

8-20-14

Presentation by Republic Waste and City Staff to the San Angelo Apartment Association

Reid Donaldson of Republic Waste: Good afternoon everybody. I am Reid Donaldson with Republic Services. First of all, I want to thank the Apartment Association and Scott for inviting us to come today. And to thank City people for being here to answer any questions that I can't. And for City Council...for elected officials being here. I live in the Grapevine area and manage 234 contracts like the San Angelo one. From north Louisiana to east Texas, to west Texas, and to north Texas, so I see a lot of what we are doing in San Angelo, I see across all the Texas areas. To give you a little history, I actually started, I grew up in Christoval. Matter of fact I played basketball against Scott, back in the day. I don't know if I won or lost, but we did have some good competitions back then. And my dad lives in San Angelo now. I worked, I started out on the back of a trash truck, working in this contract in 1991 and '92, then drove trash trucks through '95, and then I actually was the manager of this location until '99. And then moved to the Dallas area and I've lived there and worked there for years. And back in those days I actually lived in at least three apartments in this town, maybe four, but I know for a fact I lived in three different apartment complexes, so I have spent plenty of time in apartments.

We are really, really proud. We are bringing what is considered the highest level of technology in recycling to the City of San Angelo. And when I say that, what we are about to provide in the City of San Angelo, is what we provide in the City of Grapevine, where I live now, or we provide in the City of Arlington, where our offices are at, our area offices are. And basically the same type of service that we provide in, all the way from California to the northeast. It's a state of the art, single stream, recycling. Now, first off I'll put the caveat in it, multi-tenant, is what we call apartments, is by far the most difficult form of recycling to do. It is difficult to get your renters to want to recycle. We know this. We have a lot of experience in figuring out ways to get people to recycle, but it is difficult. And I'll tell you right off the bat, as we move into this new service and as we start providing single stream recycling, I'll explain a little bit what single stream is, but as we start providing that service, it will take help, and take support from, not only us, from the City, from the local recycler we'll be using, and then of course definitely the residents. In order to get a program, or to get programs going, in the recycling business, you have to have support of the residents, tenants, homeowners, etc.

So, to explain a little bit about recycling, and single stream specifically. Single stream is a process that allows you to mix everything up into one container. Has to be no separation. So to give you a definition of how it's always been done, it's been done what we call "source separated at the curb", meaning you have to put your aluminum in one spot, your tin cans in one spot, your plastic in one spot, your junk mail in one spot, your newspaper, you know, you have to separate all those out. This new process that will be coming, will allow you to mix all this together. And people ask me at a lot of these meetings, do I have to take my lids off my glass jars? No. Do I have to take my lids off my plastic bottles? No. Do I have to wash labels, do I have to wash them out? No. The process will take care of all of that. So we make it as user friendly as it possibly can be in order to get people to recycle. Now, there are goals there. We do want to reduce our footprint at the landfill. We do want to reduce emissions. We do want to save landfill space. As you guys know, the City of San Angelo owns the landfill. It is their goal to save space out there at the landfill. It is our goal as a company to do the same. And so recycling, done in a single stream format, will reduce volume being put in the landfill. It just simply will. Every place that we do it, we see a benefit to it.

Now, the next step to doing single stream is to provide a large enough container to make it user friendly, to make it easy. We have programs that use a blue bag. We have programs that use an 18 gallon bin. We have programs that use 47 gallon carts and go on up. What we are providing to the residential homes for this new contract will be a 95 gallon cart. That is by far the easiest. And it looks like basically every

cart you guys have seen around town. That's a 95 gallon cart. In apartments we can do it multiple ways. We can do it with 95 gallon carts, or we can do it with a dumpster and then have a valet type service, meaning a bag, or a smaller bin at the doors. In the apartment complex I live in, in Grapevine, we actually have small containers and then valet service that takes it to a centralized container. But again, that can be done in multiple ways with the ultimate goal being, reduce the amount of trash that you generate and in turn reduce your trash bill. Because recycling will be a lot cheaper to do than disposing of the trash in the landfill.

So, you guys will see a lot more of this coming in the future. The local recycler that's helping us get this started, Butts Recycling, they've been a supporter, we've been working with Butts for many, many years. They are going to be doing it in a less automated format here at the beginning, as far as separating the materials. We do believe down the line that we will build the very first MRF, a material recovery facility. In our business the acronym is MRF, but that stands for material recovery facility, and we believe we will build the first one of those in west Texas and provide the first programs of its kind out in the west Texas market. So stayed tuned for that because that is coming.

