

Attachment 1

FY 2006 Franchise Hauler Data

	Franchisee	Customers	Tonnage	Solid Waste Diversion	C & D Diversion	Vehicles
1	AAA Rubbish, Inc.	6	619	82%	83%	1
2	Allan Company	4	572	100%	--	4
3	Allied Waste Services/BFI	996	52,996	67%	81%	12
4	American Reclamation	9	2,106	70%	83%	9
5	Arrow Roll-off	0	556	75%	75%	2
6	Athens Services	1,896	61,024	50%	83%	14
7	City Rent A Bin	0	244	76%	--	1
8	Commercial Waste	0	1,210	39%	100%	1
9	Complete Service	0	0	0%	100%	2
10	Consolidated Disposal	170	7,444	56%	100%	5
11	Crown Disposal	0	1,721	100%	100%	26
12	D'Angelus Disposal	0	100	29%	43%	1
13	Direct Disposal	0	210	69%	77%	2
14	Diversion Solutions	0	0	0%	84%	3
15	Federal Disposal	0	0	0%	97%	1
16	Frank's Disposal	0	136	100%	100%	1
17	Full Circle Recycling	10	125	100%	--	1
18	G & G Roll-off	0	189	46%	100%	4
19	Haul Away Rubbish	9	1,389	53%	100%	1
20	Heritage Disposal	1	4,476	60%	77%	4
21	Interior Removal Specialist	0	1,577	73%	70%	35
22	J&L Hauling	0	0	0%	84%	3
23	Looney Bins	0	1,594	79%	80%	2
24	Metropolis	0	956	84%	94%	4

Franchisee	Customers	Tonnage	Solid Waste Diversion	C & D Diversion	Vehicles
25 NASA Disposal	0	2,292	80%	77%	2
26 Nu Way Roll-off	0	1,567	96%	85%	1
27 Perez Transport	0	359	41%	57%	3
28 Southland Disposal	41	1,087	52%	75%	1
29 United Pacific Waste	23	772	76%	100%	1
30 Universal Waste Systems	134	4,953	53%	99%	2
31 Valley Vista Services	174	3,703	50%	--	2
32 Ware Disposal	0	0	0%	--	2
33 Waste and Recycling	82	10,132	63%	83%	3
34 Western Tear-off	0	421	66%	83%	4
	3,555	154,530			160

Attachment 2

FY 2010 Franchise Hauler Data

	Franchisee	Customers	Tonnage	Solid Waste Diversion	C & D Diversion	Vehicles
1	AAA Rubbish, Inc.	5	213	100%	100%	1
2	Allan Company	3	476	100%	--	3
3	American Reclamation	8	1,642	71%	--	2
4	Athens Services	1,927	45,636	60%	76%	13
5	City Rent-A-Bin	0	12	100%	--	1
6	Consolidated Disposal	962	22,424	65%	76%	10
7	Crown Disposal	0	5,129	77%	93%	29
8	Direct Disposal	0	67	100%	78%	1
9	Diversion Solutions	0	50	100%	76%	1
10	Frank's Disposal	0	10	--	77%	1
11	Haul Away Rubbish	12	880	63%	--	2
12	Heritage Disposal	0	588	65%	79%	4
13	Interior Removal Specialist	0	1,047	--	79%	21
14	J&L Hauling	0	39	--	95%	2
15	Metropolis	0	81	--	85%	3
16	NASA Disposal	0	1,319	--	78%	2
17	Nu Way Roll-off	0	456	--	97%	4
18	Perez Transport	0	78	--	100%	1
19	Southland Disposal	1	918	61%	--	2
20	United Pacific Waste	0	3	--	100%	1
21	Universal Waste Systems	129	2,316	61%	100%	3
22	USA Waste of California	0	507	--	78%	4
23	Valley Vista Services	197	2,016	67%	--	4
24	Ware Disposal	1	341	100%	--	2

Franchisee	Customers	Tonnage	Solid Waste Diversion	C & D Diversion	Vehicles
25 Waste and Recycling	216	6,395	64%	--	4
26 Western Tear-off	0	64	31%	100%	4
	3,461	92,707			125

