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City Manager's Office



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Kerrie Romanow

**SUBJECT:** COMMERCIAL SOLID WASTE  
PROGRAM TRANSITION

**DATE:** October 24, 2012

Approved

Date 10/25/12

## INFORMATION

During the open forum portion of the Rules and Open Government Committee meeting on October 10, 2012, the owner of T&A Supply, Inc. expressed concerns about recent increases in commercial solid waste rates. The transition to the new exclusive commercial solid waste system continues to proceed better than expected; however, as customer concerns such as those from T&A Supply indicate, the transition is not complete. This memorandum serves to update Council on continued efforts by Republic Services to adjust operations to ensure the best service to San José businesses.

Customer complaint calls regarding rates have decreased since initial bills were sent during the first month of the new service; however, Republic continues to receive calls from businesses questioning specific charges. One such charge is the "demurrage charge" which concerned T&A Supply. A demurrage charge is a fee placed on certain solid waste containers that are unused by the customer for a specific period of time. The charge is essentially a rental fee designed to compensate the hauler for a container (usually a large "roll-off" or debris box) that the customer uses to accumulate materials until ready for collection. These fees are also designed to encourage customers to employ the most appropriately sized container so that collection can occur on a more consistent (weekly) basis. While these types of fees are new to some San José customers, they are prevalent throughout the solid waste industry, including other Bay Area jurisdictions (such as Santa Clara, Oakland and Palo Alto). Although demurrage charges became standard for San José commercial customers beginning July 1, a Republic billing error delayed the notice of these charges until the October billing cycle, which has increased customer calls in recent weeks. Because of the billing error, Republic is waiving these charges in certain instances, and is offering service level assessments that can frequently reduce or eliminate optional services. In the case of T&A Supply, Republic did a service level assessment and was able to reduce service (and associated costs) to their satisfaction.

Any major solid waste program change will entail overcoming service issues, which typically includes missed or delayed collections, and problems with equipment and containers. City staff

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and Republic have worked closely to ensure that service issues are minimized. In an effort to capture more organic material to be delivered to the organics processor, Zero Waste Energy Development Company (ZWED), Republic has altered routes and changed collection days for some customers. These efforts have caused increased calls as both drivers learn new routes and customers adjust to their new collection day. Republic has also struggled to provide solid waste containers within the time parameters specified in their franchise agreement, due to inventory and staffing shortages resulting from higher-than-anticipated requests for new containers. In some cases, two to three weeks have been added to the required five-day service turnaround for container service. Republic has submitted a plan to the City to address these issues, and anticipates being in compliance within the coming month.

Businesses that contact City offices should be encouraged to contact Republic directly at (408) 432-1234 and request an on-site waste assessment. Escalated calls can be forwarded to the Environmental Services Department main line at (408) 535-8550 and the call will be directed to an appropriate staff member.

In addition to routing changes to increase the recovery of recyclable material, Republic is also making adjustments to equipment and processes at the Newby Island Resource Recovery Park facility to ensure organic material is properly separated and delivered to ZWED. With a facility of this scale and complexity (the largest recycling facility in the world), processing adjustments are expected and encouraged to increase waste diversion. Already, San José's commercial waste diversion rate has more than doubled from pre-transition levels. City staff is also exploring options to ensure Republic and ZWED are working together effectively, with the ultimate goal of recycling the maximum amount of waste and ensuring the City meets its Green Vision Goal of Zero Waste.

/s/

Kerrie Romanow

Director, Environmental Services

For questions please contact Jo Zientek, Deputy Director, Environmental Services Department, at (408) 535-8557.