



Dear Valued Customer:

Recology Cupertino (Recology) has been pleased to partner with the City of Cupertino (City) to increase diversion and minimize the amount of material bound for the landfill.

Recology’s current franchise agreement with the City expires on January 31, 2021. The City has the option to negotiate a new 10-year agreement with Recology. On April 21, 2020, the City Council authorized City staff to negotiate a new franchise agreement with Recology. These negotiations are nearly complete.

Recology anticipates that City staff will recommend the City Council approve a new franchise agreement with Recology at the Cupertino City Council meeting on **December 15, 2020 at 6:45 pm**. Customers will be able to review the new franchise agreement and find instructions for how to participate in the City Council meeting at the City’s website: <https://www.cupertino.org/newFA>.

Under the new franchise agreement, Recology will continue to provide the same high-quality service to its customers. This includes recycling, organics, and solid waste collection; on-site waste assessments for multi-family and commercial customers; and outreach and education activities in the community. Recology’s partnership with the City has achieved an overall diversion rate of 72%, based on CalRecycle 2018 Diversion Rate Equivalent calculations.

Under the new agreement, Recology is seeking the City’s approval to increase rates to help meet the cost of providing services. A new state law, Senate Bill 1383, is requiring additional diversion programs and auditing requirements effective January 2022.

The table below provides an example of the requested adjustment in rates for typical residential and commercial service over the first three years of the agreement. If approved, the new rates would go into effect February 1, 2021.

Service Type	Monthly Rate			
	Current	Year One (eff. 2/2021)	Year Two (eff. 2/2022)	Year Three (eff. 2/2023)
Residential:				
32-gallon garbage cart (bundled with recycling and organics carts)	\$30.50	\$33.45	\$36.66	\$40.18
Commercial/MFD:				
1-3yd/1x/week, MSW	\$287.98	\$288.39	\$301.94	\$317.04
1.5yd/1x/week, Recycling	\$0.00	\$43.26	\$68.43	\$95.12
1.5yd1x/week, Organics	\$179.97	\$180.23	\$188.70	\$198.14

While rate increases are never desired, they are necessary to ensure that the revenue collected from the rates is sufficient to cover the full costs of providing solid waste services. Even with the proposed rate increase, Cupertino's rates will remain among the **lowest** in the region. Residents and businesses will continue to enjoy the robust diversion programs offered by Recology.

Under the new contract, Cupertino residents who generate minimal garbage will be able to save money by reducing their garbage service level. This will be included in the City Staff report for the December 15, 2020 council meeting.

Beginning in year four (February 2024), Recology would be eligible to receive an adjustment in rates based on either changes in certain indices (like the Consumer Price Index) or changes in Recology's actual costs and revenues.

Details about Recology's requested change in rates for all service types, and the method for adjusting rates beginning in year four, can be found in the new franchise agreement, which will be included in the City Council agenda packet and posted on the City's website in advance of the City Council meeting at this address: <https://www.cupertino.org/newFA>.

Recology appreciates its close partnership with the City, its residents, and its businesses, and looks forward to continuing its high-quality customer service and diversion programs during the new agreement term.