

## **MEMORANDUM**

**TO:** Claire Powell, City Manager

**VIA:** Aaron Russell, P.E., Director of Public Services

**FROM:** Jason Hunt, REHS/RS, Environmental Quality Manager

**DATE:** March 4, 2024

**SUBJECT:** **Consideration of an Ordinance Amending the Fee Schedule of the City of Lewisville by Amending Fees Related to Solid Waste and Recycling Services in the Properties That Were Annexed Into the City on November 15, 2021.**

### **BACKGROUND**

On November 16, 2020, the City Council approved an exclusive franchise agreement for the collection of residential garbage, refuse, yard waste, bulky waste, recyclables, containerized waste, and multifamily recycling with Allied Waste Systems, Inc., doing business as Republic Services of Lewisville (Republic). Ordinance No. 0277-11-ORD became effective January 1, 2021, establishing the terms of the agreement.

On November 15, 2021, the city assumed an exclusive franchise agreement for residential solid waste collection and disposal and recyclable material collection and processing by Community Waste Disposal, L.P. (CWD) for the Castle Hills area. Before the City assumed the contract, it was amended (Amendment No. 1) adjusting the renewal option. Amendment No. 1 changed the renewal period from one 5-year term to one 2-year term and three 1-year terms. On April 7, 2022, the contract was extended for a two-year term that expires on April 6, 2024. Since neither party provided the required 90-day notice of termination, the agreement will be automatically renewed for a 1-year term ending April 6, 2025.

During the September 18, 2023, City Council Work Session, staff presented options for solid waste and recycling collection for the Castle Hills area. Subsequently, staff was directed to transition solid waste and recycling collection for the Castle Hills area to the Republic Services exclusive franchise agreement making the service consistent throughout Lewisville. Staff has negotiated a transition plan with CWD and Republic that considers challenges for both customers and providers in the Castle Hills area.

### **ANALYSIS**

The Castle Hills area currently has an open market for commercial solid waste and recycling services under the current CWD agreement. This means that some private businesses are under contract with solid waste hauling companies other than Republic Services. This presents potential challenges for the transition to an exclusive service by Republic Services. Sufficient communication to all customers informing them of new rules and the transition process will need to take place. Commercial customers will need to provide notice to their current haulers that they are required to change service to Republic and procure services with Republic.

Effective communication is a very important aspect of any operational transition. Staff believes that a coordinated transition involving commercial and residential customers is an important element for a clear understanding of the change. To provide sufficient time for effective communication and coordination efforts, it is recommended that the exclusive service by Republic Services begins on February 1, 2025, for residential and commercial customers.

Based upon the feedback provided by the City Council in the September 18, 2023, work session, CWD anticipated that Lewisville would terminate its contract. As such, they have already planned the diversion of their collection trucks to other cities starting in April 2024. CWD has informed staff that extending their service to January 31, 2025, will cause them to incur additional costs for trucks. To offset this additional cost, rates will be increased by 10.3 percent effective April 3, 2024, as part of the proposed amendment impacting all residential rates for the Castle Hills area. The average home, having one trash cart and one recycle cart, will see a monthly increase of \$2.62 on their utility bill. The current monthly rate for residential garbage and recycling collection is \$25.43. The increase will result in a monthly rate of \$28.05. On February 1, 2025, the franchise will transfer to Republic Services; the fees for the Castle Hills area will likely reduce at that time.

#### **CITY STAFF'S RECOMMENDATION**

That the City Council approve the ordinance as set forth in the caption above.