

Agenda Report

June 4, 2012

TO: Honorable Mayor and City Council

THROUGH: Municipal Services Committee (May 22, 2012)

FROM: Department of Public Works

SUBJECT: ADOPTION OF A RESOLUTION AND SETTING A PUBLIC HEARING ON JUNE 18, 2012 TO CONSIDER GRANTING NON-EXCLUSIVE SOLID WASTE FRANCHISE RENEWALS

RECOMMENDATION:

It is recommended that City Council:

1. Acknowledge that the non-exclusive Solid Waste Collection Franchise System Ordinance is categorically exempt from the California Environmental Quality Act (CEQA). A Notice of Exemption has been filed with the Los Angeles County Clerk;
2. Adopt a Resolution declaring its intention to consider granting renewal of a non-exclusive franchise to 22 existing franchises;
3. Set a public hearing for June 18, 2012 to consider granting these franchises; and
4. 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 as reflected in Chapter 8.61 of the Pasadena Municipal Code (PMC). The purpose of the Ordinance is to provide standards and procedures for granting non-exclusive franchises for solid waste collection at commercial, industrial and multi-family residential accounts and to generate revenue for municipal purposes including but not limited to the preparation and implementation of an Integrated Waste Management Plan

and maintenance of public streets which are impacted by heavily laden vehicles used in the business.

The franchise is a non-exclusive franchise, allowing permitted haulers to collect, transport, dispose and/or recycle solid waste that is kept, accumulated, or produced in the City. The terms and conditions include payment of a franchise fee based upon percentage 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, the City Council approved the closure of the Solid Waste Franchise System as reflected in Chapter 8.61 of the PMC. On November 30, 2010, staff presented a report to the Municipal Services Committee recommending that the City Council retain the closed Solid Waste Franchise System. The Municipal Services Committee approved the recommendation.

On December 6, 2010, the City Council reviewed the non-exclusive solid waste collection franchise system. The City Council approved the retention of the closed franchise system with 26 haulers in operation. The City Council also directed staff to report back to City Council in 3 years (December 2013) to review the system. Section 8.61.050 of the PMC does allow any franchisee with the City as of August 6, 2007 to apply for franchise renewal in accordance with the provisions outlined in the PMC.

The recommended franchisees have completed renewal applications and are in compliance with the provisions set forth in Section 8.61.080 of the PMC. The franchisees have no vested or contract right in any such renewal term. All applicants have held a franchise since July 1, 2008 and July 1, 2009, and have since received a yearly franchise renewal at the sole discretion of the City Manager. All Applicants have met the past performance requirements including the diversion percentage of 60% for solid waste and 75% for construction and demolition debris and/or have paid liquidated damages for not meeting the diversion rate (Attachment A).

For the recommended franchisees, the franchise term would be July 1, 2012 through June 30, 2013, with up to four one-year renewal terms at the sole discretion of the City Manager.

A public hearing will be held at 7:00 p.m. on June 18, 2012, in the City Council Chambers, 100 North Garfield Avenue, 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.

The Department of Public Works recommends the following 22 applicants for franchise renewal, a decrease from the 26 haulers in operation in December 2010.

Franchisee		Location
1.	AAA Rubbish, Inc.	Bell Gardens
2.	American Reclamation, Inc.	Los Angeles
3.	Arakelian Enterprises, Inc., dba Athens Services	City of Industry
4.	Cedarwood-Young Company dba Allan Company	Baldwin Park
5.	City Rent-A-Bin dba Serv-Wel Disposal / A Rent-A-Bin	Montebello
6.	Consolidated Disposal Service, L.L.C.	Santa Fe Springs
7.	Crown Disposal Co., Inc.	Sun Valley
8.	Direct Disposal	Huntington Beach
9.	Haul Away Rubbish Service Co., Inc.	Montebello
10.	Heritage Disposal, Inc.	Alhambra
11.	Interior Removal Specialist, Inc.	Southgate
12.	J&L Hauling and Disposal, Inc.	Chatsworth
13.	Metropolis Disposal, Inc.	Van Nuys
14.	NASA Services, Inc.	Montebello
15.	Perez Disposal Company, Inc.	Granada Hills
16.	Southland Disposal Company	Los Angeles
17.	United Pacific Waste	Pico Rivera
18.	Universal Waste Systems, Inc.	Whittier
19.	USA Waste of California dba Waste Management	Long Beach
20.	Valley Vista Services, Inc.	City of Industry
21.	Ware Disposal Company, Inc.	Newport Beach
22.	Waste and Recycling Services, Inc.	Whittier

The Department of Public Works does not recommend the following haulers for renewal for the reasons specified.

