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City Manager's Office

# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Kerrie Romanow

**SUBJECT:** EPS ALTERNATIVE PRODUCT  
PRICING UPDATE

**DATE:** January 31, 2014

Approved

Date

2/4/14

## INFORMATION

The purpose of this memorandum is to respond to Council direction given to staff at the August 26, 2013 meeting to provide an informational memorandum notifying the public of expanded polystyrene (EPS) alternative product pricing reports as they are released. As part of the City's ongoing efforts to assist businesses with the ordinance transition, the City has committed to conducting an alternative product price report every six months for the first two years of the ordinance. This report is intended to provide restaurant operators comprehensive local price information, providing a reference to find the best price on food carry-out packaging that is compliant with the new ordinance. This is the first of four planned reports.

The Polystyrene Foam Disposable Food Service Ware Ordinance, adopted by Council on September 10, 2013, phases-out the use of food service ware containers made from EPS, commonly referred to as Styrofoam™\*, at restaurants. The first phase of this ordinance became effective on January 1, 2014, for multi-state restaurant chains. The second phase of the ordinance will become effective for all other restaurants, including mobile and street vendors, on January 1, 2015.

In December 2013, Cascadia Consulting Group provided the Environmental Services Department with an update of the EPS Food Service Ware Alternatives Products report which compares the pricing of 204 EPS foam and alternative products to pricing observed in the previous October 2012 report. The products surveyed included clamshells of various sizes and compartments, hot and cold cups, plates, soup bowls and deli boxes. It is important to note that this report compares only two periods of time, both occurring before the effective date of the ordinance. Therefore, any influence the phase-out may have on the marketplace will not likely be fully realized at this time.

With that in mind, below are a few observations from the report which could indicate future trends:

- 72% of the surveyed products had no change in price between 2012 and 2013
- 13% of the surveyed products had a price decrease between 2012 and 2013
- 15% of the surveyed products had a price increase between 2012 and 2013
- Most of the surveyed price changes were less than \$0.05 per unit
- The largest single item price decrease was \$0.15 for eight inch fiber deli boxes
- The largest single item increase was \$0.16 for nine inch plastic plates

Eighty five percent of all products surveyed either had no change or a decrease in price between the 2012 and 2013 reports. As a benchmark of comparison, the Consumer Price Index for Urban Wage Earners (San Francisco-Oakland-San José, CA) for all items increased by 1.18 percent between October 2012 and December 2013, according to the United States Bureau of Labor Statistics.

While the report shows no dramatic changes in price for EPS alternative products, the industry expects pricing for EPS alternatives to trend down over time as demand increases and economies-of-scale are achieved due to the growing number of jurisdictions adopting similar EPS phase-out ordinances.

ESD has posted the updated pricing information at:  
<http://www.sanjoseca.gov/DocumentCenter/View/18328> as a resource to restaurants transitioning to non-foam products. Staff will provide another pricing update in August 2014.

/s/  
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Department

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