



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of March 12, 2019

TO: Members of the City Council

SUBMITTED BY: David Biggs, City Manager
Mike Roberts, Public Works Director

SUBJECT: Update on Recycling and Recycling Audits by Republic Services

RECOMMENDED ACTION: Receive Report, Discuss, and Provide Direction, if any.

FISCAL IMPACT OF RECOMMENDATION: None as a result of this item.

DISCUSSION: The City's solid waste collection services, including household waste, recycling, and organics, is provided by Republic Services (aka Richmond Sanitary Services) under a franchise agreement between the City and Republic. Elements of the service as related to recycling and organics is controlled by the West Contra Costa Integrated Waste Management Authority (WCCIWMA) also known as RecycleMore.

The City of Hercules sets rates for the household waste component of services and these rates were most recently approved by the City Council for 2019 on January 8, 2019.

RecycleMore is responsible for setting the recycling and organics rates for the five-city West County Service area. In addition, RecycleMore is responsible for meeting the State mandates in regard to recycling and landfill diversion and does so primarily through the service provider which is Republic in addition to other efforts.

With changes in the market conditions for recyclables, including the refusal of China in the form of what is referred to as the "China Sword," to accept materials with contamination above a certain limit, the market for these materials has collapsed. This change in circumstances has resulted in Republic undertaking additional educational efforts about what materials are acceptable in the blue recycling bins and what is not. Republic has also instituted a series of recycling bin audits in their service area including Hercules. These audits result in cans which have contamination being tagged with the possibility of a contamination charge or fee being levied against the customer. Republic advises that those who are tagged are encouraged to contact Republic for information about the nature of the contamination. Republic also approaches these contacts as an opportunity to further educate their customers.

The City of Hercules is supportive of the need to reduce the level of contamination found in recycling bins and we have been engaged with Republic on the matter since the audits were initiated in 2018. The City has promulgated questions for Republic, including the authority under which they levy the contamination charge or fee as this is not specified in the City's solid waste rate structure resolution. Background information on the issues and audits is addressed by Republic in a letter dated February 6, 2019 (attachment 1).

Given the issues associated with recycling, the General Manager of Republic in our service area Shawn Moberg will be in attendance at the City Council meeting to update the City Council and the community on recycling and the recycling audits. Republic has been requested to provide specific information as to when the audits were commenced starting in 2018, the number of audits conducted, and the results of each audit done in Hercules including:

- The number of bins audited;
- The number of bins which were tagged as contaminated;
- The number of customers which contacted Republic;
- The number of those customers who received waiver of the contamination charge or fee; and
- The number who of customers who paid the contamination charge or fee.

Republic will also share their updated educational materials and information on their on-going outreach efforts.

ATTACHMENTS:

1. Republic Letter of February 6, 2019

<i>Financial Impact</i>			
Description:			
Funding Source:			
Budget Recap:			
Total Estimated cost:	\$	New Revenue:	\$
Amount Budgeted:	\$	Lost Revenue:	\$
New funding required:	\$	New Personnel:	\$
Council Policy Change: Yes <input type="checkbox"/> No <input type="checkbox"/>			



REPUBLIC SERVICES

3260 BLUME DRIVE • SUITE 115 • RICHMOND, CALIFORNIA 94806

February 6, 2019

Mr. David Biggs, City Manager
City of Hercules
111 Civic Drive
Hercules, CA 94547

Dear Mr. Biggs:

We have received your letter and believe there is some misunderstanding. In response to expressed concerns, it already has been acknowledged that initially, advance notice to local agencies would have been a proper courtesy. Without excuse, but by way of explanation, it is important to note that in the face of onerous and all but impossible to meet reductions in acceptable load contamination guidelines (less than 1%/load), severely diminished market pricing and ever growing levels of recycling cart contamination, we simply must focus on materials separation and cleanliness—and need to do it quickly to avoid across-the-board service rate increases that unfairly burden the responsible majority for the irresponsibility of a few.

For clarification and background information, the Contamination Surcharge is not a penalty or fine, but a fee for special services not included in the weekly collection service rates. As you are aware, weekly residential collection rates are set based on waste cart capacity with lids properly closed and include one 65-gallon cart for recycling and one 65-gallon for organic materials. Those service rates do not include the use of recycling and/or organics carts for garbage overage that currently is resulting in substantially elevated disposal costs and return trip collections--to say nothing of added post-collection materials sorting, reloading and transportation costs that negatively impact the IRRF Surcharge.

The City's suggestion to provide cart labels to inform customers of appropriate materials separation is well taken. For a number of years, all new carts and replacement cart lids have included factory stamped picture labels.

