



# Memorandum

**TO:** City Council

**FROM:** Mayor Sam Liccardo  
Vice Mayor Chappie Jones  
Councilmember Matt Mahan  
Councilmember Sergio Jimenez

**SUBJECT:** Item 6.1: Residential  
Recycling and Garbage Rates

**DATE:** February 19, 2021

**APPROVED:**

02/19/2021

**RECOMMENDATION:**

Accept the staff report and direct the Administration to return to Council during the May budget study sessions with a list of potential mitigation strategies that could enable a reduction in the currently projected residential recycling and garbage rate increases for the coming fiscal year.

**BACKGROUND:**

We appreciate the preliminary forecast by staff that outlines projected rate increases for residential recycling and garbage collection resulting from increased contractual costs and impacts from stay-at-home orders. We also appreciate the menu of options staff outlined as potential strategies for reducing these forecasted rate increases, as summarized in the table on page 7 of the staff memo.

In April of this year, Council will engage in a study session focused on reducing costs imposed by contamination in our recycling waste stream and the cost of complying with SB 1383 (Williams) requirements. Subsequently, Council will receive additional information pertaining to the coming fiscal cycle including potential new sources of funding, such as local assistance dollars from President Biden's American Rescue Plan. This funding may help address a myriad of local economic impacts of COVID-19, including an increase in residential recycling and garbage services costs due to shelter-in-place orders.

Council will need to better understand the menu of options presented by staff that might allow us to offset what is estimated to be a \$15 million increase in garbage and recycling service costs for FY 2021-22. These increased costs, if translated directly into rate increases, present a significant financial burden for San José households—equal to a 21-percent rate increase for residents of Single-Family Dwellings (SFD) and a 7-percent increase for residents of Multi-Family Dwelling (MFD).

We are hopeful that, as suggested in the staff memo, the City can reduce the actual rate increase through a combination of strategies, which might include targeted service reduction, freezing of staff vacancies and hiring, reducing recycling waste stream contamination, slowing progress towards our SB 1383 goals, or leveraging stimulus funding.

Additionally, we need to carefully manage how we communicate these potential rate increases to residents. The City is required by Prop 218 to notice the public about the potential rate increases prior to Council voting on the new rate schedule in June. Undoubtedly, many residents who hear news of this potential rate increase will be deeply concerned. We can more effectively communicate with residents about future rate increases by vetting the proposed cost mitigation strategies prior to noticing the public.

Many residents are already suffering greatly from a range of socio-economic impacts caused and in many cases exacerbated by COVID-19, including loss of employment, loss of income, health ramifications, reduced socialization, stress, and much more. We need to do everything in our power to ensure that the ongoing provision of essential services does not pile on to the economic stress experienced by so many in our community.

*The signers of this memorandum have not had, and will not have, any private conversation with any other member of the City Council, or that member's staff, concerning any action discussed in the memorandum, and that each signer's staff members have not had, and have been instructed not to have, any such conversation with any other member of the City Council or that member's staff.*