and the businesses, if you force them to use this company, will lose faith in your ability to have accountability. I want to mention that on CTR's website it still says that it's 'family owned and operated.' That is not true, but it's still on the website. I looked on the website to see what do they have in terms of organics, diversion, composting. Not a word about organics and composting. And that is kind of the frontier. You know, there's nothing in the contract before you that will push the envelope. Why aren't your Round Rock residents getting organics diversion? Why are restaurants still putting organics in the landfill? These are valuable materials, and if want to talk about carbon, this is what causes the methane, when it gets in the landfill. So if you have environmental goals, you want to keep organics out of the landfill, yet this contract and this contractor has no experience whatsoever.

Craig Morgan: Okay.

Robin Schneider: We are not opposed to franchises and sole-source. I want to give you a report actually, that we did. I'd be happy to take some questions.

Craig Morgan: Councilmember Baker.

Matthew Baker: Ms. Schneider, you said you don't have a whole lot of staff but I'm just curious if you have any other experience with recycling facilities and if you do, do they store any of their raw, unsorted material outside? Or do most of them put it under cover right away? What's your experience?

Robin Schneider: Well if you have aluminum, you know, metals, that's fine. The value doesn't degrade if it's outside. But you don't want to store paper in particular, and cardboard outside without a tarp on it. That is throwing the value down the drain.

Matthew Baker: But is your experience that most recyclers do put it immediately...

Robin Schneider: I have never seen anything like this at a recycling facility.

Matthew Baker: Okay.

Robin Schneider: And I've been to Balcones Johnny Morris Road, I've never seen anything like that. I mean, I'm kind of a trash nerd, okay. I go to recycling facility when I'm on vacation in Thailand. Okay. Be careful if you get into this, Councilmember Stevens, it can be a really deep dark hole.

Matthew Baker: Thank you.

Craig Morgan: Any other questions? Councilmember Stevens.

Kristin Stevens: Yes, thanks. I do have a question though, so, you are showing these pictures and these... are they violations? Help me with the terminology and what that course is. So if they're doing something that's wrong, do you call the police? What do you do?

Robin Schneider: No, this is not a violation of the law.

Kristin Stevens: Okay.

Robin Schneider: But this would be, it, you don't right now with your residential contract, as I understand it, you don't get any return back, like Austin does get some money back when the recycling value is high like it is now. But under the new, the draft contract that you have before you, if the per tonnage is above 95, a blended 95 per ton, you split it

halfway with CTR. Well if they are not handling your recyclables and getting the value for them, they are robbing from you. That's the problem.

Kristin Stevens: Okay. Thank you.

Robin Schneider: It's not against the law. Our laws are very weak. You can throw recyclables in the landfill. It's perfectly legal. It's a bad idea, but in Texas, it's perfectly legal. Even, you know, yard waste. Other states, you cannot throw yard waste in the landfill. Again, it's the methane problem and it's using up space for something that's easily repurposed. That's not in your contract either. There's nothing about diverting yard waste even.

Kristin Stevens: Thank you.

Craig Morgan: Councilmember Ortega.

Frank Ortega: My question to you is, because you were showing those pictures ... Balcones' facility does not just have a client that's CTR. They have other clients as well, right?

Robin Schneider: Yeah. That's a big concern. Cedar Park and others. So, there's no way to know if, you know, how much of this came from Round Rock.

Frank Ortega: Right, and that's my next question, is that we don't know that the waste that you're showing us came from CTR who then... I guess what everybody is saying, that should not be happening.

Robin Schneider: No. CTR, you can ask them, but my guess is, CTR takes the materials from Round Rock to their facility under this new company that both Balcones and CTR were bought out by. They are going to that facility. Unless they tell you otherwise, I would be shocked, but you should ask them.

Frank Ortega: I will. Thank you.

Craig Morgan: Any other questions? I have one. So, you've answered one of my questions that, you know, you don't have the staff to, you know to, I would consider you a watch dog group, right? That you're trying to watch out for citizens and people, and all that. And so one of my questions was, well, we haven't had an email or anything from you, from even those pictures from in September, so then you answer the question that you just don't have the staff, to go and do all these things. I did look on your website. You do have events and stuff. Has anybody in this room given you any money for your organization for an upcoming event?

Robin Schneider: Well, both Balcones and TDS have been supportive of TCE. I was so disappointed. I mean, I've known Kerry Getter and Joaquin for a long time. I was so disappointed when I saw this and unfortunately, I think it's because these companies got bought out by people who don't live here, who don't care, who care about the bottom line. And that's, I think, a very unfortunate turn of events.

Craig Morgan: But it doesn't sway you to be here, with their contribution, which was pretty substantial compared to everybody else's.

Robin Schneider: Well, I mean, we've had very substantial contributions from TDS and from Balcones in the past, and from many others. Most of our funding comes from supporters of ours, as I mentioned last time I was here, we have 6,800 supporters of TCE through our door-to-door operation and that's how we get most of our funding.

Craig Morgan: Okay. Alright, thank you.

Robin Schneider: Sure.

Craig Morgan: Emma Pabst.

Emma Pabst: Good evening, Mayor Morgan and City Council Members. Thank you very much for the opportunity to speak with y'all today. My name is Emma Pabst and I am a lifetime resident of Round Rock, Texas, as well as a campaign representative for the Sierra Club, which is one of the oldest and largest member-based environmental organizations in the entire nation. The Sierra Club represents 30,000 dues-paying supporters in just Texas alone, including 200 members in Round Rock, the place where I was born and where I still reside today. Growing up here in Round Rock schools, I learned from a really early age that recycling is super-duper important. It helps us learn to reuse things, it helps prevent waste and it helps keep pollution out of our environment. It helps build a better future for Texas and for all of us. At least that's what they told me back in 3rd grade during the presentations at Forrest Creek Elementary. You know,

