



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Stufflebean

SUBJECT: NEIGHBORHOOD CLEAN-UP
SERVICES

DATE: 11-19-07

Approved

Date

11/27/07

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Approve the following policy direction for Neighborhood Clean-Up services:

- 1) Release a Request for Proposal for Neighborhood Clean-Up Bin Services for Districts A and C in February 2008, and direct staff to return to Council in June 2008 with a full cost analysis of service options and recommendations for service providers.
- 2) Implement a phased City-wide rotational approach to Neighborhood Clean-Up scheduling that would serve all City neighborhoods uniformly and efficiently:
 - Phase I – Serve all San José neighborhoods once every three years, beginning July 1, 2008 through June 30, 2011. Increase the service level of each clean-up from 22 to 25 bins, at the current schedule of 50 clean-up events per year, resulting in a 14% bin capacity increase.
 - Phase II – Based on proposal costs and parameters, direct staff to evaluate an optional Phase II rotation that would serve all San José neighborhoods every two years, beginning July 1, 2011. This approach would expand the number of Clean-Ups per year from 50 to 75 with 25 bins at each event, resulting in an additional 50% service level increase over the three year rotational plan.
- 3) Establish a four-and-a-half year contract term, from January 1, 2009 through June 30, 2013, with an option for a two-year extension to be consistent with the two new Recycle Plus agreements with California Waste Solutions and Garden City Sanitation.
- 4) Increase the City diversion requirement to 75% to comply with adopted Zero Waste goals.

OUTCOME

Approval of this recommendation will provide an opportunity to enhance the current Neighborhood Clean-Up (NCU) bin services by improving customer service, increasing recycling, and ensuring that all San José neighborhoods have the opportunity to participate in the program. Approval of a cyclical approach to NCU services also serves to secure a permanent, rate-based funding source that can be used for future program enhancements. This recommendation supports the City's Green Vision Goal #5, Divert 100% of waste from landfills, the City's Zero Waste goal, and Urban Accords Zero Waste Policy, Action 4. Recycling more of the City's NCU waste stream is an integral component in the effort to reach the City's 75% overall diversion goal by 2013. And, fundamentally, this recommendation will result in a cleaner City.

BACKGROUND

On January 24, 2006, Council directed staff to separate NCU services from the Recycle Plus curbside service contracts for Service Districts A and C, in order to allow time for staff to assess options for program enhancements. An interim 18-month contract for these services was negotiated with Green Waste Recovery, which will terminate on December 31, 2008. NCU services are also provided by GreenTeam in District B, with a maximum contract term through June 30, 2013.

Staff is recommending the release of a Request for Proposal (RFP) for NCU bin services for Districts A and C in February 2008. The recommended term would be through June 2013 with an option for a two-year extension. The RFP will include a phased approach to increasing the number of bins and clean-ups in order to enhance and improve the services available under the new NCU bin contracts.

It is important to note that Green Team's current contract to provide NCU services in District B will not expire until 2013. Staff will need to negotiate any Council-directed policy changes with GreenTeam to ensure City-wide implementation.

ANALYSIS

Staff has been challenged to increase the number of annual clean-ups, as previously requested by Council, due to cost constraints. Funding for NCUs comes from a variable source of late payment-related revenue in the Integrated Waste Management Fund (Fund 423), which fluctuates from year to year. Therefore, the lack of a consistent funding source has limited the City's ability to maintain and/or increase the current scope of the NCU program.

In order to address the funding issue, staff considered options that would allow program costs for bin collection, material processing and disposal, and outreach to residents, to be included in the Recycle Plus rate base. The proposed schedule rotations ensure that all residents will be served

on an equal basis, thus allowing for the Recycle Plus rate base to partially fund NCU activities for the first time.

