

Residential Curbside Recycling Services Update

Jan. 22, 2019

On Jan. 29, 2019, the City Council will consider taking action on an amendment to an agreement with Recology South Bay, the company that currently provides residential curbside recycling services in Santa Clara.

If the amended agreement is approved by Council, residential customers will likely see an increase of an estimated \$1.55 increase to monthly charges for this service. The new rate would take effect July 2019.

The reasons behind the residential recycling rates potentially going up are due to:

1. China's National Sword Policy has reduced the types of recycling materials that will be accepted and limits the markets where they can be resold.
2. Commodity values of recycling materials have decreased significantly since the original bid 11 years ago.
3. The 2008 original bid by Recology South Bay was very low. The bid was 75 percent less than the next lowest bid and 138 percent less than the highest bid.

As part of the proposal, Recology is requesting a tariff adjustment, which would amount to an increase of \$1.36/month in addition to the \$2.98/month tariff they are already receiving. The new tariff would take effect Feb. 1, 2019. To fund the additional unbudgeted tariff expenses while avoiding any immediate cost impacts to customers, the Council will consider authorizing the transfer of \$251,000 from the Solid Waste Fund balance.

The new proposed rate is still among the lowest in comparison to 10 nearby cities.



One-Can Monthly Rate Comparisons

Jurisdiction	Monthly Rate
Average FY 18/19 Rate Countywide (10 agencies surveyed)	\$34.28
City of Santa Clara Current FY 18/19 Rate (excludes \$5.67/ mo. CUC charge)	\$28.07
City of Santa Clara Projected FY 19/20 Rate (excludes \$5.67/mo. CUC charge)	\$30.74

FY 18/19 One-Can Rates in Other Jurisdictions

Cupertino: \$26.32	Saratoga: \$30.23	Milpitas: \$35.02
Campbell: \$28.05	Mountain View: \$33.90	Sunnyvale: \$41.65
Santa Clara: \$28.07	San Jose: \$34.19	Palo Alto: \$50.07
Los Gatos: \$28.70	Los Altos: \$34.45	

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The City's current contract is due to expire January 2020. The proposed amendment would extend the contract under new terms to run through Dec. 31, 2021.

Frequently Asked Questions

Q1: Under the proposal, what are the projected monthly charges for single family homes?

A: There won't be any immediate cost impacts to customers. Current rates will be in effect through June 30, 2019. If approved, the new rate would go into effect in July.



PROJECTED MONTHLY CHARGES FOR SINGLE FAMILY HOMES

Service Type	% of Homes	Current	New	% Increase
One (1) thirty-two-gallon capacity garbage or small cart	54%	\$33.74	\$36.41	7.9%
One (1) twenty-gallon capacity super or super saver can	10%	\$27.64	\$30.03	8.6%
Two (2) thirty-two-gallon capacity garbage cans or medium cart	31%	\$47.45	\$50.73	6.9%
Three (3) thirty-two-gallon capacity garbage cans or large cart	5%	\$61.16	\$64.96	6.2%

There won't be any immediate cost impacts to customers. Current rates will be in effect through 6/30/19. A transfer of \$251,000 from the Solid Waste Fund balance will cover the additional tariffs.

Q2: Why are prices going up for residential recycling services?

A: The market has significantly changed since the original bid was received in 2008 for these services. The three major drivers of increased service fees are: China's no longer accepting many recyclable items due its National Sword Policy, commodity prices have dipped with Recology having to pay a forecasted \$10/ton in 2019, compared to the original bid estimate of receiving \$70/ton for commodities in 2019, and an original bid that was very low in comparison to competitors.

Q3: If the amended contract is approved, when do the new rates for customers go into effect?

A: If the City Council approves the amended contract with Recology South Bay, the new customer rate would begin July 1, 2019, subject to future Council approval. Following a 45-day notice, the Council will hold a public hearing in May 2019 to consider the approval of any solid waste rate increases.

Q4: How does the new proposed service fees compare with other cities in the Bay Area?

A: Overall, the new proposed fees are competitive with the rates in other jurisdictions. Only four nearby cities have lower rates than Santa Clara's projected rates for one-can, while Santa Clara's two-can and three-can rates come in third.

Q5: Why amend the contract with Recology South Bay now?

A: The contract's expiration would align with the one for garbage that's due to expire on Dec. 31, 2021. The timing puts the City in a better negotiating position with any service provider for new contracts for both garbage and recycling.

Q6: What happens if the City Council doesn't approve the amendment change?

A: The contract would expire on December 2020. The City would then have to issue an RFP for a new contract or negotiate with another service provider, and only consider contractors that would just deliver the residential recycling service, rather than having the option of considering a contractor for one or more garbage and recycling services.

For any additional questions, please contact the Department of Public Works at 408.615.3080 or at Environment@SantaClaraCA.gov.