



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jeff Provenzano

SUBJECT: See Below

DATE: May 12, 2025

Approved

Date:

5/13/25

COUNCIL DISTRICT: Citywide

SUBJECT: Public Hearing on Residential Garbage and Recycling Services Rates for Single-Family and Multi-Family Residential Solid Waste Services

RECOMMENDATION

- (a) Hold a public hearing on the proposed Fiscal Year 2025-2026 Residential Garbage and Recycling rates and charges.
- (b) Adopt a resolution, effective July 1, 2025:
 - (1) Increasing residential solid waste service rates for single-family households up to 2%; and
 - (2) Increasing residential solid waste service rates for multi-family households up to 2%.

SUMMARY AND OUTCOME

If adopted, rate increases of up to 2% for Single-Family Dwelling (SFD) households would increase garbage and recycling bills for these residents, with the typical service level of 32-gallon carts seeing a \$1.07 per month increase. For Multi-Family Dwelling (MFD) households, a rate increase of up to 2% for the most typical service level of a 3 cubic yard bin serviced once a week would equate to approximately \$0.62 per unit per month. A full schedule of proposed rate increases can be found in Attachments A and B. These proposed rate adjustments would maintain the Residential Garbage and Recycling Program cost-recovery and meet contractual obligations.

BACKGROUND

Residential Garbage and Recycling agreements provide the following services: garbage, recycling, and yard trimming collection; recycling processing; yard trimmings processing and composting; junk pickup; SFD motor oil and oil filter collection; and processing of residential garbage to recover organics and recyclables. Residential garbage and recycling rates, billed to property owners as part of the property tax bill, are set to cover the expenses of providing these residential solid waste services. Staff regularly reviews revenues and expenditures and forecasts the rates necessary to implement and maintain City Council-approved services, programs, and activities related to residential solid waste in the Integrated Waste Management Fund.

As required under California law, a notice of the proposed rate increase was mailed on April 9, 2025 to all property owners that are subject to these rates. The notice specified a maximum 3% annual rate increase for SFD households and 3% for MFD households effective July 1, 2025.

Adoption of the resolution and approval of the uncodified ordinance will implement increased residential garbage and recycling rates, effective July 1, 2025.

ANALYSIS

Residential garbage and recycling contractors collect half a million tons of material every year, from over 330,000 households, while providing waste processing services that give San José one of the highest recycling rates in the area.

Increasing Contractual Costs

The recommended rate increases fund contractual cost increases due to an average increase of 4.69% in the Refuse Rate Index), which covers cost of living adjustments and increased operational costs for waste haulers. Another driver of customer rate increases is a dynamic pricing structure that compensates the recycling contractors based on levels of non-recyclables found in the recycling cart, which was negotiated to address the contractors' assertion that garbage in the recycling cart impacts their costs. A recycling study is performed once every two fiscal years by a third-party consultant to determine the percentage of material present in recyclable material collected by the service provider, which is 'contaminated' and ineligible to be recycled. In the first study in fall 2020, 51% of all materials placed in recycling carts were contaminated. This resulted in recycling haulers receiving a payment of approximately \$8.4 million in both Fiscal Years 2021-2022 and 2022-2023, due to the dynamic element of the contractors' compensation agreements. In fall 2022, the study showed a 57% recycling contamination level, resulting in an additional increased payment of approximately \$9.4 million in both Fiscal Years 2023-2024 and 2024-2025. In the fall 2024 study, the

citywide contamination rate dropped to 41%, which will result in approximately \$6.5 million in annual recycling hauler compensation reductions in both Fiscal Years 2025-2026 and 2026-2027. The contamination rate will next be evaluated in fall 2026.

With contractor compensation tied to recycling contamination rates, reducing contamination through programs such as the Contamination and Recycling Tagging field outreach team and the Recycle Right outreach campaign continues to be a top priority for the Environmental Services Department. The recommended rate increases of up to 2% will also fund programmatic improvements, including ongoing part-time staff support for the Contamination and Recycling Tagging team.

Contractual costs for the agreements are projected to be approximately \$197.0 million for Fiscal Year 2025-2026, an increase of \$4.4 million from Fiscal Year 2024-2025. Contractual costs comprise over 88% of total expenditures in the Integrated Waste Management Fund. All other expenses, including outreach, City staff, and support costs, amount to approximately \$26.5 million, or roughly 12% of the Integrated Waste Management Fund.

