

# Agenda Report

**TO:** CITY COUNCIL

**DATE:** June 22, 2009

**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 to: Direct Disposal, Interior Removal Specialist and Nu-Way Roll-off Service;
2. After closure of the public hearing, grant a franchise to all applicants from the date of execution through June 30, 2010, 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 June 1, 2009, 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 June 22, 2009.

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. On August 6, 2007, City Council approved an action to close the solid waste franchise system to any new franchisees. These three applications represent renewals.

The franchise is a non-exclusive franchise, permitting the haulers 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 19.515 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.

The proposed franchisees have completed renewal applications and comply with the provisions as set forth in city Ordinance, 8.61.080. Franchisees also met or exceeded the minimum recycling diversion rate of 60 percent for solid waste and 75 percent for construction and demolition debris from July 1, 2008 through March 31, 2009.

Franchises Requesting Franchise Renewal	Average Recycling Diversion Percentage for Construction and Demolition Debris (franchisees did not collect any regular solid waste, only C&D)
Direct Disposal Inc.	84%
Interior Removal Specialist, Inc.	80%
Nu-Way Roll-off Service	99%

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 agreement, in the ordinance and resolutions granting the franchise, and all other applicable federal, state, and local laws and regulations.

Franchises shall be awarded from the date of execution through June 30, 2010, with up to four one-year renewal terms at the sole discretion of the City Manager:

- 1<sup>st</sup> renewal term: July 1, 2010 through June 30, 2011
- 2<sup>nd</sup> renewal term: July 1, 2011 through June 30, 2012
- 3<sup>rd</sup> renewal term: July 1, 2012 through June 30, 2013
- 4<sup>th</sup> renewal term: July 1, 2013 through June 30, 2014

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 19.515 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. In the past, these three haulers together have paid approximately \$60,000 in franchise fees annually. 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.

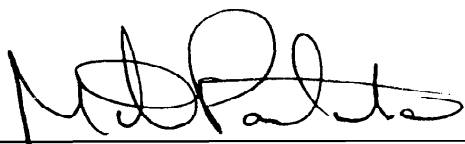
Respectfully submitted,

  
for MICHAEL J. BECK  
City Manager

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