recycling to me, always seemed like a priority for Round Rock. I'm proud to have this memory of presenters coming out to Forrest Creek and, you know, teaching the kids about how recycling is important, which is why it made me so sad to hear what, you know, this contractor that y'all are thinking about locking down services with, is doing horrible things with stuff that should be recycled and reused by our society. You know, every other Wednesday I get the opportunity to wheel that green recycling barrel out from my house and down to the driveway, and I wear that wheel like a badge, right, and it sounds like a lot of you folks do too. Sounds like we're all pretty deep in the weeds here, in terms of recycling and the ins and outs of how it works, but at the end of the day, I think we're all here for the same reason. Right? We want to make sure that Round Rock and our future is something that's protected and secure. We want to make sure that Round Rock can be a leader and at the forefront whether that's in our municipal landfill waste or in our recycling programs. Unfortunately the images that Robin and others have shared with y'all tonight strike me the exact same way. What that looks like to me is single stream recycling that's being tossed into landfills. Even some of the photos that Robin shared show landfill waste right next to what appears to be sorted recycling indicating that we, the City of Round Rock, residents of Round Rock, paid money to someone to sort that cardboard into this giant box and then sent it straight to the landfill, which is just frankly ridiculous. You know, growing up in Round Rock schools they always taught me to think bigger and brighter and better. To think about the future that we as kids could build for Round Rock and for ourselves, and today, that's why I'm here. We should be investing in municipal waste programs that are forward looking, that think about things like composting and recycling. That don't make excuses, like 'of course things are, you know, messed up or dirty,' but instead say 'this is how we're making an effort to make sure that this recycling gets reused, saves us money and gets where it needs to be.' Thank you.

Craig Morgan: Any questions? Well, It's great to see someone who's grown up here all their life and they've come back here and planted their roots, so we appreciate that. Michael, and I messed it up on Tuesday and I'm going to do it again, so I'm just gonna let you say it, and I apologize.

Michael Mnoian: No problem. Good evening Mayor, good evening Council. Michael Mnoian, President of Central Waste and Recycling. I'd like to address Items H4 and H5 within the RFP for a non-RFP for sole-source contract. Point one, unified collection containers. All the provisions in our current franchise with you guys, allow for this already. You can demand all haulers provide the exact same color container for trash and recycling. Same lids, same signage other than the name of the company on the container. That's all within your ability currently with the current agreement. Health and Safety. Currently in your franchise it says there's a sanitation supervisor that the City of Round Rock has. We've never, ever gotten a call from that person about a complaint, spill, for any of our customers. Within that contract it also states that we must obey that person if they called us. So, allegedly you have somebody, I don't know, but within that contract, there is the ability for you guys to police us already. There's also the ability for you guys to audit us, not financially, with the CPA. Certify it. All that stuff. Never, ever, have I been audited by the City of Round Rock. In conclusion we have no exclusive franchises. None. Not a single one, and I don't want one. We want lots of mom and pop's. That's what we want. We do not want commercial exclusive franchises at all. It's not our business model. We don't agree with it. We like the open market. Especially with no due process which is what this is. So please do not take a portion of my business away, by not, by taking away my franchise. I'm just not exactly sure what we did wrong to you guys. Thank you.

Craig Morgan: Any questions for Michael?

Michael Mnoian: Sorry. 'Mnoian'. It's alright, sir.

Craig Morgan: No that's alright. Do you, let me ask you a question. You know it's interesting to hear you up here saying that you don't believe in any exclusive contracts and not, I don't think anybody else has said that. Do you do business in central Texas?

Michael Mnoian: We do.

Craig Morgan: Okay. So you have some of the cities that are already closed off. Georgetown.

Michael Mnoian: Nope.

Craig Morgan: But they closed it out so you couldn't do business there.

Mike Mnoian: Never. We never, ever provided frontload service. We provide construction dumpsters. That's open market, right? We've been doing that for you guys. We do that in, I think Georgetown, that's still allowed. We do that in

Cedar Park. We do that in the City of Austin. We recently just got one for roll off dumpsters only in the City of Leander. We cannot provide commercial frontload, so we don't agree with the sole-source commercial philosophy, so to speak.

Craig Morgan: Okay.

Mike Mnoian: But roll off is different.

Craig Morgan: Alright. I appreciate it.

Mike Mnoian: Yeah. Thank you.

Craig Morgan: Jason Doig.

Jason Doig: Good evening Mayor, Council. I'm Jason Doig with Central Waste and Recycling. I want to address some of the arguments put forward by Mr. Thane on Tuesday in support of exclusive franchise. As Michael has just stated we are against this entire principle. We believe in an open free market. If the City's going to take the drastic action of confiscating the business that we and our colleagues have invested years and fortunes earning, the reasons should be sound and beyond doubt. They are not. Mr. Thane claims exclusivity will consolidate routes, reduce the number of trucks on the road, wear and tear, and emissions. But this is an error in logic. The City of Round Rock has a volume of trash to get off the ground every day. Every truck is limited in what it can collect per load, by safe and legal road limits. That's as it should be. And per day, by driving time. You will not reduce the number of loads of trash coming out of the city. You will simply change the color of the trucks collecting those loads. If a truck must break away for the dump because it is full, that truck or another still has to cover the same ground to continue collections. The objective of fewer trucks and miles won't be achieved. Emissions can be reduced by mandating post-2017 truck builds to meet the best emissions standards, but the contract misses this opportunity, further undermining the importance of this goal in this activity. This can be done without exclusivity as well. You currently have those powers to enforce standards. Mr. Thane claims exclusivity will increase hauler accountability, but under the current system any hauler in Round Rock is subject to a wide-range of controls, audit powers, requirements set under the existing franchise agreements. The City can expel a problem hauler without causing a citywide crisis, because four other haulers are here to fill the void, expanding on existing routes. We are not opposed to franchise agreements being made more robust, being used to meet the City's waste goals, or to increase revenue to the City. We stand ready to work with the City to achieve whatever goals you have using the competitive market and innovation as a tool rather than shutting it down by creating a monopoly. We are also held accountable by our competitors and customers. If we aren't good enough or affordable enough we get replaced. Mr. Thane proposes removing the second layer of accountability and wants the City to rely solely on a contract. And if ultimately you don't like what you get, the City can't even cancel the arrangement in less than two years. Why is it okay to take the business away from us in six months but CTR needs two years and evergreen auto-renewals. Mr. Thane claims exclusivity establishes economies of scale. That's true. If Round Rock were a small remote city struggling to attract interest from private haulers this would be an effective solution. But Round Rock is a metropolitan success story with the eyes of America upon us, envious of our growth and the investment occurring here. The economies of scale Mr. Thane speaks of already exist. That's why five haulers are operating here voluntarily and providing a good service, too. Thank you very much.