Franchisee		Explanation
1.	Frank's Disposal	January 11, 2011 – notified City of its intent not to renew franchise
2.	Diversions Solutions, Inc. dba General Waste	September 9, 2011 – notified City of closure of solid waste collection business in City of Pasadena
3.	Western Tear-off	May 7, 2012 – hauler in material default of provisions of franchise agreement for failure to meet required 60% diversion rate for solid waste collection. Actual diversion rate is 2.83%
4.	Nu-Way Roll-off	May 8, 2012 – notified City of sale of business to Systems (current franchise hauler)

Alternative Fuel Vehicles

In furtherance of the Green City Action Plan and environmental stewardship, the Department of Public Works is studying the feasibility of a requirement for franchisees to phase in the use of alternative fuel vehicles when operating within the City of Pasadena. Such requirements appear to be an emerging best management practice in the industry. Assuming feasibility, a proposed regulation will be drafted, and the department will circulate it to the franchisees for review and comment. Following this process, the department will present the regulation to the Municipal Services Committee and, if recommended, to the City Council for consideration and appropriate action.

COUNCIL POLICY CONSIDERATION:

The recommended action is consistent with the City Council's strategic planning goals to increase conservation and sustainability. It further supports the goal of 75 percent solid waste diversion plan for 2015.

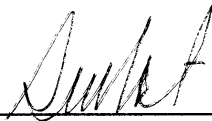
ENVIRONMENTAL ISSUES:

Per item 8.61.099 Emission Standards of the Franchise Ordinance, every vehicle operated by a franchise hauler must comply with the emission regulations adopted by the South Coast Air Quality Management District and California Air Resources Board. The 22 applicants are in compliance with the vehicle emission standards.

FISCAL IMPACT:

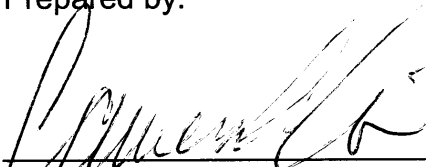
Effective July 1, 2012, the City will receive payment of a franchise fee based upon percentage of gross monthly customer receipts generated by each of the franchisees. The amount of revenue generated by each hauler is dependent upon the amount and business conducted in the City and cannot be reasonably estimated. Staff has provided the amount of their past year's franchise fees in Attachment A. 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,



SIOBHAN FOSTER
Director of Public Works

Prepared by:



Carmen Rubio,
Program Coordinator

Approved by:



MICHAEL J. BECK
City Manager

Attachment A – Franchise Renewals Past Performance

RESOLUTION NO. _____

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

WHEREAS, on November 3, 1992, the City Council approved an Ordinance which established the Solid Waste Collection Franchise System ("Ordinance"), and,

WHEREAS, on August 6, 2007, the City Council approved the closing of the Solid Waste Collection Franchise System to new applicants, but allowed continued renewals; 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 franchise renewals and setting a hearing thereon; and

WHEREAS, the renewal of non-exclusive franchises under the Ordinance is categorically exempt from the California Environmental Quality Act (CEQA), and a Notice of Exemption has been filed with the Los Angeles County Clerk; and

WHEREAS, staff has reviewed the submitted applications for renewal and found that twenty two (22) applications, presented herewith, comply with the provisions as set forth in said Ordinance; and

WHEREAS, the City Council desires to hold such hearing;

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

- I. The twenty two (22) applicants listed below shall be considered and are recommended for further renewal of a non-exclusive franchise to collect solid waste pursuant to Pasadena Municipal Code, Chapter 8.61. All applicants have held a franchise since either July 1, 2008, or July 1, 2009, and all have received a yearly franchise renewal at the sole discretion of the City Manager since that time. All twenty two (22) applicants have provided the complete information in a form acceptable to the Director of Public Works, and all are in compliance with the provisions of the Ordinance.

1. AAA Rubbish, Inc.
2. American Reclamation, Inc.
3. Arakelian Enterprises, Inc., dba Athens Services
4. Cedarwood-Young Company dba Allan Company
5. City Rent-A-Bin dba Serv-Wel Disposal / A Rent-A-Bin
6. Consolidated Disposal Service, L.L.C.
7. Crown Disposal Co., Inc.
8. Direct Disposal, Inc.
9. Haul Away Rubbish Service Co., Inc.
10. Heritage Disposal, Inc.
11. Interior Removal Specialist, Inc.
12. J&L Hauling and Disposal, Inc.
13. Metropolis Disposal, Inc.
14. NASA Services, Inc.
15. Perez Disposal Company, Inc.
16. Southland Disposal Company
17. United Pacific Waste
18. Universal Waste Systems, Inc.
19. USA Waste of California dba Waste Management
20. Valley Vista Services, Inc.
21. Ware Disposal Company, Inc.
22. Waste and Recycling Services, Inc.

