

Agenda Report

TO: CITY COUNCIL

DATE: April 28, 2008

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 from the date of execution through June 30, 2009 consistent with the solid waste collection franchise ordinance; and
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 17, 2008, the City Council adopted a resolution declaring its intention to consider the granting of these non-exclusive franchises and set a public hearing date for April 28, 2008. On August 6, 2007, City Council approved an action to close the solid waste franchise system. These two applications represent renewals.

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 16 percent 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.

Perez Disposal Company, Inc. and United Pacific Waste have completed applications and comply with the provisions as set forth in city Ordinance, 8.61.080. Both franchises met or exceeded the minimum recycling diversion rate of 50 percent from January 2007 through December 2007.

Franchises Requesting Franchise Renewal	Average Recycling Diversion Percentage
Perez Disposal	63%
United Pacific Waste	55%

Original applications are on file in the Street Maintenance and Integrated Waste Management office and have been certified by staff to be accurate and complete. 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.

Franchises shall be awarded from the date of execution through June 30, 2009, with up to three renewal terms at the sole discretion of the City Manager:

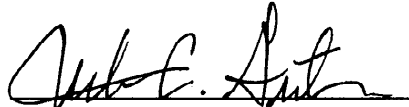
- 1st renewal term: July 1, 2009 through June 30, 2010
- 2nd renewal term: July 1, 2010 through June 30, 2011
- 3rd renewal term: July 1, 2011 through June 30, 2012

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 16 percent of gross customer receipts generated by each of the franchisees. The amount of revenue the City will receive from the franchise holders is based upon the number of customers and level of service they provide and cannot be determined at this time. 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,


for Bernard K. Melekian
City Manager

Prepared by:


Carmen Rubio, Program Coordinator
Street Maintenance & Integrated Waste Management

Approved by:


Martin Pastucha, Director of Public Works