Craig Morgan: Alright. Any questions? Great accent, by the way.

Jason Doig: Thank you.

Craig Morgan: Alright. Any other speakers that did not sign yellow cards? Alright. Michael, why don't you come back up. Alright. Questions for Michael and then I think we'd like to hear from CTR. They've obviously had allegations thrown at them the last couple of days and so they, you know, they have every right to address that, but let's start with Michael, first here and see. Councilmember Baker.

Matthew Baker: Michael, they talked a little bit about the contract. We heard some comments in the contract about the de minimis. Is that defined anywhere in our current contract or proposed contract on what de minimis means, and what they can dispose of in a landfill?

Michael Thane: It does not, it talks about, okay, what is recyclable? What can you put in single stream, what you can take to the single stream facility. Going to the landfill, anything can go to the landfill. But coming from the recycler, there's specific cardboard, plastics, aluminum, paper. All those things are expected to be baled and sold out to the commodity market for the money we talked about. There is, the contract is really well written as far as the cost of doing

that business, and the City does share in the profits when those commodity bales are sold. So it's advantageous to the City for the bales to be sold, it's advantageous to the company doing the recycling to sell those bales because that's how they make their money. Going to the landfill with trash, there is going to be a certain percentage of the trash that gets from the recycler to landfill. That costs money to haul it there and pay the tipping fee to do that, so I would think that, you know, any facility that's operating a single stream facility is going to want to recycle and commodity sell as much as they can to reduce that cost of going to the landfill.

Matthew Baker: Thank you.

Craig Morgan: Councilmember Ortega.

Frank Ortega: My question is, because I've heard this being mentioned, like, the builders for example or somebody who's remodeling their home, getting rid of that carpet, and I understand the carpet is probably the hardest things to handle, for example, when you're recycling. Is there something in the contract that says that streamlining is going to affect that particular waste, or what?

Michael Thane: We don't recycle carpet. The contract for construction activities in the City, remodeling a house, doing whatever, that is not part of the contract. That is still open to whoever wants to bring a construction, a temporary construction dumpster to the property. Anyone can do that, and that's where carpet and wood and all that is placed and that's hauled off to the landfill.

Frank Ortega: Thank you.

Craig Morgan: And that's controlled by state law, right? That part of it, or health and safety?

Michael Thane: Yeah, I mean all this is under the health and safety code.

Craig Morgan: Okay.

Michael Thane: Making sure waste is properly disposed of.

Craig Morgan: Okay. Councilmember Stevens.

Kristin Stevens: Can you walk me through the process? If this goes through and we find out that it's not, they're not who we thought they were, or it doesn't work out? What's does that process look like in the contract for getting out of this system?

Michael Thane: Every contract the City has including this one, failure to comply with the contract, and Mr. Sheets can maybe add a little to this, too, but there is language in there to cancel a contract for failure to perform.

Kristin Stevens: Is there a certain amount of time that the contract has to be, a certain amount or percentage of completion of that contract before that can happen, or what is that?

Michael Thane: No. It's my understanding, I think Steve's looking it up.

Stephen Sheets: It's under a section 32.2 of the contract, on page 35, and it's under the title, Remedies of the City on Default. And so, it goes into some detail about what happens if there is a default, and we have to give them notice of the default. They have the right to attempt to cure the default, and if they don't, then we can declare the contract terminated.

Kristin Stevens: Okay. Perfect. Thank you. And then one other question. You've done a very good job. I did read, the City Manager did provide me the results of the last survey showing the really good service for residential and I would agree. I'm a residential user, I agree with the quality of the service. Would we start to implement some sort of survey, or something, of the commercial users that will be using this system too? I know that we have so many providers now, it's kind of hard to access and survey. We don't really have any control over it. What will that kind of look like to make sure that our commercial businesses are happy, that they're getting the services they need?

Michael Thane: Absolutely. With a contract with the City, as this would be, we would make sure that we do auditing of that. For example, once a year we want to see a report of all the businesses. They will have to provide once a quarter, which would be four times a year, the ten percent for working in the City, the franchise fee that's today, but we will have that oversight. We have a staff member that will be involved in that. We will really, we want to get out and survey businesses periodically to see how things are going. We want our businesses to like this program. They're part of our

community. That's why we're talking about this, because we feel like it's a benefit to the City. It's going to make it look more esthetically pleasing. The rates should be very competitive and to help the businesses. That's what we're looking at this for. So, we definitely want to make sure that our contractor is doing everything we expect him to do and our businesses are happy with that program. And if there's anything that's happening that's not, then we will definitely take action. We'll be in contact with CTR daily to make sure that they're performing like we expect them to do. And looking at the results how they've done on the residential side, I have full confidence that they can do that, but we will definitely be auditing and overseeing and have that constant communication with a pulse on this contract.

Kristin Stevens: And I assume you'll come back periodically and let us know, just like you do with everything else, how that's going.

Michael Thane: Absolutely. Yes ma'am.

Kristin Stevens: Okay. Thank you so much.

Craig Morgan: Councilmember Ortega.

Frank Ortega: I have a question for you. I know that a lot of people move in and out and don't know what our City rules are, especially when it comes to recycling. I mean I could go up and down my street and find things that are not even supposed to be in the recycle bin. But the pictures that we used to have on top of the lids, they fade eventually. Do we have some way of getting, whoever it is, put those on those lids again and keep them fresh; 'cause we need to be reminded of what needs to be done. And on top of that, when people come in from other places, from a foreign country or maybe somebody who's lived on a farm. Because on a farm they tend to burn things, I believe, depending on what their county rules are, need to be educated. Can we do that on a newsletter, kind of, every so often, kind of remind us what we need to do to have certain things prevented. We need to be educated constantly on things like this.

