

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL  
FROM: GLORIA HURTADO, DEPUTY CITY MANAGER  
CITY MANAGER'S OFFICE  
SUBJECT: R3 CONSULTING GROUP, INC. REVIEW OF NORTH BAY  
CORPORATION

AGENDA ACTION: RESOLUTION

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RECOMMENDATION

It is recommended by the City Manager's Office that the Council, by motion, accept the Final Report by R3 Consulting Group, Inc. submitted on May 17, 2016, and authorize staff to prepare a request for proposals (RFP) for a new contract for solid waste collection, recycling and street sweeping services and, by resolution, appropriate \$150,000 and authorize the City Manager to negotiate and award a contract for the completion of the RFP process.

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EXECUTIVE SUMMARY

The City of Santa Rosa recently engaged R3 Consulting Group, Inc. to complete a comprehensive review of performance, customer rates and diversion rates for the City's franchised solid waste hauler, North Bay Corporation.

BACKGROUND

The City and North Bay Corporation have had an exclusive franchise agreement in place since 2003. The contract was last amended in 2010, the amendment included the addition of street sweeping services. The contract is a comprehensive document which details the scope of work; establishes performance standards and expectations; provides a mechanism for performance audits; and establishes remedies for non-compliance.

The City entered into a contract with R3 in January 2016 to complete a comprehensive review of contract performance. R3 reported that North Bay Corporation is not meeting a number of the contract provisions, major findings have been detailed in the attached report.

### PRIOR CITY COUNCIL REVIEW

Not applicable.

### ANALYSIS

R3 provided their final report in May 2016 which is an attachment to this report. Major findings identified include:

- Article 14 – Collection Equipment  
The company was unable to produce documentation to prove contract compliance. (Contract requirement: Any vehicle over 5 years or that has accumulated 250,000 miles must be rebuilt; no collection vehicles over 10 years old.) All of the company's vehicles used to service the City's franchise are 2006 or 2007 model years, with the exception of two 2005 roll-off vehicles.
- Article 1.46 – Recyclable Materials  
The company does not accept all recyclable materials as defined in the contract.
- Article 5.01 – Minimum Diversion Requirements  
The company failed to meet the 45% minimum diversion requirement. Specifically, the Company included construction and debris (C&D) in their calculations to achieve 45.41% in 2013 and 45.08% in 2014.

The City may assess administrative charges to the company for failure to comply with the contract performance requirements.

### FISCAL IMPACT

The need for preparation of a RFP for this service was not anticipated with development of the FY 2016-17 adopted budget. Approval of this item will reduced the General Fund unassigned fund balance by \$150,000.

### ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 – R3 Final Report
- Attachment 2 – Appendices
- Attachment 3 – North Bay response
- Resolution

CONTACT

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