



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jeffrey Provenzano

SUBJECT: See Below

DATE: June 10, 2026

Approved

Date:

6/11/26

COUNCIL DISTRICT: Citywide

SUBJECT: Settlement of California Waste Solutions, Inc. v. City of San José, et. Al, and First Amendment to the Amended and Restated Agreement with California Waste Solutions, Inc. and with GreenTeam of San José

RECOMMENDATION

Adopt a resolution authorizing the City Manager, or her designee, to negotiate and execute:

- (1) A First Amendment to the Amended and Restated Agreement with California Waste Solutions, Inc. for Recycle Plus Single-Family Dwelling Recycling Collection Services to add curbside battery collection service for single family dwellings with a one-time payment of \$1,000,000 for start-up costs and monthly maximum compensation based on annual average weekly participate rates for a term commencing upon execution of the First Amendment with a minimum duration of five years and terminating on June 30, 2036, subject to an option to terminate by California Waste Solutions, Inc. after five years and upon satisfaction of other conditions set forth in the First Amendment; and
- (2) A First Amendment to the Amended and Restated Agreement with Waste Connections of California, Inc. DBA GreenTeam of San José for Solid Waste Services to add curbside battery collection service for single family dwellings with a one-time payment of \$250,000 for start-up costs and monthly maximum compensation based on annual average weekly participate rates for a term commencing upon execution of the First Amendment with a minimum duration of five years and terminating on June 30, 2036, subject to an option to terminate by GreenTeam of San José after five years and upon satisfaction of other conditions set forth in the First Amendment.

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SUMMARY AND OUTCOME

Approval of the recommendation will allow the City Manager, or her designee, to complete ongoing negotiations with the City of San José's (City) Single-Family Dwelling (SFD) recycling haulers – California Waste Solutions, Inc. (CWS) and GreenTeam of San José (GreenTeam) to add curbside battery collection service to SFD units throughout the City. Unlike neighboring cities, San José does not currently offer battery collection through its Residential Garbage and Recycling program, and the addition of this service provides a convenient way for residents to safely dispose of used batteries. In addition to the benefits provided to SFD residents, CWS will accept the amendment to its current agreement as consideration to resolve and fully dispose of its pending lawsuit, which was filed against the City in January 2023. As part of the settlement agreement with CWS, which the City Attorney's Office has negotiated and finalized for City Council approval, GreenTeam must also agree to enter into an amendment to its agreement with the City to provide the same curbside battery collection service to its SFD service units for the same term and compensation (with the exception of the one-time start-up cost adjusted accordingly).

BACKGROUND

CWS and GreenTeam provide recycling collection service to all SFD service units in San José under separate agreements with terms from July 1, 2021, through June 30, 2036. CWS's collection districts serve roughly 75% of service units, while GreenTeam's collection district serves the remaining 25%.

On January 6, 2023, CWS filed a lawsuit against the City entitled *California Waste Solutions, Inc. v. City of San Jose, et al.* in the Superior Court of Santa Clara County, removed to Federal Court, U.S. Dist. Ct., N.D. Cal., Case No. 23-cv-01647-MMC (the lawsuit). The lawsuit arose solely from disputes related to a previous agreement for SFD recycling collection service, which had a term from July 1, 2010, through June 30, 2021. CWS and the City have agreed to enter into a settlement agreement to resolve the lawsuit without further litigation. The City Attorney's Office is submitting a separate City Council memorandum seeking approval of the settlement to be considered at the June 23, 2026 City Council meeting.

As consideration for resolving the lawsuit, the City has sought a Residential Garbage and Recycling program enhancement for SFD recycling service customers. Curbside battery collection was proposed due to its value to residents and its positive impact on environmental health and public safety. Subject to City Council approval, CWS and the City have reached a settlement agreement and release that includes amending the current contractual services agreement to add curbside SFD battery collection. A condition of the settlement includes a requirement that GreenTeam also agree to

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provide the same curbside battery collection service to the single-family homes it services, which will also be memorialized in an amendment to GreenTeam's agreement with the City.

ANALYSIS

The proposed SFD battery collection program will augment the County's Household Hazardous Waste battery collection program and other battery collection satellite programs around the city.