I expect, and I know we're still working out some details as far as the exact timeline on when it will begin. We believe it will begin somewhere in nine months, is what we're shooting for. A lot of it is getting the facility ramped up to be able to take the material in a single stream format. And then the next part is getting the containers in place, getting the routes set up, and getting everything we have to do to collect the volume once it's in place.

The nice thing about this, and for some of you guys who've been in the apartment business for years, back in, I think it was '95, somewhere in the '95 time frame, I was the one here when we put out the very first blue dumpsters for cardboard. And we went and saw Town and Country. Town and Country was one of the first companies that put the containers at their convenience stores, and we started that program. So if you think about where we are now, where we started, it seems like it took a long time to get here, but nevertheless we are at a point now to where you're going to be the first city in west Texas to have this program and you will be on the cutting edge of technology for what we do.

For any of you guys that travel to Fort Worth, at any given time, we have a \$22 million facility that we just finished in Fort Worth that processes recyclables. It is state of the art. We have every kind of sorting technology that they make in this plant. We even, now, do the film bags that you get at the grocery store that everybody can't stand, we actually make sausage rolls out of those, and we have vacuum systems and we suck all those bags in and they come out and they make literally like a sausage roll that comes out. And then we actually sell that material. In the past that's been a, like I said we call it film in our business, but it's been a material that's been hard to find markets for. But we have now found markets for that and we recycle it. So, if anybody from the City of San Angelo is in the Fort Worth area want to come and tour that plant, please contact Republic, you can contact us here, let us know when you're going to be in the area. We have an education center in there that's really cool too, that overlooks the process so if you don't want to get into the dust and see it up close, you can be in a room with windows overlooking everything and see the whole process. Matter of fact, I don't know if any of the City is going to be at Wastecon next week, but Wastecon is actually in Grapevine and we are doing tours of our plant during Wastecon as part of anybody that attends Wastecon will be able to come and tour the plant.

I guess I can explain a little bit of our residential process. You guys probably aren't as concerned with that because you are the Apartment Association, but we will be offering containers for the residential homes as well in San Angelo. And they'll get one cart for trash, that'll be once a week, and then you'll get one cart for recycle, that'll be once a week. So you'll still get the same twice a week service that

you've been accustomed to but now you get a recycling component that is single stream, in a single stream format which makes it very easy to do. And that will begin about the same time that we start the apartment recycling. So with that, that's really my presentation, kind of explaining to you guys what we're doing here. We definitely want to take questions, and please feel free. No question's a dumb question. In our business I use some acronyms at times, and use some slang that may be a little hard to understand, so please, if you need a definition or anything I'll be happy to answer any of those questions. And then Shane is available as well, and I don't know if you want to talk about from the City's standpoint.

Shane Kelton: I don't really have a presentation, per se, but just to follow up with what he said. Republic will be rolling out here shortly a pretty comprehensive educational program. Not only to the apartments, apartment managers, and working with them through the educational process with their tenants, but also with the residential side as well. Again, I don't know how much detail y'all want so we're really here more as a question and answer for y'all guys. So I guess with that, unless there's something specific you want me to talk to, I'd be glad to answer any questions at this time. Yes Ma'am.

Question: Are we still going to get twice a week dumpster service? They come out twice a week for us right now and I know there's been some concern from a residents in San Angelo because they're not gonna get their trash picked up twice a week. I know we get it twice a week. Is that going to change?

Shane Kelton: If that is the program that you're on, you can have it anywhere, depending on your needs, anywhere from, and dumpster size, from one time a week up to six times per week. It's gonna be based on your needs and what you need as well. Another thing that we can mention from the larger container size; we have with this new contract... in the old contract we only offered a 2 yard container, a 4 yard container, or bin dumpster, and a 8 yard dumpster. Now we are offering for the commercial businesses we are offering, probably for the majority of y'all it won't make a difference, but the 96 gallon, or 95 gallon cart 96 gallon cart, like what we're offering the residences, for a commercial account. We're offering a 3 yard dumpster and now a 6 yard dumpster. So we have increased the number of dumpsters available to the commercial customers.

Question: When I lived in Dallas, if you opted to have the recycling along with trash you actually got a lower rate. Will it be the same with you guys, or will it increase?

