

## **MEMORANDUM**

**TO:** Donna Barron, City Manager

**FROM:** Eric Ferris, Deputy City Manager

**DATE:** October 4, 2018

**SUBJECT:** **Consideration of a Request for an Assignment and Assumption of Contract Related to the City's Current Contract and Exclusive Franchise for Collection of Residential Garbage, Refuse, Yard Waste, Bulky Waste, Recyclables, Containerized Waste and Multifamily Recycling with Waste Management of Texas, Inc. to Allied Waste Systems, Inc.**

### **BACKGROUND**

The City's current contract for "waste hauling" was approved by Council on April 7, 2014 and expires on December 31, 2024. At the expiration of the initial term, the parties may extend the contract for up to ten (10) additional years upon mutual written agreement. This contract is between the City of Lewisville and Waste Management of Texas, Inc. (Waste Management). In addition, the City has a separate contract with Waste Management for landfill operations.

### **ANALYSIS**

On September 24, 2018 Waste Management representatives Rick Losa and Steve Kellar hand delivered a letter outlining a future potential sale and assignment of the current City of Lewisville contract and exclusive franchise for collection of residential garbage, refuse, yard waste, bulky waste, recyclables, containerized waste and multifamily recycling with Waste Management of Texas, Inc. to Allied Waste Systems, Inc. (Republic). Staff conducted a meeting with Waste Management to discuss the terms of the potential sale. The current contract contains a provision for consent to assignment, thus allowing for the sale of "waste hauling" to another company. According to the letter, Republic will assume all terms and conditions of the existing contract with the City. It is anticipated that this transaction will take place on or around October 31, 2018.

Rick Losa, Public Sector Director of Waste Management, stated that the DFW Landfill will still be owned and operated by Waste Management. Waste Management will lease fleet buildings and associated land to Republic for their "waste hauling" operation. Republic intends to purchase all fleet vehicles and retain existing employees associated with "waste hauling" (provided proper background and screening requirements are met). Rick Losa also stated that Waste Management would not be moving forward with the current proposal for the DFW Landfill height increase. He also stated that Waste Management still had an interest in participating in costs associated with Hebron Parkway Beautification (Total Project \$750,000 – Waste Management \$375,000).

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Staff conducted meetings with representatives from Republic on September 27 and October 3. On September 27, staff met with Brady Loesch (General Manager), Jerry Barnett (Area Sr. Manager, Municipal Services) and Jeri Harwell (Division Municipal Services Manager). At that meeting, Republic stated that this transaction would not change current levels of service to the City of Lewisville. Residential and commercial routes, schedules and pick-up dates will not change. In addition, Republic will employ all drivers and supervisors related to existing routes (provided proper background and screening requirements are met). However, due the fact that the transaction has not yet taken place, they are unable to provide specific details until the transaction has been completed. At present, there are 14 municipalities/entities that have contracts with Waste Management that funnel into DFW Landfill. Republic is in the process of obtaining assignment from them as well. On October 3, staff met with Jeri Harwell to discuss customer service from Republic immediately after the transaction takes place. Jeri Harwell stated that the customer service call center which handles customer complaints, will be staffed by employees that are informed and dedicated for support to DFW Landfill. In addition, dispatch services for Republic will be located at DFW Landfill.

The proposed assignment and assumption of contract transfers all aspects of the current contract for hauling from Waste Management to Republic.

### **RECOMMENDATION**

It is City staff's recommendation that the City Council approve the request as set forth in the caption above.