

The seal of the City of Santa Clara, California, is circular. It features a central illustration of a mission-style building with a red roof and a bell tower, set against a blue sky with clouds. Below the building is a green field. The year "1852" is prominently displayed in the center. The outer ring of the seal contains the text "CITY OF SANTA CLARA CALIFORNIA" at the top and "THE MISSION CITY" at the bottom.

## City Council Meeting

Item #5, RTC No. 19-1676 : Action on Amendment No. 2 to Agreement with Recology South Bay to Provide Residential Curbside Recycling Services

January 29, 2019

The logo of the City of Santa Clara, featuring a circular seal with a mission building and the year 1852.

**City of Santa Clara**  
The Center of What's Possible

## Background

- On November 13, 2018 Council directed staff to enter into negotiations with Recology to amend the current agreement for residential recycling services through 12/31/21.
- This is a two-year extension only. The extension would align the expiration date with the agreement with Mission Trail Waste Systems.
- Staff targeted a mid-December 2018 date to complete negotiations. If amendment negotiations were unsuccessful, Council authorized staff to negotiate with other service providers.
- Recology submitted a proposal for an Amendment to the current agreement.

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## 2008 Residential Recycling Services RFP

- 2008 Recology original bid was very low
  - 75% less than the next lowest
  - 138% less than highest bid
- Current Agreement term 9/30/08 – 1/10/20

| Company       | 2008 Bid Monthly Price/HH | Adjusted Price with Annual COLA in 2019 |
|---------------|---------------------------|-----------------------------------------|
| Recology      | \$2.39                    | \$2.98                                  |
| Mission Trail | \$4.17                    | \$5.20                                  |
| Allied Waste  | \$4.60                    | \$5.74                                  |
| Greenwaste    | \$5.34                    | \$6.66                                  |
| CA Waste      | \$5.70                    | \$7.11                                  |

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## Commodity Values

- Prices have decreased significantly since 2008 bid
- 2018 and 2019 prices are projected
  - Verified by our consultant
- In 2008 Recology expected to receive \$70 per ton by 2019
- By 2019 Recology expects to pay \$10 per ton
- Assumes 9,424 tons
  - Reasonable assumption per staff and consultant

| Year      | \$/Ton   |
|-----------|----------|
| Bid Price | \$70     |
| 2010      | \$58.27  |
| 2011      | \$94.44  |
| 2012      | \$50.96  |
| 2013      | \$42.49  |
| 2014      | \$49.03  |
| 2015      | \$17.15  |
| 2016      | \$15.28  |
| 2017      | \$35.00  |
| 2018*     | \$22.50  |
| 2019*     | -\$10.00 |



## Amendment Terms

- Extension of agreement expiration date from 1/10/20 to 12/31/21
  - Aligns with expiration date of Mission Trail Waste Systems Agreement
  - Alignment provides for better negotiations
- Increases monthly tariff paid to Recology from \$2.98 to \$4.34 per unit served (+\$1.36) effective February 2019 (one year ahead of expiration)
  - Adjustment based on decline in commodity markets due to National Sword



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## PROJECTED MONTHLY CHARGES FOR SINGLE FAMILY HOMES

| Service Type                                                    | % of Homes | Current | New     | % Increase |
|-----------------------------------------------------------------|------------|---------|---------|------------|
| One (1) thirty-two-gallon capacity garbage or small cart        | 54%        | \$33.74 | \$36.41 | 7.9%       |
| One (1) twenty-gallon capacity super or super saver can         | 10%        | \$27.64 | \$30.03 | 8.6%       |
| Two (2) thirty-two-gallon capacity garbage cans or medium cart  | 31%        | \$47.45 | \$50.73 | 6.9%       |
| Three (3) thirty-two-gallon capacity garbage cans or large cart | 5%         | \$61.16 | \$64.96 | 6.2%       |

There won't be any immediate cost impacts to customers. Current rates will be in effect through 6/30/19. A transfer of \$251,000 from the Solid Waste Fund balance will cover the additional tariffs.