Attachment 3

FY 2013 Franchise Hauler Data

	Franchisee	Customers	Tonnage	Solid Waste Diversion	C&D Diversion	Vehicles	Emissions Compliance
1	AAA Rubbish, Inc.	14	473	100%	--	2	Yes
2	American Reclamation	18	2,558	83%	--	10	Yes
3	Arakelian Enterprises, Inc./Athens Services	1,986	46,520	60%	84%	3	Yes
4	Cedarwood/Allan Company	5	563	99%	--	3	Yes
5	City Rent-A-Bin/Ser-Well Disposal	1	7	100%	--	1	Yes
6	Consolidated Disposal/Republic	772	20,946	61%	93%	7	Yes
7	Crown Disposal Company	40	4,647	87%	93%	29	Yes
8	Direct Disposal	1	196	--	81%	1	Yes
9	Haul-Away Rubbish	13	992	62%	100%	2	Yes
10	Heritage Disposal, Inc.	1	701	77%	77%	9	Yes
11	Interior Removal Specialist	1	1,730	--	83%	10	Yes
12	J&L Hauling & Disposal	1	122	--	83%	4	Yes
13	Metropolis Disposal, Inc.	2	291	--	86%	3	Yes
14	NASA Services	1	1,175	--	79%	1	Yes
15	Perez Disposal	3	319	--	97%	1	Yes
16	Southland Disposal	33	1,212	64%	--	3	Yes
17	United Pacific Waste	1	102	--	100%	1	Yes
18	Universal Waste Systems Yes	120	3,515	62%	100%	3	Yes
19	USA Waste of California	6	847	62%	81%	2	Yes
20	Valley Vista Services	181	2,857	70%	--	5	Yes
21	Ware Disposal	1	332	100%	--	1	Yes
22	Waste and Recycling	264	10,396	74%	91%	10	Yes
		3,465	100,501			111	

Attachment 4

Performance of Existing Closed, Non-Exclusive Franchise System

Factor	City	Description	Performance Measure
Diversion	PMC 8.61.175 A; <i>Administrative Rules & Regulations, Section 8</i>	Franchisees must meet minimum recycling diversion rate of 75% on monthly basis & on annual basis for construction & demolition debris	100% of 15 haulers providing service in compliance (77% to 100% diversion rate)
Diversion	PMC 8.61.175 B; <i>Administrative Rules & Regulations, Section 8</i>	Franchisees must meet minimum recycling diversion rate of 60% on monthly basis & on annual basis for other solid waste	100% of 15 haulers providing service in compliance (60% to 100% diversion rate)
Vehicle Requirements	<i>Administrative Rules & Regulations, Section 10</i>	Per SCAQMD Rule 1193, franchisees with 15 or more solid waste collection vehicles (collection, roll-off & transfer vehicles) must use 100% alternative-fuel vehicles no later than 5 years from date of contract service; minimum replacement percentages are phased: - 20% by July 1, 2014 - 40% by July 1, 2015 - 60% by July 1, 2016 - 80% by July 1, 2017 - 100% by July 1, 2018	- 100% of 22 haulers are in compliance with emission standards - 111 vehicles assigned to City of Pasadena; 11% decrease from 125 assigned in 2010; 31% decrease from 160 assigned in 2007
Container Specifications	<i>Administrative Rules & Regulations, Section 5</i>	Graffiti must be removed within 4 office hours of request by City; if request made after Friday noon, graffiti must be removed on Saturday	19 graffiti removal requests completed
Bulky Items	<i>Administrative Rules & Regulations, Section 12</i>	Use best commercial efforts to provide customers with on-call curbside pickup of bulky items twice per calendar year; includes furniture, small appliances, carpet, mattresses, oversized yard waste & other items	5 haulers performed 641 bulky & abandoned item requests
Abandoned Items	<i>Administrative Rules & Regulations, Section 13</i>	Use best commercial efforts to pick up abandoned items from customer premises immediately upon driver observation & within 24 hours of City request	5 haulers performed 641 bulky & abandoned item requests

