

CITY OF SAN JOSE - MEMORANDUM

TO: TRANSPORTATION, PLANNING AND ENVIRONMENT COMMITTEE FROM: Carl W. Mosher, Director
Environmental Services Department

SUBJECT: INTEGRATED WASTE MANAGEMENT BRIEFING DATE: April 23, 1998

APPROVED:  DATE:

RECOMMENDATION

Approve the revised Integrated Waste Management policies. (See Attachment A.)

BACKGROUND

The City's integrated waste management diversion policies were first adopted by the City Council in October 1983. The original policies were based on goals stated in the General Plan and included: providing the highest quality of services at the lowest cost to the rate payers; using financial incentives to minimize waste and maximize recycling; and managing landfills to conserve capacity and guarantee City control over the use of facilities. In 1991, the City Council reaffirmed their commitment to these policies during the Request for Proposal (RFP) process for the Recycle Plus residential garbage and recycling system. With respect to the commercial solid waste (CSW) system, the Council approved a redesign of the system in 1994 to establish a free market, non-exclusive franchise system with the intent of increasing waste diversion through economic incentives, education, and technical assistance.

These progressive policies resulted in an integrated waste management program that is unparalleled in the country. San José's program has the best diversion of any large city in the United States. To date, the City has achieved an overall diversion rate of 44 percent. The residential sector alone has achieved a 48 percent diversion rate. The City's excellent residential diversion rate is due to a combination of the innovative elements on which the program is built: a variable rate structure for garbage collection and a breadth of recycled materials accepted by the program. This has been achieved while controlling costs and keeping residential rates lower than 70 percent of rates in Santa Clara County.

A key principle contributing to the success of the City's programs is competition. Over the past 15 years, the City's approach has been to rely on successive open and competitive processes to obtain the best terms for its rate payers. For the residential programs, competition is encouraged by both periodic requests for proposals for services and dividing the City into several service districts to increase the number of proposers. Increased competition has proven to result in more responsive and innovative technical proposals for residential programs, at a lower cost to the rate payers. For the commercial program, the free market atmosphere allows franchised haulers to

TRANSPORTATION, PLANNING & ENVIRONMENT

April 23, 1998

IWM BRIEFING

Page 2

compete for customers based on price and service. Fostering of competition, and a competitive environment, has been and should continue to be a paramount consideration for the City.

Currently, the entire integrated waste management program for the City is under evaluation. The Integrated Waste Management Division (IWM) of ESD is beginning to research options for system improvements in all three sectors: residential, civic, and commercial. This review is prompted by several factors: the upcoming expiration of residential collection contracts; review of effectiveness of particular diversion tactics; cost recovery through service rates; and promotion of competition. The agreements for residential garbage, recycling, and yard trimmings collection and processing expire June 30, 2002. To ensure that new contracts with any program modifications are in place by that date, the RFP for the next residential program should be released in early 2000. Additionally, the City must meet the mandates of the California Integrated Waste Management Act (AB 939), which set the diversion goals of 25 percent for 1995, and 50 percent by the year 2000. The program must be reviewed to ensure the City meets the 50 percent goal on time, and maintains that level of diversion in future years.

As a starting point to prepare for modifications and improvements to the existing integrated waste program, IWM has recently reviewed and updated the original integrated waste diversion policies to ensure that they reflect accurately the current long-term waste diversion goals of the City. The adoption of the diversion policies lays the foundation to begin research for future garbage and recycling collection systems in San José, and provides a starting point for preparation of the RFP for the next residential program.

ANALYSIS

Policy

The original goal adopted by Council as part of the solid waste program goals and principles in October 1983 was to achieve a 25 percent reduction in wastes received at landfills by 1990. The 1983 goals also called for incentives and direction to be provided to all aspects of the integrated waste system to encourage change from a disposal-focused system to one that concentrates on maximizing diversion through waste reduction and recycling. The original policies proposed the use of rate structures, contracts, ordinances, changes in operating practices, and permits to foster recycling. These policies have provided a good framework for the success of the integrated waste management program to date.

The proposed revised policies continue to build on the original goals. Policies that are no longer consistent with the City's future have been deleted; namely those related to waste incineration as a disposal method. Additionally, other goals have been modified, based on what the City has learned about integrated waste management over the last 15 years, and to ensure consistency with the requirements of the California Integrated Waste Management Act.

TRANSPORTATION, PLANNING & ENVIRONMENT

April 23, 1998

IWM BRIEFING

Page 3

The revised policies also incorporate several principles endorsed by Council over the last decade.

