



Texas Disposal Systems to Defy City, Republic and Offer Trash Collection

by Joe Hyde

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Texas Disposal Systems fired the first volley directly at Republic Services starting in earnest the Great San Angelo Trash War of 2014 Wednesday.

At the monthly San Angelo Home Builders' Association meeting at noon, Rick Fraumann, TDS Director of Sales announced that TDS would begin offering commercial roll-off trash collection services to construction sites within the city limits.

This is a bold move because the conventional wisdom among the homebuilders and other commercial building contractors has been that Republic Services has an exclusivity arrangement with the City. That is, Republic's agreement with the City is that only Republic trucks can haul trash on city streets.

TDS spokesman Ryan Beard said that State Law supersedes City ordinances that establish exclusivity in construction site trash collection, as expressed in the State Health and Safety Code, Section 364.

Last week, San Angelo homebuilder Kevin Bond, Bond Custom Building, lamented that there was no competition in construction site trash services. He said he had been operating under the assumption that the only two ways to dispose of construction trash was to either haul it to the dump himself and pay for disposal by the ton, or hire Republic. "If I hired another contractor other than Republic--even if I hired a guy and a truck with a trailer--to do that, it would be illegal," he said.



A Republic Services Roll-off Trash container at one of the new hotel construction sites at Houston-Harte and Sunset Dr. (LIVE! Photo/Joe Hyde)

In the home construction business, Bond said, “Every little cost adds up. You can nickel and dime yourself out of business. Every time you turn around, there’s another \$1000 or even \$100 expense. I’d just like to keep the costs reasonable and competition is important.”

Commercial construction activity is in high gear south of the Houston-Harte Expressway near Sunset Dr. where the former Grahams Central Station was. There, several hotels are being built. Laren Craig, President of Greenstreet Construction in Lubbock, is the general contractor for the construction of the new Courtyard by Marriott. Having worked in various municipalities around the state, he said that in general about 50% of cities have an exclusivity arrangement for trash collection. The others don’t. He prefers the latter, with more competition. That way, he can negotiate a more cost-effective contract based upon his normal volume of trash.

“A 76,000 square foot project like San Angelo’s Marriott can see up to 15 containers on the project site,” Craig said. “No competition can drive up our costs for waste disposal by 20% or so,” he said.

TDS’ Beard said that their rates would be approximately 30% less than Republic’s.

Allegations About Republic’s Billing Practices

The TDS announcement comes on the heels of TDS’ allegation made at the beginning of the month that incumbent City of San Angelo trash collector Republic Services has been overcharging commercial entities within the city for dumpster and roll-off trash collection for years.

Republic surcharges like for the “Environmental Recovery Fee” are what TDS CEO Bob Gregory said are not authorized by the City Council, and therefore in violation of the existing contract between Republic and the City.

Gregory has audited several Republic invoices in a convenience sampling to support his charges. One of the businesses in his sampling is his other company, San Angelo-based Acme Iron and Metal Co.



A Republic Services Roll-off Trash container at one of the new hotel construction sites at Houston-Harte and Sunset Dr. (LIVE! Photo/Joe Hyde)

Republic direct-bills commercial entities, so it’s doubtful that commercial invoices are universally vetted by the City staff to enforce code compliance.

“The recent customer bills that we have reviewed show additional Fuel/Environmental Recovery fees added to commercial customer invoices in excess of 32% above the City ordinance rates,”

Gregory wrote. Attached to his memo were the example invoices highlighting the suspect charges.

Republic details their surcharges on their website.

City Council Confident in Selection of Republic

Despite the allegations, San Angelo Mayor Dwain Morrison, Councilman Rodney Fleming, and Councilwoman Charlotte Farmer are confident in their selection of Republic as the winner of the RFP. The entire Council voted 6-0 to begin negotiations to renew the trash collection and landfill management contract with Republic earlier this month.

Morrison said in an interview this afternoon that the council was briefed by the selection committee—Wardlaw, Fleming, Farmer, City Manager Daniel Valenzuela, Assistant City Manager Michael Dane, and City Operations Director Shane Kelton (and others)—that the contest between Republic and TDS wasn't even close.

"That's why we put that committee together," Morrison said. "It was to make a rational decision."

Fleming said Monday that his phone hasn't stopped ringing from irate constituents concerned that the Council made a rushed decision in just two days and didn't even consider thoroughly the TDS proposal. "I can't talk about it," he said. "When it all comes out, you'll see. It wasn't even close."

Former City Councilman and Mayoral candidate Paul Alexander, who lost to Morrison, wrote in a letter to the Mayor earlier this week that the Council is sending bad signals to the public by taking only two days to decide to whom to award a "\$400 million contract." In contrast, Alexander wrote, it took months, and seeing presentations from the contestants, to decide a winner for the paltry (in comparison) \$350,000 Gateway consulting gig two years ago.

Even though TDS has been thrown out of consideration for now, Morrison said that should contract negotiations bog down with Republic, the City can always invite TDS back in.

"Nothing is set in stone," Morrison said.

City's Next Move

Wednesday afternoon, Councilwoman Farmer was unaware of the TDS announcement that the company will be servicing construction sites. But she may have telegraphed how the City will react. Last November, Council narrowly approved allowing TDS trucks to navigate city streets to service that company's trash and recycling contract with Angelo State University. Farmer said this afternoon that Council's decision to allow TDS trucks to navigate on city streets to and from ASU may not be the final decision.

In the meantime, Morrison is anxious to proceed with the contract negotiations with Republic. "We've got to get this new contract in place by August 1," he said.

Gloves are Off, Says TDS

TDS' Beard said that in the aftermath of the TDS' loss in the RFP process, "The gloves are off."

Beard said that he doesn't believe that anyone at the city fully understands the liabilities that are at the city landfill. "There were seven invited to the RFP process, only two replied, and one was the incumbent," he said. "Why do you think no one else bid on the RFP? They didn't want to assume the liability for the landfill."

"That's why we felt it was important to be able to make a presentation about our proposal to Council," Beard said. "Someone doesn't want the public to hear about it and that's why there was the abbreviated selection process."

Republic was contacted via phone locally at 4 p.m. and by email at the corporate level at the same time. We did not hear back from them by email publication time.