Shane Kelton: The recycling is a separate component from the actual trash service itself, so it would, of course in the, and on the recycling component of it, that's an open market situation, so Republic will be, you know, they'll be setting the price that's an open market competitive price. That is not required and it's not a rate established or set by the Council for the recycling service. So if you get into the recycling program, which we hope all of you do get into the recycling program we're really excited about being able to recycle and having a diversion program for our landfill, but we, if you start recycling and if half of your trash is recyclables then it would stand to reason, in my mind anyway, that the number of services you require for your trash service would decrease. And then again your recycling will be based on an open market pricing structure not a pricing structure established or set by Council.

Reid Donaldson: And to answer your question a little further, being from the Dallas area I know what you're referring to, and if the apartment complex generates 8 cubic yards of trash on a weekly basis now, which is around 34 or 35 cubic yards a month, if you then still generate the same 8 cubic yards but let's say 4 cubic yards of that is recycling or more, in a lot of cases 6 of those cubic yards could be recycling and then 2 cubic yards is actually MSW that has to go to the landfill, you will save money. The way the rates are structured, we do this in every market we're in, because we aren't paying disposal costs to put that material in the landfill and you're not paying those fees associated with that disposal

cost, you can lower the rate on the recycling side and therefore you provide a better rate. Now, the key to that is getting the recyclables into the recycling container and keeping the trash in the trash container, but if you... we are seeing a lot better percentage in volume base out of what we call multi-tenant. Again we call apartments or duplexes, all that type of stuff, multi-tenant. We have seen that improve a lot just because of people's education. People are much more educated to recycle these days than they were ten years ago. So people tend to want to do the right thing more than they wanted to do ten years ago. So if you can get people to put it in a separate container and recycle it will reduce your monthly cost.

Question: Reid? My bill at my complex more than doubled. If we choose to go to the recycling part is it going to raise it more?

Reid Donaldson: No it will not. No. Recycling is going to lower your bill. Now, it's going to come down to how much of a percentage of your material that's generated is recyclables, and is put in the recycling container. Why I give that example is, back when I started in '95 when we were putting cardboard cans out, if Town and Country Food Store, for instance, now Stripes, if they had an 8 yard trash container going once a week, I'd go out and sell to them on the belief that they could put a 2 yard trash container and a 6 yard recycle container because most of the material generated out of the convenience store, back in those days it was cardboard. Now days you've got the little restaurants in them, and you're generating a little bit more food waste than you did back in those days, but nevertheless, that's what we'd convince them to do. So if your building has a 6 yard recycling container and a 2 yard trash container, your bill's going to go down. It just simply will. Because your pricing, and I'm using round numbers, but let's say your pricing for trash is \$4 a yard, you know, on average. Recycling component of the same nature, is half that. Just as average numbers. So it just goes to reason that if you're able to recycle half or more of the waste coming out of your building; this isn't just for apartments, this is for commercial businesses, everybody, then you will save money. So the next part of that is how do we work the logistics to make that happen? Do we do it by carts? You know, how do we get that to happen? That's the next part of it.

Comment: So if we attempt your recycling program, and it goes a-rye, and they don't use it, it's actually going to be an increase in your bill because it didn't go, you know, they didn't participate. So if you're not sure you're going to get some good participation...

Reid Donaldson: That's correct.

Question 2 from the same person: I had a question, also. My bill went up tremendously and none of the service is any different, I've actually had quite a few issues since it changed. I'm wondering, I'm not trying to be ugly, but what am I paying for? There's nothing different, I'm actually, they're late, they're not coming, they've had spills at my property. I don't understand.

Reid Donaldson: Well the issues I can fix. Republic can fix that. If it's just a bill difference, then Shane can talk about that. The new contract does have some changes that changed the bills.

