

# Integrated Waste Management Fund

M  
I  
S  
S  
I  
O  
N

**T**o provide solid waste disposal and recycling services, collect fees for those services, and lead City efforts to encourage reduction, reuse, and recycling of solid waste. Services provided through this fund are:

- *Management of residential garbage hauler contracts;*
- *Management of Commercial Solid Waste Franchise System;*
- *Residential customer billing and customer service;*
- *Household Hazardous Waste services;*
- *Management of garbage and recycling collection for City facilities and public litter cans; and*
- *Support for greening special events at City properties.*

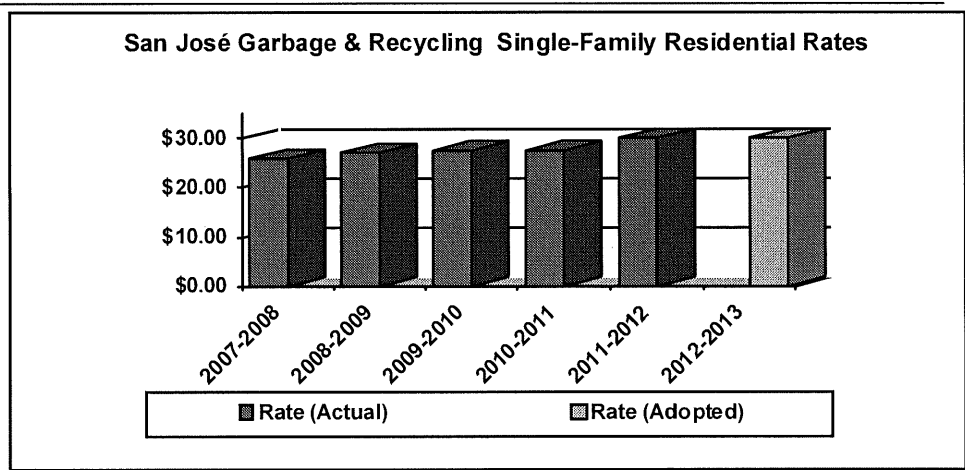
# Integrated Waste Management Fund

## Budget Summary

	2011-2012 Adopted	2012-2013 Adopted	Change
Garbage and Recycling Services, Public Outreach, and Administrative Services	\$ 117,435,792	\$ 118,170,440	0.6%
Accounting and Lien Collection	\$ 1,594,691	\$ 1,382,813	(13.3%)
City-Wide Disposal Contract Mgmt.	\$ 8,324,100	\$ 8,752,800	5.2%

## Budget Highlights 2012-2013

- In 2012-2013, the Integrated Waste Management Fund will support garbage and recycling services, implementation of the commercial solid waste management system redesign, and pursuit of energy conversion technologies.
- A continuing goal for this fund in 2012-2013 is to maintain the Recycle Plus single-family and multi-family garbage and recycling programs as close to cost recovery as possible. No rate increases are required for 2012-2013.



**San José Garbage & Recycling Monthly Single-Family Residential Rates**

	2007- 2008 <u>Actual</u>	2008- 2009 <u>Actual</u>	2009- 2010 <u>Actual</u>	2010- 2011 <u>Actual</u>	2011- 2012 <u>Actual</u>	2012- 2013 <u>Adopted</u>
Rate	\$25.80	\$26.95	\$27.50	\$27.50	\$29.95	\$29.95
Effective Date	7/1/2007	7/1/2008	7/1/2009	7/1/2010	8/1/2011	7/1/2012

# Integrated Waste Management Fund

## Fund Overview

---

**T**he Integrated Waste Management (IWM) Fund supports residential, commercial, and City facility and operations solid waste disposal, including administration of various contracts for collection, processing, and disposal. The fund also supports the implementation of Green Vision Goal #5: *Divert 100 percent of the waste from the City's landfill and convert waste to energy.*

The residential services group manages Recycle Plus garbage, recycling, yard trimmings, and street sweeping services contracts for single-family dwelling (SFD) and multi-family dwelling (MFD) properties. In 2011-2012, staff completed three 18-month organic waste collection and recycling pilots for single family dwellings with approximately 17,000 participating households. These pilots included the use of yard trimmings carts, food scrap collection, and garbage processing. The results of the pilots will be used to evaluate whether such programs, or variations of these types of program enhancements, can be implemented City-Wide to increase waste diversion from the landfill. Staff will continue to research opportunities to integrate new services and improve programming under the existing agreements with the residential garbage and recycling haulers.

