

# Agenda Report

June 19, 2017

**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. Find that the non-exclusive Solid Waste Collection Franchise System Ordinance is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15061 (b)(3);
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, 2018, with up to four, one-year renewal terms at the sole discretion of the City Manager, consistent with the Solid Waste Collection Franchise Ordinance. The franchisees shall have no vested or contract right in any of the four additional, one-year renewal terms; 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 23, 2017, the Municipal Services Committee received a presentation on this item. The Committee unanimously recommended the City Council to set a public hearing for June 19, 2017 to consider granting the franchises and approve the recommendations outlined above.

**BACKGROUND:**

On June 5, 2017, 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 19, 2017.

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.

The recommended franchisees have completed renewal applications and are in compliance with the provisions set forth in section 8.61.080 of the PMC. Franchisees are in compliance with alternative-fuel solid waste collection vehicles, per Rule 1193 through South Coast Air Quality Management District (SCAQMD). All 22 franchisees are meeting the past performance requirements, including the diversion requirement of 60% for solid waste and 75% for construction and demolition debris, or have paid liquidated damages for not meeting the diversion percentage rate (see Attachment A).

As part of the Administrative Rules and Regulations approved by the Public Works Director on October 2012, franchisees are held accountable to remove bulky or abandoned items from their commercial and multi-family customer accounts within 24 hours. Franchisees mirror the City's efforts in getting educational material to all residents, not just landlords, in order to sustain cleaner neighborhoods through community participation and support.

On August 6, 2007, City Council approved the closure of the Solid Waste Collection Franchise System as reflected in Chapter 8.61 of the PMC. On December 6, 2010 City Council revisited the franchise application program and voted to maintain a closed franchise system until further action of the City Council. On August 23, 2015, the Solid Waste Franchise System was revisited and approved by City Council to remain a closed system with the understanding that it be reviewed in three years which would be August 2018. At that time, the City Council, after review by commissions, will decide to either keep the franchise system closed or open it to new franchise haulers. However, a franchisee with the City on or prior to August 6, 2007, may apply for a franchise renewal by following the procedures set forth in the non-exclusive Solid Waste Franchise section of City Ordinance 8.61.070.

State law requires cities to issue a five-year notification to commercial franchise haulers of its intent to consider future changes in the Non-Exclusive Solid Waste Collection Franchise System. On March 5, 2015, as a practice, staff issued a five-year notification to franchisees informing them of possibly proposing modifications in 2020 to the Non-Exclusive Solid Waste Collection Franchise System. This notice does not apply to haulers collecting construction and demolition debris or organics material.

In October 2014, Governor Jerry Brown signed Assembly Bill 1826, requiring businesses generating over a certain amount of organics to arrange organic waste recycling service effective April 1, 2016. Staff is working with franchise haulers to ensure compliance with this bill.

A public hearing will be held at 7:00 p.m. on June 19, 2017, in the City Council Chambers, 100 North Garfield Avenue, or as soon thereafter as each of the matters may be heard. At the hearing, all persons desiring will be provided the opportunity to speak in favor of, or in opposition to, the granting of a non-exclusive franchise to the applicants.

**Franchisees Recommended for Renewal**

	<b>Franchisee</b>	<b>Location</b>
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.	Direct Disposal	Huntington Beach
8.	Haul-Away Rubbish Service Co., Inc.	Montebello
9.	Heritage Disposal, Inc.	Alhambra
10.	Interior Removal Specialist, Inc.	Southgate
11	J&L Hauling and Disposal, Inc.	Thousand Oaks
12.	Metropolis Disposal, Inc.	Van Nuys
13.	NASA Services, Inc.	Montebello
14.	Perez Disposal Company, Inc.	Granada Hills
15.	Recology Los Angeles	Sun Valley
16.	Southland Disposal Company	Los Angeles
17.	United Pacific Waste	Pico Rivera
18.	Universal Waste Systems, Inc.	Santa Fe Springs
19.	USA Waste of California dba Waste Management	Long Beach
20	Valley Vista Services, Inc	City of Industry
21.	Ware Disposal Company, Inc.	Santa Ana
22.	Waste and Recycling Services, Inc.	Whittier

For the recommended franchisees, the franchise term shall be July 1, 2017 through June 30, 2018, with up to four, one-year renewal terms at the sole discretion of the City Manager. The franchisees shall have no vested or contract right in any of the four additional, one-year renewal terms.

**Current Non-Exclusive Solid Waste Collection Franchise System**

Currently, 3,485 commercial and multifamily customers are serviced by 22 haulers that compete for customers throughout the City. These 22 haulers operate 76 vehicles within the City. Customers arrange for solid waste services and negotiate rates with the haulers. Five haulers serve 3,346 customers or 96% of the customer base. The remaining 17 haulers serve between one and 33 customers.

**COUNCIL POLICY CONSIDERATION:**

The recommended action is consistent with the City Council's goal to increase conservation and sustainability. It also supports the United Nations Urban Environmental Accords of 2005 Action 4 of achieving zero waste to landfills and incinerators by 2040.

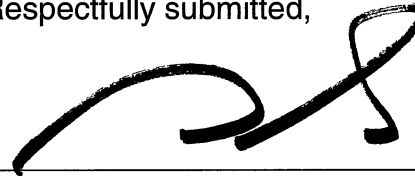
**ENVIRONMENTAL ANALYSIS:**

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:**

Per chapter 8.61 of the PMC, franchisees are required to remit 23.066% of gross monthly customer 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 2017, franchise revenue is estimated to be \$4.9 million.

Respectfully submitted,



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Prepared by:



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Approved by:



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STEVE MERMELL  
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