

ENVIRONMENTAL SERVICES DEPARTMENT

Impact Analysis Report

OVERVIEW

The Environmental Services Department (ESD) administers two fee programs as part of the Integrated Waste Management Program: Source Reduction and Recycling Fees and Franchise Application Fees. The programs funded by these fees are described in Exhibit A. In addition to this, ESD administers two fees as part of the Silicon Valley Energy Watch Tool Lending Library Program.

Source Reduction and Recycling Fees

There are several fees in the Source Reduction and Recycling category: two Commercial Solid Waste fees, a Landfill Waste Disposal Fee, a Disposal Facility Operator Integrated Waste Management Fee, and Waste Diversion Compliance Review Fee. The Commercial Solid Waste Fees and Landfill Waste Disposal Fee are also commonly referred to as AB 939 fees.

The exclusive franchise with Allied Waste Services of Santa Clara County (now known by the name of its parent company, Republic Services) replaced the non-exclusive franchise system for most types of commercial garbage hauling, effective July 1, 2012. In 2014-2015, the Commercial Solid Waste Fee for Commercial Solid Waste collected by Republic Services was reduced from \$3.2 million to \$2.75 million due to one-time cost reductions for contract and franchise administration, and a reduced need to purchase public litter cans.

The fee is reevaluated annually and modified as needed to fund the oversight, administration, and enforcement of the City's commercial solid waste system, residue disposal, and to cover the cost of programs targeted at waste diversion, such as waste materials processing in the commercial sector. This fee is proposed to increase to \$2.9 million for 2015-2016, to reflect increased costs for franchise and contract administration and waste materials processing. Republic Services will retain \$400,000 of this \$2.9 million fee for waste processing costs. The fee is included in the commercial service rates, the report for which is subject to City Council approval, scheduled for May 19, 2015.

The Commercial Solid Waste Fee paid by generators and collected by non-exclusive franchisees will remain at \$0.89 per uncompacted cubic yard collected and \$2.67 per compacted cubic yard for 2015-2016. Since the City implemented an exclusive franchise system for commercial garbage hauling, only certain types of construction and demolition debris and residential cleanout haulers are eligible for non-exclusive franchises. It is expected that all material collected by the non-exclusive franchisees will be recycled; therefore, no fees will apply. However, if the material hauled by the non-exclusive franchisees contains more than 20% contamination, or is landfilled for another reason, the Commercial Solid Waste Fee for non-exclusive franchisees would apply to that tonnage.

ENVIRONMENTAL SERVICES DEPARTMENT

OVERVIEW

Source Reduction and Recycling Fees (Cont'd.)

The Landfill Waste Disposal Fee charged at landfills and transfer/processing stations will remain unchanged for 2015-2016 at \$4.10 per ton of disposed solid waste. Pursuant to agreements between the City of San José and Santa Clara County, \$1.50 per ton of this fee is distributed to the City for activities related to recycling, and \$2.60 is used by the County and participating cities for Household Hazardous Waste programs. In the event the City elects to collect its own Landfill Waste Disposal Fee, the City may collect \$4.10 per ton of disposed waste to fund activities related to recycling, however, San José would then no longer be eligible to participate in the County's Household Hazardous Waste program.

The projected revenues for the Landfill Waste Disposal Fee in 2015-2016 are \$900,000. The estimated cost recovery rate for Landfill Waste Disposal fees is 90.7%.

A Disposal Facility Operator Integrated Waste Management Fee of \$4.10 per ton of solid waste is included in this report. This fee is not currently collected by the City because the City has an agreement with the County to collect the Landfill Waste Disposal Fee. The revenue from this fee remains with the County to be used for solid waste programs that benefit the City of San José.

The Waste Diversion Compliance Review Fee will remain at \$100 per hour. The Waste Diversion Review Fee reflects the time and resources required to process the program's applications.

Franchise Application Fee

The Franchise Application Fee will increase from \$390 to \$500 per application for 2015-2016, due to updated cost estimates associated with the personnel costs of delivering the application review and processing services. Due to the fact that the City has moved to an exclusive franchise system for commercial solid waste hauling and only a limited number of haulers will be eligible for non-exclusive franchises, at least one application is anticipated in 2015-2016.