Factor	Cite	Description	Performance Measure
Public Education	PMC 8.61.170 C	At a minimum, every 6 months, franchisees must provide education & informational literature to its customers describing recycling services, materials to be recycled, & instructions on how to participate; also must promote awareness of proper disposal of bulky & abandoned items	<ul style="list-style-type: none"> - 100% of 22 franchisees provide recycling literature to their customers & City every 6 months - City's overall diversion percentage increased from 73% in 2010 to 75% in 2012
Emergency Provision of Commercial Services	<i>Administrative Rules & Regulations</i> , Section 14	Upon notification provide commercial services to customers in response to natural or other disaster or incident necessitating emergency cleanup including labor, equipment, diversion & disposal	City has not had need for this service from haulers since requirement implemented (following November 30/December 1, 2011 windstorm)
Performance Standards	PMC 8.61.210	<p>Failure to comply with <i>Administrative Rules & Regulations</i> results City issuing Compliance Order to franchisee.</p> <p>Administrative penalties for failure to comply with requirements set forth in the Compliance Order are:</p> <ul style="list-style-type: none"> - First offense - \$106 - Second offense - \$212 - Third offense - \$532 - Fourth & subsequent offenses - \$1,067 - Suspension and/or termination of franchise may result from further non-compliance with <i>Administrative Rules & Regulations</i> 	<p>In October 2013, Department of Public Works hired Sr. Code Compliance Officer to issue administrative penalties to franchisees for failure to comply with requirements set forth in <i>Administrative Rules & Regulations</i></p>

Factor **City** **Requirement** **Performance Measure**

Financial Audits	Administrative Rules & Regulations, Section 1; PMC 8.61.190	<p>On site audits may be conducted by City staff and/or consulting firm through scheduled appointment. Documents to be provided by franchisee include:</p> <ul style="list-style-type: none"> - Copies of monthly franchise fee reports - Copies of monthly franchise tonnage reports - Disposal fee invoices & weight tickets - Invoices & tonnage reports for diverted/recycled materials - General ledger, book of accounts, invoices, etc. to validate gross receipts - Third party diversion documentation for claimed 3rd party diversion - Copy of literature sent to customers bi-annually 	<p>Since the initiation of franchise financial audits (1999), Department of Public Works has paid consulting firms \$349,721 and recovered \$298,868</p>
Performance Standards	PMC 8.61.130	<p>City Council may terminate any non-exclusive franchise for failure to comply with or do anything required by PMC Chapter 8.61 including but without limitation:</p> <ul style="list-style-type: none"> - Failure to timely pay franchise fees - Continued failure to timely submit tonnage reports - Continued failure or inability to meet minimum 75% for construction & demolition debris or 60% for solid waste - Violation of any provision of nonexclusive franchise agreement or any federal state or local law or regulation applicable to operation of non-exclusive franchise 	<p>In June 2012, Department of Public Works recommended & City Council approved that one franchisee not be renewed for failure to meet required 60% diversion rate for solid waste collection, which is a provision of franchise agreement</p>
Performance Standards	PMC 8.61.140	<p>Director of Public Works may temporarily suspend any non-exclusive franchise whenever continued operation by franchisee would constitute danger to public health, safety, welfare, or public morals including:</p> <ul style="list-style-type: none"> - Failure to maintain minimum levels of liability insurance - Inability to comply with any material term of franchise agreement 	<p>The last time a franchisee was suspended for failure to meet franchise agreement standards was December 2004 (failed to pay franchise fees)</p>

Attachment 5
Alternative Service Arrangements

<u>Service Arrangement</u>	<u>Description</u>
Fully open non-regulated system	<p><u>Mechanism</u> – city business license</p> <p><u>Number of haulers</u> – no limit</p> <p><u>Customer base</u> – open market; compete for customers throughout city</p> <p><u>Rates</u> – customer arrange for service & negotiate rates with haulers; customers pay different rates for same service level</p>
Non-exclusive permit system	<p><u>Mechanism</u> – permits established & regulated per municipal code; reporting requirements, remittance of city fees & performance standards contained in permit</p> <p><u>Number of haulers</u> – varies (no limit or limited number)</p> <p><u>Customer base</u> – open market; compete for customers throughout city</p> <p><u>Rates</u> – customer arrange for service & negotiate rates with haulers; customers pay different rates for same service level</p>
Non-exclusive franchise system	<p><u>Mechanism</u> – general requirements related to system in municipal code; details of franchisee’s obligations detailed in franchise agreement; may pay franchise fee to city</p> <p><u>Number of haulers</u> – varies (often number is limited)</p> <p><u>Customer base</u> – open market open market; compete for customers throughout city</p> <p><u>Rates</u> – customer arrange for service & negotiate rates with haulers; customers pay different rates for same service level</p>
Single exclusive franchise system	<p><u>Mechanism</u> – general requirements related to system in municipal code; details of franchisee’s obligations detailed in franchise agreement; may pay franchise fee to city</p> <p><u>Number of haulers</u> – one</p> <p><u>Customer base</u> – served by one hauler</p> <p><u>Rates</u> – customer rates approved by city; all customers pay same rate for similar services</p>