The Code Enforcement Division of the Planning Building and Code Enforcement Department will continue to manage and staff the NCUs. The Code Enforcement staffing costs are offset by Solid Waste Enforcement Fee revenue. Code Enforcement continues to seek alternative staffing resources to augment the number of Code Enforcement Inspectors necessary to ensure that these events run smoothly. The presence of Code Enforcement Inspectors ensures that hazardous materials are not discarded, traffic is monitored as vehicles line up at the dumpster locations, and there is an enforcement presence that maintains order as residents discard items.

Phased Cyclical Approach to Scheduling

It is recommended that the parameters for NCU services be based on the following schedule:

Phase I – The three year cycle to service all San José neighborhoods, beginning July 1, 2008 thru June 30, 2011. By changing the size of each clean-up from 22 to 25 bins, the current schedule of 50 clean-up events per year can be maintained, while attaining a 14% bin capacity increase.

Phase II – The optional two year cycle to serve all San José neighborhoods, beginning July 1, 2011. This option would expand the number of clean-ups scheduled from 50 to 75 with 25 bins at each event, creating an additional 50% bin capacity increase above the 3-year rotation.

The phased approach allows for an immediate increase of 150 bins annually to San José neighborhoods with the 3-year cycle of Phase I, and allows staff to better prepare for the increased logistical and funding needs of the 2-year cycle proposed with Phase II. Although the increased clean-ups during Phase II will most likely necessitate an increase in the Solid Waste Enforcement Fee due to increased staffing needs, costs will be kept at a minimum through a number of operational efficiencies. Clean-ups will be scheduled in adjacent locations, thus allowing for joint staffing at two or more events. The use of part-time Regional Park Aides will also contribute to additional cost effectiveness. To ensure that all City neighborhoods receive equitable service, individual clean-up events may serve multiple council districts. This change will provide additional scheduling efficiencies and will allow clean-ups to serve a larger area. Cost impacts of Phase I and II options will not be known until contractor proposals are submitted to the City. However, higher diversion requirements, additional bins needed, and rising costs of fuel and labor will likely result in proposed cost increases over current program rates.

Outreach

Standardized outreach through the Public Information section of the Planning, Building and Code Enforcement Department will ensure consistent and updated information for all residents. This is especially critical as disposal and handling laws for special wastes, such as electronics and hazardous materials, become more restrictive. Currently there are several common household wastes that are banned from landfills in California and these materials frequently are brought to NCU events by residents. Residents need to be notified of these restrictions before arriving at the event, and Code Enforcement staff is needed to ensure that these wastes are not

placed in the garbage bins during NCU collection days. Coordinating design, printing and distribution of the notices would allow for cost efficiencies as compared to current practices. Standardized service for all residents creates the ability to fund the noticing through the Recycle Plus rate base saving each Council office approximately \$7,500 per year in outreach costs. Additionally, clean-up schedules can be determined well in advance, thus allowing neighborhood groups to plan their activities in advance and take advantage of other clean-up options outside of the City program.

Term of Agreement

The proposed four-and-a-half year contract term will allow proposers to amortize equipment costs over a longer time period. It is anticipated that this will result in lower cost proposals than for a short-term agreement. Aligning the NCU Bin contract terms with current Recycle Plus contract terms will allow the City to evaluate reincorporating NCU bin service back into the Recycle Plus agreements when these agreements expire (currently June 2013). This should result in cost savings to the City due to increased economies of scale and other efficiencies.

Increase in Diversion

It is recommended that the waste diversion requirement be increased from 50% in the current contracts, to 75% in the proposed NCU RFP. This increased diversion of clean-up material will create incentives for highest and best use of the discarded materials, and will help to meet the City's Green Vision Goal #5, Divert 100% of waste from landfills, the City's Zero Waste goal, and Urban Accords Zero Waste Policy, Action 4. Recycling more of the City's NCU waste stream is an integral component in the effort to reach the City's 75% overall diversion goal by 2013. Diversion of construction and demolition materials that are currently being placed in rubbish boxes could allow the use of available funds from the Construction & Demolition Debris Deposit program.

