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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: September 5, 2014

Approved

Date

9/5/14

INFORMATION

The purpose of this memorandum is to respond to August 27, 2013 Council direction 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 survey every six months for the first two years of the ordinance. This survey 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 second of four planned surveys.

The Polystyrene Foam Disposable Food Service Ware Ordinance, adopted by Council on September 10, 2013, takes aim at a pervasive and persistent type of litter impacting the City's waterways by phasing-out food service ware containers made from expanded EPS foam, commonly referred to as Styrofoam™*. 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 June 2014, the Environmental Services Department completed an update of the EPS Food Service Ware Alternatives Products report which compares pricing of 251 EPS foam and alternative products to pricing identified through surveys conducted in October 2012 and December 2013. During the previous two surveys, 205 products that are part of this study were also included. For this most recent survey, 46 additional products from on-line suppliers have been added. On-line restaurant suppliers were added because staff learned that some local restaurants purchase their take-out packaging from these sources. The products surveyed include clamshells of various sizes and compartments, hot and cold cups, plates, soup bowls, and deli boxes. This report compares pre-ordinance and post ordinance pricing.

The pricing survey shows that, for the last six months, the number of products that have had an observed price decrease is up 30% and the number of products that have had no price change,

either up or down, has declined 26%. In addition, the number of products showing a price increase remains virtually unchanged. The increasing demand for non-EPS alternatives appears to be having the anticipated effect on pricing. Staff anticipates that future surveys will reveal whether or not this current data represents the beginning of a trend towards lower, more stable pricing for EPS alternatives. Staff expects that any long-term trend in pricing will be assisted by greater economies-of-scale that are the result of full implementation of the San José ordinance as well as a growing number of similar EPS phase-out ordinances being adopted by other jurisdictions.

Staff continues to conduct outreach to restaurants that will be affected by the second phase of the ordinance. Staff is conducting monthly "knock-and-talks" across the City and has hosted periodic vendor open houses where restaurant operators were able to talk to distributors of EPS alternatives to learn about compliant products, as well as speak with City staff about the ordinance requirements. Staff will carry on with outreach efforts to local business chambers and associations: Staff has met with the Story Road Association and will be partnering on outreach specifically for their members, and has met with the Alameda Neighborhood Business Association. Lastly, another notice regarding the new ordinance will be sent to all San José restaurants in the Fall.

ESD has posted the June 2014 pricing information at <http://www.sanjoseca.gov/DocumentCenter/View/34104> as a resource to restaurants transitioning to non-foam products. Staff will provide the next pricing update in January 2015.

/s/
KERRIE ROMANOW
Director, Environmental Services

For questions, please contact Napp Fukuda, Deputy Director, Environmental Services, at (408) 793-5353.