The proposed amendments to CWS and GreenTeam's agreements are in substantially final form and are expected to be finalized and executed soon after the June 23, 2026 City Council meeting. The draft amendments will be posted on the June 23, 2026 City Council agenda for City Council's information. The SFD battery collection program will give residents the option to place one quart-sized clear zip-top plastic bag filled with eligible batteries on top of their recycling cart on their regular collection day for the contractor to collect. Common types of batteries that will be accepted through this service include AA, AAA, C, D, N, 9V, and coin or button style lithium-ion batteries. All batteries will be recycled by appropriately authorized and permitted recycling or handling facilities in accordance with applicable federal, state, and local requirements. Non-collected materials may be left at the Service Unit with a Non-Collection Notice identifying the reason collection was not made and providing general instructions regarding proper set-out procedures.

Staff researched similar programs in neighboring jurisdictions and found that the expected maximum participation rate is five percent of households per week. The program's start up and collection costs for the first fiscal year were included in the SFD rates approved by City Council on June 2, 2026 and were set using this maximum expected participation rate. Going forward, program cost will be recalculated every year based on actual participation rates, as more fully described in the amendment documents.

Term

The SFD battery collection service is proposed to commence upon execution of the First Amendment and be in place for a minimum duration of five years. CWS and GreenTeam will have the option to terminate the service after five years, subject to agreement of both parties and a minimum of six months' written notice to the City prior to expiration of the five year period, as more fully described in the attached draft First Amendments. If not terminated after five years, then the SFD battery service will terminate at the same time as the Agreement on June 30, 2036.

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Compensation

The City will pay CWS a one-time payment of \$1.0 million for start-up costs and monthly maximum compensation of \$.82 per household per month based on an average weekly participation rate of up to 10% of service units (adjusted annually based on the Refuse Rate Index, as set forth in the Agreement).

The City will pay GreenTeam a one-time payment of \$250,000 for start-up costs and monthly maximum compensation of \$.82 per household per month based on an average weekly participation rate of up to 10% of service units (adjusted annually based on the Refuse Rate Index, as set forth in the Agreement).

For average weekly participation rates higher than 10%, haulers will be compensated per household per month based on the formula: $\$0.15 \text{ plus } \$1.55 \times \text{Annual Average Weekly Participation Rate Rounded Up to the Nearest Whole Number} \times 52 \div 12$

EVALUATION AND FOLLOW-UP

Should City Council approve staff's recommendation, staff will negotiate and execute amendments with CWS and GreenTeam consistent with the recommendations in this memorandum. These amendments will be in effect throughout the existing agreement term ending June 30, 2036, subject to opt out provisions described above.

FISCAL IMPACTS

The department estimates a Year 1 cost of \$3.29 million, consisting of \$2 million in one-time startup costs and \$1.29 million in ongoing costs of delivering battery collection services to residents. The \$2.0 million in startup costs consists of \$1.0 million for CWS startup costs, \$250,000 for GreenTeam startup costs, and \$750,000 for program outreach to residents. Ongoing costs are based on the assumption that 5% of households participate in the service each week.

Ongoing costs will be evaluated after the first full year of program implementation. These costs will be adjusted by the contractual Refuse Rate Index and service participation rates and included in the annual SFD rate calculations for City Council approval.

The \$3.29 million is included in the 2026-2027 Proposed Budget. Ongoing costs will be updated as part of the 2027-2028 Base Budget.

BUDGET REFERENCE

The table below identifies the fund and appropriation to fund the curbside SFD battery collection service, startup costs, and outreach.

Fund #	Appn. #	Appropriation Name	Total Appropriation	Amount for Contract	2026-2027 Proposed Operating Budget Page*	Last Budget Action (Date, Ord. No.)
423	0763	Single-Family Recycle Plus	\$99,920,559	\$3,290,000	914	N/A

*The 2026-2027 Proposed Operating Budget was approved on June 9, 2026 and adopted on June 16, 2026 by the City Council.

COORDINATION

This memorandum was coordinated with the City Attorney’s Office and City Manager’s Budget Office.

PUBLIC OUTREACH

This memorandum will be posted on the City Council Agenda website for the June 23, 2026 City Council meeting. Prior to and following the launch of the City’s new curbside battery collection service, a public outreach plan will be implemented to raise awareness and build engagement. Expected tactics will include direct mail, in-person outreach, social media, advertising, earned media, and accessible information on the City’s website.

BOARD, COMMISSION, COMMITTEE RECOMMENDATION AND INPUT

No board, commission, or committee 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.

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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/

Jeffrey Provenzano, P.E.

Director, Environmental Services

For questions, please contact Judy Erlandson, Deputy Director, Integrated Waste Management, Environmental Services Department, at judy.erlandson@sanjoseca.gov, or (408) 535-8557.