



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Kerrie Romanow

SUBJECT: SEE BELOW

DATE: June 22, 2018

Approved

D. D. SyL

Date

6/22/18

SUPPLEMENTAL

SUBJECT: UPDATE ON RECYCLE PLUS RESIDENTIAL SOLID WASTE AGREEMENTS AND REQUEST FOR DEFERRAL

REASON FOR SUPPLEMENTAL

This supplemental memorandum updates Council on the progress of recent negotiations with the Recycle Plus residential solid waste contractors for future services, and due to these ongoing negotiations, City staff recommends deferring items 7.2, 7.3, and 7.4 on the June 26, 2018 Council agenda to August 21, 2018.

ANALYSIS

As part of the June 26, 2018 City Council agenda, a status report on Recycle Plus negotiations was released. Since this memorandum was posted, staff from the Environmental Services Department and the City Manager's Office met multiple times with all Recycle Plus contractors in June to explore further options for entering into new agreements after the current agreements expire on June 30, 2021.

During these recent negotiations, meaningful progress was reached around the following terms:

- Potential new agreements would begin July 1, 2021 and continue through June 30, 2036;
- Price reductions that would allow for the sharing of risk in labor and fuel costs, and more uniform ratepayer pricing Citywide;
- Enhanced customer service performance standards and providing online services through MySanJose app;

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Subject: Residential Solid Waste Agreements

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- Refinements to a new recycling standard to replace the current diversion standard, which will address recycling market uncertainty by focusing on processing performance instead of waste diversion; and
- Outreach functions would transition from contractors to the City to allow for more uniform and effective resident engagement.

Deferring to August will allow staff to continue negotiating key contract terms. In August, staff will return to Council with an update on continued negotiations, including updated pricing from each current contractor and term sheets signed by the contractors outlining agreed upon terms for the future program framework.

Staff will also return with the recommendation to authorize the City Manager to waive the contractor disincentives for calendar year 2018, if by December 31, 2018 the Recycle Plus haulers are unable to meet required diversion rates due to China's "National Sword" policy on the import of recyclable materials, as well as actions related to implementing living wage requirements for the Recycle Plus agreements.

/s/

KERRIE ROMANOW

Director, Environmental Services Department

For questions, please contact Shikha Gupta, Interim Deputy Director, Environmental Services Department at (408) 975-2520.