Miscellaneous Fees

ESD administers two fees as part of the Silicon Valley Energy Watch Tool Lending Library Program to recover the cost of damaged or lost power meters rented out to the public through the library. The fee for damaged material and the fee for lost material will remain at \$25.00 in order to recover 100% of the costs of the meter. In addition, when a power meter is lost or damaged, a handling fee of \$20.00 will be charged by the Library Department to the borrower. This fee can be found in the Library Department's section of this report.

SUMMARY AND IMPACT OF PROPOSED FEE REVISIONS

Existing Fees

The Commercial Solid Waste AB939 Fee for commercial solid waste collected by the exclusive franchisee is recommended to be increased from \$2.75 million to \$2.9 million, due to increased costs for contract and franchise administration and waste materials processing.

The Franchise Application Fee for non-exclusive commercial solid waste application processing, review, and memo coordination is recommended to be increased from \$390 to \$500 per application, due to updated cost estimates associated with the personnel costs of delivering the application review and processing services.

NOTIFICATION

The Proposed Fees and Charges Report was released on May 1, 2015, allowing for a minimum of 10 days for public review. Public input on fee proposals will be heard by the City Council at public hearings held on Tuesday, May 12, 2015, at 1:30 p.m. and Monday, June 8, 2015, at 7:00 p.m. in the Council Chambers.

***SOURCE REDUCTION AND RECYCLING ELEMENT PROGRAMS
FUNDED FROM AB939 FEES*****General Solid Waste Management**

Provides development, administration, evaluation, and coordination of all Source Reduction and Recycling Element programs and activities.

Source Reduction

Provides public information and education, samples public opinion to determine attitudes about source reduction issues, and evaluates various educational approaches, including backyard composting programs. Works with non-profit recyclers and other organizations to promote source reduction and reuse.

Commercial Recycling

Provides outreach, technical assistance, and franchise enforcement for the commercial sectors of the City. Also manages exclusive and non-exclusive hauling franchises and the Construction and Demolition Recycling and Public Litter Can Programs. Develops and implements programs to reach the City's waste reduction and diversion goals.

Evaluation Component

Provides evaluation of the effectiveness of, and participation rates for, the department's recycling programs, and makes recommendations for improving programs.

Market Development

Provides policy and technical analysis, program promotion, contingency planning, legislative advocacy, expansion of local recycling manufacturing activities, and expansion of City procurement of recycled products.

Civic Recycling

Provides storage containers, training, and recycling services for public areas, parks, and other City facilities and venues. Administers City/County funding from CalRecycle (State of California) for beverage container recycling. Coordinates with City departments and outside agencies for demonstration and pilot projects.

Special Events and Venues Recycling

Provides technical assistance and resources to the event and venue planning community to "green" events and incorporates zero waste planning into procedures and processes. Resources include workshops, recycling equipment loans, recycling collection services, and a certification program to encourage participation and high recycling rates. Administers a grant program to help off-set costs of producing green events.

Schools Recycling

Provides resources and technical assistance to promote waste reduction and recycling in San José's K-12 schools.

Zero Waste Planning

Provides development of a Zero Waste Plan for the City, including planning for long-term and local recycling processing infrastructure, disposal capacity, emerging regulatory requirements, and recovery of energy from non-recyclable wastes.