IWM staff manages agreements with over 20 commercial franchised haulers operating in the City. Businesses that recycle through one of these franchised haulers can receive technical assistance and free internal collection containers to encourage the recovery of more materials. In June 2011, the City Council approved new agreements with Republic Services and Zero Waste Energy Development Company to provide exclusive services for a redesign of commercial solid waste system. The new service will provide the most comprehensive and innovative solid waste collection, recycling, and organics

processing system in the United States. Businesses will utilize a wet/dry system through which they will sort material into wet items like organics or dry items like plastic and paper. Republic and Zero Waste Energy Development will process all the material at their respective state of the art facilities to ensure maximum resource recovery. Full implementation occurred on July 1, 2012. It is estimated that the redesigned commercial system will increase the commercial solid waste diversion rate from 22% to over 80%, generate green recycling jobs, provide feedstock for potential waste to energy operations, decrease the greenhouse gas impact of the current system by providing 46 alternative fuel solid waste collection trucks to replace the existing aging fleet, provide stable franchise fee revenue for the General Fund, and accelerate progress toward renewable energy goals.

The Construction and Demolition Diversion Deposit (CDDD) program continues to divert the single largest component of the City's waste stream. Under this program, building permits are subject to one of two tracks depending on the Building Code that impacts the project. The CDD deposit is still required for remodel and alteration building permits; however, new construction is subject to the CALGreen Building Code and a non-refundable flat fee is paid in-lieu of a deposit. CALGreen's building permit scope will expand to include all non-residential remodel, addition, and tenant improvements greater than 2,000 square feet in the second half of 2012. Currently, all applicants must demonstrate that a certain amount of construction and demolition waste was diverted from landfills before either their deposit is returned, or they can obtain final occupancy for new construction. Deposits which are abandoned, or which are not eligible to be returned to the depositor,

# Integrated Waste Management Fund

## Fund Overview

---

support a variety of City activities. Transfers of CDDD Revenue to the General Fund total \$250,000 annually on an ongoing basis. In addition to this transfer, CDDD monies will fund a portion of two existing Planning, Building and Code Enforcement positions that support CDDD efforts, and a portion of the Public Property Homeless Encampment Police Cleanup.

Renovation and construction of the Environmental Innovation Center (EIC) on Las Plumas Avenue began in September 2011 and is slated for completion in January 2013. In November 2011, a New Markets Tax Credit transaction with Chase Bank (the investor) and three Community Development Entities closed, resulting in an additional \$4.5 million in funding for the project. The EIC advances the City's commitment to San José's Green Vision, with a 10,000 square foot permanent Household Hazardous Waste (HHW) drop-off facility for the convenient and safe disposal of hazardous household items; a Clean Technology Demonstration Center (CTDC) where innovators will test and develop alternative energy and emerging energy efficient technologies, and green fleet commercial vehicles; conference space for environmental workshops and job trainings; and a Habitat for Humanity ReStore to sell discounted new, like new, and surplus construction materials. A grand opening is anticipated for spring 2013.

In addition, on January 10, 2012, the City Council agreed to a settlement with Applegate Johnston, Inc., the contractor that has performed work on both the EIC and Fire Station 19. Due to performance issues related to Fire Station 19, the City assessed the contractor \$250,000 in liquidated damages. After bid award for the EIC, the contractor was asked to construct the EIC with higher

insurance and bonding requirements than required in the bid document. The contractor agreed to the higher insurance and bonding requirements of approximately \$300,000, if the City agreed to waive the assessed liquidated damages. In order to compensate the Public Safety Capital Improvement Program for not receiving the liquidated damages, the Integrated Waste Management Fund will transfer \$250,000 in developer fees in 2012-2013 to the Public Safety Bond Fund.

