



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jeff Provenzano

SUBJECT: See Below

DATE: November 17, 2025

Approved

Date:

11/25/25

COUNCIL DISTRICT: Citywide

SUBJECT: Actions Related to The Issuance of Non-Exclusive Franchise Agreements for the Collection, Transport, and Delivery of Residential Clean-out Material and Construction and Demolition Debris

RECOMMENDATION

(a) Conduct a public hearing on the applications of the five companies listed below for non-exclusive franchises for the collection, transport, and delivery of residential clean-out material and construction and demolition debris.

- (1) Compactor Management Company, LLC;
- (2) MTB Demolition;
- (3) Bayview Industrial Services, Inc.;
- (4) Dumpster Pro, Inc.; and
- (5) TDB Incorporated.

(b) Approve ordinances granting the non-exclusive franchises to the five companies listed above.

(c) Approve the non-exclusive franchise agreements with the five companies for the collection, transport, and delivery of residential clean-out material and construction and demolition debris, from the effective date of the ordinance granting the non-exclusive franchises through December 31, 2026 and authorize the Director of Environmental Services or his designee to negotiate and execute amendments to the non-exclusive franchise agreements during the term to conform with any changes to the requirements for the Construction and Demolition Diversion Program.

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SUMMARY AND OUTCOME

City Council approval of the recommendation would result in the granting of non-exclusive franchises to five haulers, bringing the total number of authorized haulers to 31 city-wide, and authorize the collection and transport of residential clean-out material and construction and demolition (C&D) debris within San José under the terms and conditions set forth in the franchise agreements and as established in the San José Municipal Code for a term beginning the effective date of the ordinance granting the franchises through to December 31, 2026.

BACKGROUND

C&D material represents a significant waste stream (approximately 30% of San José's waste stream by weight) and although the City has one of the most comprehensive networks of City-certified C&D recycling facilities, a large portion of this material historically ended up in the landfill.

The non-exclusive franchise agreements allow the collection of material resulting from the cleaning out of residential premises and collected in roll-off or front load containers rented for a period of one week or less. For example, a person clearing their backyard or emptying out their garage could contract with one of the approved non-exclusive haulers for residential clean-out material collection services.

These haulers also transport and deliver C&D material from San José's building permit holders. Under the City of San José C&D Diversion Program, the building permit holders must meet the City C&D Diversion Program compliance requirements to receive their refundable deposit back (50% or more diversion from landfill) or to meet the State of California, Green Building Code (Title 24, Part 11) mandatory 75% diversion. Permit holders must also demonstrate that the material was hauled to a City-Certified C&D recycling facility.

Currently there are 26 non-exclusive haulers authorized by the City. The full list can be found on the City's website: <https://www.sanjoseca.gov/your-government/departments-offices/environmental-services/recycling-garbage/construction-demolition-debris/authorized-construction-demolition-haulers>

ANALYSIS

San José Municipal Code Section 9.10.1650 requires that a public hearing be held before City Council adopts an ordinance issuing solid waste and recyclables collection franchises. The haulers have completed the required application, have valid San José business tax licenses, and meet the insurance requirements set forward by the City.

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The City Charter, under Section 602, also requires that the City Council adopt an ordinance for each franchise granted.

The proposed non-exclusive franchise agreements for the five new haulers, bringing the total number of authorized haulers to 31 city-wide, will only authorize and regulate the collection of residential clean-out material and C&D debris. These material types are not exclusive to the contractors under agreement that service residential and commercial customers citywide. While roll-off service is available to commercial customers and junk pickup service is available to residential customers, in neither system are these services intended to be used for residential clean-out or C&D debris. The C&D and residential clean-out debris that can be collected pursuant to the non-exclusive franchise include:

1. Recyclable and non-recyclable waste building materials, packaging, and rubble resulting solely from construction, remodeling, and demolition operations on pavements, houses, commercial buildings, and other structures authorized by a permit issued under Chapter 24.02 of the San José Municipal Code, and collected pursuant to a temporary service agreement of no longer than one year; or
2. Rock, concrete, asphalt, and dirt; or
3. Residential clean-out material (recyclable and non-recyclable material resulting from the cleaning out of residential premises and collected in roll-off or front-load containers rented for a period of one week or less).

