



21-0360

TITLE: Consider/Discuss/Act on Authorizing Amendment No. 2 to the License Agreement with Waste Connections, Lone Star, LLC.

COUNCIL GOAL: Operational Excellence - 2B: Balance Available resources to accommodate the growth and maintenance needs of the city.

MEETING DATE: May 4, 2021

DEPARTMENT: City Manager's Office

CONTACT: Steve Tilton, Assistant City Manager

RECOMMENDED CITY COUNCIL ACTION:

- Approve ordinance

ITEM SUMMARY:

- The ordinance would approve a 2nd amendment with the City's refuse & recycling carrier, Waste Connections. Upon completion, the amendment will allow for the following increases to three (3) different components of the agreement:
 - Residential Collection: \$1.60 increase per month per home
 - Commercial Collection: 25% increase over three-year period (10%, 10% and 5%)
 - Downtown Collection amended as follows:
 - Low - \$63.30
 - Moderate - \$279.84
 - High - \$583.49
- Waste Connections will be required to increase their performance bond from \$1,000,000 to \$2,000,000.
- Waste Connections will no longer be required to make a minimum recycling revenue payment to the City.

BACKGROUND INFORMATION:

- Relationship with original company (IESI/Progressive Waste Solutions) dates back to 1996. (Through subsequent mergers and acquisitions, parent company is now Waste Connections.)
- Current contract agreement executed in 2008 with termination in September 2017, amended in 2013 extending expiration date to September 30, 2024.
- Since 2008, eight (8) contract service fee increases approved based on CPI-U (*).
- McKinney has not increased its collection rate (\$15.36) to residents since Oct. 1, 2006.
- 2016 - Waste Connections merged with Progressive Waste Solutions and Waste Connections took over management of the agreement.
- 2018 (Feb.) - City receives request from Waste Connections for rate increases. (Similar request made to Frisco, another full-service customer of Waste Connections)
- 2018 (March) - Per Council direction, City retains services of Burns & McDonnell to analyze the request and provide a market perspective/recommendation.
- 2018/2019 - Staff and BKD (Audit Firm) conduct financial review/assessment.

FINANCIAL SUMMARY:

- As part of the amendment, the City will make a one-time payment to Waste Connections in the amount of \$705,922. Funds for this payment will be drawn from the City's Solid Waste Fund.

BOARD OR COMMISSION RECOMMENDATION:

- N/A

SUPPORTING MATERIALS:

[Amendment](#)
[Presentation](#)