



SOLID WASTE & RECYCLING PROGRAM STRATEGY & ECONOMIC STUDY REPORT BY R3 CONSULTING GROUP, INC.

Public Works Department

City Council
January 14, 2020

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BACKGROUND

January 8, 2019

- Public Works Performance Audit Findings

March 13, 2019

- Staff presented to Finance Committee

Summer 2019

- On site meetings, field observations, contract reviews, draft report prep

January 9, 2019

- Finance Committee requested City staff input on potential savings by outsourcing

April 23, 2019

- Consultant retained to complete an independent study

November 13, 2019

- Finance Committee



COMMITTEE RECOMMENDATION

1. Referred to City Council
2. Additional information requested
 - a) Other cities that have outsourced
 - b) Service models (exclusive v. district)



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STAFF PRIORITY



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OUTSOURCING CONSIDERATIONS

What happens to GF support costs? (Human Resources, IT, Finance, City Attorney...)

- Reallocated to other City funds or may result in further budget or personnel reductions.

What happens to unfunded PERS obligation?

- City would ask private hauler to assume via RFP...which cost likely to pass to customer rate.
-if City can't find a hauler to assume liability, \$14 M remains in General Fund.

What other impacts should be considered?

- Fixed business unit costs and direct charges to Refuse (Security, Janitorial Services, Fleet Overhead, Facility Maintenance, IT's hardware, storage and some software costs....) will need to be reallocated to other departments, which will result in GF impact.

Will services change?

- Unknown.

MAY REDUCE POTENTIAL SAVINGS TO GENERAL FUND

OUTSOURCING CONSIDERATIONS

UNKNOWN SERVICE IMPACT

Freeway Ramp Cleaning

Large Homeless Encampments

City Event Prep/Clean Up and Sweeping

KRCB Volunteer Event Support

Post Storm/Wind Event Clean Ups

Emergency Response for City Fire & Police

- Hazardous Response and Accident Clean Up

Alley and Right of Way Cleaning

Parks Clean Up Support



MAY RESULT IN COSTS BEING REASSIGNED TO GENERAL FUND

DISCUSSION POINTS

1. Outsourcing decision and implementation process;
2. Maintain status quo and implementation process;
3. Rates need to be adjusted either way; and
4. City has to be aggressive to get into compliance either way.



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RECOMMENDATIONS

That the City Council:

1. Receive the Solid Waste and Recycling Program Strategy and Economic Study Report prepared by R3 Consulting Group, Inc. and provide direction on outsourcing;
2. Direct staff to draft an Organics Program Ordinance in accordance with state mandates;
3. Direct staff to amend the Agua Mansa (Robert A. Nelson) Transfer Services Agreement and commercial waste collection agreements with Athens Services, Burrtec Waste Industries, Inc., and CR&R, Inc., to include state mandated recycling programs;



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RECOMMENDATIONS (CONT.)

4. Direct staff to amend the residential collection agreement with Burrtec Waste Industries, Inc. to extend the term for two years through June 30, 2022 with one option to extend for one year through June 30, 2023; and
5. Direct staff to bring to City Council a proposed residential and commercial rate plan through 2023.

