



Council Agenda Report

From: Freda Berman, Maintenance Superintendent

Subject: Authorize City Litter Container Service by Paso Robles Waste & Recycle

Date: December 20, 2016

Facts

1. During the FY 2016-17 budget process, the highest priority change adopted by the Council was to better maintain existing City assets. The Council directed staff to continue to examine use of private sector contracts and other measures to free up staff time and other resources to upgrade overall maintenance efforts and outcomes.
2. Parks staff is currently comprised of seven Maintenance Specialists, one of whom works half time maintaining the Paso Robles Airport. This remaining 6.5 parks maintenance FTEs are responsible for more than 120 acres of parks and open space, or 18.5 acres per person. Best practice standards as accepted by the International City County Managers Association is 12 acres per person.
3. Parks staff also assist in maintaining 170 acres of Landscape & Lighting District property, as well as other duties, such as weed abatement, trimming trees, repairing and replacing site furnishing, hanging park banners and decorations, special event support and emptying public trash containers.
4. City Parks maintenance staff currently service the more than 200 litter containers located in parks, on City streets, and at transit stops. This effort requires a total of approximately 4.5 hours each day, seven days a week. Over the course of a year, this equates to 93% of a full-time equivalent (FTE) employee, although 2 staff members are required to fill the 7-day per week duty. It also requires a higher rate of pay on holidays.
5. During October and November 2016, the City and Paso Robles Waste & Recycle (PRWR), the City franchisee for solid waste collection, initiated a pilot project Citywide to have PRWR drivers and trucks empty litter cans. This pilot was highly successful. PRWR determined they can accomplish the litter container collection route in three to four hours.
6. As a result, PRWR has submitted a proposal to take over the daily litter container service for the entire City. PRWR proposes to continue seven-day-a-week service with an assigned group of employees.
7. Trash bags from each litter can will be deposited directly into a garbage truck instead of being transferred from a Parks truck to a roll-off and emptied later. Service will begin at 5 a.m. as opposed to the City start time of 7 a.m. PRWR will provide all supplies necessary for the collection effort, including trash bags.

Options

1. Do nothing. Continue litter container service with City staff.
2. Approve a yearly agreement with Paso Robles Waste & Recycle for City litter container service. Duration of the initial agreement would be two years with the option to renew the agreement by mutual consent one more time for a total of four years.
3. Use part-time, temporary employees for litter container service.

Analysis and Conclusions

Option 1. Litter collection by City staff limits capacity for completion of landscape maintenance and repair projects. Between 28 and 35 hours of staff time are needed for litter container service each week. Moreover, the need for seven-day-a-week service necessitates staff working weekends – one staff person works Tuesday through Saturday and another Sunday through Thursday -- this resulting in only three days during the week with full staffing.

Option 2. Paso Robles Waste & Recycle is able to offer service seven days a week with a dedicated staff. Service is provided at least two hours earlier than possible with City staff, with fewer steps, resulting in fewer staff hours required. Because litter is deposited directly into a garbage truck and then taken directly to the landfill, efficiency is increased. It is expected that PRWR service will result in a savings in roll-off fees and trash bag purchases. It is important to note that because PRWR is the City solid waste franchisee, 11.5% of the cost of service is paid back to the City as the franchise fee.

By freeing staff from this lower-skilled task, it will increase flexibility and allow increased productivity in other areas. For example, staff will now be able to: inspect, repair, and adjust irrigation systems; trim all but the largest trees; and repair site furnishings, among other tasks. The importance of this cannot be overstated, as the City has incurred well over \$100,000 in damage to: existing irrigation systems and the trees, shrubs, and ground cover they sustain; site furnishings, such as restrooms, park benches; and other assets, since inspections and preventive maintenance have not able to be conducted at anywhere near the needed frequency, due to reduced staffing levels. Instead, we were forced to respond when the damage had already occurred or was reported.

Option 3. The City attempted to use part-time temporary agency employees for litter container service in the past. This was not successful. The job does not appeal to a large pool of qualified candidates, especially at times such as now, when the employment rate is below 4.3% in San Luis Obispo County. Those persons that do seek out such work are often looking for full-time work, and leave suddenly when they find a position with better hours or pay. When this happens, a new person must be trained; during the transition period, full-time staff are pulled away from their needed duties. Additionally, weekend and holiday work requires the ability to work independently; experience has shown in Paso Robles and in other cities that a temporary agency employee is generally not suited to such a high level of independent work.

Other communities have tried part-time year-round City employees for this task. This also has not been without difficulty. (Under CalPERS regulations, part-time temporary/seasonal employees cannot be used on an ongoing basis for such work.) As with agency employees, such employees often leave suddenly when they find a position with better hours or pay. When this happens, full-time staff must fill in until the position can be filled with a new, qualified candidate. The addition of a truck to the City's fleet would be required. And finally, given the number of hours required to complete the work, unless two part-time employees were found who could split the work evenly, at least one of the two would receive CalPERS and other benefits, thereby reducing any potential cost savings.

