

# Agenda Report

February 23, 2015

**TO:** Honorable Mayor and City Council

**FROM:** Department of Public Works

**SUBJECT: ASSIGNMENT OF NON-EXCLUSIVE SOLID WASTE  
FRANCHISE FROM CROWN DISPOSAL COMPANY TO RECOLOGY  
LOS ANGELES**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the non-exclusive Solid Waste Collection Franchise System Ordinance is categorically exempt from the California Environmental Quality Act (CEQA) and is exempt per Section 15061 (b) (3); and
2. Direct the City Attorney to draft an amendment to Ordinance No. 7222 that approves the transfer and assignment of the non-exclusive solid waste franchise from Crown Disposal Company to the new owner, Recology Los Angeles.

## **BACKGROUND:**

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 of 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; security deposit; financial audit; vehicle inspections; 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 Pasadena Municipal Code. On December 6, 2010, the City Council reviewed the non-exclusive solid waste collection franchise system and approved the retention of the closed Solid Waste Franchise System. On September 29, 2014, City Council agreed to retain the closed Solid Waste Franchise System with the exception of composting companies.

Crown Disposal Company, a California corporation, holds a non-exclusive, solid waste franchise in the City of Pasadena, and is in good standing. On October 22, 2014, Recology Los Angeles, a company that does not have a Pasadena non-exclusive solid waste franchise, entered into an agreement with Crown Disposal Company to acquire all outstanding assets of Crown Disposal Company. While Recology Los Angeles could continue to operate under Crown Disposal's name and franchise, it wishes to operate under the Crown Disposal corporate identity and with an assignment of Crown Disposal's franchise. Assignment of a non-exclusive franchise requires the prior consent of the City Council as expressed by Ordinance No. 6510.

The Department of Public Works has found the existing franchise held by Crown Disposal Company in good standing and in compliance with the terms of the franchise agreement, and has found that the purchaser Recology Los Angeles meets all the qualifications set forth in section 8.61.080 of the PMC to hold a franchise and to assume the transfer of the franchise agreement including the diversion percentage of 60 percent for solid waste and 75 percent for construction and demolition debris (see table below). Recology Los Angeles has no vested or contract right in any such renewal term, and shall receive a yearly franchise renewal at the sole discretion of the City Manager. The original application for assignment is on file in the Department of Public Works' Street Maintenance and Integrated Waste Management Division office and has been certified by staff to be accurate and complete.

Recology Los Angeles franchisee shall be subject to the terms and conditions specified in the City Charter, in the non-exclusive franchise agreement, in Ordinance No. 6510, 6916 and 7154 and Resolutions granting the franchise, and in all other applicable federal, state and local laws and regulations. Recology Los Angeles franchise term shall be July 1, 2014 through June 30, 2015, with two additional one-year renewal terms at the sole discretion of the City Manager.

Crown Disposal – Past Performance (July 1, 2014 through January 1, 2015):

Solid Waste Diversion	Construction & Demolition Diversion	Number of Temporary Customers	Number of Vehicles in Pasadena	Times Referred to Collections	Tons Collected	Franchise Fees Collected
93%	91%	76	1	0	2,068	\$49,173.74


**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.

**FISCAL IMPACT:**

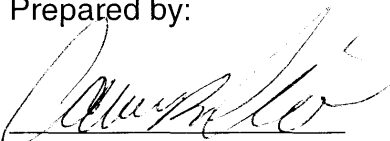
The City will receive a fee of 23.066 percent of gross customer receipts generated by Recology Los Angeles. In FY 2014, Crown Disposal Company's franchise fees totaled \$89,436.74. The franchisee shall be subject to, and the City shall perform, random audits annually to insure that the information provided to the City is accurate.

Respectfully submitted,



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Approved by:



MICHAEL J. BECK  
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