Michael Thane: Yes sir. The City's website, if you go on the website, we have a listing of what's recyclable and what's not. So we have that on the website. Every recycling container should have a legible sticker on top. We will make sure that we, if they're fading, if they're missing, we need to do a better job of just taking a run through there, to make sure that that remains on there, because a lot of this talk is about contaminated recycling and trash being placed in the green carts on the streets and we want to educate... 'cause we don't want that to happen. Right? We want the clean recyclables. It makes the process easier, but it also, when you sell that bale, a clean bale of, take paper, it's gonna bring more on the open market if it's clean without contaminated residuals or recyclables in there. Education, outreach; we have those abilities with social media, with our news flash, with our utility bills. Periodically we do put things in there, but we need to, we'll keep doing that, because if we're having issues with more trash getting to the recycle containers, then we're not doing a good enough job of educating. So we need to do everything we can to help this program be as successful as it can be. So we'll continue to look at those things.

Frank Ortega: Thank you.

Craig Morgan: I would assume most cities have that problem. I mean, Round Rock citizens are very smart. You're not going to convince me Round Rock is the only one that has that problem. Councilmember Montgomery.

Hilda Montgomery: Yeah, there was a lot of talk tonight also about composting and the fact that that's not part of this contract. If we decide to look into something like that, would that be delayed until the next contract is negotiated or is there an avenue for that conversation to start with this one?

Michael Thane: We're gonna first start with, like I mentioned earlier, we're gonna go out and reach out to all the businesses and survey them. As part of that process, what are their needs and expectations? Trash, recycling, composting, medical waste, whatever it is. The contract specifically references garbage and recycling, but it's understood that CTR is going to do everything that those businesses need. If they want composting, they need to provide that service. That's the expectation and that's what the City wants them to do, and CTR has stated that they will do that. The pricing for that is not in this contract, but the expectation of picking up the solid waste needs of all the businesses is the expectation we want from CTR. And they've committed to saying that they will do that. And in that survey, when they do right off the bat we'll find out what all the needs are, so when we do the transition and implementation that will be taken care of.

Craig Morgan: Are there... Councilmember, I mean Mayor Pro-Tem. Sorry.

Rene Flores: I had a follow-up to Steve's comment on the contract and on the event of default, if they don't cure the concern. Does that lead to the two-year timeframe, or is there a certainty sooner than two years?

Stephen Sheets: No, if there's a default, we can terminate immediately.

Rene Flores: Immediately.

Stephen Sheets: Essentially immediately. We have to give them notice and the opportunity to cure but we don't have to give a two-year notice.

Rene Flores: But that's different than the two-year notice in the event that we were to...

Stephen Sheets: Two-year notice is for any or no reason.

Rene Flores: Okay. Alright. Thank you. And then to Councilmember Montgomery's question. Do you think that...

Craig Morgan: Compost...

Rene Flores: No, the new company. I'm sorry.

Craig Morgan: CTR.

Rene Flores: CTR. Do you think that CTR, sorry, heard a lot of companies tonight. Do you think that CTR has the ability to be able to pick up and complete what is happening at Dell Diamond, what's happening at Round Rock ISD today. I mean, do you think they have the capacity to do those programs that some mentioned, have taken a long time to get there. I guess I'd be curious about your comment on that.

Craig Morgan: Yeah, that brings, that's a good chance for Michael and...

Stephen Sheets: Kerry.

Craig Morgan: ...Balcones, to come up and talk. Let them address your question. Let them address what they've, what's been alleged against them. So why don't y'all come on up, gentlemen, and let us, we may ask some questions for you.

Michael Thane: This is Mike Levensco, the General Manager and President of CTR, and Kerry Getter, President and CEO of Balcones.

Michael Levensco: Thank you. Good evening Mayor, Council, Administration. Once again, the first thing I want to do is thank you for your business. Again, we've been partners for many, many years and I think we have a proven commodity, we have a proven service. Some, again, accusations versus facts, I guess, again I would sit here and tell you that we currently don't, never will, take recyclables that aren't contaminated to the landfill, especially in a high commodity market, and I'll let Mr. Getter address that as well. You know, there's value in that. I don't think anyone would take anything to a landfill that has high value. Also, it was alleged that we're a Florida based company. Our corporate headquarters is here in Austin. I've been here running this company for over eight years, and, you know, as far as my team, and the folks that are providing service to the City of Round Rock, are the same exact people that were here for the last eight plus years. In fact, most of my staff is here with me. We have an average of over 20 years' experience. Me personally, I've been in the waste and recycling business in many states, but, for over 37 years. And you know, we believe that, you know, one of the things that was pointed out, also, it was very clear that some of these allegations are based on pictures and different things, and I think it was confirmed on many occasions in the conversation this evening, that no one physically inspected the bales and different things that they're alleging that went to the landfill. So I don't know how, again, I've been in the business a long time, and I don't know how you look from afar without breaking the bale apart, taking a composition study of that bale, and understanding, you know, whether it is contaminated or not. So, I'll let Mr. Getter, again, elaborate on that but you know as far as your question about our capabilities, you know, again I think we have very strong capabilities. We have a great team. We have great financial backing. And there's no question in my mind that we have the ability to not only provide the service, but hopefully exceed the expectations of everyone in the City. And I know years ago when carts first came out, you know, change is difficult sometimes, and it's like, 'well, that's a heavy cart and I can't do this and that,' and there was a lot of push back. I think once you, you know, all the benefits that the City is going to receive through this consolidated service, is going to be very beneficial. You have accountability. We have all the more reason to even exceed your expectations because, you know, we have the residential contract as well. So we have a lot invested here and at stake, and we too have been around central Texas since 1981, so 40 years as well. So I think we have not only the ability but the reputation and the credibility, through

your independent surveys we have very high marks. Again, I've been around and it's not always the case, but I think it's a testament to my employees and the people that we have on our team, that they truly care not only about, you know, each other and the company but they care about our customers, and they show it through their actions. In fact, my operations manager lives in the Round Rock area and, you know, he's been with me for several years and I know he and his team are committed to doing everything we need to do to exceed your expectations.

