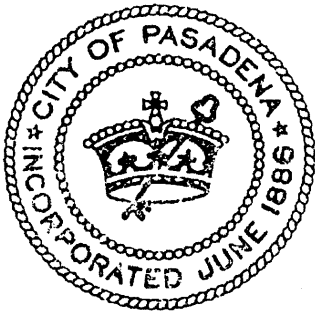


ATTACHMENT - A

4/28/14 City Council Agenda Report without Attachments and Exhibits

**(Attachments and Exhibits
are available on
City Website)**



Agenda Report

April 28, 2014

TO: Honorable Mayor and City Council
THROUGH: Municipal Services Committee (4/8/14)
FROM: Department of Public Works
SUBJECT: REVIEW OF NON-EXCLUSIVE SOLID WASTE COLLECTION FRANCHISE SYSTEM

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the Non-Exclusive Solid Waste Collection Franchise System Ordinance is exempt from the California Environmental Quality Act (CEQA) per Section 15061 (b) (3);
2. Retain the closed Non-Exclusive Solid Waste Collection Franchise System and direct staff to report back in three years to City Council with the next review of authorized haulers to ensure competitive pricing and options for solid waste recycling and disposal; and
3. Direct the City Manager to officially place all existing franchisees on notice of the City's intent to consider the modification of the current Non-Exclusive Solid Waste Collection Franchise System at the time the five-year notice expires pursuant to California Public Resource Code section 49520, which allows local agencies to grant exclusive operating rights to solid waste disposal companies.

EXECUTIVE SUMMARY:

The following is a review of the City of Pasadena's closed non-exclusive solid waste collection franchise system as codified in Chapter 8.61 of the Pasadena Municipal Code (PMC). This report provides an overview of the existing system and compares it to alternative service arrangements and best management practices in the solid waste industry.

The analysis seeks to answer two key questions: 1) what system is best for Pasadena today, and 2) what steps should Pasadena take in furtherance of the City Council strategic goal to increase conservation and sustainability, the implementation measure

of the Open Space and Conservation Element of the General Plan to increase diversion of waste materials from landfills through reduction, reuse and recycling of materials to the highest and best use, and the United Nations Urban Environmental Accords and Green City Action Goal of moving towards zero waste to landfills by 2040.

The results of the analysis show that while Pasadena's current system is effective with an overall 75% recycling diversion and should be maintained, it is imperative that the City take steps now to set the stage for future changes in the service arrangement that may be necessary to support City policy directions, including the implementation of the Zero Waste Pasadena 2040, and recent and anticipated state legislation. The Zero Waste Strategic Plan identifies policies and programs that Pasadena will need to move towards Zero Waste by 2040. California Assembly Bill 341 effective July 1, 2012, for instance, set a statewide goal of 75% disposal reduction by 2020 and requires all California businesses generating four or more cubic yards each week of commercial solid waste to recycle. Additionally, given the lack of innovate materials processing facilities in the local area, a modification to the existing service arrangement may stimulate the creation of new options as has occurred in other cities.

BACKGROUND:

On November 3, 1992, City Council adopted the Solid Waste Collection Franchise System to provide standards and procedures for granting non-exclusive franchises for solid waste collection as codified in Chapter 8.61 of the PMC.

The current system grants non-exclusive franchises to permit haulers to collect, transport, dispose, and/or recycle solid waste that is kept, accumulated or produced by City businesses and multiple-family residential units containing five or more units. All multiple-family residential units containing four or fewer units are serviced exclusively by the City. The terms and conditions of franchises include payment of a franchise fee based upon (currently 23.066%) gross monthly receipts in conformance with generally accepted accounting principles, and specified reporting of collection, disposal, waste reduction, and recycling activities.

