

CUPE LOCAL 500
PRESENTATION
TO
EXECUTIVE POLICY COMMITTEE
JULY 29, 2005
RE: SOLID WASTE COLLECTION SERVICES

Presentation Outline:

- 1. Introduction**
- 2. Backgrounder**
- 3. Historical Overview**
- 4. Associated Risks**
- 5. Redeployment Issues**
- 6. The Challenge**
- 7. Public Survey Results**
- 8. Action Process**
- 9. Recommendations**
- 10. Closing Comments**

Introduction:

CUPE Local 500 would like to thank-you for the opportunity to express our views on the Administration's recommendation to contract out the manual and automated Collection Services currently being provided by civic employees.

At the outset CUPE would like to state that we are here today to speak against the recommendation to contract out the Manual and Automated collection service that is currently provided by City forces.

Background:

The Collection of Solid Waste in Winnipeg has been a controversial public issue for many decades. Public services generally are under severe financial pressure and public scrutiny across Canada. Basically, the public wants efficient inexpensive waste collection as they generate increased amounts of solid waste. On one hand there is the ongoing call to reduce property and business taxes by some politicians. At the same time, many residents and especially environmentalists are calling for increased

efforts to reduce waste volume or to divert more waste from landfills. Thus municipal governments are caught within a resource and public opinion squeeze that tends to result in polarized positions and temporary solutions, rather than in pragmatic and sustainable adjustments.

In Winnipeg, there has also been a history of corporate back-room manipulations that have seen companies collude to maintain prices of their services, aggressively buy-out competition and openly tried to influence politicians and administrators. Thus collecting solid waste has become a political issue, fought over by various ideological tendencies and often used as a place for staking out political authority.

We now find ourselves at the end of a process that has produced a Business Plan that recommends contracting out all manual and automated collection in the city.

As indicated above the Union believes existing municipal services, rather than contracting out the service to private companies better provides solid waste collection. The Union believes that in-house collection is cost effective and provides important corollary benefits and assures long-term stability of service delivery for the city and its citizens. Government services are more flexible, cost savings can be achieved more quickly, and the public has a greater potential for quality attention, when services are provided by city employees.

While privately operated companies have assets they bring to an economic activity, we do not believe that the profit motive alone can lead to more effective public services. Companies must make a profit to exist, and therefore they try to reduce costs and minimize effort to stay commercially viable. These demands make it inherently difficult if not impossible to deliver quality services better than a government run operation, where services must respond to multiple public demands.

Advocates of public delivery of services say that government employees can be monitored and supervised to assure service quality and efficiently, costs can be controlled directly, and spin offs from the service contribute to other citizen needs as well as long term requirements of the city. In particular, public services are open to public input and scrutiny and therefore are less prone to abuse or misuse.

Advocates of private collection say that greater efficiency and therefore effectiveness of service can be achieved when independent companies are involved, as they are not encumbered with the standards of a government bureaucracy and are more motivated to keep costs down and yet maintain contractual/legal obligations. Contractors will show how they can deliver cheaper services when they can reduce labour costs. In the immediate case Waste Management has a unionized workforce but has the ability to hire up to 15% of its workforce (to supplement its own workforce) from the agency labour market and pay as little as \$8.25/hour.

In deciding which type of service delivery is most appropriate, a “full cost analysis” of existing services is needed. A full cost analysis would include direct and indirect costs and benefits of the collection service. This type of analysis will allow a judgment of both public and private services on the basis of a “level playing field.” (Note FCM recommendations – Appendix 1)

The cost of this publicly delivered service has been made very transparent and as such any company interested in contracting solid waste collection should provide a full disclosure of its cost estimates. While there will be a call to protect confidential business information, the public interest should over ride these interests, and particularly if the companies are tied to American multinationals reputations of providing somewhat less than what the public is deserving of.

Second, it is important to consider the secondary/corollary services that can be provided and in particular, those that can assist the city to reduce the overall volume of waste. A larger perspective that the City should consider is how its capacity to collect waste can help the city find better ways of collecting or reducing waste. However, this level of thinking requires Council direction and policies, and the Union can only point to the advantages of different ways of dealing with solid waste issues and offer to assist in subsequent action.

Historical Overview:

In July 1999, Council approved the recommendations of the Alternative Service Delivery Committee that included in part ***“that City forces continue in the direct delivery of solid waste collection services and that the Administration continue implementation of internal improvements and cost reductions for solid waste collection.”***

Since approving this recommendation the parties tried to work towards improving the efficiencies for both the Manual and Automated Collection Operations. A number of options were identified in the Auto-bin Collection operation as efficiencies with one of the options being implemented which identified savings in the area of \$463,799 per year. Although other efficiencies were identified in the Manual Collection operation the parties implemented none at that time.