Craig Morgan: So before you let Kerry speak, is there any questions for Mike? I have one, but I'll let the Mayor Pro-Tem go first.

Rene Flores: So thank you. So I was curious with regards to, back to the Round Rock ISD, and the Dell Diamond. Do you anticipate that that would take some time to ramp up to be able to provide the same services? Or do you see that kind of in that same window or a season away? Or, you know, two school years away?

Michael Lavengco: No, I think, like I mentioned, at the Tuesday briefing, you know, again, having been around the industry for a long time I've got long lasting relationships with equipment manufacturers, container companies, anyone that, any of the goods and services that we need to be providing these services, I have no reservation about providing those services on a timely basis.

Craig Morgan: I've got a question. What is the, you know, we're sitting here talking about, so you already have over 600 companies here, commercial companies, and some of them are some of the bigger ones, so I know you can service it. What is the average industry standard on, you know, on, what does a, I mean I can't imagine we're dealing with... it's not all the Dell Diamonds and the, you know, I haven't heard anything about Rock Sports Bar. You know, only one I've heard that from is one of the last gentlemen, that it's more about the mom and pops, but I don't know that anybody in this audience is worrying about, quite frankly, the small business owner like Councilmember Ly. So what is the average size of a container that a business uses?

Mike Lavengco: Industry standard, I've been in many, many markets and I think every company out here has the same answer and that is, the average container size and frequency is a 6 yard once a week. Which means that the vast majority of these customers are going to be individual businesses. Yes, there's going to be some larger customers but I would say the overwhelming majority of the businesses are, you know, the mom and pop, the ones that, again, we built our reputation on and credibility with, servicing these customers and also being part of the community. You know, we have public sector reps as well and community relations folks and we want to be a part of the community and we have been, and we want to continue that and look forward to it.

Craig Morgan: So really the, really the fight's over 10 or 15% probably, of the businesses out there? I mean I didn't hear, like I said I heard one person talk about the mom and pop companies.

Mike Lavengco: Right.

Craig Morgan: But that's the majority of them that we deal with, right?

Mike Lavengco: Correct.

Craig Morgan: Okay. Yeah, Councilmember Baker.

Matthew Baker: Mr. Lavengco, sorry. Mr. Lavengco, on the pictures that we were seeing with the waste on the ground. Do you own that facility, your company?

Mike Lavengco: We own the facility. We have a long-term processing and operating agreement with Balcones Resources.

Matthew Baker: So it's not your staff doing the sorting?

Mike Lavengco: That's correct, it's Balcones.

Matthew Baker: Okay.

Mike Lavengco: And we provide, you know, we bring the commodities to the facility and we also provide a hauling service from both of their facilities here.

Matthew Baker: Okay, so I may have some more questions in a minute. So it's not CTR that's sorting the trash and making the determination if it's recyclable or not?

Mike Lavengco: That is correct. I mean the processor does that and, again, I think Mr. Getter can answer those directly but we're, you know, we're not the processor at this time.

Matthew Baker: Okay.

Mike Lavengco: But again, we do have a very long operating agreement with them to process all of our materials so there is no question about whether we have a source for that.

Matthew Baker: Okay, alright. So I'll have some questions for the next speaker but I guess, so, whatever they decide needs to be landfilled from the recycling facility, you all haul to the landfill?

Mike Lavengco: Correct. Whatever they deem, they call us up just like any other customer and say we have, you know, a load of trash that needs to go to the landfill and we haul it to the landfill as directed.

Matthew Baker: Okay, thank you.

Mike Lavengco: Okay.

Craig Morgan: Hold on a second. Do you have any other questions? I have another one, I'm sorry. Did you have any opportunity to bid on the Georgetown contract?

Mike Lavengco: We had a...

Craig Morgan: This past contract.

Mike Lavengco: There was no public RFP process. We were asked to give some information and we did that at the Mayor and the Administration's request, but there was no open process. You know, we asked if we could have a seat at the table and ultimately it was, you know, was a closed process.

Craig Morgan: Okay. What's the industry standard on transitions? Because it sounds like everybody's... I mean, I'm looking at a list of cities that have done this.

Mike Lavengco: Mm hmm.

Craig Morgan: So there's... they've all had a transition and I know that you've probably been on the winning end on some and you've been on the losing end on some. What's usually that standard of time that they request or allow? Is it 90 days? Is it 30 days? Is it, what is it?

Mike Lavengco: It can depend on the type of service and things like that but we're very confident in 90 days we can provide the transition needed here because we already have the team in place. You know, we've been hoping that this would come to fruition and that we would... so we've been preplanning for it for some time. Just, you know, to make sure that we're ready and also making sure that our equipment providers and things like that, because I would not be standing here before you to tell that we can do something that we can't. You know because again, we've had a long relationship with the City and we don't want to jeopardize that in any way.

Craig Morgan: Okay. Well, great we may have some more questions.

Mike Lavengco: Okay.

Craig Morgan: But I will say before you sit down, you know, this sheet that we got, I've kind of look through it. There was a lot of N/A's under the Round Rock things but I found 1,2,3,4, 5, 6,7 that we do currently do in some form or fashion so. Mr. Getter, if you want to come on up.