Multiple exclusive franchise system

Mechanism – general requirements related to system in municipal code; details of franchisee’s obligations detailed in franchise agreement; may pay franchise fee to city

Number of haulers – more than one

Customer base – multiple designated geographic areas or zones served by single contractor

Rates – customer rates approved by city; all customers pay same rate for similar services

HF&H Consultants, LLC under Subcontract to Parsons Water and Infrastructure, City of Los Angeles: Solid Waste Franchise Assessment, Final Report, January 23, 2012.

HF&H Consultants, LLC, The City of San Jose Commercial Redesign White Paper, Current System Performance and Alternative System Arrangements, November 14, 2007.

Attachment 6

Attributes of Exclusive Service and Non-Exclusive Arrangements

Topic	Exclusive Service Arrangement	Non-Exclusive Service Arrangement
<p>Diversion – City role</p> <ul style="list-style-type: none"> – May be possible to increase diversion through diversion standards for haulers – City may more easily implement diversion services with one (or few) company – City may create financial incentives for increasing hauler's diversion results 	<ul style="list-style-type: none"> – City does not benefit from creativity and competitive pricing of an open market environment – City may benefit from haulers' creativity in open market environment 	<ul style="list-style-type: none"> – When recyclable materials market conditions are down, haulers often stop collecting low value recyclables
<p>Diversion – Increase Hauler Results</p> <ul style="list-style-type: none"> – Potential for higher waste diversion as haulers would have sufficient customers in geographic proximity to efficiently perform recycling collection route or restaurant food route – With one or few haulers, may be easier to ensure compliance with performance standards for diversion – Hauler may have more control over materials and customers 	<ul style="list-style-type: none"> – Without competition of other haulers, one company may not be driven to meet performance goals – City may benefit with a higher recycling diversion from haulers because of increased customer base 	<ul style="list-style-type: none"> – Haulers may not have sufficient customers in geographic proximity to efficiently perform recycling collection route or restaurant food waste route

<p>Diversion - Increase Customer Participation</p>	<ul style="list-style-type: none"> - Customers can be offered a wide range of diversion services if City specifies haulers' obligations to provide them - All customers have access to recycling and organics programs, whether big or small generators - Customer's understanding of services may increase because of public education focused on a single message - Customers can be assured diversion programs when market conditions are down 	<ul style="list-style-type: none"> - Customers may not be able to secure extra diversion-related services from hauler such as floor-to-floor collection or confidential document destruction - Customer rates may reflect hauler obligation to deliver wide array of diversion programs 	<ul style="list-style-type: none"> - Ability to offer specialized diversion programs tailored to specific customer with unique recycling requirements 	<ul style="list-style-type: none"> - Customer rates may be impacted because economies of scale may not be realized if extensive recycling services are required in an open market system because haulers may have limited customer base - Customers can be confused about different programs offered by different haulers - Educating businesses may be difficult for city due to variety of hauler programs - Some haulers may not be focused on diverting materials
<p>Reduce Environmental Footprint</p>	<ul style="list-style-type: none"> - Results in fewer commercial refuse vehicles which would minimize environmental footprint by decreasing vehicle emissions, pavement impacts & noise 	<ul style="list-style-type: none"> - City streets are designed to handle a certain amount of vehicle traffic (number and weight of vehicle) over their design life 	<ul style="list-style-type: none"> - City could require early implementation of clean fuel vehicles 	<ul style="list-style-type: none"> - Some haulers may not be able to comply with early implementation of clean fuel vehicles