The Organics to Energy Strategic Plan was developed in summer 2009 as a road map to pursue energy conversion technologies that will reduce the volume of material entering landfills, and prepare the material for further processing, while capturing energy for beneficial uses. The Environmental Services Department (ESD) is currently implementing two conversion projects that will divert pre-landfill organics to biomethane production. The Zero Waste Energy Development (ZWED) Anaerobic Digestion Facility will support processing of commercial organics collected as part of the new exclusive franchise agreements. A Gasification Feasibility and Demonstration Project is to be piloted at the Plant and will reduce the carbon footprint for wood waste conversion and support the Plant Master Plan objective for biosolids management. Grant funding of \$1.9 million for the Gasification Feasibility and Demonstration Project has been awarded by the California Energy Commission and the project is undergoing a feasibility study to confirm plans for a demonstration phase in fall 2012.

The Go Green Schools Program promotes environmental education and stewardship in San José schools. For 2012-2013, staff will focus on developing and administering the Bay Area Green Star Schools certification

# Integrated Waste Management Fund

## Fund Overview

program and work with school green teams to certify their schools.

The Zero Waste Event Program provides technical assistance and resources to the event planning community to “green” events, and helps incorporate zero waste planning into procedures and processes. Resources include workshops, recycling equipment loans, free

recycling collection services, and a certification program to encourage participation. In addition, this program administers grants to help offset additional costs associated with producing green events, and manages an agreement with San Jose Conservation Corps to implement recycling services at special events on City property.

## Fund Summary

	2010-2011 Actual 1	2011-2012 Adopted 2	2012-2013 Adopted 3	% Change (2 to 3)
<b>Dollars by Sources</b>				
Beginning Fund Balance	\$ 23,696,532	\$ 21,201,786	\$ 10,291,516	(51.5%)
Operating Revenues	110,889,489	117,056,799	130,733,389	11.7%
Interest and Transfers	1,936,236	165,000	78,000	(52.7%)
<b>Total</b>	<b>\$ 136,522,257</b>	<b>\$ 138,423,585</b>	<b>\$ 141,102,905</b>	<b>1.9%</b>
<b>Dollars by Uses</b>				
Garbage and Recycling Services, Public Outreach, and Administrative Services	\$ 105,683,981	\$ 117,435,792	\$ 118,170,440	0.6%
Accounting and Lien Collection	1,393,163	1,594,691	1,382,813	(13.3%)
City-Wide Disposal Contract Management	8,148,376	8,324,100	8,752,800	5.2%
Other *	145,147	0	250,000	N/A
Ending Fund Balance	21,151,590	11,069,002	12,546,852	13.4%
<b>Total</b>	<b>\$ 136,522,257</b>	<b>\$ 138,423,585</b>	<b>\$ 141,102,905</b>	<b>1.9%</b>

\* These are miscellaneous items paid for from this fund on a one-time basis, and offset by miscellaneous or unrestricted revenues.

# Integrated Waste Management Fund

## Budget Category: Garbage and Recycling Services, Public Outreach, and Administrative Services

### Budget Category Overview

---

**A**ctivities in this budget category ensure the achievement of City objectives related to waste management and the reduction of solid waste. The Garbage and Recycling Services unit oversees and manages the garbage and recyclables collection contracts for San José residents and the franchises for services to businesses. This unit also designs, evaluates, and implements programs to reduce waste generated by the City, provides policy and technical analysis, promotes programs such as the State of California's Recycling Market Development Zone in order to develop markets, and ensures compliance with environmental laws and permits. Administrative Services include support services provided by various City departments, overhead to the General Fund, as well as Workers' Compensation Claims costs.

No customer rate increases were approved for 2012-2013, as savings from 2011-2012 are available to offset solid waste hauler contractual increases. Future rate increases will be evaluated through the annual budget process, based on the growth in indexes that drive the garbage hauling contractual increases, and other costs.

The Ending Fund Balance includes a reserve of \$2.0 million to prepare for the Integrated Billing System (IBS) replacement solution, which will need to be implemented by 2015

because the current system will not be supported by the vendor past 2015.