Kerry Getter: Thank you, my name is Kerry Getter. I'm the Chairman and CEO of Balcones Resources. I've been here in Austin for approximately 30 years and unlike someone who may change their cell phones intermittently, we, I've had the same wife for 46 years, so. Pardon my attempt at levity here, tonight. Generally speaking there've been several mistruths spoken and I'm not here to debate any of the comments that have been made, in regard to our operation. First of all, we are Switzerland. We only recycle. We do not own a landfill. We haven't done anything. We had equipment breakdown and because of supply chain issues we haven't been able to get it fixed until this week. We had conveyors go down. We normally get parts for that in less than in a week; it's been months. We just had, we got that fixed, we had a baler go down and it took us a couple of days to get that repaired. So we are backed up. There's no question about it and it's embarrassing. However, we will get caught up. We have more recycling capacity in this marketplace than anyone. We have facilities in Austin, Taylor, Dallas, Little Rock, and Sarasota, Florida. We're one of the top 5 recyclers in North America, in the United States, and Canada. I've heard people stand up here and say this evening that essentially, 'I've been in a court room therefore I'm a lawyer.' 'I've been in a hospital, therefore I can perform brain surgery.' That's absolutely preposterous. What we do is very complex. It's very capital intensive. We have about \$30 million dollars invested in our plant on Johnny Morris Road. We've just consummated a 20-year processing agreement with Central Texas Refuse. There is no common ownership between the two of us and we only get paid if we sell things. We don't get paid if we take things to the landfill. Mike charges me 40 or 50 bucks a ton to take it to the landfill. Why would I do that when I can sell cardboard for \$250 a ton, right now. It makes no sense. It's almost laughable. I could go down the list of commodities. Just to let you know we don't have to take things to the landfill, we don't. We have contracts for everything we produce every month. We sell between 30 and 35,000 tons of material a month. That's about 70 tractor trailer loads a day from all sites, and we're broken down in Taylor. That's going to be resolved. We've got our equipment up and running, but we don't haul things to the landfill. That's preposterous. Things we get in residue bales are things like diapers, tires, sheetrock, garden hoses, etcetera. I would submit to you that selective photographs taken and presented to you here tonight are absolutely not representative of what we do. I make a good living in the recycling business but my family has been in it for almost 50 years. My father started a company, and brother, in Dallas in the mid-70's and we have morphed into what we are today. Beyond the 70 tractor trailer loads a day that we ship companywide we also owned over a hundred rail cars so that we could reach markets farther into Mexico and Latin America. We sold those rail cars last year. I wish I had them back but we made a mistake and because mills were moving away from rail transportation. So that was a mistake, I wish we had them back. But we're serious about this business, this is our life's work and I don't really know what else tell you except come visit, come visit us. Similar claims were made to the City of Austin years ago and the City Manager, the Assistant City Manager, was so perplexed that he called me and he said, "Kerry, we'd like to send an audit", he said, "You said you could have an auditor out there, we're going to send our audit crew out to audit what you're doing. Can we do that?" I said, "Yes." He gave us 15 minutes notice. About one o' clock that afternoon, the crew started packing their business up and they were leaving and I said, "Can we help you with anything else?" And they said, "No, things were just exactly as you said they were." It was the same folks making the same claims years ago. Now, if I made a mistake and I've made several, I wrote a letter of support for the landfill that CTR, that those folks operate. Everyone in here tonight that has stood up, that has a hauling company, brings their material to *us* except the one with the photographs. You all can come out and see what we do anytime, and furthermore, if you all do grant this franchise to CTR, I'll pledge to help with the education component with your commercial customers. The last thing I want to say, and then you can ask me any questions, not the last thing I'm sorry, I misrepresented. The Ryans are friends of mine. They run a great ballpark. I used to pitch for the Texas Rangers. I know Reed, Reese, Nolan, I've had dinner with them, and they ask me, they say, "Gosh, Kerry, why don't you bid on that? Why don't you give us a proposal?" Well because I don't want to give you a bunch of money to put a sign up in the outfield saying that we're a sponsor. That costs a lot of money and I'm sorry, but we don't spend our money that way, so that's the simple answer. And that happens all over town and that's fine, it's fine, but I really resent the fact that some folks come up here and make claims regarding their ability to evaluate a certain situation with photographs. A situation where

we're broken down, admittedly, and it's ugly but we will get it cleaned up. We will get it cleaned up. We have contracts with International Paper, with Smurfit, with Arkansas Craft, with Strategic Materials for glass, Unified Manufacturing for PET. If anyone owns a fleece up here from North Face or Patagonia, that fleece is made from PET bottles. People don't know that, we're happy to have you all out to our facility in a classroom setting. Tour our facility, see what we do, bring in the teachers, whoever, and educate them. That's all we can do. And you know, I don't pretend to be a lawyer because I've been in the court room. I don't pretend to be a brain surgeon because I've been in the hospital. So give us an opportunity to perform and like I say, we're Switzerland here. And if I made a mistake it was writing a letter to the TCEQ supporting a landfill down in Lockhart, and I feel like there's, we're being punished for that. So anyway, we sell a lot of material. We call ourselves Balcones Resources because we manage resources. Both, we're urban foresters. We manage resources; ferrous and non-ferrous, household metals, plastics. We don't haul it. We don't have the name of 'Disposal' in our name. We don't have the name 'Waste' in our name because that's not who we are. So I'm sorry I can get very evangelical about this, you'll have to pardon me, but you all are welcome to come out and see what we do anytime and please, please say a prayer for the supply chain because the lack of parts are killing us.

Craig Morgan: You don't ever have — stay up there because I bet there's some questions. You don't ever have to ever apologize for defending your company. Councilmember Ly.

Michelle Ly: Assuming all your equipment is working. Assuming all of your equipment is working. What would you say average you would, what you would take to the dump versus what you can recycle?

Kerry Getter: Sorry I can't. I'm too vain to wear a hearing aide so could you repeat that?

Craig Morgan: What she, I think the question, I'll speak for you. The question is, is the stuff that does go to the landfill from the recycling, what percentage is that?

Kerry Getter: It's about 20% of what comes in, and I will tell you that the national average is between 18 and 25% or thereabouts. The City of San Antonio's residual rate had been an excess of 30%. They had a terrible time with baby diapers and that is very well documented. Now, I will not recycle a baby diaper. Maybe some folks before me who spoke will do that, but I will not.

Craig Morgan: Any other, Mayor Pro-Tem?

Rene Flores: So I think there was a comment earlier about the site in question. You only—is that only exclusive to Round Rock or does that serve other municipalities?

