



City of Arts & Innovation

City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JANUARY 28, 2025

FROM: PUBLIC WORKS DEPARTMENT WARDS: ALL

SUBJECT: REQUEST FOR PROPOSAL NO. 2362 - SERVICES AGREEMENT WITH RETAIL MARKETING SERVICES, INC. DBA CARTRAC OF BURBANK, CALIFORNIA FOR ABANDONED SHOPPING CART RETRIEVAL SERVICES FOR A TERM OF FEBRUARY 1, 2025 THROUGH JUNE 30, 2027, IN A TOTAL AMOUNT OF \$290,000, PLUS 15% CONTINGENCY OF \$43,500, FOR TOTAL CONTRACT AMOUNT NOT TO EXCEED \$333,500

ISSUE:

Approve a Services Agreement with Retail Marketing Services, Inc. dba CarTrac of Burbank, California for Abandoned Shopping Cart Retrieval Services, from Request for Proposal 2362, for a term of February 1, 2025, through June 30, 2027, for a total amount of \$290,000, plus 15% contingency in the amount of \$43,500, for a total contract amount not to exceed \$333,500.

RECOMMENDATIONS:

That the City Council:

1. Approve a Services Agreement with Retail Marketing Services, Inc. dba CarTrac of Burbank, California, from Request for Proposal 2362 for Abandoned Shopping Cart Retrieval Services for a term of February 1, 2025, through June 30, 2027, in a prorated amount of \$50,000 through June 30, 2025, then an annual amount of \$120,000, for a total amount of \$290,000, with the option to extend for two additional one-year terms;
2. Approve 15% contingency each fiscal year for a total amount of \$43,500 to increase shopping cart retrievals, if needed; and
3. Authorize the City Manager, or designee, to execute the Services Agreement with Retail Marketing Services, Inc. dba CarRrac and two optional one-year extensions, including making minor non-substantial changes.

LEGISLATIVE HISTORY:

Chapter 9.58 of the Riverside Municipal Code (RMC) requires that all retailers possessing shopping carts for customer use must either submit a detailed prevention plan explaining how they will prevent shopping carts from leaving their business premises or agree in writing to reimburse the City for shopping cart retrieval services.

On January 18, 2017, the Public Safety Committee recommended that the City Council adopt an Ordinance to amend Chapter 9.58 of the Riverside Municipal Code relating to the retrieval, impound, and disposal of lost, stolen, or abandoned shopping carts.

On February 28, 2017, the City Council unanimously approved an Ordinance amending Chapter 9.58. The RMC changes addressed retailer comments and incorporated ideas that resulted from meetings with retailers, and included the following “10-step plan”:

1. All retailers utilizing shopping carts, whether they utilize City services or not, must submit a prevention plan stating how they will prevent carts from leaving the business premises;
2. Require the prevention plan to provide details on how the retailer will actively locate carts within one mile of the business premises and respond to complaints from the public or notifications from the City regarding abandoned carts;
3. Require the prevention plan to include an employee training program regarding the prevention plan and state law as they relate to shopping carts;
4. Require retailers who have a minimum of 20 carts and have more than 20% of their carts retrieved in a year to submit an annual evaluation report for that year;
5. Require retailers to install disabling devices if their prevention plan has been revoked more than three times in a four-year period. If the retailer already uses disabling devices, then they will be required to show proof of quarterly maintenance and repairs ensuring the devices are working properly;
6. Require retailers with carts already equipped with disabling devices to test and repair the devices on abandoned carts returned to the retailer by the City’s retrieval contractor prior to making them available to customers;
7. Require retailers to pull carts from circulation if disabling devices are not working properly;
8. Allow the City to revoke a retailer’s prevention plan and require more stringent prevention measures if they have more than 20 carts and more than 25% of their carts are retrieved in a 6-month period;
9. Require retailers to lock up their carts at night; and
10. Require new construction projects that will accommodate large stores utilizing carts to install disabling devices.

