



TDS eyes construction debris work

City checking into Republic's surcharge

By Monique Ching

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SAN ANGELO, Texas —While Republic Services is negotiating trash service contracts with the city, Texas Disposal Systems — which submitted a competing proposal, but was ranked second — is negotiating contracts to haul construction debris.

Beginning this week, Texas Disposal Systems will offer to haul construction debris and solid waste for commercial customers in San Angelo.

“We’ve had numerous positive responses,” said Bob Gregory, president and chief executive officer for Texas Disposal Systems.

Gregory said the company has begun signing contracts with local businesses, such as construction companies building hotels and motels, to haul temporary construction roll-off containers. Even though TDS does not have a contract with the city, Gregory said the last section of Texas Health and Safety Code chapter 364.034 allows TDS to do this.

“Under state law, cities cannot include a monopoly control over construction roll-off containers. ... It’s left open for competition. We’ve known this for a long time,” Gregory said. “We chose to begin offering this service once we realized Republic was overcharging commercial customers, including for roll-off.”

Like many municipalities, San Angelo allows a monopoly on commercial and residential trash pickup within the city but the rates are set by city code. TDS representatives claim a fuel and environmental recovery fee charged to its commercial customers by Republic is not authorized by the city.

Kenny Ramzinski, general manager with Republic, said he is unable to discuss any issues related to the proposal currently under negotiations between the city and Republic. The city is negotiating one contract for solid waste collections and one for operation of the city landfill.

“I would defer any statements until negotiations are over,” Ramzinski said.

Republic’s corporate website states the Environmental Recovery Fee is established at 11 percent of invoice charges, excluding tax. The Fuel Recovery Fee, according to the site, is updated monthly based on peak diesel prices from the previous month.

“This fee recovers costs incurred on a nationwide basis associated with operating our facilities (collection, transfer, landfill, material recovery and landfill gas-to-energy) in an environmentally responsible manner and is designed to achieve an acceptable operating margin,” the website states.

Gregory said Republic has been charging San Angelo’s commercial customers up to 35 percent of their bills for the fuel and environmental recovery fee.

Stanley Mayfield, owner of Mayfield Paper Co., said his commercial trash bills show the fuel and environmental recovery fee is an added 32 percent of the basic service charge.

“First of all, we need to establish if there is some authorization to pay this fee,” Mayfield said. “It opens the question that if it’s not authorized then it should be paid back.”

For Mayfield, who employs between 50 and 60 people in San Angelo, this is a significant charge to his business.

“Why is there no accountability for the protection of their customer base, the commercial businesses?” Mayfield said. “ ... When the city grants someone a monopoly, you assume there’s some accountability.”

Mayfield said if the charges aren’t authorized, there would be cause for concern that the city is renegotiating with the company that collected those fees.

“We are investigating it,” Mayor Dwain Morrison said.

Morrison said he first heard the allegations when Gregory raised them at the April 1 council meeting. Morrison was not aware of the issue before that.

“We have turned that complaint over to the city’s internal auditor to look into these issues,” said Shane Kelton, the city’s director of operations.

Steve Mahaffey, the internal auditor, said it is too early for him to report any findings.

“We’re trying to look at anything and everything,” Mahaffey said. “It’s at the beginning stages, so I don’t have anything to report just yet.”

Kelton said Thursday he only had heard rumors about TDS offering to haul roll-off containers for commercial customers, but doesn’t know any details and wasn’t prepared to discuss the matter.

The Standard-Times’ solid waste collection bills from February and March show the fuel and environmental recovery fee is about 22 percent of the total invoice. The fee is about 32 percent of the basic service charge.

According to Republic’s site, the fee isn’t associated with any direct or indirect cost to service the customer’s account and is not a tax, surcharge or fee mandated by or remitted to a governmental or regulatory agency.

"It relates to Republic Services and its affiliates' nationwide costs throughout all operations to service all customers and is designed to achieve an acceptable operating margin," Republic's website states.

Gregory pointed out that with this added environmental and fuel surcharge, Republic could lower its proposal bid rates and inflate the surcharge rates at will, especially if it had a monopoly in San Angelo.

"I'm not saying they're doing that," Gregory said.

The overall cost of the contract still is unknown because negotiations between Republic and the city are still ongoing. The City Council voted 6-0 to authorize staff to begin negotiations with Republic, following the selection committee's recommendation.

The committee ranked Republic's proposal first and TDS's second. The city received only those two proposals for the contract.

San Angelo never has taken bids for its landfill contract since it acquired the permit in 1984. The council voted late last year to put the contract out to bid because Kelton said it would help staff gain understanding of the landfill's actual value.

San Angelo's landfill also serves about a dozen surrounding communities, meaning it has seen an increase in trash intake during the past few years.

Republic's current contract with the city expires at the end of July. If the city and Republic cannot come to an agreeable contract, the city will then negotiate with TDS.

"We're doing our due diligence," Morrison said. "We simply weighed the two proposals and we're negotiating with the most favorable one first. ... We want to get the very best service at the very best price for the citizens of San Angelo."



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