Residential garbage and recycling contractual appropriations proposed for 2025-2026 are shown in the Table 1 below.

Table 1 – Recycle Plus Contractual Appropriations (Integrated Waste Management Fund)

Appn.	Contractual Budget	2023-2024	2024-2025	2025-2026	Increased Amount
		Adopted	Adopted	Proposed	
0763	Single-Family Recycle Plus	\$93,016,568	\$96,990,657	\$93,789,957	(\$3,200,700)
3318	Single-Family Dwelling Processing	\$21,632,279	\$22,597,378	\$24,203,425	\$1,606,047
0764	Multi-Family Recycle Plus	\$29,970,769	\$31,751,411	\$34,680,864	\$2,929,453
0766	Yard Trimming Collection/Processing	\$33,573,107	\$35,764,590	\$38,447,863	\$2,683,273
2059	* IDC Disposal Agreement	\$5,340,575	\$5,516,303	\$5,867,480	\$351,177
	Residential Contracts Total	\$183,533,298	\$192,620,339	\$196,989,589	\$4,369,250

*International Disposal Corporation of California, Inc.

Rate Strategy and Recommended Increases

The proposed rates are lower than the potential 3% increase included in the notice sent to customers in April. After notices were sent, additional analysis yielded that there would be sufficient ending fund balance available in this utility fund to partially offset the

need for a rate increase of 3%. This resulted in a revised proposed rate increase of up to 2% for SFD households and up to 2% for MFD households.

Under the proposed rate increases, San José's customer rates for residential garbage and recycling remain comparable to the local marketplace, even when comparing San José's proposed rate effective July 1, 2025 to other local jurisdictions' current rates (as 2025-2026 rate information is not yet available from all other jurisdictions). San José's services are robust, including unlimited recycling, unlimited loose in the street yard trimmings collection (with optional cart subscription), unlimited on-demand junk pickups at no additional cost, used oil collection (for SFD households), and processing of all waste to recover organics and recyclables. This combination of services results in San José having one of the most effective residential recycling programs in the area. Table 2 below provides a comparison of current monthly single-family rates throughout the area. Current multi-family rates are also very competitive, as shown in Table 2, using the common 3-cubic yard garbage bin, collected one-time per week, as a comparison.

Table 2 – Residential Garbage and Recycling Program Rates Comparison

SFD 32-Gallon Cart Rate Comparison	
Jurisdiction	Monthly Rate
Sunnyvale	\$46.43
Fremont	\$46.84
San Francisco	\$47.00
Hayward	\$49.59
Palo Alto	\$50.07
Santa Clara	\$51.51
San José (Current)	\$53.45*
San José (Proposed for 2025-26)	\$54.51*
Oakland	\$60.57

MFD 3-Cubic Yard Bin Rate Comparison	
Jurisdiction	Monthly Rate
San José (Current)	\$309.82*
San José (Proposed for 2025-26)	\$316.01*
Hayward	\$548.43**
Fremont	\$762.28
San Francisco	\$766.44
Palo Alto	\$786.96
Oakland	\$1,080.36**
Santa Clara	\$1,184.08
Sunnyvale	\$1,252.43

*Only San José includes unlimited junk pick-up for both single-family and multi-family dwellings.

**Includes a per dwelling unit fee assumed at 5 units.

EVALUATION AND FOLLOW-UP

If approved, the residential garbage and recycling rates will be billed to ratepayers for services effective July 1, 2025 for SFD and MFD customers. A supplemental memorandum will be posted on the City Council's Agenda website for the June 3, 2025 City Council meeting to report on the number of written protests and comments received by the City Clerk's Office in response to rate notice and the City's responses.

COST SUMMARY/IMPLICATIONS

It is estimated the SFD and MFD increases will generate approximately \$3 million in additional revenue in the Integrated Waste Management Fund in Fiscal Year 2025-2026 to offset the necessary expenditure increases. The additional revenue, coupled with expected savings in the Fiscal Year 2024-2025 budgeted expenses, will be used to offset the necessary expenditure increases of approximately \$4.4 million. This additional revenue and higher expenditures have been assumed in the 2025-2026 Proposed Operating Budget Integrated Waste Management Fund Statement of Source and Use of Funds.

COORDINATION

This memorandum was coordinated with the City Attorney's Office and the City Manager's Budget Office.