BACKGROUND:

Abandoned shopping carts are a nuisance that cause safety hazards, contribute to blight, and obstruct pedestrian and vehicular traffic within the City of Riverside. To mitigate these issues, the City has contracted with Retail Marketing Services, Inc. dba CarTrac (CarTrac) for the removal of abandoned carts from public areas since 2006. As required by Chapter 9.58 of the Riverside Municipal Code (RMC), retailers who provide shopping carts to their customers must either enroll

in the City's cart retrieval service or submit a prevention plan to keep carts from entering public spaces.

Retailers who enroll in the City's cart retrieval service have their shopping carts collected from public areas and returned by the City's contractor. The retailers are billed by the City for the contractor's direct cost to provide the retrieval service.

Retailers who opt not to enroll in the City's cart retrieval service must develop and implement a prevention plan to prevent shopping carts from leaving their premises. Abandoned carts belonging to these retailers, when found in public areas, are taken to the City's Corporation Yard in accordance with the RMC.

DISCUSSION:

Public Works Department staff presented to the Safety, Wellness, and Youth Committee on January 17, July 17, September 18, 2024, and January 15, 2025, to review and discuss the shopping cart retrieval program in anticipation of a new Service Agreement.

In an effort to reach as many prospective bidders as possible, Public Works staff searched to identify companies that provided shopping cart retrieval services for municipalities and counties throughout Southern California, including companies serving the City of Long Beach, City of Los Angeles, County of Orange, and County of San Diego. Thus, a formal solicitation was drafted and provided to the Purchasing department.

On April 18, 2024, Request for Proposal (RFP) No. 2362 was issued for shopping cart retrieval services. The goal of the RFP was to secure a vendor that would agree to scope of work which includes the following:

1. Collect carts at least on weekdays within City limits, except for holidays. The ability to respond to requests or proactively retrieve carts seven days per week service is preferred.
2. Retrieve carts within one business day of receipt of service request. Abandoned carts reported to the City's 311 Call Center before 3:00 pm shall be retrieved the same day and any abandoned carts reported after 3:00 pm shall be retrieved immediately the following day, including weekends and non-excepted holidays.
3. Retrieve abandoned shopping carts from non-participating retailers and deposit them at City's Corporation Yard, or another location as designated by the City.
4. Notify non-participating retailers that cart has been deposited at Corporation Yard (or other location as designated by the City) within one business day following retrieval.
5. Maintain a log of carts retrieved and returned to all participating stores, including the number of carts retrieved for each participating store location, date and time contractor was notified, date and time of retrieval and return of each cart, geographic location of retrieval of each cart, and signature of store representative accepting returned carts. This log is due to the City by the 15th of each month for the preceding month.
6. Maintain records of abandoned carts from non-participating retailers or carts without identifying signs retrieved and deposited at the City's Corporation Yard, including the

number of carts retrieved, date and time contractor was notified, date and time of retrieval and deposit of each cart, geographic location of retrieval of each cart, and signature of City representative accepting deposited carts. This data will be reported to the City by the 15th of each month for the preceding month.

7. Monthly reports must be provided to the City of Riverside on the 15th day of each month. Reports shall include retailer's business name and name of contact person, number of carts retrieved, and deliveries made for each retailer, number of carts deposited at the City's Corporation Yard, and cost of services. Reports will differentiate shopping carts retrieved following a notification from the 311 Call Center from shopping carts retrieved through Contractor's proactive efforts.
8. Attend quarterly meetings with a designated representative of the City.
9. Provide information on locations where carts are most commonly retrieved, and the percentage of carts retrieved for participating retailers versus non-participating retailers.

The actions of the RFP prior to opening is summarized in the following table:

Table 1. RFP Actions Summary

| Action | Number of Vendors |
|------------------------------------|-------------------|
| External Vendors Notified | 500 |
| City of Riverside Vendors Notified | 22 |
| Vendors Who Downloaded the RFP | 17 |
| Questions and Answers Received | 8 |
| Addenda Released | 0 |
| Proposals Received | 1 |

On May 21, 2024, the City received one proposal submitted by Retail Marketing Services, Inc. dba CarTrac (CarTrac), the incumbent shopping cart retrieval vendor for the City of Riverside since 2006.

