

Agenda Report

TO: CITY COUNCIL DATE: May 10, 1999

THROUGH: FINANCE COMMITTEE

FROM: CITY MANAGER

SUBJECT: RESULTS OF PILOT AUTOMATED CURBSIDE RECYCLING PROGRAM AND PROPOSED RESTRUCTURING OF THE INTEGRATED WASTE MANAGEMENT OPERATION

RECOMMENDATIONS

It is recommended that the City Council:

- 1) Approve the implementation of automated recycling citywide.
- 2) Approve the implementation of yard waste recycling citywide.
- 3) Approve the restructure of refuse rates to a volume-based "Pay As You Throw" system.
- 4) Delete the \$35 "change out" fee from the General Fee Schedule for removing or replacing a solid waste collection container.
- 5) Approve the purchase of collection equipment and containers as detailed in attached schedule.
- 6) Authorize the Finance Director to solicit bonds in the amount of \$4.9 million for collection equipment and containers as detailed in attached schedule.
- 7) Approve the addition of 1 FTE, a Solid Waste Truck Operator II in order to expand the yard waste program.

EXECUTIVE SUMMARY

The waste industry and the City of Pasadena experienced a multitude of changes over the last decade, beginning with the 1989 Integrated Waste Management Act (AB939). This Act mandated twenty-five percent (25%) diversion of waste from the landfill by 1995 and fifty percent (50%) diversion by 2000. Pasadena's Integrated Waste Management staff prepared a Source Reduction and Recycling Element (SRRE) as a roadmap of how to reach the fifty percent (50%) goal and has implemented many of the tasks outlined in that plan over the last decade. These efforts have resulted in a current diversion rate of thirty-seven percent (37%). To move from thirty-seven percent (37%) diversion to fifty percent (50%) diversion, other options had to be explored.

Staff presented an automated recycling pilot program to Council last fall. It was approved by Council and started in October 1998. The results of the pilot program showed that residents' recycling efforts increased curbside recycling by one hundred and thirty-three percent (133%) and yard waste recycling by forty-seven percent (47%). Staff recommends that based on the success of the pilot program, City Council approve implementation of the automated recycling program citywide.

Implementation of this program will give Pasadena citizens choices which include automated curbside recycling, yard waste recycling, financial incentives with unit-based pricing, and a variable container size system or "Pay As You Throw" program. It will also make recycling easy and cost effective for residents. The combination of these efforts will enable the City of Pasadena to meet the State mandated fifty percent (50%) recycling goal.

BACKGROUND

The Integrated Waste Management Act of 1989 (AB939) required local governments to reassess the way refuse was handled. The Act required each jurisdiction to develop a Source Reduction and Recycling Element (SRRE) as a roadmap on how they would propose to reach the mandated fifty percent (50%) diversion of waste material from the landfill by the year 2000. Staff prepared an SRRE for the City of Pasadena, and City Council adopted it on May 26, 1992. The City's SRRE outlined the approach Pasadena would take to reach its diversion goal.

In order to achieve the required diversion goal, staff recommends implementation of the remaining SRRE elements as approved by City Council and the CIWMB (see Exhibit A). Staff also recommends complete restructuring to a unit-based pricing or "Pay As You Throw" methodology (see Exhibit B).

PILOT CURBSIDE AUTOMATED RECYCLING PROGRAM

Staff proposed implementation of a pilot curbside automated recycling program as one component to assist the City in reaching its fifty percent (50%) diversion goal. A pilot area was selected and automated curbside recycling containers were provided to approximately 2,500 single-family residences. The automated containers provided to each home matches existing containers. It holds up to 60 gallons of recyclable materials (four [4] times bigger than the existing blue box); has wheels for easy transportation to the curb; and has a blue lid consistent with the blue color that residents currently associate with curbside recycling. Data collected prior to implementation of the pilot program and at the end of the program indicates that automated curbside recycling increased by one hundred and thirty-three percent (133%) in the pilot area.

A second component of the pilot program consisted of providing each of the 2,500 single-family residences with a 100-gallon yard waste recycling container at no additional charge. Prior to the pilot program, only one-third of the pilot area (which parallels citywide data) was signed up to recycle yard waste. The City receives a dual

benefit from residents recycling yard waste. The first is that all yard waste recycled counts toward the fifty percent (50%) diversion goal. The second is that yard waste recycling at Scholl Canyon is less than half the cost of mixed waste disposal. Increased yard waste recycling helps meet AB939 mandates and also decreases landfill disposal expenses. To encourage recycling, staff recommends deleting the \$35 "change-out" fee in order for customers to have the opportunity to choose the number and size of containers that meets their family's needs.

A third component of the pilot program consisted of evaluating the feasibility of implementing a "Pay As You Throw" system of waste disposal and recycling. "Pay As You Throw" systems typically imbed the entire cost of the integrated waste management plan on the mixed waste container. Curbside and yard waste recycling, in addition to the availability of other residential recycling programs (for instance, mulching and composting) are viewed as beneficial to the City in terms of diversion. They are also beneficial to the citizen in that there is not a direct cost associated with them. "Pay As You Throw" provides residents who actively recycle with an opportunity to increase their personal diversion and save money. The resident who chooses not to actively recycle bears a greater burden for the cost of waste disposal, and this burden is reflected in the fees paid for larger or multiple trash containers. Data collected prior to implementation of the pilot program and at the end of the program indicates that if the City were to implement a "Pay As You Throw" program it would benefit Pasadena by providing a monetary incentive to residents to recycle.