On November 18, 2002, the City Council adopted an Ordinance modifying PMC Chapter 8.61 to encourage the diversion of solid waste away from landfills and to increase the recycling of solid waste by franchisees. Each franchisee is required to provide/achieve:

- Recycling services to all of its customers (8.61.170A);
- Recycling collection minimum of once per week (8.61.170B);
- Educational/informational literature to customers minimum of every 6 months describing recycling services to be provided and how to participate (8.61.170C);
- Minimum recycling diversion rate of 75% on a monthly basis and on an annual basis for construction and demolition debris (8.61.175A);
- Minimum recycling diversion rate of 60% on a monthly basis and on an annual basis for other solid waste (8.61.175B); and

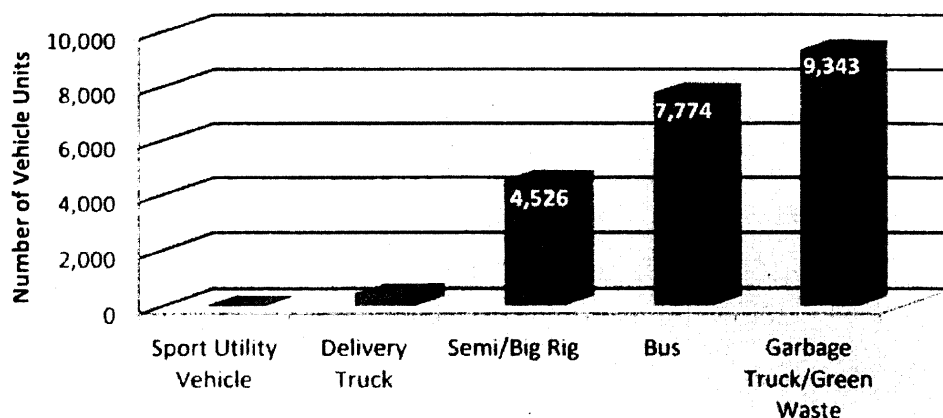
- Liquidated damages for failure to meet the 75% and 60% recycling diversion rate for any month (8.61.175D).

On August 6, 2007, City Council approved the closure of the solid waste collection franchise system to improve customer service, and reduce environmental pollution and the number of trucks operating within Pasadena. At the time, the City had 3,555 customers served by 34 haulers (Attachment 1). Two haulers served 2,892 customers or 81% of the customer base. Twenty haulers did not have regular customers. The remaining 12 haulers serve between 1 and 174 regular customers. These 34 haulers operated 160 vehicles within the City. The Department of Public Works is committed to reviewing the number of haulers and mix of services provided every three years and report to the City Council on its findings. The next update to the City Council will be in spring of 2017.

Other considerations for the closure of the system included the desire to increase the diversion rate required of franchise haulers, making haulers responsible for collection of all refuse on site, demonstration by haulers of a greater commitment to applicable elements of the Green City Action Plan, competitive rates, and provide staff more time to enforce franchise requirements.

The environmental impact of solid waste collection vehicles is significant and includes increased street deterioration, traffic, and noise, decreased air quality, as well as frequency of solid waste vehicles interfering with resident vehicle access. In a June 2011 report developed by the Metropolitan Transportation Commission (MTC), which coordinates transportation for the nine-county San Francisco Bay Area, determined a garbage truck exerts more than 9,000 times as much stress on pavement as a Sport Utility Vehicle (SUV). Solid waste, recycling, and yard waste vehicles are the heaviest vehicles regularly operating on residential streets.

Relative Impact of Vehicle Types on Pavement Conditions
Pavement Stress per Trip (1 vehicle unit = 1 SUV)



On September 10, 2007, the City Council adopted Ordinance 7110, which added a new section to PMC Chapter 8.61- Solid Waste Collection Franchise System, to close the system to new applications. Recitals for the Ordinance included:

- Presently there are in excess of thirty (30) haulers with non-exclusive solid waste franchises operating in City;
- Addition of new haulers is not likely to improve service or increase competition in manner that benefits Pasadena residents or businesses; and
- Addition of new haulers will cause further air pollution, road damage, noise pollution and congestion ("adverse impacts").

