

# Agenda Report

**TO:** CITY COUNCIL

**DATE:** March 17, 2008

**FROM:** CITY MANAGER

**SUBJECT:** ADOPTION OF A RESOLUTION TO CONSIDER GRANTING NON-EXCLUSIVE SOLID WASTE FRANCHISE RENEWALS AND SETTING A PUBLIC HEARING

## **RECOMMENDATION**

It is recommended that City Council:

- 1) Adopt a resolution declaring its intention to consider granting renewal of a non-exclusive franchise to Perez Disposal Company, Inc. and United Pacific Waste;
- 2) Set a public hearing for April 28, 2008, at 7:30 p.m. to consider granting these franchises; and
- 3) Direct the City Clerk to publish the resolution at least once in a newspaper of general circulation in the City not less than ten days prior to the date set for the hearing.

## **BACKGROUND**

On November 3, 1992, the City Council adopted the Solid Waste Collection Franchise System. The purpose of that ordinance was to provide standards and procedures for the granting of non-exclusive franchises for solid waste collection and to generate revenue for the preparation and implementation of an Integrated Waste Management Plan and for other municipal purposes.

The franchise is a non-exclusive franchise, allowing a permitted hauler to collect, transport, dispose and/or recycle solid waste kept, accumulated, or produced in the City. The terms and conditions include 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.

On August 6, 2007, City Council approved an action to close the solid waste franchise system to new franchisees under Chapter 8.61 of the Pasadena Municipal Code until further action of Council. Existing franchisee with the City on or prior to August 6, 2007 may apply for a franchise renewal by following the procedures set forth in section 8.61.070.

The proposed franchisees have completed renewal applications and are in compliance with the provisions set forth in the non-exclusive Solid Waste Franchise section of City Ordinance 8.61.080. Both applicants have held a franchise since January 1, 2004 and have met the past performance renewal criteria (see attachment A for franchisees' past performance).

For the franchisees that Council recommends for approval, the franchise term shall be from the date of execution through June 30, 2009, with up to three renewal terms at the sole discretion of the City Manager:

1<sup>st</sup> renewal term: July 1, 2009 through June 30, 2010

2<sup>nd</sup> renewal term: July 1, 2010 through June 30, 2011

3<sup>rd</sup> renewal term: July 1, 2011 through June 30, 2012

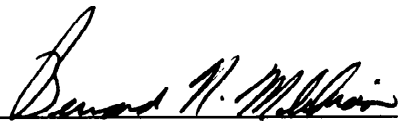
The franchisees have no vested or contract right in any such renewal term. There shall be no other renewal of a non-exclusive franchise. All franchise holders have been advised of proposed changes to requirements for franchise haulers.

A public hearing shall be held at 7:30 p.m., on April 28, 2008, in the City Council Chambers, 100 North Garfield Avenue, Room #S249, Pasadena, or as soon thereafter as each of the matters may be heard. At the hearing, all persons desiring will be provided the opportunity to speak in favor of, or in opposition to, the granting of a non-exclusive franchise to the applicants.

**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 generated by each hauler is dependent upon the amount and business conducted in the City and cannot be reasonably estimated. We have provided the amount of their past year's franchise fees. 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 ensure that the information provided to the City is accurate.

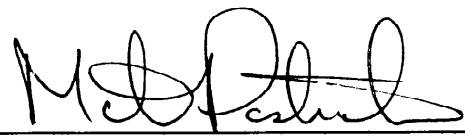
Respectfully submitted,

  
Bernard K. Melekian  
City Manager

Prepared by:

  
Carmen Rubio, Program Coordinator  
Street Maintenance & Integrated Waste Management

Approved by:

  
Martin Pastucha, Director of Public Works

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION DECLARING THE CITY OF PASADENA'S INTENTION TO CONSIDER GRANTING NON-EXCLUSIVE SOLID WASTE FRANCHISE RENEWALS AND SETTING A PUBLIC HEARING THEREON**

**WHEREAS**, on November 3, 1992, the City Council approved an ordinance which established the Solid Waste Collection Franchise System; and

**WHEREAS**, Section 8.61.080 of the Pasadena Municipal Code as enacted by said ordinance, provides that the City Council shall adopt a resolution declaring its intention to consider the granting of non-exclusive franchises and setting a hearing thereon; and

**WHEREAS**, staff has reviewed the applications and found that they comply with the provisions as set forth in said application;

**WHEREAS**, the City Council desires to hold such hearing;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF PASADENA THAT:**

- I. The following applicants shall be considered for award of a non-exclusive franchise to collect refuse in the City of Pasadena. All have provided the information required by the Director of Public Works.

The potential franchisees are:

1. Perez Disposal Company Inc.
2. United Pacific Waste & Recycling Services

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.

For the franchisees that Council recommends for approval, the franchise term shall be from the date of execution through June 30, 2009, with up to three renewal terms at the sole discretion of the City Manager:

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

The franchisees have no vested or contract right in any such renewal term. There shall be no other renewal of a non-exclusive franchise. All franchises holders have been advised of proposed changes to requirements for franchise haulers.

- II. A public hearing shall be held at 7:30 p.m., on April 28, 2008, at the City Council Chambers, 100 N. Garfield Ave., Room #S249, Pasadena, or as soon thereafter as each of the matters may be heard. At the hearing, all persons desiring will be provided the opportunity to speak in favor of, or in opposition to, the granting of a non-exclusive franchise to the applicant.

**ADOPTED** at the regular meeting of the Council of the City of Pasadena on this \_\_\_\_\_, by the following vote:

AYES:

NOES:


ABSENT:

ABSTAIN:

\_\_\_\_\_  
Jane Rodriguez, City Clerk

PUBLISH:

APPROVED AS TO FORM:

 3/11/08

\_\_\_\_\_  
Nicholas George Rodriguez  
Assistant City Attorney

**ATTACHMENT A**  
**NON-EXCLUSIVE SOLID WASTE COLLECTION FRANCHISES**  
**PAST PERFORMANCE**  
**JANUARY THROUGH DECEMBER 2007**

Franchisees	AB 939 Recycling Percentage (January 2007 to December 2007)	Number of Suspension Notices Mailed for Expired Insurance Certificates	Number of Times Referred to Collections	Current or Past Due Amount With Collections	Tonnage Collected (tons)	Fees Paid (\$)
Perez Disposal	63%	1	1	Current	443	\$1,443
United Pacific Waste	55%	0	0	N/A	907	\$18,854