Impact on Policy

<p>Customer Rates</p> <ul style="list-style-type: none"> - Customers pay same price for same service (city approves or regulates rates) - City may structure rates to incentivize customers to divert materials - City may review and adjust rates - Consistent rates may result in rate increases for some customers and decreases for others 	<ul style="list-style-type: none"> - Current rates may increase due to new programs, equipment specifications, quality standards, and performance requirements 	<ul style="list-style-type: none"> - Promote competition for individual customers based on price and service (city does not set rates) - Open market environment provides competition among haulers that should result in lower rates for customers - Competitive pricing of open market benefits some customers 	<ul style="list-style-type: none"> - Difficult for haulers in open market system to take advantage of any economies of scale, including infrastructure, equipment and efficient routing; this can result in higher customer rates - Rates may increase due to new hauler requirements related to diversion programs, equipment, education, etc.
<p>Other City Benefits</p> <ul style="list-style-type: none"> - May result in reduced staff time allowing staff more time to focus on diversion program efforts and other city initiatives 	<ul style="list-style-type: none"> - By selecting only one contractor to service entire city, ability for another contractor to replace them quickly in event of default or termination may be reduced 	<ul style="list-style-type: none"> - City does not displace any haulers 	<ul style="list-style-type: none"> - Monitoring and managing 22 haulers may be challenging

<p>Allow staff more time to enforce franchise requirements</p>	<ul style="list-style-type: none"> - Fewer haulers to monitor (performance and reports), resulting in lower cost to city to administer franchise - Ability to set and monitor higher minimum performance standards and reduce risk of rogue operators 	<ul style="list-style-type: none"> - Less haulers reporting illegal haulers to Department of Public Works 	<ul style="list-style-type: none"> - Avoids RFP process, which can be contentious and time consuming 	<ul style="list-style-type: none"> - With unlimited number of haulers, administration becomes more difficult - More staff may be needed to manage program
<p>Improving Customers' Quality of Service</p>	<ul style="list-style-type: none"> - Customer does not negotiate services and rates, which is particularly convenient for small businesses - Complaints received may be attributable to only one (few) hauler 	<ul style="list-style-type: none"> - Customers cannot change haulers if they receive poor service - City cannot compare company performance to another company to create a competitive environment if only one franchise; this could be mitigated by creating more than one franchise 	<ul style="list-style-type: none"> - Customers have choice of companies which allow them to negotiate services and rates - Customers have control over quality of service because they can change haulers if unhappy with service 	<ul style="list-style-type: none"> - Collection quality difficult to measure and enforce due to large number of companies operating and challenge of identifying which company is responsible for specific complaints filed by customers - Smaller companies often overlooked by haulers because profit margins are typically low. As a result, smaller customers may not know about services available

Impact Category

Business

<ul style="list-style-type: none"> - Favorable for haulers to invest in new or existing infrastructure and vehicles - Routing efficiencies could result in an overall reduction in contractor's cost of providing service - Likely most cost-effective scenario because of numerous collection and operational efficiencies for hauler operating one large system 	<ul style="list-style-type: none"> - Competition only occurs through RFP process every 5 to 10 years (unless more than one hauler) - Having one contractor to service entire city limits ability for another contractor to replace them quickly in event of default or termination 	<ul style="list-style-type: none"> - With multiple haulers, City isolated from impacts of default or termination - Competition among haulers occurs continuously 	<ul style="list-style-type: none"> - Does not foster hauler investment in new or existing infrastructure and vehicles - Having to compete for customers may result in dispersed customer base resulting in collection and routing inefficiencies which could result in an increase in contractor's cost of providing service
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Attachment 7

