

Agenda Report

August 15, 2022

TO: Honorable Mayor and City Council

FROM: Department of Public Works

**SUBJECT: ASSIGNMENT OF NON-EXCLUSIVE SOLID WASTE FRANCHISE
FROM DIRECT DISPOSAL TO CALIFORNIA WASTE SERVICES, LLC**

RECOMMENDATION:

It is recommended that City Council:

1. Find that the non-exclusive Solid Waste Collection Franchise System Ordinance is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15061(b)(3); and
2. Direct the City Attorney to draft an amendment to Ordinance 7396 that approves the transfer and assignment of the non-exclusive solid waste franchise from Direct Disposal to the new owner, California Waste Services, LLC. for the term beginning immediately upon execution of the agreement through June 30, 2023, with four additional one-year renewal terms at the sole discretion of the City Manager. California Waste Services has no vested or contract right in any of the four additional one-year renewal terms.

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.

The Franchise System is a non-exclusive system that allows permitted haulers to collect, transport, dispose and/or recycle solid waste that is 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.

City Council approved the closure of the Solid Waste Collection Franchise System on August 6, 2007 and granted renewals to the existing Non-Exclusive Solid Waste Franchise Contracts in 2012 and 2017. On July 20, 2015, City Council approved retention of the closed Solid Waste Franchise System with the exception of composting companies. On June 13, 2022, City Council approved the renewal of the Non-Exclusive Solid Waste Franchise to 20 existing franchises.

Direct Disposal, a California corporation, holds a non-exclusive solid waste franchise in the City of Pasadena. On May 13, 2022, California Waste Services, a company that does not have a Pasadena non-exclusive solid waste franchise, entered into an agreement with Direct Disposal to acquire all assets of Direct Disposal. California Waste Services desires to have the franchise of Direct Disposal assigned to it. 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 Direct Disposal is in good standing and in compliance with the terms of the franchise agreement. Also, the purchaser California Waste 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 including meeting the diversion percentage of 75 percent for construction and demolition debris (see table below). The application for assignment is on file with the Department of Public Works' Resource Recovery & Recycling Division and has been certified by staff to be accurate and complete.

Direct Disposal – Past Performance (July 1, 2021 – May 31, 2022):

Construction & Demolition Diversion	# of Temporary Customers	Vehicles in Pasadena	Tons Collected	Franchise Fees Collected
86%	86	2	1,304.94	\$45,222

California Waste Services franchise shall be subject to the terms and conditions specified in the City Charter, in the non-exclusive franchise agreement, in Ordinance No. 6510, 6916, 7154 and 7264 and Resolutions granting the franchise, and in all other applicable federal, state and local laws and regulations. California Waste Services franchise term shall begin immediately upon execution of the agreement through June 30, 2023, with four additional one-year renewal terms at the sole discretion of the City Manager. California Waste 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:

This action has been reviewed for compliance with the 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 the PMC, franchisees must remit 23.066% 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. The franchisee shall be subject to, and the City shall perform, random audits annually to ensure that the information provided to the City is accurate.

Respectfully submitted,



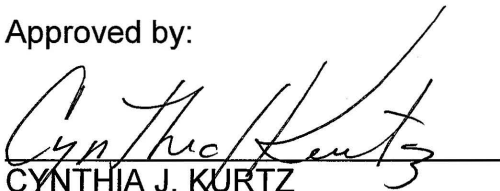
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