



Memorandum

TO: TRANSPORTATION AND
ENVIRONMENT COMMITTEE

FROM: John Stufflebean

**SUBJECT: RECYCLE PLUS
TRANSITION UPDATE**

DATE: 08-13-07

Approved

Date

8/17/07

RECOMMENDATION

Accept this final update on the 2007 Recycle Plus Hauler Transition.

OUTCOME

Staff will provide this final Transition Update Report to the Transportation & Environment Committee, in both written and oral formats, as a wrap up to the July 2007 Recycle Plus contractor transition period.

BACKGROUND

New contracts for Recycle Plus garbage, recycling, yard trimmings, and street sweeping services for single-family service in Districts A and C were approved by Council in November 2006. Six-year agreements have been executed with Garden City Sanitation (GCS), California Waste Solutions (CWS), and GreenWaste Recovery (GWR) for services that began July 1, 2007.

ANALYSIS

Beginning in February 2007, staff provided to the Transportation & Environment (T&E) Committee monthly update reports on Recycle Plus Transition preparations, supplemented by additional Council Information Memoranda as needed. The final Transition Update Report has been agendaized for discussion at the T&E Committee meeting scheduled for August 27, 2007. This report will be presented orally with appropriate staff available to answer any Committee questions.

Environmental Services (ESD) staff coordinated with the new and continuing Recycle Plus haulers as well as other departments to prepare for the July 1, 2007 service transition. Major topics of discussion included the Transition Operations Center, Customer Contact Center, Integrated Billing System (IBS), Operations, Public Outreach, and Labor.

Transition Operations Center

As with previous Recycle Plus transitions, ESD staff operated a Transition Operations Center (TOC) Transition from July 2 through July 14, including Saturdays. The TOC served several purposes, including:

- Accept and respond to correspondences received from Council Offices,
- Provide support to the Customer Contact Center and San José residents,
- Act as headquarters for the new contractors, route auditors, and ESD staff.

In an effort to alleviate service complaints going to Council Offices and the Customer Contact Center, employees throughout ESD audited the new hauler routes and reported any missed collections before the resident was impacted. In total, over 50 staff from all divisions in ESD signed up to help in the Recycle Plus Transition activities. After the first week of collection it became clear that the operations were going so smoothly that it would not be necessary to perform route audits past the second week.

Customer Contact Center

Many proactive steps were taken by the Customer Contact Center in the Information Technology Department prior to the July 1, 2007 hauler transition in order to avoid potential customer service issues. Working closely with ESD, the Customer Contact Center developed call diversion strategies with the telephone Interactive Voice Response (IVR) system and held daily briefings with staff. In addition, the Customer Contact Center hours were extended and temporary transitional staff were hired and trained. The Customer Contact Center statistics following the hauler transition on July 1, 2007 were the best since January 2007, with an average of 90% of calls being answered. Call volumes remained normal at about 1200 to 1300 calls per day. Average hold times were less than three minutes. The lower than anticipated call volume is due to the enhanced services provided by the contractors and the efforts of ESD route auditors. Residents acknowledged City staff presence within neighborhoods as they spoke to route auditors in the field and were satisfied with the effort put forth in this transition.

Integrated Billing System

Transition activities are continuing for the Integrated Billing System (IBS). Since going live, system and interfacing issues have been discovered and resolved, many of which could not have been anticipated during the intensive testing period before service began. Issues still being resolved include inconsistent user practice, tuning the system so that it better aligns with operational needs, and addressing specific interfacing issues affecting the transfer of information between the City and the contractors. Both the City and the Contractor's staff are working diligently to provide support to facilitate training, and to diagnose and resolve issues as they arise. It is anticipated that the system will continue to stabilize throughout the month of August and progress toward a steady operational state with each of the contractor's systems.

Operations

CWS and GCS received all of their collection vehicles prior to the start of service. GWR expects to receive three more collection vehicles this month, completing their fleet. GWR is currently using spare vehicles from other contracts to provide services so that no resident has been impacted. Both CWS and GreenTeam leased trucks from Norcal during the initial transition to ensure residents would not be impacted by any increase in materials or truck breakdowns. Contractors have worked together, as needed, to borrow oil filter bags and carts, and have even provided service to residents outside of their service areas to ensure a smooth transition for all residents.

One of the most important aspects to a transition such as Recycle Plus is appropriate routing. CWS, GCS, and GWR did an exemplary job in setting up appropriate routes. This was evidenced by the low call volumes in the Customer Contact Center during the initial transition period. Even on the first day of collection, all drivers were able to complete their regular routes before the 6pm City cut-off time. This reflects the resources that the contractors put into training the drivers and the partnerships that were formed with exiting contractor, Norcal. As drivers become more comfortable with their routes and more tonnage information becomes available, routes will be fine tuned to ensure greatest efficiency. In addition, the new contractors were able to help identify and clean-up some county pocket areas that were previously collected in error.

