



Legislation Text

File #: P-2023-011, **Version:** 1

Presentation by Waste Pro USA Regional Vice President Kenny Skaggs to Address Solid Waste, Bulk and Yard Waste, and Recycling Collection Services Agreement with the City of Hollywood, Specifically the City's Collection of Outstanding Liquidated Damages, and the Collection of Solid Waste in Hollywood's Alleyways

Financial Management & Administration

Staff Recommends: Presentation by Waste Pro USA to Address the Company's Issues with the Collection of Liquidated Damages and Solid Waste Collection Operations in Hollywood's Alleyways

Explanation:

On June 19, 2019, during a Special Commission Meeting, the Hollywood City Commission authorized City Staff to negotiate a new contract with Waste Pro USA. City Staff and Waste Pro USA eventually agreed on the terms of a new 10-year contract. The City Commission adopted Resolution No. R-2019-240 and the new contract took effect on October 1, 2019.

Under the current contract, Waste Pro USA provides services for the collection of residential solid, bulk, and yard waste, recyclable materials, processing, and disposal services to 34,659 households in Hollywood twice a week for garbage, once a week for yard waste, and once a month for bulk trash collection. Since the contract's inception, the City has continually experienced service failures by Waste Pro USA pursuant to the terms and conditions stated in the contract. The contract allows the City to levy liquidated damages against Waste Pro USA for confirmed service violations and deduct them from monthly payments to the company. The former Public Works Director, Peter Bieniek, issued Waste Pro USA two letters for service violations from October 2019 to January 2020 and levied \$223,579.54 in liquidated damages. However, the former Public Works Director did not collect any liquidated damages after Waste Pro USA objected to them. According to Public Works staff, Mr. Bieniek directed staff to cease confirming service violations in 2020. As a result of that directive, the Department did not collect any liquidated damages from Waste Pro USA from the contract's inception through Mr. Bieniek's departure from the City in September 2022.

On November 1, 2022, Public Works resumed having its staff confirm service violations by Waste Pro USA. On December 21, 2022, Public Works Interim Director Annalie Holmes issued a letter to Waste Pro USA advising its representatives of the City's intent to deduct the \$223,579.54 in outstanding liquidated damages. The letter also informed Waste Pro USA that

going forward, the City would deduct liquidated damages beginning in November 2022. The following day, at the beginning of a meeting between City staff and Waste Pro USA representatives, Ms. Holmes presented Waste Pro USA with another letter notifying the company of the City's intent to deduct \$16,650 in liquidated damages for service violations in November. During the meeting, Waste Pro USA Regional Vice President Russell Mackie made a passing reference to Waste Pro USA's right to terminate its contract with the City and that the company would not consider such an action a default. Mr. Mackie also stated that Mr. Bieniek had given Waste Pro USA assurances that the City would not collect liquidated damages during the first year of the current contract (October 1, 2019 - October 1, 2020) in exchange for investments the company was making in personnel and equipment. City staff advised Mr. Mackie that Mr. Bieniek did not have the authority to make any assurances that deviated from the terms of the contract and that the sole authority to alter or deviate from the terms of the contract rests with the Hollywood City Commission. Waste Pro USA representatives have since expressed an interest in meeting with members of the Hollywood City Commission to discuss their concerns about the outstanding liquidated damages and challenges they claim to be facing with solid waste collection in the City's alleyways.

Fiscal Impact:

There is no fiscal impact to the City.

Recommended for inclusion on the agenda by:

Daniel Millien, Environmental Services Division Manager, Public Works

Annalie Holmes, Interim Director, Department of Public Works

George R. Keller, Jr., CPPT, Deputy City Manager, Public Safety