Shane Kelton: In the new contract, when we got in the proposals and we looked at them, you know, we felt, based on our conversations and looking at our market and other markets, and of course we have a somewhat unique market here in San Angelo, based on how our residences break down versus our commercial businesses break down, but we're fairly unique in that out here we're kind of isolated out here in west Texas, but we felt that we were probably below market on our commercial rates. We haven't seen an increase, Republic hadn't, you know our trash provider, hadn't seen an increase in over seven years for the services they were providing; and so when we looked at it and we got the proposals

back in and we looked at it, you know, the proposals, the pricing structures in the proposals, they were significantly higher than what our existing rates were, just based on, you know both proposals, what they believe, you know, market value for that service would be. And then as we went through the negotiation phase, we negotiated and we got some of the things in there that we cleaned up, the bills are higher. I mean, they are, they're significantly higher. And, you know, we don't, I tell everybody, we don't like that any more than the next person does. We didn't want to see that drastic of a spike in our increases, but we waited so long before we increased our prices, and before we actually worked out for the inflation that we've seen over the last seven years, and to get us whole again with the City, that's where the prices broke out at. It's... it's, guys, it's ugly, and we know it, and we don't want to go there again as we move forward and we're looking at, you know we do, and we have implemented you know going into the next few years we have implemented a price increase to account for the inflation so it's a small increase yearly versus waiting until we get up ten years from now and all of a sudden we're gonna hit you with another great big huge increase. We don't, you know, it's harder to plan for the doubling of your price, you know, almost doubling of your trash service versus working in \$100 every year.

Charlotte Farmer: Shane, can I add something there? If you stop and think about it in the last seven years, how many times a year on lease renewals, did you have to increase rents because of the cost of operations going up. But, Republic bills have not been an increase and shame on the City, or whomever, for not doing it gradually, but to prevent this kind of thing from happening again now there is an increase built into the contract, and thanks to the City manager, and whomever, to build that in so that you don't receive such a sticker shock. And that's what it amounts to.

Questioner Continued: Okay. So it's just a build up over time so it hit all at once.

Shane Kelton: It did hit all at once. It really did. There was a lot of things that, when you don't account for inflation on a yearly basis, or a regular basis, some regular basis, it catches you in the end, and it sure caught us.

Question: What kind of inflation percentage are y'all guestimating moving forward?

Shane Kelton: In our contract we have a 2.9% increase per year, yes.

Reid Donaldson: In our business, because of the steel and plastic, we primarily, our biggest components are what is not naturally accounted for in a CPI structure. We see 2½ to 3½ percent every year, just automatically, on our business. And most of you guys do too. I mean, know apartment rents go up because you guys see the same thing. So.

Question: So we've had the contract for seven years yet we'll be seeing that increase, yet we have increases in our trash disposal costs. I received a letter about the fuel prices that were in place, and all of that.

Shane Kelton: From the overage?

Reid Donaldson: We will be making an announcement right after Labor Day on, we still have an accounting firm going through all of that, and it's a major process because some people, I mean it goes back a ways, so, but we are planning on getting back to the City and explaining kind of how it's going to work right after Labor Day.

Question (President of San Angelo Apt Association): I want to throw something out there. This is to help us understand because I know this is the question that is on the minds of a lot of the owners. I

mean I have four different accounts, and so, when I got my bills I was shocked. You know, like a lot of people were. So, I brought mine ... real numbers so you can help us understand the differences. I went back to February, and this is on a 4 yard dumpster. My bill, base fee was \$104.00. This last bill that jumped to \$179.50, so, a pretty sharp increase. Now, I did a little looking also, and a lot of the things that we do we compare ourselves to Abilene, Lubbock, Midland/Odessa, and what not. So I went and I looked at their numbers too, for the same 4 yard dumpster. A 4 yard in Lubbock, the base fee, now I don't know what all goes into this, I'm just giving you the numbers. A 4 yard in Lubbock is \$79.70 with two times a week pick up. And in Abilene it's \$73.15 per month for a 4 yard, two times a week pick up. So I need help understanding. Their 70 something dollars is what it is there, with their fees. Base fee was 104 here and now it's 179. Help me understand.

Shane Kelton: You look at Abilene, Lubbock, Midland/Odessa, those are an open market situation on commercial accounts. We have a exclusive contract for ours. One thing that, and as you're putting it all together, when you look at how small our commercial base is here in San Angelo versus Midland/Odessa's, you know, larger of an area, 200+ thousand people, Lubbock 200,000+ people, Abilene a larger regional area, more commercial based in their structures. They have a little more ability to spread those costs out in a free market situation versus what we have to spread ours out in. As you, and as we were going through the process of looking at the different scenarios it boiled down to trying to spread the cost as evenly across residential and commercials as we could, kind of looking at it on a more of a percentage basis across the board. And so, if we opened our market up, our commercial market up, you know, the prices for residential would have spiked dramatically higher than what they spiked. They would've, you know, and I, we don't have those numbers to actually say exactly what they would have been, but we're guessing those numbers could have been anywhere in the, you know hundred to, could have gone as high as a hundred to 125% by the time we actually got through negotiating our contracts to get where we are today. And so you'd be taking a residential customer from 9.81 to over \$20 per month. And so to try to balance it out across the board, this is where we fell.