In the report dated March 16, 2004 the Union was in agreement with the Administration in terms of the status quo not being an option for the Manual Collection Operation.

In April 2004, Council concurred in the recommendation of the Alternative Service Delivery (ASD) Committee and adopted a resolution that directed the Administration to prepare a Business Plan

consistent with the Collective Agreement and ASD process related to the provision of solid waste collection services. In August 2004 CUPE Local 500 was invited to participate in the ASD Business Planning process and did so on various committees that were formed.

Throughout this period of time the Union has favoured the overall approach to come up with and implement efficiencies for the Manual Collection operation. None of these efficiencies identified in the report were implemented.

In May 2005 the Administration of the Water & Waste Department produced a final Business Plan that recommends contracting-out all solid waste collection for the city. This plan and the recommendation to contract out these services was presented to and agreed to by the Alternative Service Delivery Committee (ASD). The ASD Committee subsequently referred the Business Plan and its recommendations to the Executive Policy Committee (EPC) concurring with the administration.

Associated Risks:

In the Executive summary and throughout the Business Plan the Administration has listed a number of reasons why Council should adopt the recommendation to contract out these services.

In the view of the 80 staff of the Solid Waste Services Division represented by CUPE Local 500 the choice of contracting-out collection is based on preconceived biases towards privatization and a limited examination of the factors that affect waste collection. As noted in the Union's presentation to the ASD Committee (Appendix 2) privatization solid waste collection is a mistake because it puts the quality and costs of all collection at risk. In our written presentation for the ASD Committee, CUPE Local 500 stated that the Administration went out of their way to find reasons why this work should not be performed by civic forces and should have put more effort in listing the advantages of having a civic workforce perform this service. The Union stands by its comments previously listed in our presentation to the ASD Committee in regards to the noted associated risks. The Union firmly believes that with the benefits greatly outweigh the negatives when you have the ability to provide this type of service by civic forces.

The Administration has indicated that it has a competitive bidding strategy that will ensure that the City is not at risk to large rises bids. The Union finds this strategy without merit given that in the Administration's own words they cannot understand how the private sector is delivering this service for such a low cost. The Union would ask you ***how do you foster a competitive bidding strategy with companies that have 51,000 employees and assets in excess of \$20.6 Billion?***

The Business Plan indicates the associated savings at the end of a 10-year period. The Union would challenge this statement by saying there is nothing that is guaranteed for 10 years including the price of private sector garbage collection. The Union would also challenge use of a 10-year period in the Business Plan. By using a 10-year plan the Administration can hide the overall Human Resource costs over a longer period of time. By using a 10-year plan the overall savings looks greater at the end of the 10 years. The savings are not being accumulated over this period of time and then used on some other worthy project such as the infrastructure. The savings are being swallowed up each and every year by the budget process.

If we were using the duration of one 3 or 4 year contract how would this affect the overall savings attributed to contracting out this work? One would believe that the savings would not be that great at the end of the day because you would then be compressing these costs into a 3 or 4 year period not over a ten year period. Add these savings to the savings associated with the internal improvements identified in the Business Plan and the option of selling off our equipment fleet and laying off employees does not look that desirable. Add these savings to any other savings that can be attributed to the Collective Bargaining process, which commences this fall and this gap, can in the Union's opinion be further reduced.

The Union believes that the City missed an opportunity to save on budget dollars in 2005 by not implementing the internal improvements identified in the Business Plan. The CUPE members in the Solid Waste Services Division voted overwhelmingly to implement these internal improvements in February 2005 yet to date no action has been taken by the employer to implement these changes that would have resulted in savings for 2005.

The Administration states that the risks associated with implementing the internal improvements are far and numerous and cannot be mitigated by the employer. The Union would state that one of the most effective ways of mitigating such risks is to just simply manage the operation.

Redeployment Issues:

During this relatively short time that this ASD Business Plan has been public there has been a number of City officials that have indicated that the CUPE Collective Agreement has job security provisions that will protect all the current employees that are affected by this recommendation. The Union keeps hearing how there will be no job loss as a result of the City contracting out this work.