Kerry Getter: Well, again I'm not sure I heard you correctly but we recycle, we provide recycling services for 12 to 15 or 16 communities in Central Texas; Bastrop, Smithville, La Grange, Round Rock, Lakeway—

Rene Flores: Okay, thank you.

Kerry Getter: City of Austin.

Craig Morgan: So that was, to your point, that was why none of the other haulers made allegations.

Kerry Getter: Yeah, and we don't typically contract directly with the municipalities. We contract with the municipal, with the haulers, because of the fact that what we do is so capital intensive. Again, we've got \$20, \$30M dollars invested here in this marketplace and not everybody can have one of those in their garage.

Craig Morgan: Sure.

Kerry Getter: So that's our niche.

Craig Morgan: Councilmember Baker.

Matthew Baker: So I'm an Aggie, so help me understand. I have to ask questions twice sometimes, so I'm sorry. So the pictures that we saw earlier, and I take those seriously. Is it quite possible that the trash and the recyclable material in those pictures came from other sources than just Round Rock? I mean, does that facility itself...?

Kerry Getter: You know, that's a good question and I don't... I think we receive for the most part the material that we receive at Taylor is probably 90% from Round Rock but Mike, is that true?

Mike Lavengco: I would say that, you know, we have several communities that we service in Central Texas and I think your question was, 'Is everything that goes to that particular facility and/or Johnny Morris Road just from Round Rock?' and I would say no. I mean there's many communities. There's commercial, single-stream recycling that goes in there from the City of Austin and other places and I would contend that, you know, commercial recycling is, has a higher contaminant rate typically than residential. So again, when you start blending all these things together, again, talking about a national average or an industry average, and one of the other companies that spoke earlier, they were saying in the 15, 20%, you know, again it really depends on the mix that's coming in and where the source is and what the potential of contamination is, so.

Matthew Baker: Okay, so I guess, you know, based on some of my research, I read one recent report where one company actually landfilled about 45% of the material from the recycle bins. That was what the company themselves reported. So I think there are some higher examples and lower examples. Who sets the standard on what's considered contaminated? Is that you or is that the people that buy the recycle material?

Kerry Getter: Well, there are standards within the buying community. And honestly, I've forgotten exactly what those are. But each item has its own threshold for non-conforming material. Mixed paper is probably the most forgiving. And, you know, generally it's 3-4% is allowable. Now, when we make a PET bale we guarantee our buyers that it's 90% pure. Now, PET is a water bottle or a soda bottle, that includes the label, that includes the cap. That's the quality standard that we live by. A lot of, we make custom bales for the mill that consumes it. We make it to their technology. Some mills have better stock prep systems. Some mills have better cleaning systems. Some mills can tolerate post-it notes and some can't. So there's a broad range of do's and don'ts in this. It's not as simple as pointing to a picture and saying look at that piece of cardboard. That piece of cardboard might have grease on it. There might be an animal in that bale. I mean I hate to say it, but we get cats, we get rats, we get snakes. That's part of what happens. And our folks have to understand what happens at the other end in order to supply our end users with the quality that they're used to. So again, we've been in Austin for, in the Austin market now for about 30 years but we've been engaged in this business since the mid-70's. I will tell you another interesting fact, if any of you wanted toilet paper a year ago and you couldn't find it; we're the biggest supplier to the tissue mills in Mexico. That problem was good for us. We're also one of the biggest suppliers for boxes related to e-commerce; Amazon, Walmart, those folks. The composition of the waste stream has changed dramatically. I can assure you that we don't throw things away that we could sell.

Craig Morgan: Okay, you guys got any more questions?

Matthew Baker: Okay, I'm not sure how my question led to toilet paper but I'm done.

Craig Morgan: Everybody good over here or you got a question?

Kristin Stevens: I have a question. So you had referenced that you had some issues with your machinery being broken down and the supply chain made it take longer.

Kerry Getter: Yes.

Kristin Stevens: I understand that. What was the timeframe that that machinery was down?

Kerry Getter: Well, our infeed conveyor was down for a few months.

Kristin Stevens: Like...

Kerry Getter: Hold, hold on a moment.

Kristin Stevens: That's okay.

Kerry Getter: Our Chief Operating Officer, I think is still here. [Mr. Getter turns around to crowd] How long was it down? Or can you...

Craig Morgan: Yeah, come on up here where you don't have to yell.

Kerry Getter: I really aspire to have hair like Joaquin's.

Joaquin Mariel: Thanks, Kerry. I won't yell from the back, I promise.

Craig Morgan: That's alright.

Joaquin Mariel: Could you repeat your question? I'm sorry.

Kristin Stevens: The machinery that was broken. When was it down? What was the timeframe for it was down for?

Joaquin Mariel: You know we've had varying issues for the last couple of months and as Kerry mentioned, you know, the same kind of supply chain issues that a lot of manufacturers and basically every business in the country is experiencing, have impacted the timelines on us receiving the necessary parts and equipment that we need to fix some of these things. As Kerry said, it is not a point of pride for us to be ever be down. Our facility in Austin is, you know, held up as an exemplary facility with the highest, you know, level of technology and attention to detail, and that is our goal as well for every single facility that we operate, including the one in Taylor. And we're in the process of getting there, you know, under normal conditions we would have been there already and we're just experiencing a little bit of lag but we're well on our way.

Kristin Stevens: And I completely understand that. I think that we've had issues with the freezes and getting things repaired. There's some understanding to that. It's just the way it is. But these pictures reference like with all this landfill trash, piles of stuff. Is that, could that be assumed that you're backed up because you're trying to get your systems back on and that's some of the stuff piled up?

Joaquin Mariel: That's some of it. I honestly, I've not seen most of these pictures that people are referring to. I kind of saw the corner of the poster and I was not, we were not present at the meeting on Tuesday because as Kerry said, 'We are Switzerland.' We don't really have a pony in the race here and had no reason to come to this meeting until this evening.

Kristin Stevens: Were you fully operational in October or were you down still?

Joaquin Mariel: We were down for parts of October, yes, correct.

