

Agenda Report

December 6, 2010

TO: Honorable Mayor and City Council

THROUGH: Municipal Services Committee (November 30, 2010)

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 franchise system ordinance is exempt from the California Environmental Quality Act (CEQA) per Section 15061 (b) (3);
2. Retain the closed Solid Waste Franchise System and direct staff to report back in three years to City Council with the next review of authorized haulers to insure there is still competitive pricing and options for solid waste recycling and disposal.

BACKGROUND:

On November 3, 1992, the City Council adopted the Solid Waste Collection Franchise System to provide standards and procedures for granting non-exclusive franchises for solid waste collection (Chapter 8.61 of the Pasadena Municipal Code).

The current system grants non-exclusive franchises to permitted haulers to collect, transport, dispose, and/or recycle solid waste 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 a franchise fee of 19.515 percent of gross monthly receipts in conformance with generally accepted accounting principles, and specified reporting of collection, disposal, waste reduction, and recycling activities.

On August 6, 2007, the City Council adopted an ordinance to close the solid waste collection franchise system to new franchise applicants until further action of the City Council. The decision to close the Solid Waste Franchise System was made to allow

staff more time to enforce the franchise regulations and reduce the number of trucks. As the number of haulers increased the amount of benefit provided did not equal the impacts on traffic and emission. With a reduction in illegal hauler operations, the customer base for the legal haulers will increase, thus resulting in better quality of service to the community. The monitoring of over 40 franchise haulers made the issue of insuring compliance difficult and costly to manage. At a minimum of every three years staff is to review the number of haulers and the type of services to determine whether there are adequate options for competitive pricing and provide a report to City Council.

On August 10, 2010, staff presented a report to the Municipal Services Committee (MSC) recommending that the City Council retain the closed Solid Waste Franchise System. The Municipal Services Committee requested that staff return at a future meeting with the following information:

- Process and time frame of new franchise applicants;
- The amount of staff time and cost involved to process new franchise applicants;
- Information on the possibility of recovering staff expenses by charging application fees; and
- Feedback from the business community and apartment associations.

Staff presented an informational report to the MSC to address the above issues on November 9, 2010. Staff reported that it takes two people approximately seven hours for a total cost of \$367.40 to review and process each application. In addition, applicants must meet minimum requirements such as insurance certificates, submitting required bond, have a valid business license, trucks must comply with Rule 1193 through South Coast Air Quality Management District (SCAQMD) and California Air Resources Board (CARB), etc. Staff also conducted a survey by mailing 1,100 surveys to apartment owners in Pasadena to obtain their feedback regarding whether to keep the system closed or to open it. A total of 24 responses were received with 12 indicating they wanted to keep the system closed, and 12 indicating they wanted to open the system. Another survey was conducted by the Chamber of Commerce on three different times with 2,400 business community members, 60 members reviewed the survey but not one response was received.

Currently, there are 4,041 customers serviced by 26 haulers (see Attachment A). Two haulers provide service to 3,469 customers, or 85% of the customer base. Nine haulers provide service to anywhere between one to 572 customers, and the remaining 15 haulers do not service any permanent customers. The number of haulers has declined in the past three years from 34 to 26 for the following reasons: four haulers were not granted a franchise renewal due to non-compliance of their franchise agreement; two haulers did not reapply for a franchise; and two haulers consolidated their businesses with another current franchisee. The existing 26 haulers provide service in the city with 125 trucks instead of 160 noted in 2007. The decrease in the number of trucks on the road results in decreased air pollution, road damage, noise pollution, and congestion. Based on the SCAQMD air pollutants monitoring conducted for the Pasadena area, the

smaller particulates pollutant (PM2.5) concentrations in the area was reduced by almost one third since the year 2000. This is likely due to fewer vehicles on the road, but also a result of more trucks converting to alternative-fuel which is mandatory for all new refuse vehicles.

Pasadena benefits from maintaining a closed franchise system. A closed system will continue to aid in reducing air pollution, traffic congestion, and wear and tear of roads with fewer trash trucks on City streets.

All 26 franchisees are currently in compliance with the 60% diversion rate for solid waste material, and the 75% diversion rate for construction and demolition debris. In addition, franchisees are in compliance with CARB and SCAQMD vehicle requirements.

COUNCIL POLICY CONSIDERATION:

Maintaining a closed franchise system supports the City Council's goal to increase conservation and sustainability and demonstrates an increased commitment to applicable elements of the Green City Action Plan. The system currently has enough haulers to offer competitive pricing which supports quality of life and local economy goals.

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:

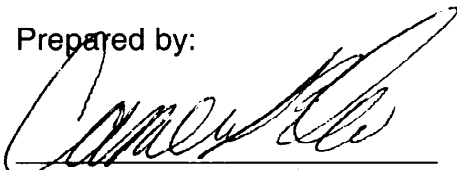
Per chapter 8.61 of the Pasadena Municipal Code, franchisees are required to remit 19.515 percent of gross monthly receipts to the City for the preparation and implementation of an integrated waste management plan and the repair and maintenance of the City's infrastructure due to operation of heavy duty solid waste collection vehicles. In FY 2010 franchisees generated \$3.5 million in revenue that went to the Refuse and General Funds.

Respectfully submitted,



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Approved by:



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Attachment A – Franchise System

Attachment A
Fiscal Year 2010 Data

<u>Trash and/or Construction and Demolition Service</u>		<u>Number of Vehicles</u>	<u>Number of Customers</u>	<u>Total Tonnage</u>	<u>Diversion Percentage For Solid Waste</u>	<u>Diversion Percentage For Construction and Demolition</u>
1.	AAA Rubbish, Inc.	1	5	213	100%	100%
2.	American Reclamation	2	8	1,642	71%	no business
3.	Athens Services	13	1,927	45,636	60%	76%
4.	Consolidated Disposal	10	1,542	22,424	65%	76%
5.	Direct Disposal	1	0	67	100%	78%
6.	Frank's Disposal	1	0	10	no business	77%
7.	Haul Away Rubbish	2	12	880	63%	no business
8.	Heritage Disposal	4	0	588	65%	79%
9.	Interior Removal Specialist	21	0	1,047	no business	79%
10.	J&L Hauling	2	0	39	no business	95%
11.	Nu Way Roll-off	4	0	456	no business	97%
12.	Southland Disposal	2	1	918	61%	no business
13.	United Pacific Waste	1	0	3	no business	100%
14.	Universal Waste Systems	3	129	2,316	61%	100%
15.	Valley Vista Services	4	197	2,016	67%	no business
16.	Ware Disposal	2	1	341	100%	no business
17.	Waste and Recycling	4	216	6,395	64%	no business
<u>Construction and Demolition Service Only</u>						
18.	City Rent-A-Bin	1	0	12	100%	no business
19.	Crown Disposal	29	0	5,129	77%	93%
20.	Diversion Solutions	1	0	50	100%	76%
21.	Metropolis	3	0	81	no business	85%
22.	NASA Disposal	2	0	1,319	no business	78%
23.	Perez Transport	1	0	78	no business	100%
24.	USA Waste of California	4	0	507	no business	78%
25.	Western Tear-off	4	0	64	31%	100%
<u>Recycling Service Only</u>						
26.	Allan Company	3	3	476	100%	no business
Total		125	4,041	92,707		