CWS will evaluate any increase in recyclable material collected and processed. This may be a result of using separate trucks for garbage and recycling collection. Prior to July 1, Norcal used a split-body truck that collected both recycling and garbage. However, since most residents have a larger recycling cart than garbage cart, the recycling compartment on the truck would fill up first and some drivers may have been balancing their loads by dumping recycling carts into the garbage compartment. With different trucks and routes, staff believes the program could capture more recyclables. The recyclable contamination rate remains at about 18% for Districts A and C.

CWS will be upgrading their San José Materials Recovery Facility (MRF) this September, to become one of the most advanced facilities in the country. The upgrades will include a state-of-the-art European design optical sorting line for glass as well as a vacuum-style film bag recovery system. During the installation of these two features, CWS will also be upgrading the finishing screens and conveyors to improve the quality of product. With these improvements, CWS will be creating a better product thereby increasing the recovery rate for the Recycle Plus program.

CWS will also be starting a pilot program in Districts A and C that is designed to educate residents about proper recycling. The pilot program will include route walks by City and CWS multi-lingual staff, and use of new and current tri-lingual print materials. The program will target areas of the City that have been identified by the level of contamination in the recycling stream. CWS, City staff, and the other contractors are optimistic about the potential of this education campaign to decrease recyclable contamination. Staff will report the results to the T&E Committee in January 2008.

Public Outreach

The Outreach and Education campaign was highly successful, culminating in positive media exposure and low call volumes during transition. The City and contractors worked collaboratively to ensuring consistent messaging, leveraging resources, and reduce costs. The campaign utilized trilingual messaging (English, Spanish, and Vietnamese) from the outset to manage and minimize calls to City and contractor call centers.

The transition outreach team participated in 21 community meetings during May and June, direct mailed a brochure to 156,000 affected residents, and launched a media campaign that informed residents of changes to the Recycle Plus services. Direct mail and media opportunities highlighted the contractors' phone numbers, allowing residents to go directly to service providers to report any service needs. This proved extremely effective, reflected in the low number of transition related resident calls and the reduced pressure on the Customer Contact Center that kept average call times under three minutes during the first weeks of transition.

A peripheral consequence of residents having the contractors' phone numbers in hand is that residents are taking the opportunity to report existing situations. As a result, there has been a higher than normal incidence of cart repair and replacement calls in their first month of service. Priority cart orders have been placed to address the demand.

The City is on a bi-monthly billing cycle and residents saw new Recycle Plus rates for the first time on their June and July statements. Staff anticipated the following impacts as a result of the increase related outreach:

- An increase in residents canceling yard trimmings carts; as predicted, there were more than double the normal level of requests for cancellations during the month of July.
- An increase in residents downsizing their garbage carts; there was no impact on the number of garbage cart downsizing requests.
- More applicants to the City's low-Income Rate Assistance (LIRA) programs; only a slight increase in applications has been reported.
- A higher call volume to the Customer Contact Center related to rates; as predicted, the Customer Contact Center did report a higher number of these calls.

The recent Recycle Plus rate increases impacted households receiving premium collection services more than the 28% increase. The City sent direct letters to hundreds of residents to advise them of how the rate increases for these services would affect their bills. Premium collection services included on-premise collection where the driver must go onto the residents property, usually in a back or side yard, to collect garbage, recycling or yard trimmings. As a result, close to 350 residents chose to cancel and almost 200 residents are now paying for the premium service that had been erroneously receiving.

Other key transition activities designed by the team included new truck signs, newsletter articles appearing in bill inserts, and web updates. Outreach collaboration between the City and contractors will continue to provide consistent messaging and resource sharing for the remainder of the contracts.

Labor

All collective bargaining agreements with Garden City, CWS, and Teamsters Local 350 are in place through 2013. On July 23, 2007, workers at the CWS materials recovery facility (MRF) ratified their labor agreement between CWS and Teamsters Local 350. The agreement is a six-year term, expiring in 2013 and coinciding with the term of the City's agreement with CWS.

GWR does not have a collective bargaining agreement with a recognized union. As result, the City's established prevailing wage rates for drivers and street sweepers are in effect. The City's Office of Equality Assurance will continue to ensure full compliance.

On July 27, 2007, the National Labor Relations Board (NLRB) dismissed the Teamsters charge against GWR. The Teamsters alleged that GWR violated Section 8 of the National Labor Relations Act by refusing to recognize the Teamsters. The Teamsters did not appeal the NLRB decision.

Conclusion

Staff is pleased to report that the Recycle Plus Transition went so smoothly that the City is now in a maintenance phase with the new contracts. This provides Staff the opportunity to work on improving the program. These initiatives are planned to include: increasing diversion to meet a new 75% goal; education to decrease cart contamination; Neighborhood Clean-Ups service improvements; and finalization of the MRF Monitoring contract. Staff is also identifying new ways that Recycle Plus can help the City align with the zero waste goals included in the Urban Environmental Accords.

COORDINATION

This memorandum was coordinated with the City Attorney's Office, Finance Department, and Information Technology Department.



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