On February 11, 2008, the City Council directed the City Attorney's Office to draft an Ordinance to amend PMC Chapter 8.61 to encourage the diversion of solid waste away from landfills and to reflect changes and developments in the industry. The primary purposes for the Ordinance are:

- Establish 75% required recycling diversion rate for construction and demolition debris and 60% required recycling diversion rate for other solid waste (8.61.175);
- Improve emission standards and reduce pollutants by requiring proof from haulers of compliance with particulate control measures from solid waste collection vehicles (8.61.099);
- Limit third party tonnage recycling exceptions to 25% of total tonnage reported (8.61.175C); and
- Provide Director of Public Works with authority to adopt administrative rules and regulations consistent with this chapter to specify and to clarify requirements and procedures for franchises and to provide director with authority to issue administrative citations and compliance orders under applicable provisions of the code (8.61.035).

The Ordinance was introduced on September 22, 2008 and approved by the City Council on October 6, 2008.

On November 30, 2010, the Department of Public Works presented a report to the Municipal Services Committee recommending that the City Council retain the closed system. The Municipal Services Committee approved the recommendation. On December 6, 2010, 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 and directed the Department of Public Works to report back in three years with the next review.

At the time, the City had 3,461 customers served by 26 haulers (Attachment 2). Two haulers served 2,889 customers or 83% of the customer base. Fifteen haulers did not have regular customers. The remaining 9 haulers served between 1 and 216 regular customers. These 26 haulers operated 125 vehicles within the City.

The number of haulers declined by 8 (24%) from 34 to 26 since 2007. Four haulers were not granted a franchise renewal due to non-compliance with the franchise agreement; two haulers did not reapply for a franchise; and two haulers consolidated operations with another current franchisee. The number of vehicles operating within the City decreased by 35 (22%) from 160 to 125 since 2007. According to South Coast Air Quality Management District (SCAQMD), overall ozone and smaller particulates pollutant (PM2.5) concentrations decreased significantly for Pasadena area for period 2000 to 2012, despite year-to-year variations mainly due to meteorological conditions.

On May 22, 2012, the Department of Public Works requested the Municipal Services Committee consider the proposal to grant renewal of the non-exclusive franchise to 22 existing franchisees from the date of execution through June 30, 2013, consistent with the Solid Waste Collection Franchise Ordinance. The Committee unanimously recommended the City Council set a public hearing for June 18, 2012, to consider the granting of the franchises, including authorization for the City Manager to exercise up to four one-year renewal terms.

On June 4, 2012, the City Council adopted a resolution declaring its intention to consider granting of these non-exclusive franchises and set a public hearing date of June 18, 2012. On June 18, 2012, the City Council granted renewal of the non-exclusive franchises to 22 existing haulers.

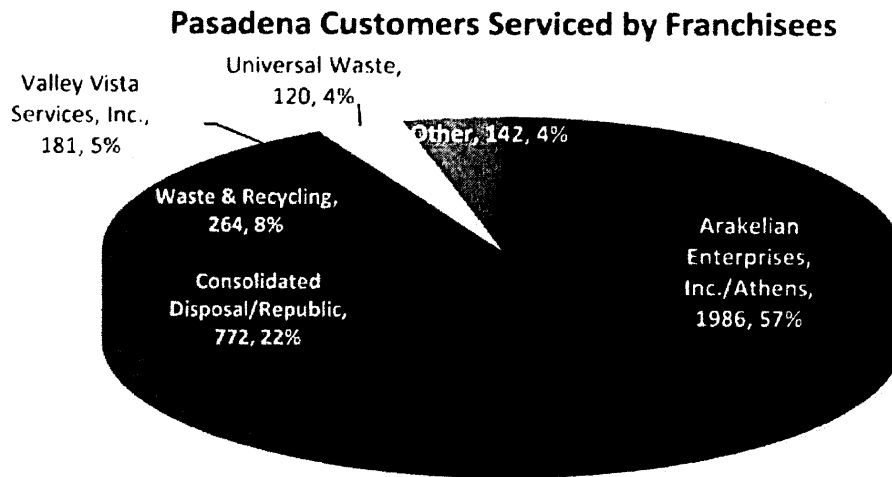
Following the franchise renewals approved by the City Council on June 18, 2012, the Department of Public Works pursued a higher level of service from the franchisees. On August 18, 2012, the Department of Public Works implemented updated *Administrative Rules and Regulations*. The Department of Public Works presented the updated *Administrative Rules and Regulations* to the Municipal Services Committee on October 23, 2012.