Actions for 2012-2013 include Solid Waste Contract Compliance Support, which realigns funding for two Environmental Inspectors from the Watershed Protection Division to the Integrated Waste Management Division to support the commercial solid waste and recyclable material collection franchise agreement between the City of San José and Republic Services of Santa Clara County. The Inspectors will ensure that Republic Services complies with contractual performance standards, and enforce the requirement that no providers are to conduct commercial solid waste and recyclable material collection in San José without a franchise from the City. As a result of this reassignment, dental facility inspections under the Dental Amalgam Wastewater Discharge Enforcement Plan, as well as Fats, Oils, and Grease inspections at food service establishments, will be performed less frequently. The lower frequency of these inspections will not impact the City's ability to meet any permit requirements. Other significant changes for the Garbage and Recycling Services category include \$600,000 of grant funding for a biomass to energy project, and \$258,000 for Capital Program and Public Works Department support costs connected to the construction of the EIC.

# Integrated Waste Management Fund

## Budget Category: Garbage and Recycling Services, Public Outreach, and Administrative Services

### Budget Category Summary

Garbage and Recycling Services, Public Outreach, and Administrative Services	2010-2011 Actual 1	2011-2012 Adopted 2	2012-2013 Adopted 3	% Change (2 to 3)
Garbage and Recycling Services	\$ 95,431,360	\$ 109,428,277	\$ 110,375,265	0.9%
Public Outreach	577,788	577,788	277,788	(51.9%)
Administrative Services	9,674,833	7,429,727	7,517,387	1.2%
<b>Total</b>	<b>\$ 105,683,981</b>	<b>\$ 117,435,792</b>	<b>\$ 118,170,440</b>	<b>0.6%</b>

The following changes are included for 2012-2013 in the Garbage and Recycling Services, Public Outreach, and Administrative Services allocations:

Adopted Allocation	2011-2012 Adopted	2012-2013 Adopted	Change
<b>Garbage and Recycling Services</b>	<b>\$109,428,277</b>	<b>\$110,375,265</b>	<b>\$946,988</b>

#### Base Adjustments

(One-time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):

• Household Hazardous Waste Las Plumas Facility	Elimination of one-time funding associated with the construction of the Household Hazardous Waste Facility	(\$11,587,471)
• Environmental Services Department (ESD) Non-Personal/Equipment	Miscellaneous Non-Personal/Equipment changes	(\$324,436)
• Various Departments Personal Services	Salary/benefit changes, position eliminations, and other changes	(\$215,387)
• Transfer to the General Fund (Police Creek Encampments)	Elimination of one-time funding associated with Police Department assistance at creek encampment cleanups	(\$135,703)
• Single-Family Recycle Plus	Contractual increase to the single-family dwelling garbage and recycling contract	\$2,023,388
• Multi-Family Recycle Plus	Contractual increase to the multi-family dwelling garbage and recycling contract	\$673,122
• Yard Trimmings/Street Sweeping	Contractual increase to the yard trimmings and street sweeping contract	\$407,075
• City Facilities Recycle Plus	Contractual increase to the City Facilities garbage contract	\$71,231
<b>Subtotal Base Adjustments</b>		<b>(\$9,088,181)</b>

# Integrated Waste Management Fund

**Budget Category: Garbage and Recycling Services, Public Outreach,  
and Administrative Services**

## Budget Category Summary

Adopted Allocation	2011-2012 Adopted	2012-2013 Adopted	Change
<b>Garbage and Recycling Services</b>			
<u>Budget Proposals Approved</u>			
• ESD Personal Services	Environmental Services Department Communications Division		(\$96,440)
	Office of Sustainability staffing		(\$18,394)
	Solid Waste Contract Compliance support		\$237,677
	Temporary intern support		\$183,313
	Accounting staff funding reallocation		\$55,466
• Household Hazardous Waste Las Plumas Facility	Rebudget project funds from 2011-2012 and associated revenue		\$8,410,547
• CEC Grant: Biomass to Energy Project	Second year of a biomass to energy project funded by a California Energy Commission Grant, as described in a memorandum to the City Council on April 19, 2011		\$600,000
• Capital Program and Public Works Department Support Costs	Capital Program and Public Works Department support costs associated with the construction of the EIC		\$258,000
• ESD Non-Personal/Equipment	Homeless Encampment Cleanup (unrestricted Recycle Plus Late Fees)		\$150,000
	Household Hazardous Waste Facility operating expenses		\$86,000
	Solid Waste Contract Compliance support		\$33,000
• Police Department Personal Services	Creek Encampment Clean-Ups		\$104,000
• Clean Creeks Healthy Communities	Police Department staffing for Clean Creeks Healthy Communities grant program		\$32,000
	<b>Subtotal Budget Proposals Approved</b>		<b>\$10,035,169</b>
<b>Subtotal Garbage and Recycling Services</b>			<b>\$946,988</b>