PUBLIC OUTREACH

As required under California law, public notices were mailed in early April, advising property owners of the proposed rate changes and a public hearing scheduled for June 3. Notices and FAQs were made available to utility rate payers in five additional languages, including Spanish, Korean, Vietnamese, Traditional Chinese, and Tagalog, on the Environmental Services Department Proposed Rate Change webpage at SanJoseCA.gov/RateNotices. As of May 5, the City Clerk's Office had received 593 letters of protest to garbage and recycling rates from customers in response to the public notices. Written protests have been received by mail, fax, and email. In compliance with California Assembly Bill 2257 'Local government: property-related water and sewer fees and assessments: remedies' (passed September 2024), the City issued responses to property owners submitting protests to proposed increases (see: Attachment C). As mentioned above, a supplemental memorandum detailing said information will be posted on the City's Council Agenda website for the June 3, 2025 City Council meeting.

To assist residents who are behind on their garbage bills and accruing late fees, the City is implementing a Utility Billing Amnesty Program from April 1, 2025 through September 30, 2025. This program provides financial relief to eligible garbage utility and Municipal Water customers who have delinquent balances on their City of San José utility accounts. If such customers pay the outstanding principal balance on their utility account, their late penalty balance will be waived. Outreach is underway regarding this program which is expected to result in savings to residents and modestly decreased revenues to these special funds.

HONORABLE MAYOR AND CITY COUNCIL

May 12, 2025

Subject: Public Hearing on Residential Garbage and Recycling Services Rates for Single-Family and Multi-Family Residential Solid Waste Services

Page 6

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Statutorily Exempt, File No. PP17-005, CEQA Guidelines Section 15273, Rates, Tolls, Fares, and Charges.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in Section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/
JEFF PROVENZANO
Director, Environmental Services

For questions, please contact Valerie Osmond, Deputy Director, Environmental Services Department, at (408) 535-8557.

ATTACHMENTS

- A - Single-Family Residential Garbage and Recycling Schedule of Proposed Rates, Effective July 1, 2025
- B - Multi-Family Residential Garbage and Recycling Schedule of Proposed Rates, Effective July 1, 2025
- C- Response to Garbage and Recycling Protests Received

ATTACHMENT A
SINGLE-FAMILY RESIDENTIAL GARBAGE AND RECYCLING SCHEDULE
OF PROPOSED RATES, EFFECTIVE JULY 1, 2025

SCHEDULE OF PROPOSED RESIDENTIAL GARBAGE AND RECYCLING MONTHLY SERVICE RATES (Effective July 1, 2025)				
Garbage Cart Size	Current Monthly Rate	Maximum Proposed Monthly Rate**	Maximum Proposed Monthly Rate Increase** (2%)	Maximum Proposed Annual Rate**
32-Gallon	\$53.45	\$54.51	\$1.06	\$654.12
64-Gallon	\$106.90	\$109.02	\$2.12	\$1,308.24
96-Gallon	\$160.35	\$163.53	\$3.18	\$1,962.36
Optional Yard Trimmings Cart*	\$7.12	\$7.33	\$0.21	\$87.96

For on-premises collection service, the add-on service charge will also increase by up to 2% to \$111.11 per household to the basic monthly service rate.

*The optional yard trimming cart service is an add-on service with an additional charge. If this service is selected, the add-on service charge will be combined with the basic monthly service rate for final billing.