## FY 18/19 One-Can Rates in Other Jurisdictions

| Jurisdiction       | Monthly Rate   |
|--------------------|----------------|
| Cupertino          | \$26.32        |
| Campbell           | \$28.05        |
| Los Gatos          | \$28.70        |
| Saratoga           | \$30.23        |
| <b>Santa Clara</b> | <b>\$33.74</b> |
| Mountain View      | \$33.90        |
| San Jose           | \$34.19        |
| Los Altos          | \$34.45        |
| Milpitas           | \$35.02        |
| Sunnyvale          | \$41.65        |
| Palo Alto          | \$50.07        |

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## One-Can Monthly Rate Comparisons

| Jurisdiction                                                                 | Monthly Rate |
|------------------------------------------------------------------------------|--------------|
| Average FY 18/19 Rate Countywide (10 agencies surveyed)                      | \$34.26      |
| City of Santa Clara Current FY 18/19 Rate (includes \$5.67/ mo. CUC charge)  | \$33.74      |
| City of Santa Clara Projected FY 19/20 Rate (includes \$5.67/mo. CUC charge) | \$36.41      |

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## FY 18/19 Two-Can Rates in Other Jurisdictions

| Jurisdiction       | Monthly Rate   |
|--------------------|----------------|
| Milpitas           | \$41.19        |
| Sunnyvale          | \$46.88        |
| <b>Santa Clara</b> | <b>\$47.75</b> |
| Cupertino          | \$52.64        |
| Campbell           | \$56.10        |
| Los Gatos          | \$57.40        |
| Saratoga           | \$60.45        |
| Mountain View      | \$67.80        |
| San Jose           | \$68.38        |
| Los Altos          | \$68.89        |
| Palo Alto          | \$100.15       |

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## Two-Can Monthly Rate Comparisons

| Jurisdiction                                                                 | Monthly Rate |
|------------------------------------------------------------------------------|--------------|
| Average FY 18/19 Rate Countywide (10 agencies surveyed)                      | \$62.79      |
| City of Santa Clara Current FY 18/19 Rate (includes \$5.67/ mo. CUC charge)  | \$47.45      |
| City of Santa Clara Projected FY 19/20 Rate (includes \$5.67/mo. CUC charge) | \$50.73      |

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## FY 18/19 Three-Can Rates in Other Jurisdictions

| Jurisdiction       | Monthly Rate   |
|--------------------|----------------|
| Milpitas           | \$47.32        |
| Sunnyvale          | \$53.96        |
| <b>Santa Clara</b> | <b>\$61.16</b> |
| Cupertino          | \$78.97        |
| Campbell           | \$84.15        |
| Los Gatos          | \$86.10        |
| Saratoga           | \$90.68        |
| Mountain View      | \$101.70       |
| San Jose           | \$102.57       |
| Los Altos          | \$103.35       |
| Palo Alto          | \$150.22       |

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## Three-Can Monthly Rate Comparisons

| Jurisdiction                                                                 | Monthly Rate |
|------------------------------------------------------------------------------|--------------|
| Average FY 18/19 Rate Countywide (10 agencies surveyed)                      | \$89.90      |
| City of Santa Clara Current FY 18/19 Rate (includes \$5.67/ mo. CUC charge)  | \$61.16      |
| City of Santa Clara Projected FY 19/20 Rate (includes \$5.67/mo. CUC charge) | \$64.96      |

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## Summary

- New tariff rates are still less than the second lowest bidder in 2008.
- Customer billing rates will remain unchanged until July 1, 2019.
- Cost savings due to the utilization of the existing fleet of trucks for an additional 2 years.
- R3 has reviewed and audited the tonnage, cost and contracts brought forward by Recology and found the basis for a tariff increase to be reasonable and recommends approval.

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## Recommendation

1. Approve Amendment No. 2 with Recology to extend the term of the agreement until 12/31/21 and adjust the monthly tariff to \$4.34 per unit effective February 1, 2019
2. Authorize the transfer of \$251,000 from the Solid Waste Fund (096) balance to the FY 18/19 Solid Waste Fund's Payment for Recycling Garbage Collection and Disposal Services account (096-2934-87860) to fund the additional unbudgeted tariff expenses

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# **City of Santa Clara**

## **City Council Meeting**

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