Each approved franchise shall be subject to the terms and conditions specified in the City Charter, in the Ordinance, in the ordinances and Resolutions granting the franchise and the renewal thereof, in the terms and conditions of the Franchise Agreement, and in all other applicable federal, state, and local laws and regulations.

The first term shall be from July 1, 2012, through June 30, 2013, with up to four, additional, one year renewal terms, at the sole discretion of the City Manager. The franchisees shall have no vested or contract right in any of the four additional, one year renewal terms.

- II. A public hearing shall be held at 7:00 p.m. on June 18, 2012, at the City Council Chambers, 100 N. Garfield Ave., Room S249, Pasadena, or as soon thereafter as the matter 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 the renewal of a non-exclusive franchise to any or all of the applicants.

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

AYES:

NOES:

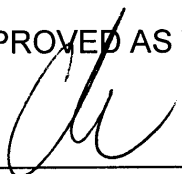
ABSENT:

ABSTAIN:

Mark Jomsky, City Clerk

PUBLISH:

APPROVED AS TO FORM:

 5/9/12

Nicholas George Rodriguez
Chief Assistant City Attorney

Attachment A

NON-EXCLUSIVE SOLID WASTE COLLECTION FRANCHISES FRANCHISE RENEWAL PAST PERFORMANCE (July 1, 2011 to March 31, 2012)										
Franchisees (24)	AB 939 Recycling Percentage for Solid Waste (60% Target)	AB 939 Recycling Percentage for Construction and Demolition Debris (75% Target)	Franchisees in Compliance With Vehicle Emission Standards (yes/no)	Number of Times Referred to Collections	Number of Tons Collected	Number of Vehicles Servicing Pasadena	Number of Permanent and Temporary Customers	Liquidated Damages Paid (\$)	Franchise Fees Paid (\$)	
1	AAA Rubbish, Inc.	100%	100%	Yes	0	291	1	7	\$0.00	\$4,664
2	American Reclamation	60%	N/B	Yes	0	1,230	2	7	\$0.00	\$5,960
3	Arakelian Enterprises, Inc.	60%	79%	Yes	0	30,548	13	1,964	\$0.00	\$844,750
4	Cedarwood /Allan Co.	98%	N/B	Yes	0	406	3	5	\$0.00	\$249
5	City Rent A Bin/Serv-Wel Disposal	100%	N/B	Yes	0	3	1	12	\$0.00	\$438
6	Consolidated Disposal	63%	90%	Yes	0	11,457	7	855	\$0.00	\$515,879
7	Crown Disposal Company	61%	95%	Yes	0	2,827	29	54	\$148.02	\$49,062
8	Direct Disposal	N/B	80%	Yes	0	89	1	2	\$0.00	\$1,460
9	Haul-Away Rubbish	N/B	N/B	Yes	0	608	2	13	\$0.00	\$9,204
10	Heritage Disposal, Inc.	61%	85%	Yes	0	603	9	15	\$65.02	\$13,542
11	Interior Removal Specialist	N/B	83%	Yes	0	648	10	1	\$0.00	\$12,189
12	J & L Hauling & Disposal	N/B	N/B	Yes	0	7	4	1	\$0.00	\$353
13	Metropolis Disposal, Inc.	N/B	86%	Yes	0	698	3	14	\$0.00	\$9,869
14	Nasa Services	N/B	78%	Yes	0	176	2	6	\$0.00	\$4,386
15	Perez Disposal	N/B	100%	Yes	0	84	1	8	\$225.00	\$1,029
16	Southland Disposal	65%	N/B	Yes	0	866	3	39	\$0.00	\$23,808
17	United Pacific Waste	N/B	N/B	Yes	0	0	1	1	\$0.00	\$249
18	Universal Waste	61%	100%	Yes	0	1,757	3	111	\$0.00	\$36,344
19	USA Waste of California	61%	77%	Yes	0	408	2	37	\$46.09	\$15,923
20	Valley Vista Services, Inc.	70%	N/B	Yes	0	1,652	5	353	\$0.00	\$37,882
21	Ware Disposal	100%	N/B	Yes	0	442	1	1	\$0.00	\$7,213
22	Waste and Recycling	67%	90%	Yes	0	5,593	10	240	\$0.00	\$90,217
TOTALS							124	3,807	\$484.13	\$1,695,071

*N/B indicates, No Business was conducted during the franchise term

*Some haulers achieved 100% recycling rate as the material collected was transported to recycling facilities that provide 100% recycling diversion rate.