

## **RESOLUTION 18-211**

### **A RESOLUTION TO AUTHORIZE MAYOR TO EXECUTE AMENDMENT TO CONTRACT WITH WASTE MANAGEMENT FOR COMMERCIAL BILLING AND COLLECTION SERVICES**

**WHEREAS**, the Board of Mayor and Aldermen recognizes residential and commercial sanitation services are essential and needed to serve the residents and businesses of the City of Spring Hill; and

**WHEREAS**, Resolution 12-75 was passed by the Board of Mayor and Aldermen on October 15, 2012, to contract with Waste Management for residential and commercial sanitation services; and

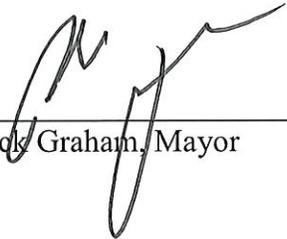
**WHEREAS**, the Board of Mayor and Aldermen of the City of Spring Hill approved Resolution 15-94 on August 17, 2015 providing for a Contract extension to the initial contract with an amended effective period of the contract scheduled to expire on March 31, 2019; and

**WHEREAS**, on October 30, 2018, the City of Spring Hill received a written proposal from Waste Management attached as Exhibit "A" herein offering at no additional charge to the City of Spring Hill to expand current services provided by Waste Management to include commercial billing and collection for all commercial accounts currently administered by the City of Spring Hill; and

**WHEREAS**, Section 4 of the Contract attached as Exhibit "B" provides that the Contract shall be strictly complied with and conformed to by the Contractor (Waste Management), and no amendment to this Contract shall be made except upon the written consent of the parties, which consent shall not be unreasonably withheld. Furthermore, no amendment shall be construed to release either party from any obligation of the Contract except as specifically provided for in such amendment.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Mayor and Aldermen of the City of Spring Hill approves the amendment to the Contract to allow the Contractor, Waste Management, to expand current services provided to include commercial billing and collection for all commercial accounts currently administered by the City of Spring Hill, and further resolves to authorize the Mayor to execute Exhibit "A", attached hereto.

**Passed and adopted by the Board of Mayor and Aldermen of the City of Spring Hill,  
Tennessee on this 19<sup>th</sup> day of November, 2018.**

  
\_\_\_\_\_  
Rick Graham, Mayor

ATTEST:

  
\_\_\_\_\_  
April Goad, City Recorder

LEGAL FORM APPROVED:

  
\_\_\_\_\_  
Patrick Carter, City Attorney



**City of Spring Hill  
Budget & Finance Advisory Committee  
and  
Board of Mayor and Aldermen**

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Date: October 29, 2018

Memo to: Budget & Finance Advisory Committee and BOMA

From: Patti Amorello, Finance Director

Re: Amendment to Waste Management Contract Regarding Commercial Billing & Collection

**RESOLUTION 18-211 – AUTHORIZE MAYOR TO EXECUTE AMENDMENT TO CONTRACT WITH WASTE MANAGEMENT FOR COMMERCIAL BILLING AND COLLECTION SERVICES - FINANCE DEPARTMENT.**

**BACKGROUND INFORMATION:** The City of Spring Hill entered into an agreement with Waste Management on October 15, 2012 for residential and commercial sanitation services. The agreement was extended for an additional three years and the current agreement expires March 31, 2019. We are in the process of drafting a Request for Proposals for residential and commercial sanitation services.

A recurring issue we have discussed with Waste Management surrounds commercial billing and collections. In reviewing the past 9 months of commercial bills, the City has consistently billed out less than we are paying Waste Management each month. Each month, our Utility Billing Coordinator goes through the commercial bill and reviews each of the 250+ customers to see what is creating any discrepancy. Some of the issues creating this situation are:

- New accounts – We set up accounts for the new customers and retro bill for them,
- Extra pickups – we review the bill monthly to see who had extra pickups the previous month and then retro bill the customer
- Additional fees (environmental fees, overage fees) – we review the commercial bill to see what was billed to us that wasn't billed to customers and go back to charge missing fees.
- Billing errors – sometimes the collection frequency on the bill may be modified and we are billing for a lower frequency.

