

Agenda Report

September 18, 2017

TO: Honorable Mayor and City Council

FROM: Department of Public Works

**SUBJECT: ASSIGNMENT OF NON-EXCLUSIVE SOLID WASTE
FRANCHISE FROM RECOLOGY LOS ANGELES TO ARACO
ENTERPRISES, LLC., DBA ATHENS ENVIRONMENTAL SERVICES**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action 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. 7306 that approves the transfer and assignment of the non-exclusive solid waste franchise from Recology Los Angeles to the new owner, Araco Enterprises, LLC., dba Athens Environmental Services.

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 Collection Franchise System as reflected in Chapter 8.61 of the PMC. On December 6, 2010 the 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 closed.

Recology Los Angeles, holds a non-exclusive, solid waste franchise in the City of Pasadena, and is in good standing. On July 26, 2017, Araco Enterprises, LLC., dba Athens Environmental Services, entered into an agreement with Recology Los Angeles to acquire all outstanding assets of Recology Los Angeles. 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 Recology Los Angeles and Arakelian Enterprises, Inc. dba Athens Services in good standing and in compliance with the terms of the franchise agreement, including the diversion percentage of 60 percent for solid waste and 75 percent for construction and demolition debris (see tables below). The purchaser Araco Enterprises, LLC., dba Athens Environmental Services 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. 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 – Past Performance (July 1, 2016 through June 30, 2017):

Solid Waste Diversion	Construction & Demolition Diversion	Number of Temporary Customers	Number of Vehicles used in Pasadena	Tons Collected	Franchise Fees Collected
100%	76%	206	1	2,882	\$99,840

Arakelian Enterprises, Inc. dba Athens Services-Past Performance (July 1, 2016 through June 30, 2017):

Solid Waste Diversion	Construction & Demolition Diversion	Number of Permanent and Temporary Customers	Number of Vehicles used in Pasadena	Tons Collected	Franchise Fees Collected
60%	78%	2,464	12	42,707	\$2,262,117

If approved, Araco Enterprises, LLC., dba Athens Environmental Services franchisee shall be subject to the terms and conditions specified in the City Charter, in the non-exclusive franchise agreement, in Ordinance Nos. 6510, 6916, 7154 and 7264 and Resolutions granting the franchise, and in all other applicable federal, state and local laws and regulations. Araco Enterprises, LLC., dba Athens Environmental Services 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. Araco Enterprises, LLC., dba

Athens Environmental Services has no vested or contract right in any of the four additional, one-year renewal terms.

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 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:

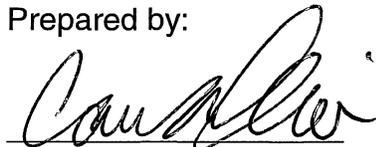
Per chapter 8.61 of the PMC, the City will receive a fee of 23.066 percent of gross monthly customer receipts generated by Araco Enterprises, LLC., dba Athens Environmental Services, for the preparation and implementation of an integrated waste management plan and the repair and maintenance of the City's infrastructure due to operation of heavy duty solid waste collection vehicles. In FY 2016, Recology Los Angeles franchise fees totaled \$99,840.

Respectfully submitted,



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Approved by:



STEVE MERMELL
City Manager