Revisions to the *Administrative Rules and Regulations* include stringent provisions for bin maintenance and emission standards; additions include requirements for bulky and abandoned item pickup and the emergency provision of commercial services.

Current Non-Exclusive Solid Waste Collection Franchise System

Currently, 3,465 commercial and multifamily customers are serviced by 22 haulers that compete for customers throughout the City (Attachment 3). Customers arrange for solid waste services and negotiate rates with the haulers. Five haulers serve 3,323 customers or 96% of the customer base. The remaining 17 haulers serve between 1 and 40 regular customers. These 22 haulers operate 111 vehicles within the City. The number of haulers declined by 4 (15%) from 26 to 22 since 2010; and by 12 (35%) since 2007. One hauler was not granted a franchise renewal due to non-compliance with the franchise agreement; two haulers did not reapply for a franchise; and one hauler consolidated operations with another current franchisee. The number of vehicles operating within the City decreased by 14 (11%) since 2010; and by 49 (31%) since 2007.

The City allows the opportunity to non-franchised haulers to collect and haul construction and demolition inert material (gravel, dirt, asphalt, brick, rock, concrete and soil), per Chapter 8.61.040G of the PMC.



Non-Exclusive Solid Waste Collection Franchise System Requirements

Key requirements and performance indicators for the existing system are contained in PMC Chapter 8.61 Solid Waste Collection Franchise System and the *Administrative Rules and Regulations*, which the Director of Public Works is authorized to develop and implement for the administration of the franchise system. Attachment 4 contains highlights from both the PMC and *Administrative Rules and Regulations*, which demonstrate the effectiveness of the current system where applicable.

Performance of the current system in the key areas that led to the City Council decision to close the system in 2007 and continue to keep the system closed in 2010 are summarized below.

Factor	Performance Measures
Diversion	<ul style="list-style-type: none"> • FY 2012 Citywide diversion rate – 75% • Compliance with 75% minimum recycling diversion rate on monthly and annual basis for construction and demolition debris – 100% of 15 haulers providing service in compliance (77% to 100% diversion rate) • Compliance with 60% minimum recycling diversion rate on monthly and annual basis for solid waste – 100% of 15 haulers providing service in compliance (60% to 100% diversion rate)
Reduce environmental pollution	<ul style="list-style-type: none"> • Compliance with phase-in of alternative-fuel solid waste collection vehicles per SCAQMD Rule 1193 to achieve 100% use of alternative-fuel solid waste vehicles by July 1, 2018 – 100% of 22 haulers in compliance • Reduce number of vehicles on City streets – 49 (31%) fewer vehicles since 2007 • Decreased number of franchisees – 12 (35%) since 2007 • According to SCAQMD, overall ozone and smaller particulates pollutant (PM2.5) concentrations decreased significantly for Pasadena area for period 2000 to 2012, despite year-to-year variations mainly due to meteorological conditions • 3-year average number of days exceeding federal ozone standard between 2010 and 2012 – decreased by 74.6%
Collect all refuse on site	<ul style="list-style-type: none"> • Number of bulky and abandoned item pickups – 641 bulky and abandoned item requests completed by 5 haulers since July 9, 2012. All bulky and abandoned items were collected in a timely manner after reported to franchise hauler. The estimated savings to the City in terms of labor, equipment and disposal was \$59,048
Allow staff more time to enforce franchise requirements	<ul style="list-style-type: none"> • Reduce number of non-exclusive franchisees authorized to provide services in Pasadena – 12 (35%) fewer franchisees since 2007
Improve customer service	<ul style="list-style-type: none"> • Ensure recycling literature is provided every six months; monitor diversion rates (60% for solid waste and 75% for construction and demolition); track monthly tonnage reports/fee payments and hire consultant to audit haulers
Competitive rates	<ul style="list-style-type: none"> • Current system offers customers unique, effective service arrangement whereby customers select hauler and negotiate own refuse rates

Upcoming Adjustments to Administrative Rules and Regulations

Contemplated adjustments to the *Administrative Rules and Regulations* include requiring franchisees to open (where applicable) and close service requests for graffiti removal on bins and bulky and abandoned item pickup real time in the field using mobile technology in coordination with the Pasadena Citizen Service Center (CSC). This requirement would involve before and after photo documentation.