The City does **not** collect 100% of billings from commercial customers. Often, businesses close and account balances remain unpaid. As a result of the combined issues outlined above, we are running a deficit from commercial sanitation services of approximately \$25,000 annually.

Discussion related to the commercial collection component in the upcoming RFP has included the possibility of removing commercial sanitation services completely from the process and letting the free market drive that component or requiring the selected vendor to administer commercial billing and collection, removing the City from the loop.

At this point, we are bringing money in for our vendor and administering the program at a loss.

Waste Management recently indicated that they are willing to take over billing and collection of commercial accounts. This would remove the City from the position of operating in the red. We would send letters to each business to advise them that the sanitation services will be handled separately from any water/sewer/stormwater charges and Waste Management would take over billing and collection December 1<sup>st</sup>.

The initial contract with Waste Management provides the ability for the contract to be amended upon agreement between parties. An addendum to the contract has been prepared to that would expand the services provided by Waste Management at no additional cost to the City whereby Waste Management would be responsible for administering commercial sanitation services billing and collections through the end of the contract period.

**ATTACHMENTS:** Resolution 18-211, Addendum to Waste Management contract, Resolution 12-75 with attachments, Resolution 15-94.

**RECOMMENDATION:** Approve Resolution 18-211.

## First Amendment to Contract

The First Amendment to Contract (this "Amendment") is entered into as of the 19<sup>th</sup> day of November, 2018, by and between the City of Spring Hill, Tennessee ("City") and Waste Management, Inc. of Tennessee ("Contractor"), both acting by and through their duly authorized representatives.

### WITNESSETH:

**WHEREAS**, the City and Contractor previously entered into a certain Contract dated November 15, 2012 ("Contract") and subsequently extended by the Board of Mayor & Aldermen on August 17, 2015, whereby Contractor was granted the exclusive right to provide residential, commercial, and industrial waste collection, transportation, and disposal and collection of certain recyclables within the City, as more particularly set forth in the Contract; and

**WHEREAS**, the Contract terminates on March 31, 2019; and

**WHEREAS**, the City and Contractor desire to amend the Contract, as more particularly set forth below.

Now, therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, the parties agree as follows:

1. Section 14.03 of the Contract, entitled "City to Act as Collector" is hereby modified as follows: Beginning with the services provided by Contractor to all Commercial and Industrial Unit customers in the month of January, 2018,<sup>9</sup> Contractor shall submit monthly invoices to such customers and shall be responsible for collecting the amounts owed by such customers. For Commercial and Industrial Unit customers, Contractor shall require payment of such invoices within thirty (30) days after the invoice date, with past due invoices bearing late charges or interest as allowed by law. Contractor shall have the right to suspend service to any Commercial and Industrial Unit customer that is delinquent in payment to Contractor after providing notice to the customer. If Contractor suspends service to a Commercial or Industrial Unit Customer for failure to timely pay Contractor's invoices, Contractor has the right to charge a service reactivation fee if such service to the Customer is reinstated.
2. The City shall continue to submit invoices to and collect from all Residential Unit customers for services provided by the Contractor, including those accounts that are delinquent.
3. Pursuant to paragraph 2 above, beginning January, 2018,<sup>9</sup> Contractor will no longer bill the City for services provided to Commercial Unit and Industrial Unit customers. As such, section 14.05.b. of the Contract, which requires the City to pay Contractor for Commercial services is hereby deleted.

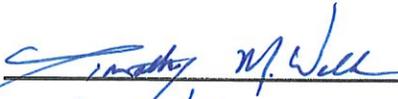
4. Capital words used in this Amendment shall have the meaning assigned in the Contract. Nothing contained herein shall be deemed to amend or modify the Contract, except as expressly set forth herein. In the event of a conflict between the terms of the Contract and this Amendment, the terms of this Amendment shall control.

IN WITNESS WHEREOF, this Amendment has been executed as of the date first set forth above.

City of Spring Hill, Tennessee

Waste Management Inc. of Tennessee

By:   
Its: Mayor  
Date: 11-19-2018

By:   
Its: Alex VP  
Date: 11/19/18