Fiscal Impact

Paso Robles Waste & Recycle fees are shown as worst-case scenario, on a per container basis. Litter collection will be continually analyzed and service reduced to containers not filled daily. In addition, based on data gathered during the trial period, it is projected that the City will see such savings as: a reduction in \$12,000 in roll-off container fees; a reduction in over \$5,000 in trash bag purchase savings; and minor reductions in vehicle operating and maintenance costs. These amounts will be tracked and have an overall positive impact on applicable budgets.

Net costs of the proposed contract are as follows:

PRWR fees per year	\$90,412 (max.)
Franchise fees paid to City	(10,397)
Reduction in container fees	(12,000)
Reduction in trash bags	<u>(5,000)</u>
Annual net costs	\$63,015 (max.)

In addition, over the next few years, the City will see a significant reduction in replacement plants, in irrigation materials, in supplies and related equipment purchases, and improved overall care to City-owned landscaped areas including medians and open space. It is not possible to project the costs of damage avoided but, based on past experiences, this could easily be in the range of \$20-25K over the next 12 months.

At the same time, by freeing up 0.93 of an FTE, the opportunity savings for labor alone are projected at \$64,980 per year over the next two years. Thus, the freed up labor costs slightly exceed the costs of the contract.

Approximately one-third of the program cost for a full year can be covered by solid waste and landfill programs, and another third by reduced losses to equipment and plants. The remaining \$25k will need to come from franchise fee revenue (litter abatement is a common use of franchise fees), currently placed in the General Fund (as we do not have a solid waste enterprise fund).

When the next rate study for trash rates is undertaken, a litter abatement fee can be added to the solid waste rates, so the City will no longer need to be charged for this service.

Recommendation

1. Authorize the City Manager to finalize negotiations and, if those negotiations are successful, enter into an agreement with Paso Waste & Recycle for City litter container service at a not-to-exceed annual cost of \$90,412. Duration of the initial agreement is two years with the option to renew by mutual consent at a renegotiated amount for an additional two years.
2. Approve the Budget Adjustment Request for \$25,000.

Attachments

1. Agreement, Exhibit A--Proposed Pricing for City of Paso Robles Litter Container Service
2. BAR



Proposed Pricing for City of Paso Robles Litter Container Service

- The below prices include all labor, equipment, fuel, and supplies. In addition, the prices include an 11.5% Franchise fee, to be paid back to the City.
- Holiday rates apply for holidays recognized under the Franchise Agreement.
- The clean-up charge will be pro-rated per hour of actual time. It will be used when picking up messes outside of litter containers. For example, if a mess take 10 minutes to clean up, the charge will be \$9.87.
- An approximate saving to the City of approximately \$1,000 per month has been observed due to decreased roll-off container service needs.

Check litter container: \$0.76/ea

Check litter container, holiday: \$1.00/ea

Service litter container: \$2.12/ea

Service litter container, holiday: \$2.69/ea

Clean-up charge, pro-rated per hour: \$59.24

Clean-up charge, pro-rated per hour, holiday: \$77.88

Projections Based On Trial Period.
191 Checked & 49 Serviced, Per Day

	Per Can	Per day	Per week	Per month	Per Year
Charge to check	\$0.76	\$144.59	\$1,012.14	\$4,385.94	\$52,775.83
Charge to check & empty	\$2.12	\$103.11	\$721.79	\$3,127.76	\$37,636.21
Totals		\$247.70	\$1,733.93	\$7,513.70	\$90,412.04

Approvals/workflow 1. Dept Head 2. Admin Svcs 3. City Manager 4. City Council	City of Paso Robles BUDGET ADJUSTMENT REQUEST	Budget JE # BAR # AGENDA DATE <div style="text-align: right;">12/20/2016</div>
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DESCRIPTION	ORG #	OBJECT #	PROJECT #	AMOUNT
FINANCING SOURCES				
General Fund Reserves	100	99999		\$25,000
TOTAL FINANCING SOURCES				\$25,000
FINANCING USES				
City Litter Container Service	1003206	52205		\$25,000
TOTAL FINANCING USES				\$25,000

JUSTIFICATION: (attach letter if required)

REQUESTED BY: <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <div style="text-align: center;">12/20/2016</div> <div style="text-align: center;">Date</div> </div> <div style="width: 45%;"> <div style="text-align: center;">Julie Dahlen</div> <div style="text-align: center;">Department Head</div> </div> </div>	REVIEWED & APPROVED BY: <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <div style="text-align: center;">Date</div> <div style="text-align: center;">Administrative Services</div> </div> </div>
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APPROVED BY:

Date

City Manager

PASSED AND ADOPTED by the City Council of the City of Paso Robles, State of

 California, this _____ day of _____ 20____. Agenda Item No. _____

ATTEST: _____

Deputy City Clerk