

# Agenda Report

TO: CITY COUNCIL

DATE: May 13, 2002

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.
2. After the public hearing is held, grant a franchise to all applicants.
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 April 8, 2002, the City Council adopted a resolution declaring its intention to consider the granting of non-exclusive franchises for complete applications and set a public hearing date for May 13, 2002, to consider granting these franchises.

On November 3, 1992, the City Council adopted the Solid Waste Collection Franchise System. The purpose of that system was to provide standards and procedures for the granting of non-exclusive franchises for solid waste collection and a mechanism to generate and distribute revenue between 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 collection vehicles. This ordinance provides that "[a]ny person who intends to operate as a franchisee shall apply to the city by paying an application processing fee, in an amount set by a resolution of the board of directors, and by filing with the Director of Public Works and Transportation, upon forms supplied by the city, a verified application...".

The proposed franchise is a non-exclusive franchise permitting the hauler 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 14% of gross monthly receipts, indemnification of accepted accounting principles, and specified reporting of collection, disposal, waste reduction, and recycling activities.

The following proposed franchisees have completed applications and comply with the provisions as set forth in the ordinance. All of these applications provide the information as set forth in the non-exclusive Solid Waste Franchise System, section of the City Ordinance, 8.61.080. Three of the franchisees (Arrow Disposal Services, Inc., Burrtec Waste Industries, Inc. and Waste and Recycling Services) have had a non-exclusive solid waste franchise with the City of Pasadena for the past three years but their franchise agreement expired on March 2, 2002. The remaining 16 franchisees are applying for a new franchise. There are currently 38 franchisees whose franchise agreements will expire on June 30, 2004 and who may re-apply within six months of that date. With the addition of these 19 companies, the City of Pasadena will have a total of 57 non-exclusive solid waste franchisees.

The potential franchisees are:

- 1) Arrow Disposal Services, Inc.
- 2) Burrtec Waste Industries, Inc.
- 3) Foothill Waste Reclamation, Inc.
- 4) Frank's Disposal Company
- 5) Heritage Disposal, Inc.
- 6) Illig Construction Company
- 7) Key Disposal
- 8) Lasarte Bros
- 9) Looney Bins, Inc.
- 10) Metropolis Disposal
- 11) Olympic Disposal Co.
- 12) Randol Roofing and Construction Co., Inc.
- 13) R.B. Perry & Associates, Inc.
- 14) System Disposal
- 15) Triangle Services
- 16) VRS Waste Systems, Inc.
- 17) Waste and Recycling Services
- 18) Waste Management-Sun Valley
- 19) Western Tear-off & Disposal, Inc.

All of the original applications are on file in the Street Maintenance and Integrated Waste Management office and have been certified by staff to be accurate. 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. The term of this franchise shall be for five years beginning on the effective date of the

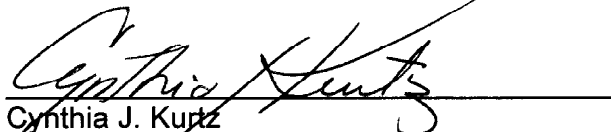
ordinance approving each application. There shall be no renewal of a non-exclusive franchise, but, at any time within six months prior to its expiration date, a franchisee may submit a new application for a new non-exclusive franchise.

Under the State Guidelines for the implementation of the California Environmental Quality Act (CEQA), the non-exclusive franchise system ordinance is categorically exempt since the collection of solid waste is already taking place in the City. 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 of Pasadena requires non-exclusive solid waste franchisees to remit a monthly franchise fee of 14% of the gross monthly receipts received in the preceding calendar month. Revenue from the franchise fee is divided as follows: 5.5% of the gross monthly receipts are paid to the City's general fund (to a maximum of \$420,000 annually) and 8.5% of the gross monthly receipts are paid to the refuse fund. New franchisees do not bring new business to the City of Pasadena; rather they compete with the other haulers for existing customers and accounts. It is estimated for FY 2003, that the City of Pasadena will collect \$1,020,000 total franchise fees, with \$420,000 deposited to the general fund and \$600,000 deposited to the refuse fund.

Respectfully submitted,

  
Cynthia J. Kurtz  
City Manager

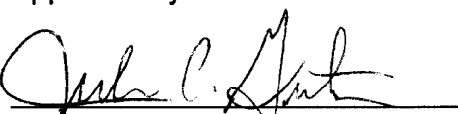
Prepared by:

  
Carmen Rubio, Program Coordinator I  
Street Maintenance & Integrated Waste Management

Reviewed by:

  
Jimmy S. Berryhill, Administrator  
Street Maintenance & Integrated Waste Management

Approved by:

  
Julie Gutierrez, Acting Director  
Public Works and Transportation