



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Harry Freitas
Kerrie Romanow

SUBJECT: ALTERNATIVE NEIGHBORHOOD CLEAN-UP CYCLES
DATE: May 28, 2015

Approved

Date

5-28-15

This Manager's Budget Addendum responds to questions raised during the 2015-2016 Proposed Budget Study Sessions by providing information on the Neighborhood Clean-Up (NCU) program costs and enhancement options.

BACKGROUND

Saturday NCU events are one of the most popular services provided by the City. Residents can bring all unwanted items to dumpsters on their scheduled NCU day, which occurs once every three years. The Code Enforcement Division of the Planning, Building and Code Enforcement (PBCE) Department coordinates implementation of 23 NCU events per year with the Environmental Services Department (ESD) and the City's contracted waste haulers, GreenTeam of San José and GreenWaste Recovery.

Each NCU event serves approximately 4,000 households with 80 40-cubic-yard dumpsters, which are strategically placed throughout the designated neighborhood for easy access by residents, and costs \$66,800 per event, or approximately \$1,530,000 annually. Residential solid waste customer rates cover approximately \$600,000 of this cost, which includes dumpster costs, recycling of all material collected, and resident outreach. The Solid Waste Enforcement Fee (SWEF), paid by each operator of a state-permitted solid waste facility and of a solid waste handling operation in the City, covers approximately \$930,000 of the total cost, which includes NCU event staffing costs.

To address commercial large item collection, as part of the third amendment to the agreement with Republic Services, as approved by City Council on May 19, 2015, staff negotiated additional pick-up services for large items dumped along existing commercial collection routes. Republic Services will provide one rear-load vehicle and staffing for a one-day-per-week non-hazardous collection route, with a limit of 50 tons per month at no additional cost, beginning fall 2015.

ANALYSIS

Increasing the Single-Family Dwelling SFD rates from the currently recommended three percent to the maximum allowed five percent would generate an additional \$1.7 million to facilitate funding for programs discussed below.

Enhanced NCU Services

On May 7, 2015, during the 2015-2016 Proposed Budget Study Session for the Environmental and Utility Services Core Service Area, several City Council members posed questions regarding potential expansion of the existing NCU program. The NCU program could be modified to shorten the current three-year cycle to a 24-month, 18-month, or 12-month cycle, serving approximately 6,500, 10,000, or 13,000 households per event, respectively, with the same schedule of providing NCUs on 23 Saturdays per year. The 24-month cycle would cost \$104,000 per event, or \$2.4 million annually; the 18-month cycle would cost \$154,100 per event, or \$3.5 million annually; and the 12-month cycle would cost \$206,000 per event, or \$4.7 million annually. These increases in cost would be the result of using more dumpsters per event at a contractually-required premium rate (approximately 16 percent higher than the current three-year rate), as well as the need for additional staffing, which equates to about 60 percent of the overall NCU cost. The increase in the number of households served and number of bins needed at each event will require more staff to ensure the clean-ups run effectively and safely. The costs are summarized in Table 1.

**TABLE 1 – Estimated Cost Comparison of Various NCU Service Options
 (23 Saturdays/year)**

	Current 3-year Cycle	24-month Cycle	18-month Cycle	12-month Cycle
Households per Event	4,000	6,500	10,000	13,000
Staffing (60%)	\$41,000	\$61,000	\$90,400	\$120,000
Bins & Disposal (33%)	\$21,000	\$35,000*	\$52,000*	\$70,000*
Non-Personal (7%)	\$4,500	\$8,000	\$11,700	\$16,000
Total per Event (100%)	\$66,500	\$104,000	\$154,100	\$206,000
Total Annual Cost	\$1,529,500	\$2,392,000	\$3,544,300	\$4,738,000
Additional Incremental Cost over Current Budget	\$0	\$862,500	\$2,014,800	\$3,208,500

**Requires more bins at contractually required premium rate*

In at least the short term, the Administration would likely need to implement alternative staffing models for enhanced NCU services, given that the procurement of staff resources for the current three-year cycle has been challenging. Code Enforcement would need to hire additional staff for the events, which could be challenging due to limited availability and seasonal demand for Regional Park Aides (RPAs). Additionally, the dependability of part-time unbenefited personnel has consistently been a challenge to sufficiently staff events. Options could include using staff from other City departments and outside employment agencies. A transition period of

approximately six months would be needed in order to complete minor amendments to the hauler agreements, redraw neighborhood boundaries, and secure staffing and additional equipment. The 24-month NCU cycle could begin January 2016 and more frequent cycles could begin in August 2016.