Examples of Key Exclusive Franchise Agreement Terms

Contract Term	Typically 5 to 10 years, although some agreements contain terms of up to 20 years
Contract Renewal	City usually has option to extend agreement, at its sole discretion, from 1 to 3 years at end of base term. Some agreements contain “evergreen” automatic renewal terms that renew automatically unless city takes specific action to terminate evergreen provision
Diversion Requirements	Agreements may contain specific quantifiable diversion requirements, such as recycling or diverting specific percentage of total solid waste collected. Other agreements require general compliance with State diversion goals (AB 939)
Performance Standards	Specific standards with liquidated damages for failure to perform
Vehicle Requirements	Require compliance with applicable vehicle and emission laws and some agreements require new trucks at start of agreement, and/or require vehicles be replaced before vehicle reaches certain age, sometimes 10 years. Other agreements require implementation of alternative fuel vehicles in advance of regulatory requirements
Container Specifications	Standards for container cleaning & maintenance, graffiti removal, & container size options offered to customers
Rate Adjustment Method	Variety of rate adjustment options. Most common is annual adjustment based on published price indices (such as CPI and others) for service component, plus pass through of disposal costs. Some agreements provide maximum cap on annual increases.
City Services	Many agreements provide for collection of abandoned items in public right-of-way, and solid waste collection services at city facilities and/or city-sponsored events at no additional charge
City Fees	Franchise fees, AB 939 fees, vehicle impact fees, contract administration fees, and audit fees are examples of fees remitted by hauler to city in some agreements
Indemnification	Public agency is indemnified by contractor against liability for physical or financial injuries, related to hauler misconduct or performance, fines or penalties relate to compliance with State diversion requirements such as AB 939, & environmental fines or damages associated with contaminated landfills under Comprehensive Environmental Response, Compensation & Liability Act (CERCLA)
Insurance & Bonds	Insurance limits in most agreements range from \$3 to \$20 million plus contractor provides performance bond and/or letter of credit
Assignment & Transitions	Requirements for approval of assignment of agreement to another hauler, or transition at end of term to new service provider

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Attachment 8

Surrounding Cities Franchise Data

City	System	Number of Haulers	Franchise Fee	Monthly Rate 3 Cubic Yard Bin (1 pickup/week)
San Dimas	Exclusive	1	19%	\$74
La Canada	Non-Exclusive (closed system)	3	10%	\$85-\$93
Riverside	Exclusive	3	\$14.61/ton	\$102
Glendale	Non-Exclusive (open system)	50	20%	\$109 (city fee)
Arcadia	Non-Exclusive (closed system)	3	9.5%	\$120-\$160
Pomona	Non-Exclusive (open system)	5	25%	\$120-\$160
Monrovia	Permit (open system)	3	\$10/ton > 50% diversion \$15/ton < 50% diversion	\$125
South Pasadena	Exclusive	1	5%	\$140
Redlands	City	City	5%	\$144
Whittier	Exclusive	2	13%	\$145
Burbank	Non-Exclusive (open system)	35	16%	\$146 (city fee)
Alhambra	Exclusive	1	6%	\$160
Pasadena	Non-Exclusive (closed system)	22	23.066%	\$160 (city fee)
Culver City	City	City	---	\$170
Ontario	City	City	---	\$180
Santa Monica	City	City	---	\$195
Los Angeles*	Non-Exclusive (open system)	120+	10%	Varies
Montebello	Non-Exclusive (open system)	12	13%	Varies
City of Pasadena Franchise Hauler Rates (as reported by Franchisees)				
Hauler A				\$80-\$155
Hauler B				\$90-\$105
Hauler C				\$90-\$120

City	System	Number of Haulers	Franchise Fee	Monthly Rate 3 Cubic Yard Bin (1 pickup/week)
Hauler D				\$90-\$120
Hauler E				\$90-\$125
Hauler F				\$95-\$120
Hauler G				\$100-\$145
Hauler H				\$100-\$150
Hauler I				\$115-\$170
Hauler J				\$120-\$160
City of Pasadena Franchise Hauler Rates (as reported by Customers)				
Realtor				\$89
Consultant				\$90
Apartment Building				\$123
Bookstore				\$147
Restaurant (2 pickups/week)				\$150
Hardware Store				\$154
Retail				\$157
Restaurant (3 pickups/week)				\$272
Automotive				\$300
Restaurant (6 pickups/week)				\$405

Notes:

* City of Los Angeles moving to Exclusive system with 11 pickup zones in early 2017

- General: rates highly dependent on disposal costs; unable to locate restaurant with 1 pickup/week