Kristin Stevens: Okay, thank you.

Craig Morgan: Any other questions? Any other questions? Alright, think you're good Mr. Getter. Thank you for being here.

Joaquin Mariel: Thank you all.

Craig Morgan: Thank you for...

Kerry Getter: Okay, thank you and I am serious about having you all out to see what we do. The TCEQ uses us for training. The University of Texas Engineering School, the Chemical Engineering School conducts classes at our site. So I could go on, I'm sorry. Good night.

Craig Morgan: No, you're good.

Kerry Getter: Thank you.

Craig Morgan: Appreciate you, appreciate you being here and addressing the allegations.

Kerry Getter: Thank you.

Craig Morgan: Are there any other questions for Michael, anybody? Councilmember Ly.

Michelle Ly: So as a small business that has issues with commercial pickup. Would they contact the City or CTR directly? Like how would you hold them accountable if they contact CTR? How does that...?

Michael Thane: Once the transition is complete, CTR will handle the monthly billing and the direct complaint or whatever, would go straight to CTR. We will do something similar, we have a complaint log that we track with CTR today on residential. We will set up something very similar so the City knows exactly—so we can kind of keep a beat on what's happening. But direct contact will go straight from the business to CTR.

Craig Morgan: Any other questions? Alright did I, I read the agenda item. Let me before I ask for a motion. Just a few things I'll say, I want to first off, I just want to thank everyone for coming out and on Tuesday and Thursday. I can appreciate the competitive nature of the business. I don't know if I appreciate, kind of, the misinformation that has been put out there. This has been a 2-year process. I know some people have said this has been a secret. It's been a 2-year process. There's a number of things that this Council has done with millions of dollars through strategic planning sessions that we do twice a year. And so staff was directed at our, one of our meetings to continue to look at this. So it did not happen in secret. Those are all public meetings, everyone has a right to be at those meetings. Even when we're making, you know, millions of dollars of decisions, no one has showed up at those meetings. All these haulers represent a number of cities in a closed market, and why they do that is because those cities are singing your praises. We've called them. We've asked them. What is the benefit? Has it been beneficial? And most of them confirmed that it has been... beneficial. This isn't about anybody's service. We wouldn't know if it was. We don't get those calls. And I know that there's concerns with regards to the process, but CTR has been here for over 30 years. They've had over, they have already over 600 commercial accounts. Their ratings have continuously been high on our independent biannual survey and in my opinion, they quite frankly, have earned at least the first opportunity for this contract. *If* this does not work just like any other ordinance, we can't create every scenario for an ordinance that we pass. But what we have done and what this Council's always done is modified it, if there is some holes in it or if it needs be, to fix certain scenarios. We've never not looked at it. But you don't create the ordinance with all the scenarios, unfortunately. Also this Council expects CTR to make this transition seamless, with limited interruptions, and we expect that over the next 60-90 days. And if it doesn't work, it will be fixed. Again, this Council has never not fixed any issue that has not worked out. But we have a pretty good track record. I'll commend our staff because I feel like some of the information out was dictated to our staff. Staff's not the one you need to be angry at. If you want to be angry at anybody, be angry at me. Be angry at this Council that's directed staff to just do what their job was to do. And so with that I'm gonna make the motion to adopt the resolution. Do I have a second?

Rene Flores: Second.

Craig Morgan: The motion made by the Mayor, seconded by the Mayor Pro-Tem. Any other discussion? Meagan, please poll the Council.

Meagan Spinks: Councilmember Stevens?

Kristin Stevens: Yes.

Meagan Spinks: Councilmember Montgomery?

Hilda Montgomery: Yes.

Meagan Spinks: Councilmember Ly?

Michelle Ly: Yes.

Meagan Spinks: Mayor Pro-Tem Flores?

Rene Flores: Yes.

Meagan Spinks: Councilmember Baker?

Matthew Baker: Yes.

Meagan Spinks: Councilmember Ortega?

Frank Ortega: Yes.

Meagan Spinks: Mayor Morgan?

Craig Morgan: Yes. 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 non-residential refuse collection with the City will terminate on April 30th 2022. So on this transition, we have this in here for, I guess, 5 months. And so the industry standard, you had said, was 60 to 90 days. Okay so 90 days. Is everybody okay with this April 30th date or move it up a month?

Rene Flores: No, I'm fine with the April 30th date.

Craig Morgan: Alright, we're going to take a motion to adopt that resolution.

Frank Ortega: So moved.

Hilda Montgomery: Second.

Craig Morgan: Motion made by Councilmember Ortega, seconded by Councilmember Montgomery. Any other discussion? Meagan please poll the Council.

Meagan Spinks: Councilmember Montgomery.

Hilda Montgomery: Yes.

Meagan Spinks: Councilmember Ly.

Michelle Ly: Yes.

Meagan Spinks: Mayor Pro-Tem Flores.

Rene Flores: Yes.

Meagan Spinks: Councilmember Baker.

Matthew Baker: Yes.

Meagan Spinks: Councilmember Ortega.

Frank Ortega: Yes.

Meagan Spinks: Councilmember Stevens.

Kristin Stevens: Yes.

Meagan Spinks: Mayor Morgan.

Craig Morgan: Yes. 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. I entertain a motion to adopt that ordinance.

Kristin Stevens: So moved.

Frank Ortega: Second.

Craig Morgan: Motion made by Councilmember Stevens, seconded by Councilmember Ortega. Any other discussion?
Meagan, please poll the Council.

Meagan Spinks: Councilmember Ly.

Michelle Ly: Yes.

Meagan Spink: Mayor Pro-Tem Flores.

Rene Flores: Yes.

Meagan Spinks: Councilmember Baker.

Matthew Baker: Yes.

Meagan Spinks: Council Member Ortega.

Frank Ortega: Yes.

Meagan Spinks: Councilmember Stevens.

Kristin Stevens: Yes.

Meagan Spinks: Councilmember Montgomery.

Hilda Montgomery: Yes.

Meagan Spinks: Mayor Morgan

Craig Morgan: Yes.