- The first is the City's commitment to competition. For the residential system this means that exclusive solid waste collection contracts will be subjected to frequent solicitations to maximize the number of potential vendors so as to ensure competitive costs and excellent customer service. In addition, the City will continue to divide its residential service area into collection districts to encourage participation by the greatest number of proposers. For the commercial sector, the City will attempt, to the maximum extent feasible, to maintain a market-driven, non-exclusive solid waste system. This allows the flexibility and innovation of the private sector to develop waste diversion options for the heterogeneous waste stream of the commercial sector.
- Secondly, the City will demonstrate its commitment to achieving its solid waste diversion goals by instituting waste reduction, recycling, and buy-recycled practices at all City facilities and public areas within its jurisdiction.
- Finally, all solid waste diversion programs will be provided on a cost-recovery basis.

The approval and implementation of these proposed policies will help guarantee that San José continues to offer its residents the best waste diversion program in the country well into the 21st century.

Research

In 1991, Council directed staff to structure the Recycle Plus program to contain the following key components: divide the City into service districts; combine garbage and recycling services into one contract; and offer variable rates for garbage collection with unlimited recycling opportunities. The recommendations sought to define a system which would allow the City to meet its waste reduction goals and State mandates, while balancing considerations of customer service, system cost and risk, and the City's interest in maintaining a competitive environment.

While the current program is very popular and successful overall, opportunities still exist for improvement. For example, most technology in use today was selected in 1991 at the beginning of the Recycle Plus RFP process. For the residential program, evaluations have begun on what should be updated to improve the efficiency and cost effectiveness of the program beginning in 2002. A few of the preliminary areas for research for the next residential program are listed in Attachment B. With respect to the commercial sector, staff is currently researching options for a redesign of the program. If found favorable, the redesign could be implemented as early as summer 1999. Staff will be briefing the Committee on recommended changes in the next several months.

Three key criteria have been identified to evaluate the current and potential program components: cost, diversion, and customer service. Program elements must be on a cost recovery basis. The

TRANSPORTATION, PLANNING & ENVIRONMENT

April 23, 1998

IWM BRIEFING

Page 4

current program is under review to ensure that the City achieves its 50 percent diversion of waste by 2000. Once the City reaches the 50 percent diversion goal, all future program elements must contribute to maintaining that rate. In addition, all current and future programs must continue to achieve high satisfaction rates from San José residents and businesses.

Timeline

Overall, the review and revision of an integrated waste program of this scale takes several years. For example, ensuring the startup of the current residential program in July 1993 required preparatory work beginning more than three years earlier. The process entails many elements including: review of the current system; identification of research areas; development of pilot requirements; evaluation of pilot program results; surveys of customers; development of program; development and release of RFP (residential); selection of contractors; and set-up of the next program. A preliminary timeline has been developed, as shown in Attachment C.

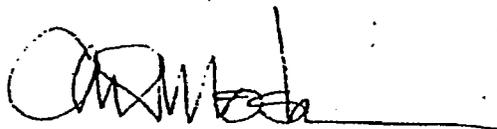
Basically, the timeline incorporates time for: research and review; pilot programs; outreach and surveys of customers, Council members, and staff; estimated start date for the redesigned commercial system; estimated release of the RFP for the residential system; award of contracts; and the start date for new residential program on July 1, 2002. With such a broad program, many key decisions lay ahead. Staff intends to return to Council regularly during this process over the next four years.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office.

BUDGET REFERENCE

Proposals for pilot programs and consultant studies will be forthcoming as part of the 1998-99 budget process.



CARL W. MOSHER

Director

Environmental Services Department

Attachments

CM: :re -g:\council\memos\tp0423.doc

Attachment A

CITY OF SAN JOSE
INTEGRATED WASTE MANAGEMENT
POLICY DOCUMENT

GENERAL POLICIES

- The City of San Jose has a goal to divert as much municipal solid waste from landfills as is technically and economically feasible. To comply with the requirements of the California Integrated Waste Management Act and the City's own waste reduction strategy, a waste diversion goal of 50 percent for the calendar year 2000 has been established.
- The City's approach to integrated waste management will follow the State-established hierarchy which places an emphasis on implementing all feasible waste reduction, recycling, and composting waste diversion programs while continuing to landfill waste that cannot be addressed by those diversion strategies.
- The City considers solid waste a recoverable resource and will pursue an active course toward the reuse, recycling, and recovery of waste.
- The City will endeavor to make recycling services accessible to all City residents and businesses.
- Incentives will be used where appropriate to encourage waste generators and collectors to minimize waste and foster waste reduction, recycling and composting practices.
- Local landfill space will be utilized in such a way as to preserve current and future capacity and avoid more costly disposal options.
- Solid waste diversion programs will be provided on a cost-recovery basis.
- The City will demonstrate its commitment to achieving its solid waste diversion goals by instituting waste reduction, recycling, and buy-recycled practices at all City facilities and public areas within its jurisdiction.