Additionally, there is an opportunity to increase the required construction and demolition diversion rate by franchisees from the current rate of 75% to 80% based on the fact that there are four processing facilities certified by City of Los Angeles that accept mixed construction and demolition debris and offer over 80% diversion rate.

Another proposal is to require franchisees to provide solid waste collection and/or recycling at City facilities and/or city-sponsored events (large venue, household hazardous waste, e-waste/shredding, etc.) at no additional charge, to reduce illegal dumping.

Possible Alternative Service Arrangements

The Department of Public Works reviewed the following five commercial/multi-family solid waste service arrangements common in the industry to gain additional perspective as to what system is best for the City of Pasadena:

- Fully open non-regulated system;
- Non-exclusive permit system;
- Non-exclusive franchise system;
- Single exclusive franchise; and
- Multiple exclusive franchise system.

Attachment 5 contains a brief overview of the five service arrangements.

After reviewing the service arrangements, it is evident that the non-exclusive and exclusive franchise systems provide agencies the greatest control over the private haulers. Since it is in the City's best interest to continue to establish hauler performance standards and monitor performance, the Department of Public Works focused its subsequent review on non-exclusive and exclusive franchise systems. Recent assessments conducted for the cities of Los Angeles and San Jose provide relevant information to this analysis.

There are unique advantages to an exclusive franchise system and a non-exclusive franchise system. In an exclusive system, one or more exclusive service areas are served by one contractor, and the city approves the rates, service offerings, and other conditions through an exclusive franchise. In a non-exclusive system, haulers compete for customers based on price and service, typically with less control by the City than in an exclusive franchise.

Attachment 6 contains and compares the attributes of non-exclusive and exclusive service arrangements.

According to literature analysis, the service descriptions and contract requirements are typically more comprehensive, and described in greater detail, in an exclusive franchise agreement compared to a non-exclusive franchise agreement because customers do not have a choice of service providers in an exclusive franchise and must rely on the performance of the exclusive franchise holder. Attachment 7 outlines examples of key exclusive franchise agreement terms.

In reviewing the key provisions of an exclusive service arrangement, it is evident that the City's current closed Non-Exclusive Solid Waste Collection Franchise System is progressive and already contains the performance standard expected of a model system including quantifiable diversion requirement, specific standards with liquidated damages and termination capabilities for failure to perform, alternative fuel vehicle requirements, and the other operational requirements specified in Attachment 4.

Where a non-exclusive arrangement may fall short is in terms of not having a long duration contract term with one or a small number of haulers, a City-managed rate adjustment method, and with respect to the services haulers may provide to the City at no charge. By not offering haulers the security of a long-term contract with a definitive rate structure, Pasadena may miss out on haulers making an investment in recycling and other waste processing infrastructure in the vicinity, service innovations, and their willingness to provide the City at no charge with solid waste collection services at City facilities and events. Inherently since non-exclusive haulers have an uncertain future, they may be less likely to adhere strictly to the City's rules and regulations.

Conclusion/Next Steps

Pasadena's current closed Non-Exclusive Solid Waste Collection Franchise System, a best management practice for other agencies, is meeting or exceeding the City Council goals for the operation as outlined in this report. The policy goals are to:

- Improve customer service;
- Reduce environmental pollution;
- Reduce number of trucks operating within Pasadena;
- Increase the diversion rate required of franchise haulers;
- Make haulers responsible for collection of all refuse on site;
- Demonstration by haulers of a greater commitment to applicable elements of the Green City Action Plan;
- Competitive rates; and
- Provide staff more time to enforce franchise requirements.

