



PAUL ALEXANDER: Questions about waste management need answers

Paul Alexander

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More and more eyebrows are rising as questions surface regarding the City Council's handling of a particularly smelly subject: waste management.

The city's negotiation of a new agreement with Republic Waste Services is widely viewed as cursory and a bit messier than expected. A growing number of citizens are trying to piece together what has turned into a puzzling selection process and want to know more.

In response to a request for proposal, or RFP, to negotiate a new waste management contract for trash pickup and for management of the city's landfill, Republic Waste Services of Texas Ltd. submitted a proposal that was selected over Texas Disposal Systems at the April 1 council meeting.

The differences between the RFPs are "black and white," said District 1 Councilman Rodney Fleming, and the council voted 6-0 to choose Republic without an interview process or even a clarification question asked of TDS.

I see this as "yellow and red." Having been involved in the preliminary research as a council member going back to 2011, it's hard to imagine that TDS was not competitive and failed to put together an attractive package for our city. This is not where the story starts, however.

Yellow flag: Council members H.R. "Winkie" Wardlaw III and Charlotte Farmer suggested last year that we forgo the request for proposal process and renegotiate with Republic Services.

The proposal failed, but it is troubling that the eventual selection committee would include the same two council members who suggested that we skip the RFP process, Wardlaw and Farmer, along with Fleming.

Moreover, it was a relatively quick decision, although Wardlaw praised the committee's thoroughness, which was echoed by others, including Mayor Dwain Morrison. However, it's a matter of perspective and opinion as to whether the review of 1,000-plus pages of RFP documents was hurried or not, so it is hard to presume how well the selection committee reviewed the documents.

You decide: The RFPs from Republic and TDS were opened Friday, March 21, at 2 p.m., and the selection was made by the following Tuesday. The committee did not meet that weekend.

Red flag No. 1: The city will award a contract valued at around \$400 million over 10 years and the selection committee did not listen to presentations.

To put the size of this agreement in perspective, it is more than 1,000 times larger than the Lake Nasworthy Vision Planning agreement the city recently made with Gateway Planning. I served on that selection committee, and in that process the value of the presentations was primary, and the written proposals were secondary.

This RFP is complicated. Even if the members of the selection committee believe their selection was fair and practical, common sense from the outside looking in indicates that it likely was not.

Red flag No. 2: It matters how the request for proposal is written. Grading vs. qualifying the vendors' financial stability is a good example. The selection committee graded that attribute.

On a grade scale, I'm sure Republic beat TDS in the financial RFP grades. Republic is backed by Republic Services, a publicly traded company trading under the ticker symbol RSG, collecting revenues of \$8.12 billion with a \$1.32 billion operating income last year and a net profit of \$572 million.

The fact is, Republic is as solid as a rock as the second largest trash collector company in the U.S.

But unless we want only large, publicly traded companies doing business with the city of San Angelo, the way I see it, if the company financially qualifies, then it qualifies. There's no degree of qualification — it's either yes or no.

With no history of any defaults by TDS, and a 30-year contract as the primary trash collector for the city of Austin, plus contracts with Georgetown and Alpine, TDS appears stable. It has agreements with San Antonio for recyclables as well.

If the selection committee spotted questionable financial risks, then that is a question to be asked in the interview.

Red flag No. 3: TDS was founded and is operated by two San Angelo natives who grew up in our city. Republic Services is based in Phoenix. I can recall vividly that each time a local company lost to an out-of-town company, our mayor, then a council representative for SMD 2, passionately questioned why we can't keep our money local.

My guess is that the RFP looked at community involvement and sponsorships of local projects and events. I would hope that Republic would beat TDS in those areas, as it is the solo residential waste management service in San Angelo. Additionally, Republic dramatically ramped up advertising branding efforts coinciding with this contract

renewal, converting what might have been a yellow flag to a red flag, in an obvious need to more favorably shift public opinion.

Red flag No. 4: Republic Services may not be in legal good standing with our community. The fuel-environmental fee applied to commercial accounts appears to be unauthorized. Questions remain in the public view as to how long this fee has been applied to commercial accounts. I'm surprised the council has not publicly questioned it.

Also, legal advisers (with no affiliation with the city or inside knowledge) suggested that it would be unethical at best to negotiate some sort of settlement to repay these fees within the new contract, and perhaps illegal.

We are talking about liabilities of \$1,200 per large dumpster per year. A legal train wreck is in sight at the intersection of lawsuits and signing a new agreement with a company that may not have played by the rules with us in the past. Do the council members want to take that risk? I would not! It appears more like a deal-breaker. The council should at least slow the RFP process to allow legal issues to come to the surface.

The best information comes from asking questions. My guess is that nobody challenged Republic to explain how it often allows trash to fly out of its trucks as they travel Loop 306, to the dismay of those who are repulsed by the trash on our roads.

My bet is that Republic was never challenged to develop a consistent pickup schedule to increase predictability, which is critical on windy days so residents can put the containers on the street just before they are picked up.

It remains to be known how Republic can reportedly place trash beyond the boundaries of our landfill, leaving that liability to the next contracted waste service, giving Republic an advantage in picking up the contract as seven other companies decline to make bids knowing the significant liabilities associated with our landfill.

There are lots of questions to ask, and there was no interview to ask them.

With the May 10 elections for the District 1, 3 and 5 council seats pending, there may be a rush to finalize this 10-year contract early in May. Realistically, the city has plenty of time to reissue a new and improved RFP, since we have the option to convert to a month-to-month agreement with Republic at the end of our current contract in July.

I suggest that our council step back, look at the big picture and make sure it makes sense, because important questions are being raised. The issues have to be addressed to gain the trust and respect of the citizens and to conduct a fair RFP process that includes extensive interviews.

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