

Agenda Report

June 18, 2012

TO: Honorable Mayor and City Council
FROM: Department of Public Works
SUBJECT: PUBLIC HEARING: CONSIDER GRANTING NON-EXCLUSIVE SOLID WASTE FRANCHISES

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. After closure of the public hearing, grant renewal of a non-exclusive franchise to 22 existing franchises from the date of execution through June 30, 2013, consistent with the Solid Waste Collection Franchise Ordinance; and
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.

COUNCIL COMMITTEE RECOMMENDATION:

On May 22, 2012, the Municipal Services Committee received a presentation on this item. The Committee unanimously recommended the City Council set a public hearing for June 18, 2012 to consider granting the franchises and approve the recommendations outlined above.

BACKGROUND:

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

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.

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.	Diversion 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 Universal Waste Systems, Inc. (current franchise hauler)

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:

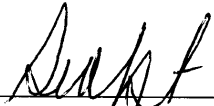
Per item 8.61.099 Emission Standards of the Franchise Ordinance, every vehicle operated by a franchise hauler must comply with the emission regulations adopted by

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:

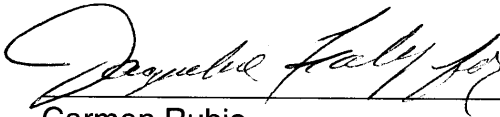
Effective July 1, 2012, the City will receive payment of a franchise fee based upon percentage of gross monthly customer receipts generated by each of the franchisees. The amount of revenue generated by each hauler is dependent upon the amount and business conducted in the City and has been estimated at \$3.38 million for FY 2013. 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,



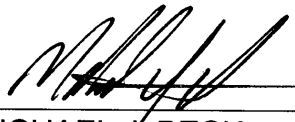
SIOBHAN FOSTER, Director
Department of Public Works

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Approved by:



MICHAEL J. BECK
City Manager

Attachment A – Franchise Renewals Past Performance

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 /Allian 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					60,658	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.