



CITY OF POMONA COUNCIL REPORT

January 6, 2020

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

Submitted by: Rene Guerrero, Public Works Director

Subject: **AWARD AN AGREEMENT TO R3 CONSULTING GROUP, INC. FOR SOLID WASTE RATE AND COST OF SERVICE STUDY, AND AMEND THE FY 2019-20 OPERATING BUDGET BY APPROPRIATING \$120,000 OF FUND BALANCE FROM FRANCHISE FEE-FUNDED PROGRAMS ENTERPRISE FUND**

RECOMMENDATION:

It is recommended that the City Council take the following actions:

1. Adopt the following resolution:

RESOLUTION NO. 2020-05: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA AMENDING THE FY 2019-20 OPERATING BUDGET BY APPROPRIATING \$120,000 FROM THE FRANCHISE FEE-FUNDED PROGRAMS ENTERPRISE FUND BALANCE

2. Award an agreement to R3 Consulting Group, Inc. to conduct a Solid Waste Service Rate Study, Cost of Service and Fee Study, and Hauler Audit for an amount not-to-exceed \$166,520; and
3. Authorize the City Manager to execute agreements, when determined applicable, and any amendments or extensions thereto, subject to review by the City Attorney.

EXECUTIVE SUMMARY: The proposed action will award an agreement to R3 Consulting Group, Inc. to conduct a Solid Waste Service Rate Study, Cost of Service and Fee Study, and Hauler Audit for an amount not-to-exceed \$166,520. The purpose of this study is to conduct a comprehensive analysis of the City's residential, commercial, and industrial solid waste and

recycling rates, along with associated fees for service impacts, recycling, green waste diversion, and composting. In addition, the Consultant will assist the City throughout the Proposition 218 ballot process, should a rate increase be recommended. The action will also amend the FY 2019-20 operating budget by appropriating \$120,000 from Franchise Fee-funded programs fund balance.

FISCAL IMPACT: Approving Resolution No. 2020-05 (Attachment 1) will amend the FY 2019-20 Operating Budget by appropriating \$120,000 from the Franchise Fee-funded programs fund balance (587-2505-52285-00000). Additional funding in the amount of \$55,794 for this procurement will come from appropriated funds in the Residential Refuse Fund (582-2510-52285-00000).

PREVIOUS RELATED ACTION: None.

DISCUSSION: The purpose of the Solid Waste Service Rate Study, Cost of Service and Fee Study, and Hauler Audit (Study) is to conduct a comprehensive analysis of the City's residential, commercial, and industrial solid waste and recycling rates, along with associated fees for service impacts, recycling, green waste diversion, and composting, that would sustain the enterprise while protecting the interests of the community. In addition, rates for secondary containers, commercial drop boxes, and road impact fees will be developed. Specific to the City's commercial franchise haulers, the Study will verify current industry standards, calculate appropriate fee amounts, determine the reasonableness of tonnage report submittals based upon the ratio of revenue to tonnage, and identify inconsistencies. The Consultant will work closely with the City's Solid Waste and Finance staff, as well as its franchise haulers, to analyze the current rate setting methodology in place and test it for validity.

The Consultant will also review the true cost of solid waste services currently being provided to the community, and calculate the true cost of services that must be provided due to changes in law and regulations, particularly SB 1383 compliance. Recommendations for rate setting methodologies, fees, and costs will be made based on equitably distributing financial obligations to those who will be utilizing the services, while taking into account future growth, inflation, regulations, infrastructure, equipment needs, road impact fees, and the need for adequate financial reserves. Finally, should a rate increase be recommended, the Consultant will assist the City throughout the Proposition 218 ballot process, if the City Council wishes to pursue a rate increase.

The City issued a Request for Proposal (RFP) for these services on October 3, 2019, with a due date of November 4, 2019. The City received only one response, so the RFP due date was extended an extra week. The bid opportunity was posted on PlanetBids, the City's website, and the Public Notices board. While R3 Consulting Group, Inc. was the only respondent, they were determined to be a responsive, responsible bidder, meeting all of the criteria of the RFP and have sufficient experience, having provided numerous rate studies for various municipal entities throughout the state.

Prepared by:

Shandy Dittman
Senior Management Analyst

ATTACHMENTS:

Attachment No. 1 – Resolution No. 2020-05

Prepared by: Shandy Dittman, Senior Management Analyst