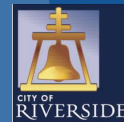


Solid Waste and Recycling Program Review Economic and Strategic Study



PRESENTATION TO:
City of Riverside City Council
January 14, 2020

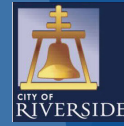
Presentation Outline



- ▶ Regulatory / Legislative Compliance
- ▶ Major Findings
 - Overall
 - Residential
 - Commercial
- ▶ Recommendations
 - Investing in Municipal Operations
 - Outsourcing
 - Commercial Collection
- ▶ Key Conclusions

Regulatory/Legislative Compliance

Key Legislation



AB 341 and 1826

Mandatory Commercial Recycling and Organics Collection Requirements

- ✓ - Identifying covered generators
- ✓ - Provide recycling/organics programs
- ✓ - Education and outreach
- ✓ - Monitor compliance and report progress



AB 1594

Green Material Used as Alternative Daily Cover

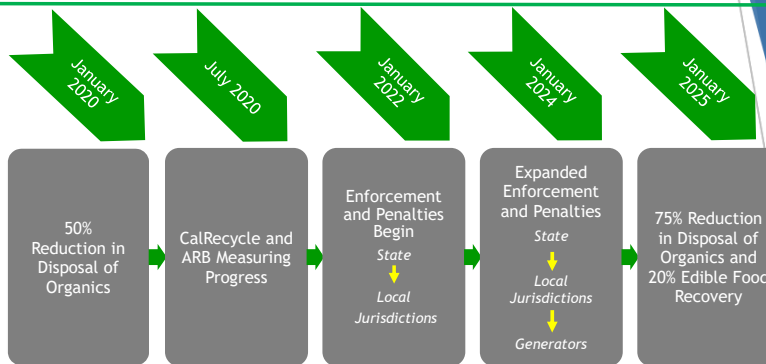
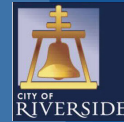
January 1, 2020 -
Not counted as diversion



SLIDE 2

Regulatory/Legislative Compliance

Key Legislation – SB 1383



Significant penalties for non-compliance:

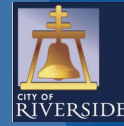
For jurisdictions, \$500-\$10,000 per day, depending upon the violation

For generators, jurisdictions will be required to assess penalties \$50-\$500 for first violation starting in 2024



SLIDE 3

Major Findings Overall

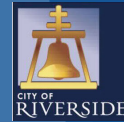


- ▶ The Division is doing a good job with available resources
- ▶ Available resources are not sufficient to operate to Industry Standards – additional staff and vehicles are needed
- ▶ Division management and staff appear to be dedicated and qualified
- ▶ Division and Fleet management have a good working relationship
- ▶ Residential rates are not covering the costs of operations
- ▶ The City needs to incorporate SB 1383 residential organics recovery requirements into any new residential collection contract
- ▶ The City needs to negotiate changes to its commercial collection contracts to incorporate AB 1826 and SB 1383 commercial organic recycling requirements



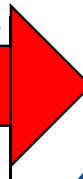
SLIDE 4

Investment Is Needed Division's Operations



- ▶ At a minimum, the Division needs the following additional resources:
 - 7 new fully-automated vehicles (~\$2.6 million- \$315K annually)
 - Two additional drivers (\$176,000); and
 - One additional Supervisor 1 (\$123,000)
- ▶ The above investment provides for two (2) additional daily routes
- ▶ **Refuse Fund has a \$4.1 Million Deficit, Drawing down Working Capital**

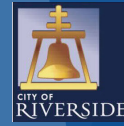
FY	2019/20	2020/21	2021/22	2022/23
Ending Working Capital	\$4,192,672	\$1,416,538	(\$1,937,451)	(\$5,751,183)
(Deficit)	(\$4,133,434)	(\$2,776,134)	(\$3,353,989)	(\$3,813,732)




SLIDE 5

Major Findings

Rate Adjustments Are Needed



- ▶ A **11.6% Rate Increase** effective July 1, 2020 would address the \$4.1 million shortfall and put Refuse Fund in a reasonable financial position for FY 20/21:
 - ▶ If it maintains the Division's residential collection operations;
or
 - ▶ If it decides to outsource those operations

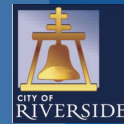
- ▶ A **20.0% Rate Increase** effective July 1, 2020 would fully fund the Division's operations and start building needed capital reserves



SLIDE 6

Major Findings

Commercial Services



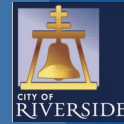
- ▶ The current "open market" system lacks overall accountability and enforcement
- ▶ The Commercial contracts do not adequately address regulatory requirements
 - ▶ Mandatory Commercial recycling is not fully implemented
 - ▶ Mandatory Commercial organics is not implemented
 - ▶ Contamination tracking and reporting is not addressed
- ▶ The City is not meeting regulatory requirements



SLIDE 7

Recommendations

If Investing in Municipal Operations



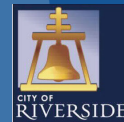
- ▶ Reroute Residential Collection System
- ▶ Review street sweeping productivity and reroute street sweepers
- ▶ Eliminate “Manual Service Option” for all accounts that can be serviced with semi- or fully-automated vehicles *(also applies if outsourced)*
- ▶ Enforce container ordinance for any manual accounts that cannot be serviced with semi or fully-automated vehicles
- ▶ Eliminate “Incentive Off” Policy
- ▶ Continue to annual fund \$1.1 million in annual vehicle replacement costs – Establish Vehicle Replacement Reserve Fund
- ▶ Evaluate condition of residential carts and develop 10-year replacement plan – Establish Cart Replacement Reserve Fund



SLIDE 8

Recommendations

If Outsourcing Municipal Operations



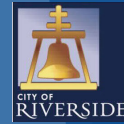
- ▶ Review / Refine “Breakeven” Analysis of costs that would not go away if Division’s operations were Outsourced
 - \$4.1M in costs would remain even if Outsourced
 - The City’s \$14M pension liability would remain even if Outsourced
- ▶ Conduct additional review of street sweeping operations
 - Required Investment if any
 - Costs that would remain if Outsourced
- ▶ Informally explore with haulers in the region what economic or other benefits they may be willing to provide the City and its ratepayers in exchange for a long-term exclusive residential franchise agreement
- ▶ If decision is to Outsource, consider conducting a competitive Request for Proposal Process



SLIDE 9

Recommendations

Commercial Services

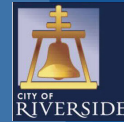


- ▶ Adopt Municipal Code revisions to address regulation requirements for commercial recycling and organics collection
- ▶ Negotiate short term amendments to address mandatory commercial organics programs
- ▶ Determine long-term commercial system needs
 - Open market, multiple haulers
 - Multiple haulers in defined service areas
 - Single hauler for all commercial services City-wide
 - Single hauler for all residential and commercial services City-wide
- ▶ If the decision is to change from the current open market system, consider conducting a competitive Request for Proposal process



SLIDE 10

Key Conclusions



- ▶ Must work towards legislative compliance – no other option
 - Amend Municipal Code for organics compliance
 - Amend Commercial Franchise Agreements to include mandatory organics/food waste collection and processing
- ▶ Raise residential rates on July 1, 2020 to cover costs
 - OR if outsourcing is selected, postpone rate adjustment during RFP process (a rate increase though will be likely even if outsourced)
- ▶ Redesign commercial collection system
 - District out the collection via competitive procurement
 - Single hauler City-wide
 - Single hauler for commercial and residential collection (if outsourcing residential)



SLIDE 11