Reid Donaldson: Can I explain it a little more, too. And this is, I get this all the time, again, because I oversee 234 of these. I go to every single City Council meeting and I see, when we're in any kind of contract negotiations, I see ... (inaudible) It is a very complicated answer, and I'll try to make it smaller but, if you compare a city serviced, which Abilene services their own, Midland services their own, and then you look at private companies doing it, people believe automatically the private company should be cheaper. And in my mind, because we do have economies of scale buying carts and trucks and steel containers, and all that, we should. But if you look at some cities that, because they move monies from the General Fund, or back and forth on funds, sometimes they don't realize, and I'm in a situation like this right now with a city I'm talking to, they don't have any idea whether they're making money or losing money. And, one of those cases, I know the insides of what's going on and that City is losing money in their service, and they are now saying "Well, we gotta figure out what we're not doing right." Because, again, when they move money back and forth from their funds they don't exactly know sometimes exactly what they're spending, plus they use the same guys to do street repairs or whatever. So, that's one side of it. The second side of the business is there, every city has a different mix as far as how much is commercial, how much is residential, how much is industrial. And when I say industrial I'm talking about big roll off containers, and you know, somebody like Ethicon, or somebody really large. Every city has a different make up there. If your commercial and industrial is 50% or greater of your total volume then they tend to be able to have lower rates because they have a larger percentage. If on the other hand you have a bedroom community, and we have some like that right now, that have very little commercial businesses. Primarily just large lots, big homes, up in the DFW area we have 2 or 3 of those accounts. Their residential rates are really high and their commercial rates aren't very high because there's no commercial to offset the residential costs. Well, here in San Angelo, your residential is very low. You have, we did a rate study for the City of San Angelo last year, and then 3 years ago, it was the

cheapest rate in all of Texas. There was no residential rate as cheap as what San Angelo's was for the service they got. Well, because of how that was structured back years and years ago, the commercial businesses paid more of that cost to give the residential customers a break on theirs. Now, I'm in these kind of meetings, and I have apartment associations looking at me in these meetings, and I had one 3 years ago in Farmers Branch, up in the Dallas area, where they said, "Hey, that's not fair. That's not fair." I tend to agree with that, but here's what happens if you don't do it that way. The commercial businesses, if you look at landfill volumes, and you take the whole piece of what goes into it, so you say in a given month there's 20 thousand tons put in that landfill. Of that 20 thousand a large percentage of that volume would be generated by the commercial customers. So if you look at it in that manner, you'd say okay, those commercial customers should pay for what they generate because they generate the most. Now if I'm sitting on your side, and I'm running an apartment complex, and I'm gonna say, "Hey, no, no, no. I don't want to be paying additional to cover that volume." Now here's the second caveat to that. If you go to the Dallas area now, and you go to open market, which is the city of Dallas and the city of Fort Worth, and you're us, and we compete with the open market business every day. When we go in to meet with an apartment complex, apartment complexes tend to generate volume that's not compactible. Meaning, when we dump your can in our truck, it has furniture in it, it has things from time to time that don't crush good. So, when we go to the landfill, we have to go to the landfill more often because we have 6 apartment complexes with 8 cans each that we're dumping in our truck. So we look at an apartment and we say okay, we've got a chance to bid that new complex and we're in an open market situation, we go to you and we say "Here's your new rate because your volume isn't as compactible, and we've got to charge you more for it." Now in your case here, you're set in the same as every other business. So even if you've got volume that's not as compactible as a restaurant, you know, some restaurants it's all wet waste. We just dump in in the can, squish it in our truck, and we go down the road. It's easy. And you pay the same. So, I agree with what you're saying, Scott, it's a complicated answer but if you look at the way our business is done, and you look at how the mix of commercial and residential, and you look at whether the City's doing part of it, and we're doing part of it, you know. Another example is the city of Plano. The City does their own residential and we do all the commercial. Well the City's decided in that case, they want a lower residential rate so they automatically have the businesses pay more to cover a lower residential rate for their residents. So in some cases it's a contractual deal where the city looks at it from their level and says here's what we want to do. I know it doesn't help, and I'm sorry about that, I know it doesn't help.