DEPARTMENTAL FEES AND CHARGES

ENVIRONMENTAL SERVICES

Service	2014-2015 Adopted Fee	2014-2015 % Cost Recovery	2015-2016 Proposed Fee	2015-2016 Estimated Cost	2015-2016 Estimated Revenue		2015-2016 % Cost Recovery		
					Current Fee	Proposed Fee	Current Fee	Proposed Fee	
ENVIRONMENTAL SERVICES FEES - CATEGORY I									
1. Franchise Application Fees									
1 Commercial Solid Waste Application Fee	\$390 per application		\$500 per application						
Sub-total Franchise Application Fees				504	390	500	77.4%	99.2%	
SUB-TOTAL ENVIRONMENTAL SERVICES FEES - CATEGORY I				504	390	500	77.4%	99.2%	
ENVIRONMENTAL SERVICES FEES - CATEGORY I (GENERAL FUND)									
1. Miscellaneous Fees									
1 Damaged Power Meter Fee	\$25		No Change						
Note: In addition to the fee listed here, the Library will charge a handling fee for damaged material. This fee is described in the Library Department section of this report.									
2 Lost Power Meter Fee	\$25		No Change						
Note: In addition to the fee listed here, the Library will charge a handling fee for lost material. This fee is described in the Library Department Section of this report.									
Sub-total Miscellaneous Fees									
SUB-TOTAL ENVIRONMENTAL SERVICES FEES - CATEGORY I (GENERAL FUND)									

DEPARTMENTAL FEES AND CHARGES

ENVIRONMENTAL SERVICES

Service	2014-2015 Adopted Fee	2014-2015 % Cost Recovery	2015-2016 Proposed Fee	2015-2016 Estimated Cost	2015-2016 Estimated Revenue		2015-2016 % Cost Recovery	
					Current Fee	Proposed Fee	Current Fee	Proposed Fee
ENVIRONMENTAL SERVICES FEES - CATEGORY II								
1. Source Reduction and Recycling								
1 Commercial Solid Waste Note: Applies only to non-exclusive franchisees	\$0.89/uncompacted cubic yard collected; \$2.67/compacted cubic yard collected (paid by generators); and \$14.83 per ton collected from City facilities in rolloff boxes		No Change					
2 Commercial Solid Waste collected by exclusive franchisees Note: San José will receive only \$2.5 million of this fee; \$400,000 will be retained by hauler for waste processing costs per the franchise agreement that is subject to City Council approval on May 19, 2015	\$2,753,700 per fiscal year (paid by franchisee with both geographic collection district franchises)	100.0%	\$2,904,000 per fiscal year (paid by franchisee with both geographic collection district franchises)	2,548,800	2,353,700	2,504,000	92.3%	98.2%
3 Disposal Facility Operator Integrated Waste Management Fee Note: San José does not receive revenue from this fee at this time. Revenue is retained by the County for solid waste programming.	\$4.10 per ton of solid waste; revenue is collected through the County		No Change					
4 Landfill - Waste Disposal Note: San José receives only a portion of these fees collected by the County based on surplus available from the County after administration of the Household Hazardous Waste Program.	\$4.10 per ton (\$1.50 per ton San José portion - fee collected by County; \$2.60 per ton - fee collected by the County for Household Hazardous Waste Programs)	75.0%	No Change	992,431	900,000	900,000	90.7%	90.7%

DEPARTMENTAL FEES AND CHARGES

ENVIRONMENTAL SERVICES

Service	2014-2015 Adopted Fee	2014-2015 % Cost Recovery	2015-2016 Proposed Fee	2015-2016 Estimated Cost	2015-2016 Estimated Revenue		2015-2016 % Cost Recovery	
					Current Fee	Proposed Fee	Current Fee	Proposed Fee
ENVIRONMENTAL SERVICES FEES - CATEGORY II								
1. Source Reduction and Recycling								
5 Waste Diversion Compliance Review Note: Formerly "Waste Diversion Compliance Initial/Additional Review" fee.	\$100 per hour of review		No Change					
Sub-total Source Reduction and Recycling		91.6%		3,541,231	3,253,700	3,404,000	91.9%	96.1%
SUB-TOTAL ENVIRONMENTAL SERVICES FEES - CATEGORY II		91.6%		3,541,231	3,253,700	3,404,000	91.9%	96.1%
TOTAL DEPARTMENT - GENERAL FUND								
TOTAL DEPARTMENT - NON-GENERAL FUND				3,541,735	3,254,090	3,404,500	91.9%	96.1%
TOTAL DEPARTMENT - Category I				504	390	500	77.4%	99.2%
TOTAL DEPARTMENT - Category II				3,541,231	3,253,700	3,404,000	91.9%	96.1%
TOTAL DEPARTMENT				3,541,735	3,254,090	3,404,500	91.9%	96.1%

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