



July 29, 2020

Dear Santa Clara Community,

The purpose of this letter is to provide information on action that the City Council took on July 14, 2020, to set solid waste rates and establish a financial assistance program for ratepayers.

Background

In December 2019, the Council approved the mixed-waste cart option and terminated the pursuit of the split cart option. This action was taken after extensive community engagement and monitoring of the overall satisfaction with the Split-Cart Pilot Program. Before this action, the City Council directed staff to survey the entire community on these two options. The survey included anticipated rates for each option estimated at the time for comparison purposes based on the ongoing contract negotiations. Staff conducted a survey, and Table 1 was included for residents to respond to the survey:

Table 1: 32-gallon Garbage Cart and All Associated Services and Costs

Policy Options	7/7/19 Current	7/1/20	7/1/21	7/1/22	% Change
Option 1: Bundled Service with Organics in new split cart (source separated)	\$36.59	\$43.00	\$49.60	\$52.60	+44%
Option 2: Bundled Service with Organics in existing garbage cart (mixed-waste processing)	\$36.59	\$43.40	\$54.30	\$57.90	+58%

Note: July 2019 rates were never an option to continue as the contracts expire and no longer covered costs for the haulers. Also, the old contracts never assumed the cost to implement Senate Bill 1383 and address China’s recycling restrictions.

The survey showed the rates for a 32-gallon garbage cart because over 50% of single-family homes use it. To make sure there was no confusion between Option 1 (split cart) and 2 (mixed waste), this note was included in the survey: *“The estimated impacts to rate changes will vary depending on the size of the garbage container, but the changes will be larger for Option 2 for all service levels.”*

Despite the mixed-waste cart option being 14% more expensive for the initial three years, the survey showed that **63 % of the 643 citywide survey respondents preferred it**. On May 4, 2020, the City sent all 25,867 customer accounts their Proposition 218 notice informing them that rates would increase and provided customers the opportunity to protest the rate increase. As of June 23, the City received 41 protests of 25,867, consistent with the five-year trend of the average protest rate. The low protest rate is consistent with the support for the mixed-waste processing option.

These new rates will go into effect on August 1, 2020. The bundled rate monthly increases for single-family residential range from \$6.76 to \$14.19: for the most common 32-gallon container, the increase is about \$7.51/month. **The Council approved a Financial Assistance Program that will provide a \$3/month rate reduction for all customer** accounts for six months starting August 1, 2020, to smooth the transition during the COVID-19 pandemic, and the Council may consider additional action. The Council also asked for options to improve the current financial-assistance program available to low-income households, which will be forthcoming. **Information being circulated has not included this important piece of information regarding the Council’s efforts to minimize the rate increase during this time.**

If you are interested in more information about the City Council process used to make this decision, read the following information.

Robust Community Engagement

The new solid waste program and rates come after a three-year engagement process: nine council meetings, direction to conduct a pilot program, outreach, community meetings and surveys. The goal was to provide options to the community while meeting all the new state laws. Although many options were discussed, the final two options were split cart (requiring residents to separate their garbage) or mixed-waste processing (allowing residents to continue to dispose of all their garbage into one cart as we do today). Residents were vocal about their dissatisfaction with the Split-Cart Pilot Program and vocalized it frequently. Split-Cart Pilot Program survey results, representing only a portion of the City, were mixed with satisfaction rates ranging between 53 – 57%; however, to maintain these satisfaction rates, staff support was very intensive and not sustainable long-term.

The Council requested additional outreach before deciding which organics collection program option to implement, and City staff subsequently conducted a citywide survey before taking final action. As already stated, despite the higher costs, **the citywide survey showed that the majority of the residents were in favor of having a slightly higher rate for the convenience of mixed-waste processing and avoiding the negative aspects of the split cart experienced in the Pilot Program** (i.e. lost capacity, heavy carts, frequent repairs and unpleasant smell from separated organics). It should also be noted that the added benefits of mixed-waste processing over the split cart include the recovery of more organics, recovery of additional recyclables thrown in the garbage, reduced volume going to the landfill and not having to spend additional costs regulating the program because of residents not following the guidelines.

Why are my rates increasing?

Inaccurate information is circulating regarding the rate increases: particularly, that the July 2019 rates could remain in place. That is not true and never has been true. It is essential to share some key facts with our residents behind the cost increases, which are:

- **Senate Bill 1383** – Compliance with state law regarding SB 1383 requires that 75% of organics (food, pizza boxes, etc.) be recycled. Currently, these organics can be disposed of at landfills, which is much less expensive. Complying with this state law adds cost to the service.
- **China's restriction on receipt and purchase of recyclables**– China's global policy has completely changed the recyclables commodities global markets and has driven up costs nationwide.
- **New agreements** with solid waste service providers have higher costs. We needed to update rates so all carts are cost recovery and smaller carts are not subsidized by larger cart subscriptions, as required by law. Also, former contracts were more than ten years old and did not reflect changes needed to comply with recycling laws and global markets.

As you can see, the Council engaged the community for over three years to make an informed decision. When given the opportunity to vote, the community expressed support for the mixed-waste cart option, which was slightly higher in cost. However, to address that increase, the Council thoughtfully implemented a \$3.00/month per customer account rate reduction for six months to offset the rate increase for all 25,867 customers during this difficult time. The Council's action was responsive to residents' preference, ability to pay during the pandemic, and the need to comply with state recycling laws and global market restrictions.

For more information on the new rates, visit SantaClaraCA.gov/GarbageRates.

In community spirit,


Deanna J. Santana