We respectfully disagree that ratepayers have not been provided with information that would allow them to understand how to avoid contamination of recycling material. Since enactment of AB 939 approximately 30 years ago, RSS, West County cities, RecycleMore and State agencies have been dogged in providing outreach and educational information and that has included printed full service guides, newsletters (that clearly indicates that additional charges may be applied for cart contamination), billing inserts, flyers and handouts at community events, school classroom presentations and recycling facility tours, updating websites and most recently using "telephone blasts" to inform customers of important service issues. Yet, recent waste characterization studies in West County showed recycling cart contamination levels ranging between 15% and 45%. Unfortunately, people don't (and can't be forced to) read or listen to the message and all too often care only about getting rid of their garbage without regard to proper cart usage.

Cart audits are essential to understanding the level and type of contaminating materials, with the end goal to bring about behavior changes that will protect worker safety and public health, prevent blight and help communities meet their mandated diversion goals. The August-September audits revealed that Styrofoam, diapers, kitty litter, animal wastes, food/yard waste, worn out shoes/clothing, tissues/napkins, loose plastic bags, electronics/batters/light bulbs, dirty food containers and paint cans are the most common contaminating items.

The Auditors do not dig through cart contents in search of *some* contamination, but simply open the lid for visual observation. Only carts with noticeable amounts of non-recyclables, unsanitary materials or emit foul odors receive Notice Tags. The Notice Tags identify the contamination type, advise of the Contamination Surcharge and invite the customer to call our Customer Service Office to obtain information or have questions about the Surcharge. This provides a one-on-one opportunity to educate and explain the need for proper materials management. If this is a first-time contamination offense, inquiring customers may receive a one-time fee waiver.

It's notable that about four years ago, there was a rash of trash contamination in organics carts and a similar auditing process that included Contamination Surcharges Fees was undertaken. That focused effort dramatically reduced organics cart contamination, without customer complaints, media intervention or indication of agency concerns.

The Franchise Agreement regulates only weekly curbside collection service rates. Those are blended rates that include collection and disposal for a waste cart of 20, 35, 65 or 95-gallon capacity, and one 65-gallon cart each for recycling and organics. Extraordinary contamination (particularly at current levels) is not a cost included in the development of weekly collection rates. Alternatives to Contamination Surcharges applied for non-compliance are far more onerous to the irresponsible and unfair to responsible customers. By focusing on the residents (and businesses) whose behavior must be changed for the good of the environment and the community, the City will be better able to achieve desired and mandated diversion goals. Cleaner materials will provide greater secondary processing opportunities, better market pricing and avoid across-the-board service rate increases for all ratepayers.

In addition to change in materials packaging, the most cost-effective way to achieve the new international cleanliness guidelines is *source separation*. The inconvenient reality is that the primary root of recycling and organics cart contamination is inadequate weekly waste collection service levels. Therefore, no matter how robust the educational outreach effort, without *economic consequence*, offending customers will continue to use their recycling containers as garbage cans—ultimately to the detriment of the majority of ratepayers that are doing the right thing.

The cart observation audits are an essential element in understanding the character and extent of contamination, forming a support base for behavior modification, helping to control handling and processing costs, avoid across-the-board service rate increases and hopefully continue to utilize the few existing marketing opportunities still available (albeit at deeply diminished pricing).

Mr. David Biggs, City Manager
February 6, 2019
Page 3

We cannot continue to absorb the burdensome additional costs associated with the extraordinary (and often conscience) contamination levels caused by misuse of recycling carts for garbage overage. Therefore, it is our intent to continue the audits throughout the West County service area. In Hercules, we can either:

- Service the cart, attach notice of the contamination and potential for an additional surcharge and offering an opportunity to call our office for further information or question the surcharge. In that event, our Customer Service Reps can engage in one-on-one discussion of the importance of good materials management and for first-time contamination events, provide a one-time waiver of the surcharge; or
- Leave the cart un-serviced and attach the contamination/surcharge notice and opportunity to call our Customer Service Office where our CSR's can: 1) Educate and arrange for customer removal of the contaminating items from the recycling cart and holdover of the discards for collection on their next regular collection day with no extra cost; or 2) Arrange for a return trip collection. Either choice likely will result in additional charges to the customer.

Please let us know without delay which approach you prefer. I can be reached at (510) 261-7143, or by e-mail at smoberg@republicservices.com. Our Contracts Administrator, Janna Coverston, can be reached at (510) 262-7144, by e-mail at jcoverston@republicservices.com.

Very truly yours,



Shawn Moberg
General Manager