The agreements would only authorize the applicants to engage in the business of collecting, transporting, and delivering residential clean-out material and C&D debris from San José customers to an approved processing facility and to use the public streets and rights of way for such purpose. It does not grant the applicants the authority to collect commercial solid waste, to operate a landfill, recycling center, or other solid waste disposal facility.

The agreements streamline the documentation and reporting of C&D material handled by these haulers. It also requires them to inform City's building permit holders if the material is hauled to a non-certified facility. This is to ensure that the permit holders stay in compliance with the requirements of the C&D Diversion Program.

Historically, the City has collected Franchise Fees and Source Reduction and Recycling Fees (Assembly Bill (AB) 939 Fees) on material that is landfilled but has exempted recyclable material to encourage recycling. Since residential clean-out material and C&D debris are generally considered recyclable materials, the Franchise Fees and AB 939 Fees have been set to zero. Currently, if a franchisee reports that a load is landfilled or disposed, the collected material is deemed to be commercial solid waste and subject to Franchise Fees and AB 939 Fees for solid waste.

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Granting the non-exclusive franchises would allow the five companies to lawfully conduct business under a City non-exclusive contract. The availability of such services benefits the San José community and supports the City's efforts to transport C&D material to City-certified facilities that have the means to recycle and recover C&D material. The non-exclusive franchise agreements do not contribute significant revenue for the City.

Staff is working on significant changes to the C&D Diversion Program for City Council approval in early 2026. This includes modifying and updating the City's C&D Diversion Deposit Program, City standards for facility certification, Solid Waste Management Plan review process, and applicable projects to comply with City diversion requirements. For these reasons, amendments to the non-exclusive franchise agreements will likely be necessary to align with these anticipated changes.

Climate Smart San José Analysis

The recommendations in this memorandum align with one or more Climate Smart San José energy, water, and mobility goals. Establishing the non-exclusive franchise agreements and providing incentives for C&D diversion standards promotes the City's sustainability goals and objectives. The franchises facilitate job creation within the city limits and aid the efficient transportation of construction debris to City-certified facilities, contributing to the increase in recycling of C&D material.

EVALUATION AND FOLLOW-UP

No subsequent City Council action on this issue is necessary.

COST SUMMARY/IMPLICATIONS

Currently, Residential clean-out material and C&D debris are exempt from Franchise Fees and AB 939 Fees because they are typically considered recyclable. However, if a franchisee reports that a load has been landfilled or otherwise disposed of, the material is classified as commercial solid waste and becomes subject to both Franchise Fees and AB 939 Fees. Until the agreements are updated in January 2027, the Franchise Fees are \$11.01 per cubic yard of compacted solid waste, and \$3.67 per cubic yard of uncompacted solid waste. AB 939 Fees are \$2.67 per cubic yard of compacted solid waste, and \$0.89 per cubic yard of uncompacted solid waste. Non-exclusive franchise agreements have not been a significant source of revenue. In Fiscal Year 2024-2025, a total of \$52,179 was collected from non-exclusive haulers. No revenue projections are provided for the five companies noted in this memorandum because the fees are unpredictable and generally unintended.

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The applicants have paid the application fee of \$1,265.00, which reflects the rate in effect at the time of payment rather than the current fee, as required by San José Municipal Code Section 9.10.1670.

COORDINATION

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

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the December 9, 2025 City Council meeting. A public notice identifying the applicants was submitted to the City Clerk's Office in accordance with San José Municipal Code Section 9.10.1650.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

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
Department

The principal author of this memorandum is Valerie Osmond, Deputy Director, Environmental Services Department. For questions, please contact Valerie.Osmond@sanjoseca.gov or (408) 535-8557.