An alternative delivery model could be considered that maintains the existing event size and increases the number of event days (i.e., from 23 to 46 event days per year). This could help keep the cost per event at approximately the current \$67,000. However, this model would require amending the hauler contracts, which currently limit the number of event days to a maximum of 31 for a 12-month cycle, and would necessitate a new staffing model change given the current challenges Code Enforcement faces with the three-year model.

Residential On-Call Large Item Collection Service

Based on the very recent success of a similar program for multi-family dwellings, staff wanted to provide an additional option for consideration: complementing the current three-year cycle with a piloted free-of-charge on-call collection of large items for SFDs. This would allow SFD residents to dispose of up to nine large items per year, such as mattresses, furniture, appliances (including refrigerators), tires, and boxed smaller items, in an easier and more convenient way: curbside pick-up. Curbside service is quicker for residents, compared to storing and delivering these items for the NCU event or self-hauling material to the landfill or recycling center. Additionally, large item collection is more cost effective (\$361 per ton) than the NCU program (\$836 per ton). The residential haulers currently charge about \$27 to collect three large items on an on-call basis.

Timeliness, convenience, and cost were identified as key factors in encouraging residents to legally dispose of large items in the preliminary findings of a city-wide illegal dumping study, coordinated by PBCE and expected to be released in summer/fall 2015. The City's illegal dumping efforts are primarily funded through the General Fund and SWEF and, to a lesser extent, other sources, such as Community Development Block Grant funds, which are restricted to eligible areas and on a short-term basis. Recycle Plus funds cannot be used for illegal dumping cleanup efforts.

As part of the 2014-2015 Adopted Operating Budget, as referenced above, funding for apartment large item collections was incorporated in the base Multi-Family Dwelling solid waste service rate, making the collection available on call at no additional cost to property managers. There have been over 14,000 large items collected from July 1, 2014 through April 30, 2015 and in the first six months alone, apartment large items collection appointments increased significantly (over 5,000 appointments compared to 1,200 for the same period in 2013). The no-cost SFD large item pilot could begin in fall 2015. Increasing SFD rates to the maximum allowed five percent instead of the three percent recommended in the 2015-2016 Proposed Operating Budget (\$1.7 million additional revenue) could fund approximately 60,000 collection appointments for SFDs. A transition period of approximately three months would be needed in order for the recycling haulers to purchase additional trucks, secure additional drivers, and for staff to develop a tracking and reporting procedure to monitor service and compensate the haulers, and negotiate contract parameters. A portion of the funds would be needed for additional outreach and

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administration. Staff could report on the SFD large item collection pilot in January 2017, including results, costs, and options for continuation.

Currently three percent of SFD customers participate in large item collection; however, providing residents a no-cost option to use this service should significantly increase participation, as seen in the apartment program. ESD is improving outreach to customers for the City's current program, including a recent effort with the San José Earthquakes professional soccer team (see attached).

COORDINATION

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

/s/

HARRY FREITAS
Director, Planning, Building
& Code Enforcement

/s/

KERRIE ROMANOW
Director, Environmental Services

Attachment: New Large Item Collection Service Program Outreach

For questions, please contact Diane Buchanan, Code Enforcement Official, Department of Planning Building and Code Enforcement at (408) 535-7780, or Jo Zientek, Deputy Director, Environmental Services Department, at (408) 535-8557.

ATTACHMENT: New Large Item Collection Service Program Outreach



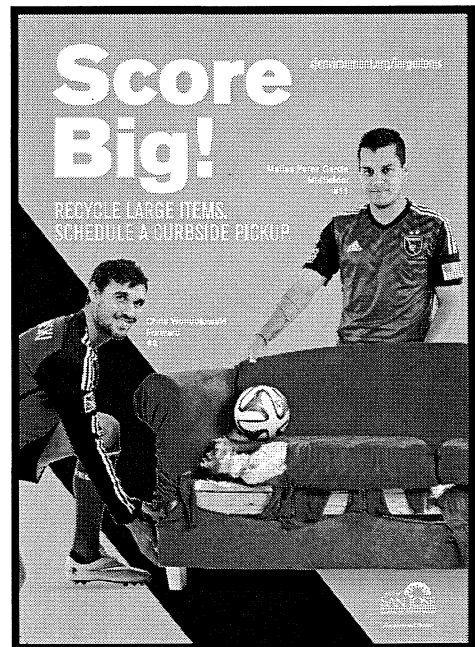
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