



## TDS' CEO Wants Trash RFPs Revealed to Citizens

by Joe Hyde

May 5, 2014

Texas Disposal Systems' CEO Bob Gregory issued the following response to the City staff's stated evaluation of the trash RFPs at last week's news conference.

In an email copied to us, but sent to the local paper, Gregory says City PIO Anthony Wilson's letter to the newspaper editor reveals the City's true motivations. At the end, Gregory demands that the RFPs be released to the public immediately.



His letter:

Given my familiarity with the proposal submitted by TDS in response to the City's waste services RFP, I was very disappointed to hear the statements made by City staff at last week's press conference, and now parroted in a letter to the editor published May 5, 2014 in the *Standard-Times* by the City's Public Information Officer (PIO), Anthony Wilson. I found the comments disappointing because they seem to reveal far more about the City's motivations and intentions than they do about either of the pricing proposals submitted by TDS or Republic.

I believe the most troubling comments made by City staff recently are those by City Manager Daniel Valenzuela at the City staff's April 30, 2014 press conference, which seemed to characterize the investigation into potentially millions of dollars in environmental and fuel surcharge overcharges to San Angelo businesses by Republic over many years without an ordinance authorization as some sort of collaborative investigation among partners working in good faith to find a way to justify their actions. I will address those comments in a separate communication.

I will however comment on some of the statements made at the City staff's press conference and published in the *Standard Times*, which were intended to describe the proposal submitted by TDS.

1. "Republic was the only vendor to offer a plan to align with San Angelo's three existing recycling collectors. The City Council has expressed an interest in such an arrangement to ensure that those enterprises are not put out of business."

The City's RFP requested rates for single stream recyclables to be collected by the contractor. TDS did not anticipate a scenario whereby a third party subcontractor might contract with the RFP respondent or the residential customers separately for collection of single stream recyclables. Nevertheless, City staff should have acknowledged whether its price comparison is for comparable service. If the City staff specifically did not want TDS or Republic to be the collector of residential recyclables, then that should have been clearly articulated in the RFP.

The TDS RFP response in Tab 13 page 3 states, "*Once collected, the (recycling) material will be transported either to local processing facilities in the San Angelo area or to the TDS Material Recovery Facility (MRF) located in Southeast Travis County.*" Also, included in my remarks and handout to Council at the November 5, 2013 Council meeting was the statement, "TDS will work with local recycling facility, Butts Recycling, on what they can handle and, as necessary, will bring the remaining recyclables to the TDS MRF in Austin, until a MRF is justified in San Angelo." These statements show that the primary option proposed by TDS is to utilize local recycling processing facilities. TDS believes that the City staff made a gross misrepresentation of our RFP response by stating that "only Republic offered a plan to align with local recyclers" and that since it was inferred that TDS did not offer such a plan, that if the City chose TDS for the hauling contract that this could put local recycling processors out of business. TDS is currently hauling recycling materials from Angelo State University, Fort Concho Elementary School and a commercial account to Butts Recycling, a respected local recycling processor. I personally own Acme Iron and Metal Co., San Angelo's largest recycling company for six decades, and I have peacefully competed with Butts Recycling and other recyclers in San Angelo for many years. Acme and TDS have a working relationship with local recycling contractors and we take a strong stance against the City staff's representation and implication that the TDS RFP response could alienate local recycling processors/collectors and "put them out of business". Both TDS and Republic have recycling facilities in Austin, which would be relied upon if local recyclables processors chose not to or were unable to economically process the volume of recyclables generated.

2. "TDS' proposed rate for residential trash pickup (including the recycling component) was 64 percent higher than Republic's proposed rate."

While TDS has no idea what Republic Services has offered the City for residential trash and recyclables collection or any other service in their RFP response, and cannot know if this is a true statement, it is important to note that TDS responded to the RFP with seven different options and rate plans for residential trash and recyclables collection. The service level that the City staff chose to publicize (weekly collection of both trash and recyclables with separate carts) was the highest rate that we provided. TDS offered options for every other week single stream recycling which lowered the monthly rate substantially. Every other week single stream recycling service is considered the standard service level in most parts of the country. This is because the size of the recycling cart is large enough to be serviced every other week, instead of weekly. This option also significantly reduces truck traffic on City roads. Were any of the other TDS proposals considered in the evaluation, or was only the most expensive once weekly recyclable collection service option evaluated? None of the other TDS options were mentioned in the briefing or in the published statements of the PIO. Given the City staff's mention of Republic's alignment with recycling collectors, I wonder whether the City staff is comparing a full blown single stream recycling program with a program allowing a local subcontractor to collect recyclables with or without an additional charge to residents. Nevertheless, City staff should have acknowledged whether its price comparison is for comparable service.

Additionally, TDS also proposed an option for a volume discount on landfill disposal fees, since Republic was likely to be the only company to bid to operate the existing City landfill in its final years of filling the remaining landfill capacity. This volume discount was offered in response to a question in the RFP process in which the City responded that a volume discount could be offered. TDS responded in section 13 page 1 *"we have included 3 different rate tiers depending on the landfill disposal fees TDS pays the City. Typically, the landfill disposal fee is the largest cost component in both residential and commercial rate calculations. The City suggested respondents could use a \$30 per ton landfill fee in calculating residential and commercial rates for this RFP response. An additional question posed to the City during the RFP process asked if haulers could be offered a volume discount based on volumes delivered to the City's landfill. We took both of these responses into consideration when crafting our pricing response. That is why we show in our calculations what affect a \$5 or \$10 per ton volume discount would have on both residential and commercial customers' rates."*

This \$5 or \$10 per ton volume discount reduces the rates charged to residential customers. Were any of these factors taken into consideration?

This volume rate discount lowers all of the seven proposals we gave for residential service in our response. With the three landfill price tiers we gave for each option, the City has twenty-one options for residential service and rates proposed by TDS. A blanket statement made by City staff that TDS is 64 percent higher in price for one choice of residential service without even acknowledging twenty other options given by TDS for residential service and rates does not accurately reflect the service levels and options given to the City by TDS and distorts our response.

As I stated above, I believe these dubious and selective revelations about the TDS proposal reveal more about the City's motivations and intentions than anything else. If these statements are truly indicative of the City's level of understanding of our proposal, it begs the question, "Why did the City not seek to complete its understanding of all proposal options by asking follow up questions and requesting interviews with both respondents?" It seems that the City is seeking to bend the information to support a predetermined course of action, which further understanding would have only hindered. For this reason, and due to inaccurate statements made by staff, I think the only reasonable thing for City staff to do is to release both the TDS and Republic RFP responses. It makes no sense for the City to adversely impact its negotiation posture with Republic by publically revealing TDS prices as being 64 percent higher than Republic, but not release Republic's rates. It appears that the goal of City staff is to keep TDS under the City's restriction on TDS communications with staff and Council members, while staff conditions the City Council and the public to reject the TDS RFP responses even before the specifics of the TDS proposal can be made public. I firmly believe that releasing the RFP responses and the scoring of both companies' proposals is the best course of action at this point, so the citizens and business representatives of San Angelo can make a determination for themselves regarding which company is likely to be the best steward of their interests and resources.

Respectfully,

Bob Gregory

President & CEO

Texas Disposal Systems, Inc.