



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: DECEMBER 12, 2017

FROM: PUBLIC WORKS DEPARTMENT WARDS: ALL

SUBJECT: RESOLUTION, IN ACCORDANCE WITH PUBLIC RESOURCES CODE 40059, AUTHORIZING A FOURTH AMENDMENT TO RESIDENTIAL SOLID WASTE AGREEMENT WITH BURRTEC WASTE INDUSTRIES, INC. FOR INTEGRATED SOLID WASTE MANAGEMENT SERVICES THROUGH DECEMBER 31, 2018 – FOR APPROXIMATELY \$4,077,244

ISSUE:

Adopt a Resolution authorizing and approving a Fourth Amendment to the Residential Solid Waste Agreement between the City of Riverside and Burrtec Waste Industries, Inc. for residential solid waste services, in accordance with Public Resources Code 40059, extending the term through December 31, 2018 for approximately \$4,077,244.

RECOMMENDATIONS:

That the City Council:

1. Adopt a Resolution authorizing and approving a Fourth Amendment to the Residential Solid Waste Agreement with Burrtec Waste Industries, Inc. for approximately \$4,077,244 for Integrated Solid Waste Management Services, in accordance with Public Resources Code 40059, extending the term through December 31, 2018; and
2. Authorize the City Manager, or his designee, to execute the Fourth Amendment to the Residential Solid Waste Agreement for Integrated Solid Waste Management Services with Burrtec Waste Industries, Inc.

BACKGROUND:

On February 27, 2001, the City Council approved a Residential Solid Waste Agreement (Agreement) with Burrtec Waste Industries Inc. (Burrtec) with a term ending May 11, 2008 for approximately \$3,360,000 per year to provide residential refuse collection services to approximately one-third of the residential accounts within the City of Riverside. City crews service the remaining two-thirds of the City residential accounts.

On April 13, 2004, a First Amendment to the Agreement with Burrtec Waste Industries, Inc. was executed to add Wednesday as a service day for residents serviced by Burrtec Waste Industries, Inc.

On January 23, 2007, the City Council approved a Second Amendment to the Agreement with Burrtec Waste Industries, Inc. to extend the term to January 1, 2017 in the amount of approximately \$3,431,000 per year and authorized annual Consumer Price Index (CPI) adjustments in compensation to Burrtec Waste Industries, Inc. for the base rate and disposal fee components. The Second Amendment also allows for one five-year extension with a month-to-month clause.

On November 8, 2016, the City Council adopted a Resolution authorizing and approving a Third Amendment to the Residential Solid Waste Agreement with Burrtec Waste Industries, Inc. for Integrated Solid Waste Management Services, in accordance with Public Resources Code 40059, extending the term of the Agreement through December 31, 2017 for approximately \$3,998,474 and authorized the City Manager, or his designee, to execute the amendment.

DISCUSSION:

Burrtec services approximately 25,760 residential accounts and has continually provided excellent service to City residents at an affordable contract cost to the City. They provide monthly reports to the City on performance, track individual service calls, and are very responsive to any issues that arise. Burrtec provides the basic service to residents as well as bulky item pick-ups, Christmas tree removal, and small illegal dumps. City staff handle a portion of the work related to services for residents served by Burrtec including billing, 311 call center, barrels, large illegal dumps, Clean Up Riverside Environment (C.U.R.E.) programs, and state reporting.

The compensation to Burrtec is comprised of two components:

- 1) A base rate which includes the cost of the collection services which represents about 55% of the overall contract cost; and,
- 2) A disposal fee which includes landfill and processing costs that are pass-through costs from the County of Riverside which represents about 45% of the contract cost.

Burrtec is paid monthly for services rendered. The amount paid is based on the actual number of customers serviced by Burrtec and varies based on the level of service provided. For the typical curbside residential service, the cost is currently \$7.37 per home, per month, plus \$6.00 per home per month for disposal costs charged by the County. This is the current compensation structure that exists in the Agreement and no changes are proposed.

Although the contract originally allowed for a five-year extension, a one-year extension was utilized for calendar year 2017 and now again in 2018 because the Public Works Department is scheduled for an audit as part of a larger citywide effort. Proceeding with one-year extensions allows time for the external audit to be conducted and provides flexibility to accommodate any changes that may be recommended as an outcome from the audit. The proposed extension will extend the contract one year through December 31, 2018.

Public Resources Code 40059 requires that a resolution or ordinance be adopted in order for a governing body to grant the authority to provide solid waste handling services to a hauler by means of a contract, franchise agreement, or otherwise. Therefore, a Resolution authorizing the Fourth Amendment to extend the term of the Agreement with Burrtec for one year is attached in compliance with this provision.

FISCAL IMPACT:

The fiscal impact of the Fourth Amendment to the Residential Solid Waste Agreement is \$4,077,244 and is budgeted in the Solid Waste Division Private Hauler Account 4130300-459014. The City's General Fund will benefit from approximately \$270,000 in franchise fees associated with the contract extension (15% of the disposal costs), which are already included in the budgeted revenues.

No rate changes to residential customers are necessary as a result of the Fourth Amendment. A five-year residential rate plan approved by City Council on February 12, 2013, covering fiscal years 2013-14 through 2017-18, will provide sufficient funds for costs associated with the Fourth Amendment.

Prepared by: Kris Martinez, Public Works Director
Certified as to
availability of funds: Adam Raymond, Chief Financial Officer/City Treasurer
Approved by: Al Zelinka, FAICP, Assistant City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Fourth Amendment to the Residential Solid Waste Agreement for Integrated Solid Waste Management Services with Burrtec Waste Industries, Inc.
2. Resolution authorizing the Fourth Amendment to the Residential Solid Waste Agreement for Integrated Solid Waste Management Services with Burrtec Waste Industries, Inc.
3. Presentation