CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

COUNCIL AGENDA: 12/18/2018
ITEM: 7.1

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Councilmember Tam Nguyen

SUBJECT: **Solid Waste Collection**

DATE: December 18, 2018

Approved

Date 12/18/2018

Recommendation

1. Reject recommendation from the Environmental Services Department to not move forward with the existing vendor for collection areas A and C.

2. Direct the Environmental Services Department (ESD) to negotiate in good faith with California Waste Solutions (CWS). Given the difference in difficulty of service area, labor costs, and different standards for recycling and diversion, ESD should work with CWS to find common ground and resolution.

Background

California Waste Solutions has a long history with the City of San Jose that began in the early 2000's. From the beginning CWS has been saddled with requirements from the City that its competitors have not been able to match. To this end CWS has a fully unionized workforce that provides high quality jobs for local residents, while other service providers do not offer similar protections. Even with this higher labor cost and inherent structural bias, CWS has provided high quality service at a cost point lower than its competitors.

Over the past few months, ESD has broken the longstanding trust and goodwill between CWS and the City. After CWS has repeatedly gone to ESD to look for ways to streamline collection, mitigate contamination, and increase the amounts of recyclables, ESD has rejected overtures to make progress. Most notably was their decision to directly contravene a pilot program championed by Vice Mayor Carrasco aimed at addressing concerns over collection through a pilot program.

The reality is that when looking at the City Auditor's findings on recycling programs in the City of San Jose, CWS has a more rigorous methodology to compute its diversion rates than peers as it calculates what it actually sells in recycling and not processed materials that are later transferred to landfill. Moreover, CWS has provided the City of San Jose a bargain for its work costing ratepayers less than its peers and doing this with higher union wages that its peers do not have. This means CWS is not only providing higher quality jobs with a living wage, but that it is able to deliver its services at a significant cost savings compared to peers.

In many ways CWS has been subsidizing the City of San Jose's trash collection as significant contamination takes places in recycling bins. When CWS attempted to enforce compliance with Non-Collection Notices (NCN's), this was then used against CWS, even though the City argued

for this effort as it was designed to increase recycling targets. For materials diverted to landfill from CWS processing facilities, CWS has paid for their disposal. This is a real tangible loss that CWS has been forced to bear apart from the fact the City receives money back from CWS for contamination inasmuch as CWS is fined for meeting its recycling content targets. In reality this is an unfair standard as CWS cannot control what people recycle and the number of recyclables San Jose residents produce. Even aggressive education and awareness will not completely solve this issue.

The service areas that CWS manages (Areas A and C) are generally more difficult than Service Area B as there is a higher propensity for single-family homes with multiple families and other considerations that lead to greater production of garbage causing stress on garbage collection that then spillover and impacts recycling as residents are looking for ways to get of their excess trash. To this point, a contract premium was given to trash collection in Services Areas A and C, but not for recycling collection.

At this point, ESD has had a history of non-engagement and interaction with CWS and has greatly prejudiced this entire contract negotiation. ESD has chosen to look at this negotiation as a massive increase to ratepayers when in actuality it is bringing payment to CWS to roughly parity with its competitor, GreenTeam. Looking at comparisons of rates and adjusting for contamination level and the higher cost of serving area A & C, CWS's proposal is within parity of what GreenTeam is charging and will ensuring high quality collection of recyclables along with good quality jobs right here in San Jose.

NEXT STEPS

To move beyond this impasse, it is important to recognize a few key points. Garbage in is garbage out. The amount of recycled materials demanded by city staff is not realistic given current recycling rates in the City of San Jose. Working with CWS, the city should engage in real good faith efforts to address these concerns both from an economic point of view, but also from the perspective that having a robust recycling system will help keep San Jose clean and its environment as pristine as possible.

Additionally, given that CWS and Green Team have different methods for defining diversion rates, the City of San Jose should work to set one uniform standard that will allow vendors, ratepayers, and other relevant stakeholders the chance to compare apples to apples and oranges to oranges. The City Auditor who found way for improving the current situation and increasing diversion rates outlined all these efforts in a 2015 report. We should go back to that report and begin to look for ways to work together as opposed to in opposition.

In the end, working to bring people together will help strengthen the city of San Jose and guarantee that the best possible services are provided.

CWS has been a strong pillar of a number of critical local nonprofits and has taken their role in the community very seriously. While CWS has operated as a good faith partner for the City and its community, the City has not reciprocated with ESD engaging in a hostile dialogue. Now is the time to repair this relationship and build a new conversation based on fairness and trust.