



Agenda Report

TO: CITY COUNCIL

DATE: April 25, 2005

FROM: CITY MANAGER

SUBJECT: PUBLIC HEARING TO CONSIDER GRANTING NON-EXCLUSIVE SOLID WASTE FRANCHISES

RECOMMENDATION:

It is recommended that City Council:

1. Hold a public hearing to consider granting non-exclusive solid waste franchises.
2. After closure of the public hearing, grant a franchise to all applicants consistent with the solid waste collection franchise ordinance for a term of one year with three additional one year terms at the discretion of the City Manager.
3. Direct the City Attorney to prepare the necessary ordinances for the approved applications and authorize the City Manager to enter into the franchise agreements on or after the effective date of the ordinance approving such franchise.

BACKGROUND:

On March 21, 2005, the City Council adopted a resolution declaring its intention to consider the granting of non-exclusive franchises and set a public hearing date for April 25, 2005, to consider granting these franchises.

On November 3, 1992, the City Council adopted the Solid Waste Collection Franchise System Ordinance. The purpose of that ordinance was to provide standards and procedures for the granting of non-exclusive franchises for solid waste collection at commercial, industrial and multi-family residential accounts.

The franchise is a non-exclusive franchise, permitting the hauler to collect, transport, dispose and/or recycle solid waste kept, accumulated, or produced in the City. The terms and conditions are the payment of a franchise fee based upon 14% of gross monthly receipts, conformance with generally accepted accounting principles for all accounts and revenue arising out of the operations, and specified reporting of collection, disposal, waste reduction, and recycling activities.

The following proposed franchisees have completed applications and comply with the provisions as set forth in the ordinance. All of these applications provide the information as set forth in the non-exclusive Solid Waste Franchise System, section of the City Ordinance, 8.61.080.

The potential franchisees are:

- 1) D'Angelus Disposal
- 2) Direct Disposal
- 3) Interior Removal Specialist, Inc.
- 4) Nu-Way Roll-off Service
- 5) Pinnacle Disposal & Environmental Services Inc.

Original applications are on file in the Street Maintenance and Integrated Waste Management Office and have been certified to be accurate. Each approved franchise shall be subject to the terms and conditions specified in the City Charter, in the non-exclusive franchise system ordinance, in the ordinances and resolutions granting the franchise, and in all other applicable federal, state, and local laws and regulations. The term of this franchise shall be for one year beginning on the effective date of the ordinance approving each application, as specified by ordinance. There may be up to three additional renewal terms of one year each at the sole discretion of the City Manager, for a maximum potential franchise of four years. The franchisee has no vested or contract right in any such renewal term. There shall be no other renewals of a non-exclusive franchise, but any person whose franchise is not renewed may submit a new application for a new non-exclusive franchise.

Under the State Guidelines for the implementation of the California Environmental Quality Act (CEQA), the non-exclusive franchise system ordinance is categorically exempt. A Notice of Exemption was filed with the Los Angeles County Clerk in conjunction with the passage of the non-exclusive franchise system ordinance.

FISCAL IMPACT:

The City will receive a fee of 14% of gross customer receipts generated by each of the franchisees. The revenue generated per fiscal year by all five applicants is at this time unknown and if approved would be based on how much business they conduct in the City. Franchisees are required to submit monthly revenue and fee reports to the City. Franchisees are subject to, and the City performs, random audits annually to insure that the information provided to the City is accurate.

Respectfully submitted,


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