Pasadena's current system offers customers a unique, effective service arrangement. Customers get the protection and performance typically provided by an exclusive arrangement while maintaining the ability to select a hauler and negotiate rates.

It is imperative though that the City takes steps now to position itself to meet anticipated future needs including but not limited to the City's move toward Zero Waste 2040, possible increased diversion and other requirements that may be imposed by the State, and the desire to further reduce environmental pollution and number of trucks operating in Pasadena. Another consideration may be the need for innovative processing infrastructure in or close proximity to Pasadena.

To help understand what service arrangement might be best for Pasadena in the future, the Department of Public Works looked at industry best practices. In researching this topic, the Department of Public Works identified the City of San Jose as a possible model. On June 11, 2011, San Jose granted Allied Waste Services (now known as Republic Services) two exclusive franchises for north and south San Jose to provide solid waste collection, recyclables processing, and disposal services for most of the city's commercial waste, and authorized an agreement with Zero Waste Energy Development (ZWED) to provide organic waste processing services.

The reasons for the transition include the following which were identified as part of an evaluation of the existing commercial solid waste systems conducted by a consultant:

- Significant opportunities exist to increase diversion of materials from commercial waste stream due to limited infrastructure investment for recycling by current haulers;
- More efficient citywide service delivery models could improve economies of scale and reduce environmental impact of commercial collection system; and
- Opportunities to create rate equity and consistent service offerings/quality among customers and to provide economic incentives for waste diversion.

San Jose conducted separate procurements for organics processing services (composting and/or anaerobic digestion) and solid waste collection and diversion franchise services to achieve the increased diversion goal, stabilize revenues, and provide expanded and more efficient collection service. Components of the solid waste collection RFP included:

- 75% diversion rate;
- 10 to 15 year term;
- Options to award to 2 franchises based on separate service districts or one citywide franchise;
- Exclusion of construction and demolition waste;
- Consistent customer rates; and
- Fixed annual franchise fee of \$10 million per year with no annual adjustment.

On April 5, 2011, the San Jose City Council unanimously authorized staff to negotiate a citywide commercial collection franchise with Allied Waste Services and to negotiate an organics processing agreement with (ZWED). The term of each agreement is 15 years, July 1, 2012 to June 30, 2027.

On July 1, 2012, the City of San Jose transitioned businesses from the non-exclusive franchise system involving more than 20 haulers to service with a single hauler, Republic, serving the entire city. Beyond consolidating service with one hauler, the transition introduced new technologies and approaches.

Approximately 8,000 business sites participate in a new wet/dry collection system with waste materials being separated into two categories – 1) wet or organic material such as food waste or plant trimmings, and 2) dry material such as paper or plastic. All solid waste collected is delivered to Republic or ZWED facilities for processing, and residual garbage from the processing operations is sent to a landfill for disposal.

Early performance indicators for this system include:

- Republic began operations of highly advanced recycling facility;
- ZWED began construction of nation's first commercial-scale dry formation anaerobic digestion facility; which will ultimately create approximately 100 recyclables processing jobs (note: this type of innovation can only be realized if certain amount of material is consistently available);
- 58% of customer base received a rate decrease;
- Commercial recycling rate increased from 25% to 70%, which boasts overall citywide diversion rate to 73% while converting waste to energy; and
- Republic's conversion to trucks fueled by CNG has reduced greenhouse gas emissions by 550 metric tons and is projected to reduce greenhouse gas emissions by 19,000 metric tons over the life of the franchise.

Should the City of Pasadena want to consider the modification of the current system in the future, including the possibility of moving from a non-exclusive to an exclusive system, it is necessary to adhere to certain procedures required by the California Integrated Waste Management Act of 1989 as codified in the California Public Resources Code. Section 49520 of the Public Resources Code allows local agencies to grant exclusive operating rights to solid waste disposal companies.

An exclusive franchise for commercial waste hauling can take the form of one hauler for the entire City, or the form of multiple haulers each having territory in which they exclusively provide waste hauling service. As per Section 49501 of the Public Resources Code "Exclusive solid waste handling services" means any action by a local agency, whether by franchise, contract, license, permit, or otherwise, whereby the agency itself or one or more other local agencies or solid waste enterprises has the exclusive right to provide solid waste handling services of any class or type within all or any part of the territory of the local agency.