Following review of the proposal, Public Works staff entered into negotiations with the Proposer to discuss terms and conditions as required in RFP 2362. CarTrac agreed to the same total contract amount as the previous contract, which is up to \$120,000/year with Year 1 pro-rated to \$50,000 due to a start date of February 1, 2025 (interim services have been provided by CarTrac on a month-to-month basis for July 2024 through January 2025, to avoid a disruption in service).

Purchasing Resolution 24101, Article Five: Formal Procurement, Section 508. Awards states "Contracts procured through Formal Procurement shall be awarded by the Awarding Entity to the Lowest Responsive and Responsible Bidder, except that: (c) Contracts procured through Formal Procurement for Services or Professional Services, where a Request for Proposals or Request for Qualifications was used to solicit Bids, shall be awarded by the Awarding Entity in accordance with the evaluation criteria set forth in the Request for Proposals or Request for Qualifications..."

The Purchasing Manager concurs that the recommended actions comply with Purchasing Resolution 24101.

Recently, Public Works staff learned that the California Grocers Association (CGA), a Sacramento-based nonprofit, statewide trade association that represents and advocates on behalf of over 150 grocery supply companies and 300 retailers with more than 6,000 stores throughout the state, is the sole shareholder of Retail Marketing Services, Inc., which includes CarTrac among its business divisions. According to CGA, member supermarkets include Albertsons, Bristol Farms, Cardenas Markets, El Super, Food 4 Less, Gelson's Markets, Stater Bros, and many independent grocery stores across California.

In addition to media relations support, advocacy at the State and local level, and assistance with navigating regulatory compliance issues related to the grocery industry, CGA members have access to services provided by CarTrac. CGA's retail partners benefit from CarTrac's core offerings that include cart repair, cart replacement, and cart retrieval. According to CGA, CarTrac is the industry leader in shopping cart retrieval, alleviating retrieval aggravation and ultimately helping their customers reduce expenses incurred from the loss of assets. CartFix, their cart maintenance support program, helps member retailers reduce cart replacement and overall maintenance costs. This service lowers the costs of new cart acquisition and prolongs expected cart life.

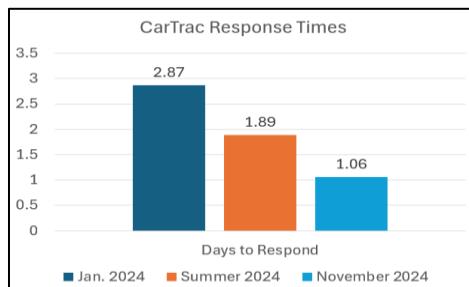
Additionally, CarTrac's relationship with national retailers, including its national contract with Target, underscores its industry reach. This clearer view of CarTrac's scope helped Public Works understand why competition may be limited for a local agreement with the City of Riverside.

Pursuant to the terms of RFP 2362, the City will pay the contractor \$20.00 per delivery of carts to each participating retailer and \$23.00 per delivery of carts to each non-participating retailer, regardless of how many shopping carts are included in each delivery. The contractor is incentivized to locate and deliver shopping carts throughout the City as they are compensated based on the number of deliveries they make. If they do not retrieve any carts and make no deliveries in a given month, then there is no compensation to the contractor for that month. The annual contract amount of \$120,000 averages out to 500 deliveries per month at \$20 per delivery. During negotiations, staff learned that this has created a "cap" on the number of carts that CarTrac collects toward the end of each year as they near the contract limit. Staff is requesting contingency of 15% per year to enable CarTrac to continue collecting carts if there is a need.

Response Times and Statistics

The Public Works Department recently evaluated the current program's efficiency to better understand the scope of the citywide errant shopping cart issue and identify gaps that may lead to an ineffective response to service requests.

