

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 Republic Services replaced the non-exclusive franchise system for most types of commercial garbage hauling, effective July 1, 2012.

The Commercial Solid Waste Fee for Commercial Solid Waste collected by Republic Services is reevaluated annually and modified as needed to fund oversight, administration, and enforcement of the City's commercial solid waste system, residue disposal, and programs that divert waste, and waste materials processing for the commercial sector. This fee is proposed to remain at \$2.9 million for 2017-2018. Republic Services will retain \$400,000 of this \$2.9 million fee to pay for waste processing

costs. The fee is included in the proposed commercial service rates, which is scheduled to be considered by the City Council on May 23, 2017.

The Commercial Solid Waste Fee paid by generators and collected by non-exclusive franchisees will remain at \$0.89 per un-compacted cubic yard collected and \$2.67 per compacted cubic yard for 2017-2018. 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 and 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.

The Landfill Waste Disposal Fee charged at landfills and transfer/processing stations will remain unchanged for 2017-2018 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 waste diversion, and \$2.60 is used by the County and participating cities for Household Hazardous Waste (HHW) 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 HHW programs.

ENVIRONMENTAL SERVICES DEPARTMENT

OVERVIEW

Source Reduction and Recycling Fees (Cont'd.)

The projected revenues for the Landfill Waste Disposal Fee in 2017-2018 are \$975,000. The estimated cost recovery rate for Landfill Waste Disposal fees is 99.5%.

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 reflects the time and resources required to process the program's applications, and is recommended to remain at \$104 per hour of review, to recover the costs associated with the personnel review service.

Franchise Application Fee

The Franchise Application Fee is recommended to remain at \$535 per application for 2017-2018, to recover the costs associated with the personnel application review and processing services. In 2012, the City moved to an exclusive franchise system for commercial solid waste hauling and only a limited number of haulers are eligible for non-exclusive franchises; at least one application is anticipated in 2017-2018.

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 \$10.00 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

As described above, Fees are proposed to remain at the 2016-2017 level for 2017-2018.

NOTIFICATION

The Proposed Fees and Charges Report was released on May 5, 2017, 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 16, 2017, at 1:30 p.m. and Monday, June 12, 2017, 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 back yard 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 offset 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.

Illegal Dumping

Provides resources for the collection, diversion, and recycling of those solid wastes discovered within specific City areas, and also includes the removal of hazardous waste materials.

DEPARTMENTAL FEES AND CHARGES

ENVIRONMENTAL SERVICES

| Service | 2016-2017 Adopted Fee | 2016-2017 % Cost Recovery | 2017-2018 Proposed Fee | 2017-2018 Estimated Cost | 2017-2018 Estimated Revenue | | 2017-2018 % 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 | \$535 per application | | No Change | | | | | |
| Sub-total Franchise Application Fees | | 99.8% | | 536 | 535 | 535 | 99.8% | 99.8% |
| SUB-TOTAL ENVIRONMENTAL SERVICES FEES - CATEGORY I | | 99.8% | | 536 | 535 | 535 | 99.8% | 99.8% |
| ENVIRONMENTAL SERVICES FEES - CATEGORY I (GENERAL FUND) | | | | | | | | |
| 1. Miscellaneous Fees | | | | | | | | |
| 1 Damaged Power Meter Fee 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. | \$25 | | No Change | | | | | |
| 2 Lost Power Meter Fee 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. | \$25 | | No Change | | | | | |
| Sub-total Miscellaneous Fees | | | | | | | | |
| SUB-TOTAL ENVIRONMENTAL SERVICES FEES - CATEGORY I (GENERAL FUND) | | | | | | | | |

DEPARTMENTAL FEES AND CHARGES

ENVIRONMENTAL SERVICES

| Service | 2016-2017 Adopted Fee | 2016-2017 % Cost Recovery | 2017-2018 Proposed Fee | 2017-2018 Estimated Cost | 2017-2018 Estimated Revenue | | 2017-2018 % 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, which is scheduled to be heard by the City Council on May 23, 2017. | \$2,900,000 per fiscal year (paid by franchisee with both geographic collection district franchises) | 99.0% | No Change | 2,747,601 | 2,500,000 | 2,500,000 | 91.0% | 91.0% | |
| 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) | 99.5% | No Change | 1,503,425 | 1,080,000 | 1,080,000 | 71.8% | 71.8% | |

DEPARTMENTAL FEES AND CHARGES

ENVIRONMENTAL SERVICES

| Service | 2016-2017 Adopted Fee | 2016-2017 % Cost Recovery | 2017-2018 Proposed Fee | 2017-2018 Estimated Cost | 2017-2018 Estimated Revenue | | 2017-2018 % 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 | \$104 per hour of review | | No Change | | | | | |
| Sub-total Source Reduction and Recycling | | 99.1% | | 4,251,026 | 3,580,000 | 3,580,000 | 84.2% | 84.2% |
| SUB-TOTAL ENVIRONMENTAL SERVICES FEES - CATEGORY II | | 99.1% | | 4,251,026 | 3,580,000 | 3,580,000 | 84.2% | 84.2% |
| TOTAL DEPARTMENT - GENERAL FUND | | | | | | | | |
| TOTAL DEPARTMENT - NON-GENERAL FUND | | | | 4,251,562 | 3,580,535 | 3,580,535 | 84.2% | 84.2% |
| TOTAL DEPARTMENT - Category I | | | | 536 | 535 | 535 | 99.8% | 99.8% |
| TOTAL DEPARTMENT - Category II | | | | 4,251,026 | 3,580,000 | 3,580,000 | 84.2% | 84.2% |
| TOTAL DEPARTMENT | | | | 4,251,562 | 3,580,535 | 3,580,535 | 84.2% | 84.2% |