

10-1797

ENERGY & ENVIRONMENT

MOTION

In July of 2006 the City released a seven-year notice to private waste haulers informing them of our intent to take back responsibility for refuse and recycling collection for multifamily residential properties, which the options of either having City employees for this work or implementing a franchise system and having private industry bid on zones.

As part of the CAO's "Three Year Plan to Fiscal Stability" a January 2010 proposal by the Bureau of Sanitation was included. This report estimated that \$5M a year in new revenue could be generated by having the City implement a franchise agreement for apartment buildings of four units or more (the City already services the smaller ones). Sanitation recently held a stakeholder meeting for waste haulers and other interested parties to weigh in on the proposal.

Multifamily residences only generate 6% of the City's trash, with single family homes and small apartments producing 17%, the bulk of the City's refuse comes from commercial properties (77%). Given that State law provides for a five year notice period before an exclusive franchise system can be fully implemented, and given that the City is considering a stand-alone multifamily franchise, it is crucial that this exploration - and consideration of adding commercial properties to the current franchise being contemplated - happen in the immediate future.

In order for the City to achieve its Zero Waste goals and meet its interest in maximizing revenue streams, the time is now to begin a conversation about whether to pursue a franchise system for commercial properties. The City could award an exclusive commercial franchise immediately and limit incumbent haulers to their existing accounts.

The City of San Jose recently embarked on establishing a franchising program for trash collection targeting its commercial sector. They received the results of a citywide RFP in October and expect to award contracts in 2011. The benefit for businesses in a franchise system is that with fewer competitors in a single area routes are more efficient, which brings down costs. Currently, there are over 120 different waste hauling companies serving Los Angeles, with several per City block. This is inefficient and contributes to the amount of air contaminants.

San Jose instituted large fees (30% of gross receipts in franchise fees and 28% in AB 939 fees) as a way to discourage businesses from dumping their trash and instead spending a fraction of that amount in investing in best practices around recycling. The amount of commercial trash that can be recycled is higher than other types of refuse. No fees were charged on recycled materials, which helped greatly with that city's waste diversion goals as more and more trash was recycled. For those business sectors who do not meet San Jose's goals the city has stated in the future it will consider providing the necessary recycling services itself and may impose certain mandates.

I THEREFORE MOVE that the CAO and Bureau of Sanitation be requested to report to Council with an assessment of the Commercial Solid Waste System Redesign program recently put in place by the City of San Jose, including a review of the HF&H report, "The City of San Jose: Commercial Redesign White Paper," that led to that system, and explore whether including the commercial sector in the proposed multifamily franchise would help the City reach its Zero Waste, environmental and financial goals more expediently and efficiently.

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