**Maximum Proposed rate

ATTACHMENT B

MULTI-FAMILY RESIDENTIAL GARBAGE AND RECYCLING SCHEDULE OF PROPOSED RATES, EFFECTIVE JULY 1, 2025

Schedule of Proposed Residential Garbage and Recycling Monthly Service Rates (Effective July 1, 2025)*												
Garbage Bin Size	1x/ week		2x/ week		3x/ week		4x/ week		5x/ week		Extra Pick Up	
	Current Rate	Maximum Proposed Rate	Current Rate	Maximum Proposed Rate	Current Rate	Maximum Proposed Rate	Current Rate	Maximum Proposed Rate	Current Rate	Maximum Proposed Rate	Current Rate	Maximum Proposed Rate
1	\$152.46	\$155.50	\$276.17	\$281.69	\$399.91	\$407.90	\$523.66	\$534.13	\$647.42	\$660.36	\$65.60	\$66.91
1.5	\$191.53	\$195.36	\$351.40	\$358.42	\$511.29	\$521.51	\$671.21	\$684.63	\$831.06	\$847.68	\$74.63	\$76.12
2	\$231.59	\$236.22	\$427.66	\$436.21	\$623.71	\$636.18	\$819.76	\$836.15	\$1,015.79	\$1,036.10	\$83.75	\$85.42
3	\$309.82	\$316.01	\$578.23	\$589.79	\$846.60	\$863.53	\$1,114.99	\$1,137.28	\$1,383.32	\$1,410.98	\$101.91	\$103.94
4	\$388.12	\$395.88	\$728.85	\$743.42	\$1,069.49	\$1,090.87	\$1,410.21	\$1,438.41	\$1,750.93	\$1,785.94	\$120.12	\$122.52
5	\$466.35	\$475.67	\$879.35	\$896.93	\$1,292.42	\$1,318.26	\$1,705.48	\$1,739.58	\$2,118.51	\$2,160.88	\$137.33	\$140.07
6	\$544.62	\$555.51	\$1,030.01	\$1,050.61	\$1,515.37	\$1,545.67	\$2,000.69	\$2,040.70	\$2,486.08	\$2,535.80	\$156.45	\$159.57
8	\$701.14	\$715.16	\$1,331.17	\$1,357.79	\$1,961.15	\$2,000.37	\$2,591.15	\$2,642.97	\$3,221.18	\$3,285.60	\$192.81	\$196.66

Dismount and Push Charges Per Garbage Bin Per Push*								
Distance (in feet)	Up to 25ft	26-50	51-75	76-100	101-125	126-150	151-175	176-200
Current Rate	\$34.11	\$68.26	\$102.40	\$136.55	\$170.70	\$204.84	\$238.99	\$273.14
Maximum Proposed Rate	\$35.13	\$70.30	\$105.47	\$140.64	\$175.82	\$210.98	\$246.15	\$281.33

Dismount and Push Charges Per Collection of Recycling Carts								
Distance (in feet)	Up to 25ft	26-50	51-75	76-100	101-125	126-150	151-175	176-200
Current Rate	\$0.00	\$34.11	\$68.25	\$102.38	\$136.52	\$170.65	\$204.79	\$238.93
Maximum Proposed Rate	\$0.00	\$34.45	\$68.92	\$103.39	\$137.86	\$172.32	\$206.80	\$241.27

Compactor Service Multi-Family Rates	
Rate	Per Collection, Per Cubic Yard
Current Rate	\$72.89
Maximum Proposed Rate	\$75.07

ATTACHMENT C

RESPONSE TO RESIDENTIAL GARBAGE AND RECYCLING PROTESTS RECEIVED

Dear San José Property Owner:

This message is to acknowledge your written protest to the City of San José's proposed Residential Garbage and Recycling Service utility rate increase proposal. We understand that this proposed increase is an additional cost to you. Here is some additional information about the need for it.

As stated in the rate notice you received, the proposed rate increase is required for the City's solid waste contractors to continue to provide garbage and recycling services at full cost recovery. The proposed rate changes will pay for cost-of-living adjustments, fuel, and other costs which enable City contractors to provide collection and processing of garbage, recycling, yard trimmings, and unlimited junk pickup services, among others. These solid waste services comply with local ordinances and state laws, protecting public health and safety.

San José makes every effort to reduce the need for rate adjustments and to keep costs low. San José residents helped keep this year's rate impacts to a minimum by recycling right and reducing recycling contamination.

We value your rate proposal protest concern on this important matter impacting you and other San José residents. For more program information and utility cost savings, please find:

- [Environmental Services Department's Proposed Operating Budget](#), which will be available online on or about May 1
- [Frequently Asked Questions](#), which may address more of your questions about the rate increase proposal
- Recycling right helps keep the garbage service costs low. Need to know what's recyclable? Visit SanJoseRecycles.org or [the How to Recycle Right page](#).

Should you wish to voice your concerns directly with San José City Council, a public hearing is scheduled at San José City Hall on Tuesday, June 3 at 1:30pm. Discussion on utility rates will occur as soon as the matter can be heard after the start of the meeting.

If you have additional specific questions that have not been addressed, please email SJEnvironment@sanjoseca.gov or call the City of San José Environmental Services Department at (408) 535-8550.

Thank you for your consideration.

Sincerely,

City of San José