If other disposal companies have been authorized by the City to operate within the City for more than three years, the City must notify the companies that, as a result of the exclusive franchise, their operating rights will expire within five years pursuant to Section 49520 of the Public Resources Code. Upon direction by City Council, the Department of Public Works will provide the appropriate five-year notice of the City's

intent to implement exclusive commercial solid waste franchise(s). As the five-year timeframe approaches, the City can decide whether to implement an exclusive franchise system. If the City decides to implement an exclusive system, the City would undertake a competitive selection process and be open to qualified haulers. If after five years the City decides to wait before deciding to implement an exclusive franchise system, then another five-year notice must be provided to franchisees.

The Department of Public Works recommends the approval of the issuance of a five-year notice to the 22 existing non-exclusive franchise haulers. While the City may elect not to follow through on a modification in systems, this step will enable the City of Pasadena to be prepared if the adjustment is needed. It is prudent for the City to take steps now to set the stage for future changes in the service arrangement that may be necessary to support City policy directions, including the implementation of the Zero Waste Pasadena 2040, and recent and/or anticipated state legislation including possible future increases in the mandatory diversion rate.

Additionally, such a modification in the hauling system may stimulate the development of innovative processing facilities in the local area. The lack of facilities for recyclable materials, green waste, and organic food waste processing are evidenced by the lack of responses to the Request for Proposals (RFP) issued for such services by the City on June 26, 2013. This effort led to the award of contracts by the City Council on October 28, 2013, following MSC review on October 22, 2013, to the Allan Company (Baldwin Park) for curbside recycling materials and Community Recycling and Resource Recovery, Inc. (Sun Valley) for mixed refuse from the Rose Parade and Rose Bowl Game. The City did not enter into contracts for green waste and organic food waste processing due to limited options and high processing costs.

To provide a reference point as to how other cities handle commercial solid waste collection, the Department of Public Works surveyed surrounding agencies (Attachment 8) and found:

- 9 cities operate non-exclusive or permit systems with 3 or more haulers;
- 4 cities have an exclusive system with the City being the sole provider; and
- 5 cities operate exclusive franchise system with one to three haulers.

The City of Los Angeles conducted a survey in January 2012, and found that approximately two-thirds of Los Angeles County cities have exclusive commercial solid waste franchise systems. However, the larger cities within the county tend to have non-exclusive systems. In the same study, City of Los Angeles also reported that while there are over 120 haulers with permits to provide service within City of Los Angeles, only 68 of the permitted haulers report gross receipts. Of the 68 haulers reporting gross receipts, four haulers account for approximately 85% of the commercial and multi-family market share; six haulers account for approximately 8%; and the remaining 58 haulers account for 7% of the market share. To ensure compliance, Bureau of Sanitation staff performs periodic audits of all haulers.

COUNCIL POLICY CONSIDERATION:

Maintaining a closed non-exclusive solid waste collection franchise system supports the City Council goal to increase conservation and sustainability. It also supports the United Nations Urban Environmental Accords of 2005 Action four of achieving zero waste to landfills and incinerators by 2040. Additionally, it supports the Open Space and Conservation Element of the General Plan by increasing the diversion of waste materials from landfills through the reduction, reuse and recycling of wastes to the highest and best use.

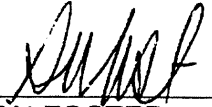
ENVIRONMENTAL ANALYSIS:

The project has been reviewed for compliance with the California Environmental Quality Act (CEQA) and is exempt per Section 15061 (b) (3). The project is covered by the general rule that CEQA only applies to projects that have the potential for causing a significant effect on the environment. The proposed project is an administrative function and will not cause a change in the environment.

