



Memorandum

TO: RULES AND OPEN GOVERNMENT
COMMITTEE

FROM: Councilmember Dev Davis
Councilmember Sergio Jimenez
Councilmember Sylvia Arenas

SUBJECT: RECYCLING CONTRACTS

DATE: April 26, 2018

Approved

Date 4/26/2018

RECOMMENDATION

That the Rules Committee approve the following recommendation:

When Environmental Services staff return to Council in May for an update on residential solid waste contracts, staff is directed to report and give recommendations on a range of options to the Council on the following issues:

1. Staff's assessment of the potential impact of changes to China's import rules and/or tariffs on any current recycled materials on San Jose's recycling program, and an assessment of whether altered contract terms, both in current residential waste contracts and in future contracts, are needed to ensure that contractors are not unfairly penalized for market developments beyond their control.
2. Conduct new independent waste characterization study as requested by at least one recycling hauler and explore feasibility of cost-sharing with haulers.
3. The possibility of eliminating the diversion penalty until such time as a waste characterization study has been completed and its results have been evaluated within the context of the market considerations referenced in Recommendation #1 and in consultation with recycling haulers.

ANALYSIS

Over the past year, China has tightened its rules for imported, recyclable material, requiring that those materials have lower levels of contamination (0.5% contamination which automated equipment cannot accomplish). These changes have caused serious concern among recyclers in the United States that markets for recycled goods will be disrupted. We do not fully understand the implications of this development, but given the industry concerns about this issue, we do think that the Council should ask staff to provide analysis

on how market changes will affect San Jose's recycling program. It would also be useful to consider whether changes to current and future contract terms are needed to ensure that San Jose contractors are not penalized unfairly for market changes. Regular checks on current market changes over time would help us to be responsive to the needs of the recyclers and in turn, service to our residents.