



PUBLIC WORKS DEPARTMENT

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CITY COUNCIL STAFF REPORT

Meeting: November 15, 2022

Subject

Consider authorization to execute a first amendment to the agreement for Disposal of Municipal Solid Waste between the City of Cupertino and International Disposal Corporation of California, Inc., extending the term for two years.

Recommended Action

Authorize the City Manager to execute a first amendment to the agreement for Disposal of Municipal Solid Waste between the City of Cupertino and International Disposal Corporation of California, Inc. to November 2025.

Background

The City currently is contracted with Recology and International Disposal Corporation of California, Inc. for all waste materials generated in Cupertino. Under an existing 10-year franchise agreement that began February 1, 2021, the City's waste hauler, Recology, collects all streams of materials (garbage, recyclables, and organics). Recyclables and organics are routed to processing facilities for recovery, while garbage is collected and transported directly to Newby Island Landfill near Milpitas for direct disposal without any processing. Disposal of material at Newby Island Landfill is managed under a 35-year agreement between the City and International Disposal Corporation of California, Inc., which became effective on November 21, 1988.

Discussion

The City's current landfill agreement with International Disposal Corporation of California, Inc. at Newby Island Landfill will expire on November 20, 2023. Environmental Division staff has begun exploring options for a new garbage disposal agreement for the City, one which will also consider other service providers and potentially include processing the garbage at a material recovery facility to remove recyclables before disposal at a landfill.

However, with evolving regulations and considering pre-disposal processing options, staff recommends the Council to extend the current agreement with International Disposal Corporation of California, Inc. for another two years to November 2025 to allow sufficient time for research and negotiation with the new vendor. The details of

the selection process are in development and will be reviewed with the Council later. Staff anticipate a new service agreement to be considered by Council before the current agreement with International Disposal Corporation of California, Inc. expires in 2023, but should negotiations for a new agreement take longer than anticipated, the recommended actions will ensure the City has continued access to a disposal facility.

Sustainability Impact

Effective waste disposal programs that are convenient, well utilized, and properly funded are essential to diverting recyclable and compostable materials from the landfill and to stay in compliance with a variety of State and local requirements. AB 939, the California Integrated Waste Management Act, requires at least a 50% diversion from landfill after 1/1/2020; SB1383 requires diversion of organics from landfill, and the City of Cupertino's Zero Waste Policy, adopted December 19, 2017, specifies a diversion goal of 80% by 2025. Diversion goals are also reflected in the "Getting to Zero Waste" section of Cupertino's Climate Action Plan 2.0, specifically W1.1 (exceeding the goals of SB 1383) and W1.2 (routing garbage through a materials recovery facility for increased diversion). The City is in compliance with current regulations through the existing waste management agreements and would remain in compliance under the extension.

Fiscal Impact

If Council approves the two-year extension and it goes into effect, the rate for each ton of disposed garbage will go up on July 1, 2024 by 100% of CPI, plus an additional \$2.00 per ton. The City currently pays \$46.53/ton for landfill disposal. Forecasting potential CPI increases between now and July 1, 2024, while also incorporating the increased rate, show the per-ton rate would be between \$51-\$52 per ton. Current market rates are in the mid-\$50s per ton for landfill disposal. Under the current agreements, Recology pays landfill fees directly to International Disposal Corporation of California, Inc. on the City's behalf, using rates collected from customers. Customer rates are set under the Recology Franchise Agreement through January 31, 2024. The Recology rate year beginning February 1, 2024, requires a cost-based adjustment process during which all cost aspects of collection, disposal, and City programmatic requirements will be considered and evaluated in detail by the City's consultant, HF&H. Per-ton disposal cost is a relatively small part of the overall customer garbage rate equation, but the impact to customers in 2024 directly resulting from the increased cost of landfill disposal would be less than \$3.00 per year (\$0.25/month). Cupertino's garbage rates will continue to be among the lowest in the region. Because landfill fees are included in the rates residents and businesses pay as part of their garbage bills, there will be no direct fiscal impact to the City.

Prepared by: Ursula Syrova, Environmental Programs Manager
Reviewed by: Matt Morley, Director of Public Works

Approved for Submission by: Pamela Wu, City Manager

Attachments:

A – Draft First Amendment to Agreement