These statements are simply not true. In a table located on page 3 of the business plan the number of employees in status quo operation are 79.9 Full Time employees (FTEs). The Business Plan further explains that only 15 of these 79.0 FTEs would require redeployment. If the 79.9 FTE positions were filled

with permanent employees there would be a greater number of employees that would require redeployment. Although the approximately 80 positions should be permanent positions throughout the past couple of years the Union has worked cooperatively with the Administration in terms of filling this establishment with younger employees and this cooperation has resulted in a number of these permanent positions being filled on a year round basis with temporary employees. These temporary employees that have been working for the Solid Waste Services Division on a year round basis are not permanent employees and are not given the same protection as permanent employees in the Collective Agreement. The end result is that approximately 25 temporary employees will receive lay-offs or placed in other Departments and receives 2 to 3 months of work per year. These 25 temporary employees and their families see this lay-off as nothing short of being terminated. This group of employees have given you the absolute best level of service possible in their short careers with the city by loading literally tonnes of garbage on these trucks. Some officials have referred to this group of employees as “**Casualties of War.**” If Council decides to privatize this service I wish it could be the politicians that deliver the lay off notices to this group of employees to see the look on their faces.

The Challenge:

CUPE Local 500 members believe there are untapped opportunities for dealing with city solid waste. Instead of treating garbage as a major urban problem, we believe there are ways to deal with urban waste that can contribute to other developmental needs of Winnipeg.

CUPE LOCAL 500 wants to suggest an initiative that will focus on the assets and opportunities that now exist to meet a number of needs of residents, including;

- *Having a workforce ready for unique situational demands;* It is important to restate, that keeping a part of the city solid waste service in public hands, is a practical means of assuring the quality and cost effectiveness of the city-wide service. Having the capacity to quickly and economically step in to complete work left undone by contractors, is going to save the city money. To have a workforce that can be readily deployed in other situations or under emergency conditions can also mean huge benefits for city residents.
- *Expanding Automation* of solid waste collection into select areas of southern Winnipeg. This would involve expanding the popular Auto Bin service that the city now provides to certain areas of northern Winnipeg. Although not the same automated service is recommended you can utilize the new technology for collecting waste in residential areas where back lanes do not exist and therefore front street methods are needed. When gradually introduced and linked to training and redeployment efforts, it is a win-win initiative for employees, residents and city officials.

- *Reducing pressure on Brady Road Landfill*, and generally dealing with other environmental issues that are and will face city residents. While landfills have been considered inexpensive and an effective means of dealing with solid waste, there are many risks and problems they create that will have a long-term effect on Manitoba's environment. However, there is more than can be done as waste volume continues to put pressure on the city's landfill sites.
- *Creating job opportunities for Students, Aboriginal youth and low-income men.* Waste Collection provides an excellent opportunity for the disadvantaged to get well paid work, with prospects for meaningful improvement and advancement. Because of the social conditions these people often face, getting work is particularly difficult and jobs in waste collection can be a good starting point for their entry into permanent work. Currently university students get summer employment that is important to their future and to the long-term economic capacity of the city.

CUPE Local 500 proposes a four-year challenge, to include and utilize city workers in the Solid Waste Services Division to take advantage of the opportunities that are available and to reduce costs for this service.

This would be a means to achieve direct benefits as well as test a new method of city-union collaboration. We are confident we can achieve immediate cost reductions as well as long term environmental and social benefits for the city, if given the chance and if there is willingness on the part of management.

Obviously more planning and preparation is needed to implement the challenge proposed here. It would be important to prepare a Business Plan that addresses immediate needs as well as longer term opportunities. The Union has included some of the factors that should be included in this alternative business plan in Appendix 3.

Public Survey Results:

In a recent survey which took place between June 6th and 12th commissioned by CUPE Local 500 by Viewpoint Research of Winnipeg 80% of the respondents said they are very or somewhat satisfied with city garbage collection. (Appendix 3)

67.9% said they would prefer to see city workers continue to provide services such as garbage collection because they would "not like to see long time city workers lose their jobs."

68.2% agreed with the statement, "I would prefer that the City of Winnipeg maintain responsibility and control over garbage collection rather than having it turned over to a large multinational company."

And 55.9% said they were willing to pay \$10 a year more to maintain garbage collection by City of Winnipeg staff.

These survey results in the Union's opinion are very clear. **The public does not want to lose control of garbage collection.**

Action Process:

Before the above noted challenge can be seriously implemented, there is time needed to develop a series of events and resources to make the collaboration work well. In particular, more attention is needed on:

- ✓ *Information Sharing:* On direct and indirect costs and other features of addressing the four features of this proposal;
- ✓ *Joint Planning:* Between Division Management, Frontline Staff, Key Councillors, Union Officials, and in some cases relevant community groups (i.e. Aboriginal Leaders, Environmental Groups...)
- ✓ *Public Input:* On key aspects of changing collection practice and implementing the recycling and reusing opportunities available;
- ✓ *Pilot Projects:* In key areas of the City that are amenable to improving recycling and alternative refuse collection methods;
- ✓ *Workplace Training:* For staff to be able to work on behalf of the city, in the Solid Waste or other Departments;
- ✓ *Ongoing Monitoring:* To help guide the implementation of this initiative and assure achievement of city objectives;
- ✓ *Project Evaluation:* Of all activities so there can be further policy and program definition;

Recommendations:

CUPE members who work in the Solid Waste Services Division believe that a **public/private mix of solid waste collection can provide the practical balance and comparisons to maintain productivity, cost and service controls** that the public system needs. The combination of public and private collection gives city management the ability to monitor and judge contractors in ways that competitive bidding is unable to. For the apparent difference in costs between city and corporate collection, city residents get the ability to assure quality service, to address other waste management needs, and to provide for other social needs of citizens.

