



CITY OF MCKINNEY, TEXAS

Legislation Details (With Text)

File #: 21-0362 **Name:** Budget Amendment
Type: Ordinance **Status:** Approved
In control: City Council Regular Meeting
On agenda: 5/4/2021 **Final action:** 5/4/2021
Title: Consider/Discuss/Act on an Ordinance Amending the Fiscal Year 2020-2021 Annual Budget to Provide Funds for the purpose of Amending the City's License Agreement with Waste Connections Lone Star, Inc.

Indexes:

Attachments: 1. Ordinance, 2. Presentation

| Date | Ver. | Action By | Action | Result |
|----------|------|------------------------------|----------|--------|
| 5/4/2021 | 1 | City Council Regular Meeting | Approved | Pass |

Consider/Discuss/Act on an Ordinance Amending the Fiscal Year 2020-2021 Annual Budget to Provide Funds for the purpose of Amending the City's License Agreement with Waste Connections Lone Star, Inc.

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 an amendment to the Fiscal Year 2020-2021 budget to provide funds in the amount of \$705,922 as part of a license agreement amendment with the City's refuse & recycling carrier, Waste Connections. The funds will be drawn from the City's Solid Waste Fund. 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