FISCAL IMPACT:

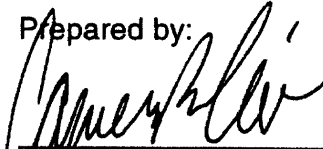
Per chapter 8.61 of the PMC, franchisees are required to remit 23.066% of gross monthly receipts to the City for the preparation and implementation of an integrated waste management plan and the repair and maintenance of the City's infrastructure due to operation of heavy duty solid waste collection vehicles. In FY 2012, franchisees generated \$4.2 million in revenue that went to the Refuse and General Funds.

Respectfully submitted,



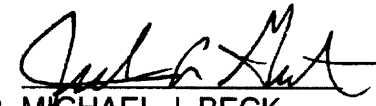
SIOBHAN FOSTER
Director of Public Works

Prepared by:



CARMEN RUBIO
Program Coordinator II

Approved by:



for MICHAEL J. BECK
City Manager

Attachments:

- Attachment 1 – FY 2006 Franchise Hauler Data
- Attachment 2 – FY 2010 Franchise Hauler Data
- Attachment 3 – FY 2013 Franchise Hauler Data
- Attachment 4 – Performance of Existing Closed, Non-Exclusive Franchise System
- Attachment 5 – Alternative Service Arrangements
- Attachment 6 – Attributes of Exclusive Service and Non-Exclusive Arrangements
- Attachment 7 – Examples of Key Exclusive Franchise Agreement Terms
- Attachment 8 – Surrounding Cities Franchise Data

Exhibits:

- Exhibit 1 – *Administrative Rules and Regulations*
- Exhibit 2 – Pasadena Municipal Chapter 8.61 Solid Waste Collection System
- Exhibit 3 – City of Los Angeles: Solid Waste Franchise Assessment, Final Report, January 23, 2012

Closed Franchise System
April 21, 2014
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Exhibit 4 – City of San Jose Commercial Solid Waste Redesign and Enhancement
Options, November 15, 2007

Exhibit 5 – City of San Jose Commercial Solid Waste Transition Report, February 13,
2013

Attachment B

Performance of Current Non-Exclusive Solid Waste Collection Franchise System

Factor	Performance Measures
Diversion	<ul style="list-style-type: none">• FY 2012 Citywide diversion rate – 75%• Compliance with 75% minimum recycling diversion rate on monthly and annual basis for construction and demolition debris – 100% of 21 haulers providing service in compliance (77% to 100% diversion rate)• Compliance with 60% minimum recycling diversion rate on monthly and annual basis for solid waste – 100% of 15 haulers providing service in compliance (60% to 100% diversion rate)
Reduce environmental pollution	<ul style="list-style-type: none">• Compliance with phase-in of alternative-fuel solid waste collection vehicles per SCAQMD Rule 1193 to achieve 100% use of alternative-fuel solid waste vehicles by July 1, 2018 – 100% of 22 haulers in compliance• Reduce number of vehicles on City streets – 49 (31%) fewer vehicles since 2007• Decreased number of franchisees – 12 (35%) since 2007• According to SCAQMD, overall ozone and smaller particulates pollutant (PM2.5) concentrations decreased significantly for Pasadena area for period 2000 to 2012, despite year-to-year variations mainly due to meteorological conditions• 3-year average number of days exceeding federal ozone standard between 2010 and 2012 – decreased by 74.6%
Collect all refuse on site	<ul style="list-style-type: none">• Number of bulky and abandoned item pickups – 1000 bulky and abandoned item requests completed by 5 haulers since July 9, 2012. All bulky and abandoned items were collected in a timely manner after reported to franchise hauler. The estimated savings to the City in terms of labor, equipment and disposal was \$92,118
Allow staff more time to enforce franchise requirements	<ul style="list-style-type: none">• Reduce number of non-exclusive franchisees authorized to provide services in Pasadena – 12 (35%) fewer franchisees since 2007
Improve customer service	<ul style="list-style-type: none">• Ensure recycling literature is provided every six months; monitor diversion rates (60% for solid waste and 75% for construction and demolition); track monthly tonnage reports/fee payments and hire consultant to audit haulers
Competitive rates	<ul style="list-style-type: none">• Current system offers customers unique, effective service arrangement whereby customers select hauler and negotiate own refuse rates