

R3 Review of Santa Rosa Recycling and Collections

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Deputy City Manager
July 12, 2016



Purpose

- Provide results of R3 performance review of Santa Rosa Recycling and Collections (SRRC)
- Recommendations for future collection services
- Discuss next steps

Background

Factors leading into review:

- Questions on fleet status
- Recycling questions
- Status of Materials Recovery Facility (MRF)
- Muni Services Report
(areas requiring further study)

Background

Contract – R3 Consulting Group, Inc.
January 2016

Scope – Performance review of Franchise Agreement , terms, conditions, and services

Review of Santa Rosa Recycling and Collection's (SRR&C's) Performance, Customer Rates and Diversion Rates



PRESENTATION TO:

City of Santa Rosa

July 12, 2016



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Overview of Presentation

- Scope of Review
- Discussion of Major Findings
- Questions and Answers

Scope of Review

1. Diversion Rate
2. Franchise Agreement Compliance
3. Management and Administration
4. Customer Service
5. Collection Operations
6. Customer Rates
7. Vehicle and Equipment Maintenance, Repair and Replacement
8. Required Reports
9. Recyclable Characterization Study



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Major Findings

Summary

- ❑ Compliance with 45% Minimum Diversion Requirement not established
- ❑ Compliance with various vehicle requirements, including rebuilt vehicle requirement, not established
- ❑ Material Recovery Facility (MRF) antiquated and not effectively operated and maintained
- ❑ Prior to October 2015 SRR&C did not have a General Manager for more than 10 Years
- ❑ New General Manager has made a number of significant improvements and has established goals and objectives for additional improvements
- ❑ Customer Rates are low compared to other jurisdictions



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Major Findings

Safety – Clarification of Findings



- ❑ A **Mod Factor** is a measure of a company's workers compensation losses relative to the industry
- ❑ SRR&C's Mod Factor is favorable relative to the industry:
 - This is a very good thing!
 - It doesn't happen by accident!

However...

- ❑ Lack of attention to safety, effective housekeeping, and preventative maintenance observed at the 3417 Standish MRF is unacceptable



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Major Findings

MRF safety concerns – An accident waiting to happen



Major Findings

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Major Findings

Diversion Rate Audit

- ❑ SRR&C's Annual Reports stated compliance in 2013 (45.41%) and 2014 (45.08%) with the 45% Minimum Diversion Requirement

However...

- ❑ MRF residual rates of 13% and 12% used by SRR&C for diversion rate calculation are significantly **lower** than LEA-reported residual levels (22%-24% residential; 13%-16% commercial)
- ❑ Prior MuniServices Report noted that: *"The Auditor has a number of questions regarding the validity of the 45.41% diversion rate"* (for 2013)
- ❑ During review, R3 requested but did not receive support for SRR&C reported diversion levels



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Major Findings

Diversion Rate Audit (Continued)

- ❑ R3 gathered supporting documentation from SRR&C that supported a 36% diversion rate for 2014
- ❑ SRR&C has recently (post issuance of Final Report) provided documentation reasserting compliance with the 45% diversion rate requirement
- ❑ Review of that documentation still needs to be completed in order to determine compliance with the 45% requirement, including:
 - Validity of reported residual percentages
 - Verification of historical vs. current practices (material currently run through MRF twice)



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Major Findings

Franchise Agreement Compliance

- ❑ Collection Vehicles – Compliance not established for requirements to rebuild vehicles after 5 years, use re-refined motor oil, provide required reports, and maintain vehicle signage and painting
- ❑ SRR&C does not accept all Recyclable Materials as defined in the Agreement – Plastic bags, plastic film, scrap aluminum and steel (larger pieces), textiles
- ❑ Material Recovery Facilities – Do not have required Solid Waste Facilities Permit
- ❑ Phone System – Does not provide opportunity to leave message after 90 second hold time
- ❑ Uniforms – Did not have at start of our review, but were implemented during review period

Major Findings

Management and Administration

- ❑ Lack of effective management structure and systems
- ❑ No formal policies and procedures for most functions
- ❑ No performance goals, effective tracking and review of performance, or basic management reports
- ❑ Hired New General Manager in October 2015 who has:
 - Hired Maintenance Manager
 - Hired Audit/Collections Manager
 - Hired Outreach Coordinator
 - Committed to Hiring Additional Route Supervisor(s)
 - Purchased 7 New Trucks for Santa Rosa



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Major Findings

Management and Administration (Continued)

- ❑ New General Manager has also established appropriate goals and objectives, including:
 - Develop Policies and Procedures Manual
 - Bring Back Dossier Fleet Management Software
 - Re-Introduce Auditing Department
 - Improve Customer Service
 - Upgrade Materials Recovery Facility
 - Prepare Dedicated Truck Replacement Schedule

Major Findings

Customer Service

- ❑ CSR's found to be responsive, courteous, dedicated and qualified
- ❑ Appropriate CSR training in place
- ❑ Call answer and queuing technologies and data tracking systems insufficient to meet prior call volumes
- ❑ Very high call "abandon" rates
- ❑ Inability to provide current work order statistics
 - Unable gauge effectiveness of work order completion, including response time
 - Information provided by SRR&C indicated failure to meet "speed of answer" requirements



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Major Findings

Collection Operations

- Truck and crew configurations appropriate
- Effective vehicle routing
- Routes achieving reasonable productivity
- Insufficient route supervision (*1 supervisor for more than 30 routes; standard is 1:20 or better*)
- Unable to assess frequency of overweight vehicles
- 2% of residential containers tipped over
- Commercial bins generally clean and clearly labeled, some in need of refurbishing
- Street sweeping appears to be adequate

Major Findings

Collection Operations



Major Findings

Collection Operations



Major Findings

Collection Operations



Major Findings

Collection Operations



Major Findings

Rate Review

- ❑ R3 confirmed accuracy of recent rate adjustments with one exception
 - Error in July 2015 RRI, 75% factor used resulting in lower rate adjustment
- ❑ Review of rates charged vs. approved rate schedule – minor discrepancies identified
- ❑ Route audits found apparent discrepancies (*billing not consistent with service level; accounts receiving free service*)
 - SRR&C is addressing via reinitiated route and account auditing function
- ❑ SRR&C's rates are significantly lower than many other jurisdictions in region



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Major Findings

Vehicles and Maintenance & Required Reports

Vehicle Maintenance

- SRR&C only recently hired maintenance manager
- Maintenance operations appear to be reasonably effective
- Maintenance staffing levels are appropriate for number of vehicles
- Lack of effective maintenance software system
- Maintenance data base compromised several years ago – all historical records lost

Required Reports

- Charitable Contributions – records provided do not support compliance with required payments
- Minor issues with various other reporting requirements



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Major Findings

Recyclables Characterization Study

Santa Rosa's Recyclable Materials are Clean:

- ❑ Approved Recyclable Materials comprise:
 - 87.5% of Residential Recyclables Stream
 - 90.0% of Commercial Recyclables Stream
- ❑ Contamination and Residual Materials comprise:
 - 12.5% of Residential Recyclables Stream **vs. 22%-24% reported by SRR&C**
 - 10.0% of Commercial Recyclables Stream **vs. 13%-16% reported by SRR&C**



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Questions, Discussion and Thank You

For additional questions, contact:

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Recommendations

- Accept R3 report
- Approval to issue an RFP
- Appropriate funds for consultant

Next Steps

- Corrective Action Plan
- Administrative Assessments