



Agenda Report

June 13, 2022

TO: Honorable Mayor and City Council

FROM: Department of Public Works

SUBJECT: PUBLIC HEARING TO CONSIDER GRANTING NON-EXCLUSIVE SOLID WASTE FRANCHISES AND ADOPTION OF RESOLUTION SETTING MINIMUM INSURANCE REQUIREMENTS FOR FRANCHISEES

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 20 existing franchises from the date of execution through June 30, 2023, 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;
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; and
4. Adopt a resolution setting the minimum levels and standards of liability insurance for non-exclusive solid waste collection franchises.

BACKGROUND:

On May 16, 2022, 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 13, 2022.

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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 20 franchisees meet 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 in 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 June 18, 2012, City Council granted the existing Non-Exclusive Solid Waste Franchise Contract Renewals. On September 29, 2014, City Council approved an action to maintain a closed franchise system for solid waste haulers and construction and demolition haulers and to open the franchise system to new haulers that collect and transport organic material to a composting facility that has been permitted by the State of California. On June 19, 2017, City Council granted the renewal of the existing Non-Exclusive Solid Waste Franchise Contracts.

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. In September 2016, Governor Brown approved Senate Bill 1383 to establish statewide targets to reduce the amount of organic waste disposed of in landfills (50% reduction by 2020 and 75% by 2025). Staff is working with franchise haulers to ensure compliance with these bills.

A public hearing will be held at 5:30 p.m. on June 13, 2022, 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.

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Franchisees Recommended for Renewal

	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.	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.	Southland Disposal Company	Los Angeles
16.	Universal Waste Systems, Inc.	Santa Fe Springs
17.	USA Waste of California dba Waste Management	Long Beach
18.	Valley Vista Services, Inc.	City of Industry
19.	Ware Disposal Company, Inc.	Santa Ana
20.	Waste and Recycling Services, Inc.	Whittier

For the recommended franchisees, the franchise term shall be July 1, 2022 through June 30, 2023, 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, 3,387 commercial and multifamily customers are serviced by 20 haulers that compete for customers throughout the City. These 20 haulers operate 125 vehicles within the City. Customers arrange for solid waste services and negotiate rates with the haulers. Five haulers serve 3,191 customers or 94% of the customer base. The remaining 15 haulers serve fewer than 73 customers each.

With regard to insurance, Section 8.61.110 of the Pasadena Municipal Code requires the City Council, by resolution, establish minimum insurance requirements, and staff is recommending updates to those requirements per attached resolution.

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.

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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 2022, franchise revenue is estimated to be \$5.9 million for remittance to the Refuse Collection Fund.

Respectfully submitted,



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Director of Public Works

Prepared by:



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Public Works Administrator

Approved by:



CYNTHIA J. KURTZ
Interim City Manager

Attachment A – Franchise Past Performance