As has been the case throughout this entire business-planning process the Union has and is committed to cooperating with the city to maintain high quality affordable waste collection. Over the last year, the Union has shown its willingness to examine the fine details and to come up with cost cutting measures. The Union has never refused to collaborate on initiatives to make internal improvements.

Earlier in our presentation the CUPE members that currently provide this service for the citizens of Winnipeg believe there are **untapped opportunities** for dealing with city solid waste. A quick review of our four year challenge that will focus on the assets and opportunities that now exist to meet a number of needs of residents include:

- ❖ Having a workforce ready for core services as well as unique situational demands;
- ❖ Expanding automated collection to Winnipeg's south side;
- ❖ Reducing volume pressure on the city's landfill site;
- ❖ Creating job opportunities for Students, Aboriginal youth and low income residents;

Union members believe there is a better approach to dealing with solid waste, one built on cooperation between frontline workers, managers and politicians. The past and current management style has led to demoralized workers and has generally laid the conditions for a less-than-productive service center. We believe a labour-management relationship that respects the contributions of all the players in the delivery of public services, that is open and transparent, which innovative and visionary, can best meet the needs of city residents.

As Tom Ford wrote recently, ***“Productivity is the combination of motivated, skilled people working with efficient machines and processes and with a management that keeps work flowing steadily. In other words, it requires the efforts of government, workers and management. The people in this combination are the managers. They train the workers; buy the equipment; set up the systems and processes; and arrange for the workflows.”*** (Winnipeg Free Press, June 20, 2005)

The CUPE members have indicated their willingness to implement changes in the way they perform this service that will result in meaningful savings for the city. The key to this challenge and its success is a respect for collaboration among all the partners. To be clear, we expect that this process will rely on and utilize city workers in the Solid Waste Services Division, to take advantage of their knowledge, experience and commitment. However, all levels of city government must make a commitment to this process to make it work.

Closing Comments:

In closing, CUPE Local 500 would like to once again state that we are opposed to the recommendation by the Administration to contract out all solid waste collection currently provided by civic forces.

By moving in such a direction, Council would be in the Union's opinion opening the door for increased costs not overall savings. By having the unique opportunity to have such a good mix of public and private the taxpayers of the City of Winnipeg have enjoyed some competitive bids from the private sector. With the elimination and selling off of your assets the City of Winnipeg is opening the door for a private sector monopoly that will place the entire City at risk. Do you want to risk not being in a position to react by not having your own equipment if you experience large increases in the future?

Why the Administration has not implemented the Internal Improvement model this year knowing full well that your employees have agreed to it and that it would have achieved savings in 2005 is an unanswered question in the Union's mind, but it is too late to worry about what could have been for 2005. We must move on and as such the Union is recommending that the Executive Policy Committee not approve the recommendation listed in the Business Plan. The Union is further requesting that the four-year challenge be adopted as part of an overall strategy to deal with solid waste today and into the future.

What could be clearer than a quote from Mayor Sam Katz on December 1, 2004 when he stated to the Sun City Hall Reporter:

"Katz backs city trash collectors"

Katz said, "He's looking for ways to streamline the municipal trash collection service in south Winnipeg, which has been criticized as bloated, overly costly and far less productive than the work done by private crews in the city's northern districts."

"There are always other options we can look at, and we're still doing some homework," Katz said. "I would like council and the mayor to show some creativity to show some vision to show we can accomplish a goal and that there's more than one route to get there".

Katz said, "Contracting Out will be his last resort to reduce the discrepancy."

In the June 29, 2005 Herald Community newspaper Mayor Katz is again quoted by saying:

"If CUPE can implement, even partially some of those savings, we would stay with them, but we have to consider a private option, that reduces our costs significantly."

Once again the Union is stating that we are opposed to this recommendation to contract out these services. We believe that the ASD Business Plan that has been submitted is less than complete and is badly slanted towards the Contracting Out option. We believe that the four-year challenge that has been raised by our CUPE membership is a very viable option for the City Council to adopt.

The current Public/Private mix of Solid Waste Collection is the only option that keeps the Control and Accountability in the City of Winnipeg's hands.

Presented by:
CUPE Local 500

Greg's rewrite of July 19, 2005.....