All citizens would have an opportunity to decrease their refuse bill by increasing their recycling efforts and downsizing their mixed waste containers. Hilton, Farnkopf, & Hobson (a consulting firm hired by the City in 1998 to objectively study the pilot program) projects that at least thirty percent (30%) of Pasadena households would increase their recycling efforts significantly enough to warrant downsizing to a smaller trash container. A thirty percent (30%) change in service level would result in landfill savings of over \$700,000 per year. Increased residential recycling would also bring the City closer to the mandatory fifty percent (50%) diversion rate and help avoid the potential \$10,000 per day fine.

Analysis of the pilot program validated staff's hypothesis that automated curbside recycling and increased availability of yard waste recycling would increase diversion. Staff recommends that City Council expand the automated recycling program to the entire City and implement a "Pay As You Throw" system for integrated waste management. Those residents of Pasadena who actively participate in the recycling program would benefit by saving money, and the community would benefit by protecting the environment and extending the life of the landfill. Data collected prior to implementation of the pilot program and at the end of the program indicates that automated yard waste recycling increased by forty-seven percent (47%) in the pilot area.

If the citywide program is approved, refuse routes would be reconfigured to accommodate the expanded yard waste recycling program. Truck operators are now working eight (8) hour days rather than ten (10) hour days, the number of stops per route

has been more evenly distributed, and the purchase of replacement equipment would reduce truck down-time due to maintenance and repairs. Based on these factors, citywide yard waste collection is possible utilizing existing staff with the addition of only one Truck Operator position.

This comprehensive approach to recycling targets a wide variety of material types (for example, bottles, cans, plastic, newspaper, paper, yard waste, bulky items, Christmas trees, construction and demolition debris, used motor oil, etc.) and will help the City of Pasadena cumulatively reach the fifty percent (50%) goal. It spans a wide variety of programs (see Exhibit C) including, but not limited to, the automated curbside recycling program.

SUMMARY

Current diversion is thirty-seven percent (37%). Progress toward achieving the fifty percent (50%) diversion goal will necessitate a more comprehensive approach to integrated waste management within the City of Pasadena as well as adoption of a “Pay As You Throw” paradigm for the way waste is handled by residents.

Data collected during the pilot program validated the assumption that recycling will dramatically increase with:

- 1) ease of participation (rolling out a larger blue container rather than carrying out a heavy blue box);
- 2) availability (providing each household with a container for yard waste recycling); and
- 3) financial incentives (educating residents that it is possible to downsize mixed waste containers to take full advantage of recycling opportunities).

Most importantly, implementation of the restructured integrated waste management program will allow Pasadena residents the opportunity to participate in preserving the environment and provide them with maximum choice in service levels and fee structures.

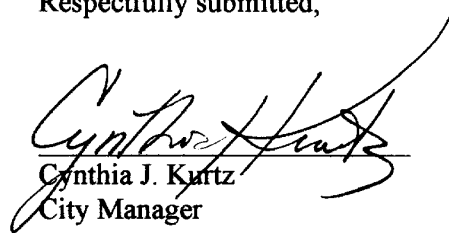
FISCAL IMPACT

Fiscal impacts are detailed below:

- 1) Landfill costs will be reduced by over \$700,000 per year.
- 2) The new program will require the purchase of 41,556 new collection containers at a cost of \$1.8 million. This purchase will be financed through certificates of participation or the best financing vehicle available as determined by the Finance Director and amortized over ten years. The annual repayment amount will be \$180,000.

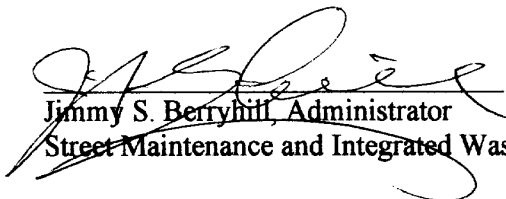
- 3) The new program will require the purchase of two (2) new collection vehicles: a side-loader vehicle for yard waste collection and a mini-packer for collection on narrow streets such as Mountain Place. Additionally, existing packers and other support vehicles have exceeded their useful life and need to be replaced at this time whether or not we go forward with expansion of the pilot program. These purchases will be financed through issuance of \$2.8 million in certificates of participation or the best financing vehicle available as determined by the Finance Director and amortized over ten years. An additional \$300,000 will be financed to provide equipment for the conversion of the fleet to alternative fuel. The combined purchases will result in an annual payback of \$340,000.
- 4) One Solid Waste Truck Operator II will be added to budget account #406-764120 and have an annual cost of \$44,880.

Respectfully submitted,



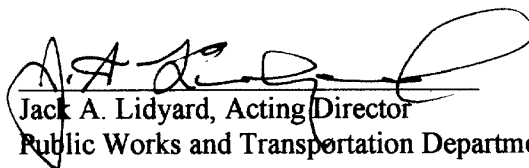
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