Additional Collection Activities

The RFP will continue to include a provision for providing bins which are used for targeted clean-ups of designated public or private property as identified by the City's Code Enforcement Division. Staff is also exploring the possibility of providing additional clean-up support for Redevelopment projects if Redevelopment Agency funds become available for those purposes.

EVALUATION AND FOLLOW UP

The RFP will be released and evaluated on the timeline outlined below, and staff will return to Council with recommendations for Neighborhood Clean-Up service providers.

Date	Action
12/11/07	NCU Policy Memorandum to Council
2/8/08	Issue NCU Bin RFP
4/3/08	NCU Bin Proposals Due
6/6/08	Recommendation Memorandum to Council
1/1/09	New NCU Bin Service Begins

POLICY ALTERNATIVES

Alternative #1: If the current system were maintained, the program would continue to provide 50 clean-ups annually, for a total of 1,100 bins per year.

Pros: Lower costs, lower staffing demands

Cons: Inequitable service, limited funding source, inconsistent outreach, lower diversion

Reasons for Not Recommending: Because not all residents can be guaranteed a clean-up on a rotational cycle under the current program, the contract and notification costs cannot be included in the Recycle Plus rates. Staffing efficiencies are not realized as clean-ups may be scheduled on opposite sides of town, and must currently follow Council District boundaries rather than being sited in adjacent or logistically efficient locations.

Alternative #2: As an alternative, it would be possible to forgo the phased approach which starts with a three-year rotation, and go directly to a two-year cycle which could begin prior to July 1, 2011.

Pros: Immediate increased level of service to all residents

Cons: Accelerated rate increases, high staffing demands, contract limitations, delayed implementation

Reasons for Not Recommending: Risks associated with this alternative include rapid cost increases, and a delayed start date due to immediate staffing, equipment and training needs. In order to fund this level of service, it is anticipated that a significant residential rate increase would be required in the next fiscal year to cover higher program costs for bins, as well as increases in contract costs for current contractors. Under the terms of the current contracts with GreenTeam and GreenWaste Recovery, substantial increases in service would require contract amendments which would likely impact pricing due to additional investments in collection bins.

An investment proposal for the additional Code Enforcement Inspector(s) needed to oversee the increased activity level would be required. This, plus the need to hire and train new staff at the beginning of Fiscal Year 2008-2009, including numerous part-time Regional Park Aids to assist with bin monitoring, would necessitate a delay in implementation until July 1, 2009.

PUBLIC OUTREACH/INTEREST

Staff will promote the NCU Bin RFP to assure the maximum participation by eligible proposers. All communications will be managed based on the City's Procurement Process Integrity Guidelines. These guidelines assure continuity in communication with potential proposers during pre-proposal, the inquiry period, evaluation, and through the City's announcement of the selected proposers.

The RFP will be advertised on the City BidLine, and on RFP Depot, the e-Procurement service utilized for advertising and soliciting RFP responses.

The recommendation in this report does not meet any of the Criteria below.

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater.
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City.
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, the Finance Department, the Planning, Building and Code Enforcement Department, the Redevelopment Agency, and the City Manager's Budget Office.

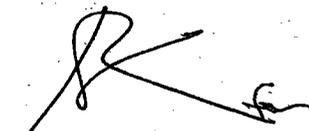
COST IMPLICATIONS

The cost implications of entering into new agreements for NCU Bin services are as yet unknown. However, based on the proposed costs the City received through previous RFP processes, the rising costs of operations such as fuel, and increased diversion requirements, staff expects that costs for service resulting from this process will be higher than the current contract costs. After proposals are evaluated, staff will present a complete evaluation of cost and other implications for Council consideration. Funding for this program is in the Integrated Waste Management Fund and in the General Fund Neighborhood Cleanups Appropriation.

The 2007 NCU Bin RFP process adheres to the City's Budget Strategy by focusing on the protection of vital City core services.

CEQA

ND (Negative Declaration), File No. PP06-119


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