



MEMORANDUM

TO: Mayor and City Council

FROM: Larry Weis, General Manager, Austin Energy *LW*
Bob Gedert, Director, Austin Resource Recovery *BG*

CC: Marc A. Ott, City Manager
Robert D. Goode, Assistant City Manager

DATE: December 7, 2015

SUBJECT: Austin Energy's Class 2 non-hazardous industrial waste contract extension
(Item #14 on the December 10, 2015 Council Agenda)

The purpose of this memo is to update Council on the contract extension request for Austin Energy's Class 2 non-hazardous industrial waste contract with Republic Services.

BACKGROUND

In 2013, Austin Energy sought bids for a waste disposal contract for its Class 2 non-hazardous industrial waste which included soil contaminated with transformer oil, asbestos and creosote coated wood utility poles. Two bid responses were received, one from Republic Services and one from Texas Disposal Systems. The bid from Texas Disposal Systems was deemed non-responsive, without a price bid and validating signature included in their submission, therefore, the Republic Services bid was considered the only valid bid received and evaluated. City Council approved the contract on the condition that any contract extension would require their approval. The Council was interested in determining whether the City had opportunity to consolidate waste disposal contracts held by several City departments.

At the Council meeting on November 19, 2015, staff brought forward a contract extension for approval, but the item was postponed to the December 10, 2015 agenda to give staff additional time to resolve issues regarding options for utility poles and landfill locations.

UPDATE

Austin Energy's contract includes creosote coated wood utility poles and represents approximately 40% of the volume disposed of through it. There may be reuse options available through, for example, a City surplus auction, however, a legal review would be necessary to assess any liability associated with public use of the material.

It has been suggested that Texas Disposal Systems may be willing to accept the poles at their landfill; however, staff cannot direct Republic Services to transport the poles to the Texas Disposal System landfill. Any negotiation regarding the disposition of the poles between those two parties cannot include staff.

At the last Council meeting, an issue arose about possible noncompliance with environmental regulations at the landfill utilized by Republic Services for this contract. Through a professional search of environmental compliance records from the Texas Commission on Environmental Quality, the receiving landfill was found to be in compliance with state and federal regulations.

Due to community concerns about the receiving landfill located on Giles Road in Northeast Austin, staff is utilizing a clause in the current contract that allows Republic Services to transport the waste to a landfill outside the Austin metro area. Staff is working toward that end.

Staff researched the use of existing City contracts as a bridge toward a new contract. Although waste hauling contracts are in place through several City departments, each one was competitively bid using specific scopes of services. Adding a different type of waste is considered a significant alteration of an existing contract which is prohibited by state and local procurement policies. In addition, the Law Department has advised that hauling and disposal of Class 2 non-hazardous industrial waste is beyond the scope of existing City contracts. The Law Department notes that the City's competitive bid process is in the best interest of the City, as the process ensures fiscal and environmental responsibility.

RECOMMENDATION

Staff requests approval of the extension to Austin Energy's current contract with Republic Services, which expires on December 11, 2015.

Austin Resource Recovery is working to combine Class 2 non-hazardous industrial waste contracts from multiple City departments, including Austin Energy, into one contract to reduce costs and create consistent disposal and diversion requirements. The estimated time frame for the execution of a combined contract is August 2016.