Question (President of the San Angelo Apt Association): I think the shock is what caught everybody off guard. I think that the, what'd you call it, communication through the media, communication directive from Republic, you know I got the letter and what not. I think that it would've been a lot more helpful if the notification that we got said, "Hey, your bill is fixing to sky rocket" wouldn't have been "Holy crap, my bill sky rocketed!" You know, some kind of explanation. I think that explains the public's feelings. That's where it was generated from. What was ironic is I got my bill for last month and it was missing the fee in question, you know the, whatever the fee was that was too high, it was just totally gone. So I'm thinking, well, why, what's going on here? But, it was a much lower bill. And then the next month, holy cow, here we go, what is this? And that's, I think everybody in this room that's in my shoes probably felt the same thing.

Shane Kelton: And y'all aren't the only ones.

Question (President of the San Angelo Apt Association): Oh I don't doubt that every commercial customer in the city of San Angelo felt the same thing I did, I'm sure.

Reid Donaldson: And the thing we know is hard is that some of you guys own multiple units, so the impact is not just on one unit, it's on every unit.

President of the San Angelo Apt Association: I have four, actually I have four bills.

Questioner: I understand that we should be budgeting 70% more than last year?

Shane Kelton: 70% over last year? Yes. I believe that's what, I believe the base rate increase was roughly 72% across the majority of the container sizes.

Question: I just have a positive comment. We deal largely in single family residents, so I'm not quite as affected as most of this group is. But my comment, about 3 weeks, maybe a month ago, our Mayor published an article in the newspaper. He explained this process in great detail. It did a whole lot for me in understanding. None of us wants to pay more, even if we turn a blind eye to the fact that things haven't changed much in seven years. They've changed on my utilities, and my gas and all that other stuff. But it's easy not to look at that. I just think the article the Mayor wrote was full of good information. And I for one, with single family residences, am willing to give it a shot.

Reid Donaldson: Great.

Questioner: Inaudible

Shane Kelton: Right now it has not been actually published into our code of ordinances, so when you click on Code of Ordinances on the City's website it hasn't been actually, our codifier hasn't actually got it in there yet. But it is on our website if you go to www.cosatx.us, go to the government tab and then a pull down screen, and then go to the, over to the right it'll say Code of Ordinances, and you click on that; if you'll scroll down you're gonna see all of the code changes that haven't actually been codified yet. Right now, it's the very top one, and it's the Utility Fee Schedule, and you can pull up the entire Utility Fee Schedule.

Questioner: I, for one, don't see my own bills. How can I know what this will be? Is there someone I can contact?

Shane Kelton: If you will contact Republic Services, their Customer Service division, they can help you.

Reid Donaldson: We can tell you how many containers you have, and all that.

Questioner: I have a twofold question. How long does the contract run, and is there not a benefit to deregulating like the electric company?

Shane Kelton: The um... she had a two part question. How long is the contract? And then if we completely dereg... not deregulated, but if we didn't have an exclusive contract with anybody for any trash service would that be more like the electric company when they deregulated electricity? The contract, the initial contract for the hauling and collection side is a ten year contract. We have the option of one 8 year extension and another 2 year extension. Somewhat coincides with our contract for the landfill which is a separate contract from the hauling contract. So that's how long the contract is. From the Health and Safety, Sanitation Code type, when you look at it from that side, on the residential side, commercial side is a little bit different, you can get away with it; you can kind of police that side of it a little better. From the residential side, when you start looking at it, without forcing somebody to have a trash service and pay for a trash service, what are they gonna do with their trash? So if we enforce, if we have that, especially on the residential side, we enforce it, this is our contractor, you

must use our contractor, you have to pay for it no matter what, then people will use that service. If you deregulate that and say, "Do whatever with it"; my guess is, my guys from streets and bridges will be going around with their front end loaders and their dump trucks.

Question continued: I understand that from the residential side but, I have residential customers – not a commercial property in that sense.

Shane Kelton: What's your specific... oh you actually have... you have people that... oh okay.

Charlotte Farmer: Shane, could you add that the bid process, which we can talk about more, and we can now if it's okay, but the bid process, if you will agree that our rate is still cheaper than Lubbock, the Midland, the Abilene, on residential, than everybody is paying, but in order to do that it was a package deal. It wasn't just residential price, it wasn't just the commercial price, and it wasn't just what the landfill is. All three of those items tie in together to make the price for the residential, to make it a package deal, which is the lesser amount to pay. Does that explain it better?

