



City of Killeen

Legislation Text

File #: RS-23-149, **Version:** 1

Consider a memorandum/resolution authorizing the agreement with Waste Management Inc. for the disposal of the City's municipal solid waste.

DATE: September 19, 2023

TO: Kent Cagle, City Manager

FROM: Jeffery Reynolds, Executive Director of Public Works

SUBJECT: Approval of Agreement with Waste Management Inc. for the Disposal of the City's municipal solid waste

BACKGROUND AND FINDINGS:

The City of Killeen Transfer Station processes over 130,000 tons of municipal solid waste (MSW) annually. On October 8, 2015, the City of Killeen entered into a contract for disposal services for the City's MSW with Waste Management, Inc. Waste Management, Inc. maintains the Temple landfill, which is the primary destination of disposal for the city's MSW, and the Williamson County landfill, which could be used as a secondary destination.

On September 1, 2020, City Council approved Amendment #3 to that contract, which extended the term of the disposal agreement to October 7, 2023.

The proposed agreement, which would become effective at the expiration of the current agreement and would remain effective for five (5) years, sets the disposal rate at \$33.12 per ton (base disposal rate). As with the existing agreement, the base disposal rate would automatically increase at the end of each twelve (12) month period by eighty five percent (85%) of the percentage increase of the Consumer Price Index, series CUSR0000SEHG02 CPI-U Garbage & Trash Collection Services, US City Average, not seasonally adjusted, as published by the United States Department of Labor, Bureau of Labor Statistics ("CPI-U"). The CPI-U adjustment will be calculated using the change in the 12-month annual average of monthly CPI-U index values between the May to April period of the year immediately prior to the adjustment date, and the May to April period of the year before. Adjustments to the Contractor's service rates shall be made in units of one cent (\$0.01).

Additionally, the base disposal rate will receive an annual adjustment for a fuel surcharge of fifteen percent (15%) of the percentage increase of the EIA Diesel, On Highway, Retail, Fuel Price for the Gulf Coast Region, as published by the United States Energy Information Administration. The Diesel fuel adjustment will be calculated using the change in the 12-month annual average of monthly EIA fuel index values between May to April period of the year immediately prior to the adjustment date, and the May to April period of the year before. Adjustments to the Contractor's service rates shall be made in units of one cent (\$0.01).

THE ALTERNATIVES CONSIDERED:

1. Do not authorize the disposal agreement with Waste Management, Inc.
2. Authorize the disposal agreement with Waste Management Inc. allowing the city to continue utilizing their services for the duration of five (5) years.

Which alternative is recommended? Why?

Alternative two is recommended in order to ensure disposal services for the City's municipal solid waste at a set cost each year.

CONFORMITY TO CITY POLICY:

Per the Texas Health and Safety Code sections 363.116 and 363.117, the City of Killeen has the authority to enter into this agreement to provide the City of Killeen municipal solid waste management disposal services on the terms considered appropriate by the city.

FINANCIAL IMPACT:

What is the amount of the expenditure in the current fiscal year? For future years?

The FY 2024 estimated expenditures for the proposed agreement for MSW disposal is \$5,012,174.

Is this a one-time or recurring expenditure?

Recurring annually

Is this expenditure budgeted?

Yes, funds are available in the Solid Waste Fund Transfer Station account 540-3475-439.50-40.

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

Yes

RECOMMENDATION:

City Council authorize the City Manager, or his designee, to execute the disposal agreement with Waste Management Inc. for the disposal of the city's municipal solid waste for the duration of five (5) years as well as any amendments within limits established by City policy or State Law.

DEPARTMENTAL CLEARANCES:

Public Works
Purchasing
Finance
City Attorney

ATTACHED SUPPORTING DOCUMENTS:

Agreement
Certificate of Interested Parties
Contract Verification