CONTRACTED COLLECTION SERVICES

- The City will consider cost, customer service, and diversion in selection of solid waste collection contractors.

TRANSPORTATION, PLANNING & ENVIRONMENT

April 23, 1998

IWM BRIEFING

Page 6

- Performance standards and incentives will be included in solid waste collection contracts to ensure (1) that contractors are responsive and provide a high quality of service to their customers, (2) fiscal accountability of contractors, and (3) sufficient and accurate data is provided to the City to evaluate program and contractor performance.
- Exclusive solid waste collection contracts will be subjected to solicitations at least every 10 years to maximize the number of potential vendors so as to ensure competitive costs and excellent customer service.
- The City will divide its residential service area into collection districts to encourage participation by the greatest number of proposers.
- In pursuit of its solid waste diversion goals, the City will attempt, to the maximum extent feasible, to maintain a market-driven, non-exclusive solid waste system in the commercial sector.

INFRASTRUCTURE DEVELOPMENT

- The City will encourage infrastructure development in order to stimulate markets for recovered waste materials.
- The City will encourage the establishment of private recycling and processing operations in the region.
- The City will encourage, when economically feasible, the use of recovered materials in local manufacturing.

PUBLIC EDUCATION

- The City will provide educational materials/programs for the people who live and work in San Jose about the solid waste services that are offered here.
- Public education and technical assistance will be used to encourage waste reduction, composting and recycling, as well as the proper disposal of household hazardous waste.
- Public education activities will be tailored to the specific requirements of target audiences.

Attachment B

**INTEGRATED WASTE MANAGEMENT
RESIDENTIAL PROGRAM RESEARCH ISSUES**

Yard trimmings collection

Currently, most residents place their yard trimmings loose-in-the-street for collection by the City's two collection contractors (Browning-Ferris Industries and GreenWaste Recovery). For the next yard trimmings collection system, staff is researching and evaluating the use of containers. A compostable bag pilot took place last year to evaluate the use of paper and plastic bags for yard trimmings set outs. Staff is also planning to research other types of containers.

Simpler sort for recyclables

Currently, single family dwelling (SFD) residents must sort their recyclables into four separate containers (newspaper, mixed paper, glass, and mixed recyclables). Staff is researching the option of a simpler sort of recyclables which would reduce the number of recycling containers used by residents.

Collecting recyclables in carts

Currently, the recyclables from SFDs are collected in bins. Staff is researching the option of using wheeled carts (similar to the ones currently used for garbage) for the recyclables. This option becomes more viable if a simpler sort of recyclables is approved.

Reducing the number of trucks passing a household-one pass trucks/collection frequency

Currently, there are four trucks used to collect the garbage, recyclables, and yard trimmings from SFDs. Staff is researching the option of reducing the number of trucks passing a household by utilizing a truck that has multiple compartments for the collection of the garbage, recyclables, and yard trimmings.

Weight based rates

Currently, SFD garbage rates are determined by the volume of the container that the household has. Staff is researching the feasibility of charging a resident for their garbage based on how much it weighs.

Enhanced bulky goods collection

Staff is researching the current bulky goods collection system for improvements.

Waste Characterization Study

In order to more accurately target materials for recycling and waste reduction, IWM will be conducting a waste characterization study in May and June 1998. The study will examine the waste disposed of at the Newby Island landfill and waste generated by the residential sector. The study will also include a landfill gate survey.

Attachment C

DRAFT TIMELINE FOR IWM SYSTEM

SPRING 1998	COUNCIL APPROVAL OF INTEGRATED WASTE MANAGEMENT POLICIES
SPRING 1998	RESEARCH AND REDESIGN OF COMMERCIAL SYSTEM
SPRING/SUMMER 1998	RESEARCH AND PILOT DEVELOPMENT FOR RESIDENTIAL SYSTEM
FALL 1998	COUNCIL REVIEW OF COMMERCIAL SYSTEM REDESIGN
SUMMER 1999	COMMERCIAL SYSTEM REDESIGN IMPLEMENTED
SUMMER 1999	RESIDENTIAL SYSTEM RESEARCH COMPLETED
FALL 1999	COUNCIL REVIEW OF POLICY RECOMMENDATIONS FOR RESIDENTIAL SYSTEM IMPROVEMENTS
WINTER 2000	COUNCIL REVIEW OF PROPOSED 2002 RESIDENTIAL SYSTEM
SPRING 2000	ISSUE RFP FOR RESIDENTIAL SYSTEM
FALL 2000	PROPOSALS SUBMITTED
SPRING 2001	RECOMMENDATIONS FOR RESIDENTIAL CONTRACTORS APPROVED BY COUNCIL
SPRING 2001	RESIDENTIAL CONTRACTS SIGNED
JULY 2002	START OF RESIDENTIAL CONTRACTS