



MEMO

To: The Honorable Mayor and City Council
via: Bert Lumbreras, City Manager
FROM: Chase Stapp, Director of Public Safety
DATE: September 22, 2020
RE: TDS Contract Renewal

During the September 15, 2020 regular Council meeting, there was a resolution considered by Council for a 5-year renewal of the City's contract with Texas Disposal Systems (TDS) for residential solid waste disposal, recycling and related programs which is the first of the two five-year extensions approved by City Council in Amendment No. 5 on August 15, 2015. The current contract expires on September 30, 2020. Council amended the resolution and approved a 2-year contract extension with wording added that required agreement by TDS in order for this resolution to take effect. On Wednesday, September 16, staff spoke with TDS management via telephone and learned that they are not agreeable to a 2-year extension and are only agreeable to the 5-year extension specified in the original contract. The purpose of this memo is to provide the staff recommendation for how to move forward along with necessary background information in advance of a special meeting on September 29, 2020.

Accompanying this memo are several attachments: A letter from Texas Disposal Systems and several referenced attachments to that letter and the current contract between the City and TDS.

Staff Recommendation

The services provided by TDS are critical to the safety and quality of life for San Marcos residents. Given the critical nature of these services, staff recommends that Council approve a resolution on September 29, 2020 granting the 5-year contract extension. Staff is also very sensitive to the concerns expressed by Council about the need to begin a Request for Proposal (RFP) process to ensure open competition for the best value for our residents. As part of this recommendation, staff will immediately work with TDS to evaluate the products and rates currently provided by this contract to look for opportunities for potential savings within the life of this extension. If changes are recommended, those will be brought back to Council as a change in services resolution before the termination of the contract.

Additionally, staff (Neighborhood Enhancement and Purchasing & Contracting will begin the RFP process during the term of this contract extension. The current contract with TDS includes a cancellation clause that gives the City the ability to terminate the contract for any reason deemed necessary by the Council by providing TDS at least 30 days' notice. This will

allow the City to conduct an RFP process for these services during the life of this contract extension. It will also give the City the ability to commence operation under a new contract before the end of this five-year contract extension.

During our conversations with TDS management, they were clear to express their hope that the City would not terminate the contract early. They also expressed a belief that there could be opportunities for savings that could be passed on to our residents during the life of this contract. The recommendation to study programs and rates during the first few months of this contract would be an attempt to address those concerns. In the event that Council directs staff to conduct the RFP process, we are prepared to begin that process immediately.

Council guidance required

The current contract only addresses residential solid waste disposal, multifamily recycling and City facility services. Prior to initiating an RFP process staff would need to have council's guidance on staying with the current contracted services or adding multi-family trash, construction waste, and commercial business components to a contract. Adding additional components to the contract would determine how the RFP would be written and the amount of public input required.

RFP Process

During the discussion with Council at the September 15 meeting, staff mentioned the anticipated time needed to conduct an RFP process for these services to be approximately 18 months. There are several components included in that time estimation, some of which are outside the scope and strict timeline of the actual procurement process. Procurement processes for these types of services are complicated and complex. When done correctly, it may involve a healthy amount of public engagement and Council direction for scope and needs assessment. There are many variables which effect the solicitation timeline including the number of proposals received, sufficient time for evaluations, interviews with shortlisted vendors, and contract negotiations. Staff envisions the aforementioned 18-month timeline to encompass the following components:

Program evaluation, public outreach and needs assessment	60-90 days
Council direction	30 -60 days
Solicitation/Evaluation/Selection	180-210 days
Negotiation	30-60 days
Council award	30 days
Vendor Term/Implementation plan development	30 days
Mobilization of new contract	45 days