# Integrated Waste Management Fund

## Budget Category: Garbage and Recycling Services, Public Outreach, and Administrative Services

### Budget Category Summary

Adopted Allocation	2011-2012 Adopted	2012-2013 Adopted	Change
<b>Public Outreach</b>	\$577,788	\$277,788	(\$300,000)
<u>Base Adjustments</u>			
(One-Time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):			
• ESD Personal Services	Salary/benefit changes, position reallocations, and other changes		(\$300,000)
	<b>Subtotal Base Adjustments</b>		<b>(\$300,000)</b>
<b>Subtotal Public Outreach</b>		<b>\$</b>	<b>(\$300,000)</b>
 <b>Administrative Services</b>	 <b>\$7,429,727</b>	 <b>\$7,517,387</b>	 <b>\$87,660</b>
<u>Base Adjustments</u>			
(One-Time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):			
• Transfer to the General Fund - CDDD	Elimination of a one-time transfer of CDDD revenue to the General Fund		(\$400,000)
• Transfer to the General Fund – Human Resources/Payroll System Upgrade	Elimination of a one-time transfer to the General Fund for a Human Resources payroll system upgrade		(\$44,465)
• Overhead	Net change in overhead paid to the General Fund resulting from staffing changes, compensation, and rate adjustments		\$311,731
• Transfer to the City Hall Debt Service Fund	Increased payment to the City Hall Debt Service Fund		\$130,222
• Various Departments Personal Services	Salary/benefit changes, position reallocations, and other changes		\$29,757
• Various Departments Non-Personal/Equipment	Miscellaneous Non-personal/Equipment changes		\$7,203
	<b>Subtotal Base Adjustments</b>		<b>\$34,448</b>

# Integrated Waste Management Fund

**Budget Category: Garbage and Recycling Services, Public Outreach,  
and Administrative Services**

## Budget Category Summary

Adopted Allocation	2011-2012 Adopted	2012-2013 Adopted	Change
<b>Administrative Services</b>			
<u>Budget Proposals Approved</u>			
• Information Technology (IT) Personal Services	Contact Center staffing reorganization IT Department management staffing		(\$140,301) \$7,518
• PBCE Personal Services	Urban Runoff staffing		(\$18,204)
• IBS Commercial Paper Payment	Integrated Billing System commercial paper repayment		(\$9,658)
• Overhead	Net change in overhead paid to the General Fund resulting from staffing changes and compensation adjustments		(\$4,033)
• Safe Routes to Schools Creative (SRTC) Grant	Go Green Schools program		\$110,000
• Public Works Personal Services	Staffing to support the construction of the EIC		\$96,142
• City Auditor Personal Services	Audit staffing to perform audit services for ESD		\$11,748
	<b>Subtotal Budget Proposals Approved</b>		<b>\$53,212</b>
<b>Subtotal Administrative Services</b>			<b>\$87,660</b>
<b>Total Garbage and Recycling Services, Public Outreach, and Administrative Services</b>	<b>\$ 117,435,792</b>	<b>\$ 118,170,440</b>	<b>\$734,648</b>

# Integrated Waste Management Fund

## Budget Category: Accounting and Lien Collection

### Budget Category Overview

**T**his category provides accounting and delinquency collection services for the residential Recycle Plus program, including the Garbage Lien unit. Program staff reconciles revenue, expenditures, and

accounts receivable. Changes in this category for 2012-2013 include the Finance Department Vendor-Direct Purchasing Model and Environmental Services Procurement Support.