Staff found inefficiencies in the flow of information between the Call Center, Public Works, and the Public Works contractor. Reporting procedures were optimized, reducing the contractor's response times to service requests from nearly three days in early 2024 to one day by the end of 2024.



Staff's evaluation of the program included spending time in the field retrieving carts and they learned that it's often difficult to locate carts using only the description in a service request. The current 311 system lacks the ability to attach photos to service requests, requiring a call back to the office to download and email photos to field staff. Plans are underway to collaborate with the IT Department to integrate a shopping cart retrieval functionality into the Public Works "Riverside Incident Service Request" (RISR) mobile application, an internal mobile application developed by Public Works staff and recently launched for use by the Graffiti Crew, which heavily rely on photos submissions when responding to graffiti abatement service requests. The planned enhancement would enable easier and faster access to photos through the RISR app, allowing the contractor to more efficiently locate and document errant shopping carts.

During staff's month-long program evaluation, CarTrac collected significantly more carts (719) than staff (159), which demonstrates the effectiveness of their service.

In FY2023/24, the shopping cart retrieval program achieved 99.8% cost recovery. CarTrac retrieved nearly 10,000 empty carts and provided over 6,000 deliveries of carts. The following table provides a summary of carts collected by Council Ward and a detailed breakdown of cart collections by retailer is attached to this report.

Table 2. Detailed Breakdown of Cart Collections

| Location | # Carts Collected |
|--|-------------------|
| Ward 1 | 182 |
| Ward 2 | 2,855 |
| Ward 3 | 1,064 |
| Ward 4 | 777 |
| Ward 5 | 264 |
| Ward 6 | 4,143 |
| Ward 7 | 217 |
| Retailers just outside of Riverside limits | 165 |

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 6 – Infrastructure, Mobility & Connectivity** and **Goal 6.2** – Maintain, protect, and improve assets and infrastructure within the City's built environment to ensure and enhance reliability, resiliency, sustainability, and facilitate connectivity.

This item aligns with each of the Cross-Cutting Threads as follows:

1. **Community Trust** – The retrieval of abandoned shopping carts enhances the aesthetic appeal of our community and fosters a sense of responsibility and orderliness throughout the City.
2. **Equity** – Project outcomes will benefit the entire community.
3. **Fiscal Responsibility** – Consistent and timely retrieval of abandoned shopping carts demonstrates efficient use of resources.

4. **Innovation** – This item is neutral toward this Cross-Cutting Thread.
5. **Sustainability and Resiliency** - Project improvements aid our sustainability initiatives by minimizing waste and promoting responsible resource management among retailers, thereby contributing to a more resilient environment.

FISCAL IMPACT:

The total fiscal impact of this action over the initial three-year contract term is \$333,500. Sufficient funds are budgeted in the General Fund, Non-Departmental Public Works, Shopping Cart Retrieval, Professional Services account 7241400-421000 for Fiscal Years 2024/25 and 2025/26 of the contract term.

| | Contract Amount | Contingency |
|---|------------------------|--------------------|
| Prorated Year 1 | \$50,000 | \$7,500 |
| Year 2 | 120,000 | 18,000 |
| Year 3 | 120,000 | 18,000 |
| Total | \$290,000 | \$43,500 |
| Contract + Contingency not to exceed | \$333,500 | |

Funding for the third year of the contract term in Fiscal Year 2026/27 and the two optional one-year extensions will be included in the Public Works Department's budget submissions and presented to the City Council for approval.

Prepared by: Alexander Rendon, Administrative Analyst
 Approved by: Gilbert Hernandez, Public Works Director
 Certified as to availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer
 Approved by: Kris Martinez, Assistant City Manager
 Approved as to form: Jack Liu, Interim City Attorney

Attachments:

1. Agreement
2. Award Recommendation
3. Shopping Cart Retrieval Data FY23/24
4. Presentation