


CITY COUNCIL ACTION REQUEST

Department(s): Environmental Services	CEQA: Not a Project, File No. PP17-003, Agreements and Contracts	Coordination: CAO and CMO – Budget Office	Dept. Approval: /s/ Kerrie Romanow
Council District(s): City-wide			CMO Approval:  05/24/22

SUBJECT: NON-PROFIT CHARITABLE REUSER AGREEMENTS

RECOMMENDATION:

Approve charitable reuse agreements with Goodwill of Silicon Valley (Goodwill) for \$249,323; The Salvation Army for \$88,109; and HOPE Services for \$4,340, each with a term from July 1, 2022 through June 30, 2023.

BASIS FOR RECOMMENDATION:

A Non-Profit Charitable Reuser (NPR), as defined in Section 501(c)(3) of the Internal Revenue Code of 1986, is a charitable organization, or a distinct operating unit or division of a charitable organization, that reuses and recycles donated goods or materials and receives more than 50 percent of its revenue from the handling and sale of those donated goods or materials. A NPR receives donations from individuals in varying conditions and values. While some items are saleable in both local and export markets, other items are not and must be recycled or disposed. NPRs are responsible for the cost to dispose of non-saleable items including disposing of waste from illegal dumping at their collection sites.

Since 1992, the City of San José (City) has supported local reuse and recycling operations in San José. The City currently provides funding to NPRs that 1) are a nonprofit charitable reuser as defined by the California Public Resources Code, which mirrors that of the Internal Revenue Code; 2) have a sorting or processing operation or facility in San José, and 3) have a retail outlet in San José which makes the reused items available to residents free of charge or at low cost. This support is available to any non-profit organization in San José that meets these criteria, which Goodwill, Salvation Army, and Hope Services each do.

NPRs play a significant role in the City's overall strategy to divert reusable and recyclable materials from landfills. These salvage and reuse operations help the City meet the statutory waste diversion requirements of the California Integrated Waste Management Act of 1989. In the fall of 2007, City Council adopted a resolution establishing a goal of 75 percent waste diversion from landfill by 2013, and a goal of Zero Waste by 2022. The value of the job training and social services that these organizations offer also provides benefits to the City and helps support the local economy.

Climate Smart San José: The recommendation in this memorandum aligns with one or more Climate Smart San José energy, water, or mobility goals.

Commission Recommendation/Input: No commission recommendation or input is associated with this action.

COST AND FUNDING SOURCE:

The 2022-2023 compensation for the following NPR agreements are: Goodwill, \$249,323; The Salvation Army, \$88,109; HOPE Services, \$4,340, for a program total of \$341,772. The agreements are for one year. Annual compensation is determined based on the weight of the materials recycled or made available for reuse, which is attributable to operations in San José, and is equal to or greater than 80 percent of the donation level from the prior year.

These agreements are funded by the Non-Personal/Equipment appropriation to the Environmental Services Department (Appropriation 0762) in the Integrated Waste Management Fund (Fund 423).

Fund #	Appn #	Appn Name	Total Appn	Amt. for Contract(s)	2022-2023 Proposed Operating Budget Page*	Last Budget Action (Date, Ord. No.)
423	0762	Non-Personal/Equipment	\$3,741,270	\$341,772	894	10/19/2021, 30682

*2022-2023 Proposed Operating Budget will be presented to City Council for adoption on June 21, 2022.

FOR QUESTIONS CONTACT: Valerie Osmond, Deputy Director, Environmental Services (408) 535-8557, Valerie.Osmond@sanjoseca.gov