### Budget Category Summary

Accounting and Lien Collection	2010-2011 Actual 1	2011-2012 Adopted 2	2012-2013 Adopted 3	% Change (2 to 3)
Accounting and Lien Collection	\$ 1,393,163	\$ 1,594,691	\$ 1,382,813	(13.3%)
<b>Total</b>	<b>\$ 1,393,163</b>	<b>\$ 1,594,691</b>	<b>\$ 1,382,813</b>	<b>(13.3%)</b>

The following changes are included in 2012-2013 for the Accounting and Lien Collection allocation:

Adopted Allocation	2011-2012 Adopted	2012-2013 Adopted	Change
Accounting and Lien Collection	\$1,594,691	\$1,382,813	(\$211,878)

Base Adjustments

(One-Time Prior Year Expenditures Deleted/Technical Adjustments to Costs of Ongoing Activities):

• Finance Personal Services	Salary/benefit changes, position eliminations, and other changes	(\$202,023)
• Finance Non-Personal/Equipment	Miscellaneous Non-Personal/Equipment changes	(\$14,750)
<b>Subtotal Base Adjustments</b>		<b>(\$216,773)</b>

Budget Proposals Approved

• Finance Personal Services	Vendor Direct Purchasing Model Environmental Services Procurement Support	(\$15,943) \$20,838
<b>Subtotal Budget Proposals Approved</b>		<b>\$4,895</b>

<b>Total Accounting and Lien Collection</b>	<b>\$1,594,691</b>	<b>\$1,382,813</b>	<b>(\$211,878)</b>
---	--------------------	--------------------	--------------------

# Integrated Waste Management Fund

## Budget Category: City-Wide Landfill Disposal Contract Management

### Budget Category Overview

**T**his category manages the City-Wide Landfill Disposal Agreement and pays the costs of the disposal of residential waste delivered to the Newby Island Landfill.

### Budget Category Summary

City-Wide Disposal Contract Management	2010-2011 Actual 1	2011-2012 Adopted 2	2011-2012 Adopted 3	% Change (2 to 3)
City-Wide Disposal Contract Management	\$ 8,148,376	\$ 8,324,100	\$ 8,752,800	5.2%
<b>Total</b>	<b>\$ 8,148,376</b>	<b>\$ 8,324,100</b>	<b>\$ 8,752,800</b>	<b>5.2%</b>

San José entered into a 30-year agreement with IDC (International Disposal Corporation of California, Inc.) in 1985 for City waste disposal services. The City successfully renegotiated changes to the agreement in 2009 and the term was extended through 2024. The City and IDC also agreed to provide for an additional extension of this agreement should the life of the landfill extend beyond December 31, 2024. The residential disposal costs paid from the IWM Fund for the IDC contract cover the cost for disposing of the waste that is collected by the City's Recycle Plus contractors from single-family dwellings and multi-family dwellings. The single-family garbage is hauled directly to Newby Island Sanitary Landfill for disposal, but multi-family garbage is first processed by another contractor. The residue is then hauled to Newby Island, as are the residue from

processing recyclables from single-family and multi-family residences and the debris from Neighborhood Cleanups.

The City's payments for residential waste delivered to the Newby Island Landfill consist of the following: an annually adjusted base rate for each ton of residential waste delivered to the landfill; fees and taxes that IDC must pay back to the City, State and County on each ton of waste received (disposal surcharges); and regulatory rate payments for the City's share of costs resulting from changes to laws and regulations made after January 1, 2009.

The only change in this category is an increase to the IDC agreement, due to higher indexed prices, especially diesel fuel.

# Integrated Waste Management Fund

## Budget Category: City-Wide Disposal Contract Management

### Budget Category Summary

The following changes are included in 2012-2013 for the City-Wide Disposal Contract Management allocation:

<b>Adopted Allocation</b>	<b>2011-2012 Adopted</b>	<b>2012-2013 Adopted</b>	<b>Change</b>
<b>City-Wide Disposal Contract Management</b>	<b>\$8,324,100</b>	<b>\$8,752,800</b>	<b>\$428,700</b>
<u>Base Adjustments</u>			
• IDC Disposal Contract	Increase is a result of higher indexed prices, especially diesel fuel, with a net change of 36%.		\$428,700
	Subtotal Base Adjustments		<b>\$428,700</b>
<b>Total City-Wide Disposal Contract Management</b>	<b>\$8,324,100</b>	<b>\$8,752,800</b>	<b>\$428,700</b>

**PAGE IS INTENTIONALLY LEFT BLANK**