Questioner: You explained it, but I'm still paying a higher commercial rate for my resident's trash. This is their home, they choose to pay for it, just like if they chose to live in a single household, and they are homes, but I'm paying a commercial rate.

Reid Donaldson: I don't know if it's common here in San Angelo. Where I live, in the apartment complex that I live in, I pay \$21 a month for my trash service, as a resident of the units. And when I signed up, I'm in one of our franchises, so it's a contract that my company services. And I know what the deal is that we charge the apartment complex. And I know when I take the 440 units that are there and multiply times \$20, it's more money than what we charge the apartment complex for services. So I don't know if that's an option.

Questioner: It's not common here, but it may become common.

Reid Donaldson: Well, and why I mention that is, most of you guys know where Grapevine is, you know the city that Grapevine is, well, Grapevine is about 16,000 homes, so they're about half the size of San Angelo on the home side, but when you look at the commercial mix, they have a lot of commercial business. So their commercial mix is about like San Angelo's but they have half the number of homes. Well in Grapevine, for instance, we have such a large number of commercial businesses, we were able to give them a little lower rate than what you guys get on commercial here. But their homes pay more, 'cause there's less homes. Well, the apartment complexes can still bill \$20 because that's what other apartment complexes in neighboring cities can bill. So when I got the bill, when I signed up and looked into to it and she told me what I's gonna be paying, I didn't, I mean, it didn't bother me because I'd be paying that next door. Now, I know that's probably hard out here, because you haven't been doing it, so it's hard to do it, but I think most people are realistic now days and they say, "Look, it's part of what I ..."

Question/comment continued... inaudible (something about it being a regulated process and being careful charging residents)

Reid Donaldson: The other thing they've done up there, is they've started group recycling as a component of it, and people go, okay, you make it convenient and easy, I don't mind paying a little bit for it. It may be \$2.50 a month per deal added to their trash but they go, hey make it convenient for me, I'll pay it. And that's even people who don't want to do it, they don't necessarily put a bin out, but they go it's worth it...

Question/comment continued... discussion between members (something about having to send out notices to residents about this)

City Council Member Liz Grindstaff: You were asked a question earlier and I don't think we could completely hear it, but will you go back to the environmental recovery fee, and is Republic willing to pay interest on the outstanding dollars?

Reid Donaldson: Okay, I can't answer the interest part of it because we have an accounting firm that's looking at all of it and going to come back with what they believe is the right solution. And then our executive team will look at that and will make a decision on that. I can tell you there will be an announcement after the Labor Day weekend; in fact I saw an email yesterday come through about looking at it right after the Labor Day weekend as they get all the facts back. But it is our intent to pay back every fee, every amount of fee, even, I think it's actually a little above and beyond what we would really probably have to do in the scope of it to make sure that we do the right thing. So, yes, that will happen.

Charlotte Farmer: Scott, can I add right quick, a scholastic note, wasn't in the contract, it wasn't in the negotiation, but Republic has come forward and offered for the citizens here in San Angelo, ten, ten, \$1,000 scholarships to help students continue their education and go to school, and that's something that they didn't have to, but they did. And since they made that announcement they've added another \$4,000, four more scholarships to the kiddos here in San Angelo, so keep that in mind if you've got somebody who wants to go to school and, can't afford it, and needs tuition, fees, that Republic does have scholarship programs.

And he's not saying so, but I'm going to say so, if you don't know Reid's dad, you should. Probably one of the best architects I've ever met. And his drawings of churches and city halls, and capitols all across the state are an absolute great pleasure to get on your Christmas card from his dad. He's just a super person, we enjoy doing business with him. And we tolerate his brother, Colby, so.

Host: Any more questions? We're about to run out of time.

Shane Kelton: Only one last thing that I do want to add, if y'all do have any further questions that y'all want, you don't want to ask today, but you want to ask in the future, please feel free to call me at my office, me or my assistant Patrick Frerich, my number is 657-4206.

Reid Donaldson: Thanks for having us. And anybody else that has any complaints or issues at all with us, I'll get with you too, but if you've got some, let me know, I've got my notebook pad out, I'll take notes, I'll get it to the local officials and we'll get it fixed.