



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Joseph Horwedel
John Stufflebean

**SUBJECT: NEIGHBORHOOD CLEAN-UP
PROGRAM**

DATE: May 26, 2011

Approved

Date

5/27/11

This memorandum is submitted in response to the Transportation and Environment City Council Committee request to evaluate the cost of a service model that would provide Neighborhood Clean-Up Program events on a two-year cycle (from the current level of service of a three-year cycle) in the 2011-2012 budget preparation process.

BACKGROUND

The Neighborhood Clean-Up Program (NCU) is one of the most popular and well-received programs provided by the City. In December 2007, the City Council directed the Administration to implement rotating NCU program services Citywide on a schedule that would serve all San José neighborhoods once every three years. The initial three-year service model commenced in January 2009 and will end in December 2011. In December 2010, the Transportation and Environment City Council Committee requested that the Administration present the cost of a two-year cycle as part of the 2011-2012 budget process. The successful implementation of the City-wide model has significantly increased the number of neighborhood clean-ups. Prior to 2009, not all neighborhoods received clean-up events, and those neighborhoods that received clean-ups were serviced on an average of four to eight years.

ANALYSIS

The two-year rotation would offer all San José neighborhoods one clean-up event every other year. Augmentation of the existing three-year operational plan can be made to accommodate a two-year rotation. However, the two-year cycle is estimated to cost an additional \$941,000 on an ongoing basis, necessitating a Recycle Plus rate increase of approximately 1.3% in the Integrated Waste Management Fund for 2012-2013 if the program begins January 2012.

The table below provides a comparison of projected annual costs for three-year and two-year cycles. These are preliminary cost calculations and should the City Council direct staff to implement this service enhancement, additional refinements to costs would be needed. Cost estimates for a two-year cycle assume the following changes to the program:

- Average number of events remain at 24 per year
- Number of households served increases from an average of 4,000 per event in a three-year cycle to 6,000 per event in a two-year cycle
- Additional bin services and disposal costs, accounting for more than thirty percent of the increased costs.
- Addition of 1.0 Code Enforcement Inspector, 0.25 Code Enforcement Supervisor position, and funding for additional inspector assistants and vehicle abatement services.
- Additional staffing to supplement Regional Park Aid (RPA) positions for bin monitoring, traffic control, and assistance with bulky item pick-up.
- One-time vehicle expense to purchase two new lift-gate trucks for assisting residents with bulky item pick-up.

Table 1
Estimated Cost Comparison of Various Service Options

| Program Components | 3-Year Cycle Cost per Year | 2-Year Cycle Cost per Year | Increased Cost per Year | 2011-2012 Half Year Costs |
|--|-----------------------------------|-----------------------------------|--------------------------------|----------------------------------|
| Staffing (Code Enforcement Inspector and .25 Code Enforcement Supervisor to coordinate, assistants, vehicle abatement) | \$ 497,000 | \$ 691,000 | \$194,000 | \$97,000 |
| Staffing (Part-Time RPAs and other supplemental labor pool to act as bin monitors, traffic control, and assist with bulky items) | \$ 203,000 | \$ 575,000 | \$372,000 | \$186,000 |
| Hauler Costs (bins, CRT trucks, disposal) | \$ 578,000 | \$ 900,000 | \$322,000 | \$161,000 |
| Postcard Mailings (for resident notification) | \$ 54,000 | \$ 81,000 | \$ 27,000 | \$13,500 |
| Non-Personal (Supplies and Web-based customer interface maintenance) | \$ 65,000 | \$ 87,000 | \$ 22,000 | \$11,000 |
| Lift-gate Trucks & Maintenance (one-time cost at \$40,000/2 vehicles) | \$0 | \$ 84,000 | \$4,000 | \$80,000 |
| IWM Fund 423 Costs | \$1,397,000 | \$2,418,000 | \$941,000* | \$548,500* |

* This cost does not include the Pharmaceutical Collection Pilot (annual cost of \$29,500), which is recommended for implementation as part of the 2011-2012 Proposed Operating Budget.

Previous discussions have noted that one option would be to start the new two-year cycle in January 2012, upon completion of the first full three-year cycle. The additional funds that would be needed in 2011-2012 for a half year of service starting in January 2012 is estimated to be \$548,500, or an additional increase of approximately 0.8% for Recycle Plus rate payers. The Proposition 218 notice mailed to residents in April 2011 limits Recycle Plus increases to 9% for the next three years. Since Recycle Plus rates are already proposed to increase by 9% in 2011-2012 to cover service cost increases, a rate increase to fund this service enhancement is not

possible at this time. One alternative explored by staff was to utilize IWM fund balance reserves to implement the two year cycle in 2011-2012. However, this would still require implementation of a rate increase of approximately 1.3% in 2012-2013 to cover the increased cost of continuing this service enhancement. This rate increase would need to be evaluated in the context of other service costs that may impact rates.

Since the estimated rate increase required to fund this program cannot be implemented beyond the 9% noticed to customers in 2011-2012, it is not recommended at this time. Should the City Council wish to increase service levels, it is recommended that this service enhancement be brought back for City Council consideration in the context of the 2012-2013 rate recommendations as part of in the 2012-2013 budget process.

COORDINATION

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

/s/
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