



Agenda Report

February 9, 2026

TO: Honorable Mayor and City Council

FROM: Department of Public Works

SUBJECT: APPROVAL OF TRANSFER AND ASSIGNMENT OF NON-EXCLUSIVE SOLID WASTE FRANCHISE FROM ROBERT M. ARSENIAN DBA SOUTHLAND DISPOSAL COMPANY TO SOUTHLAND ENVIRONMENTAL SERVICES, INC

RECOMMENDATION:

It is recommended that City Council:

1. Find that the recommended action is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15061 (b)(3), the "common sense" provision that CEQA only applies to projects that may have an effect on the environment; 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 Robert M. Arsenian dba Southland Disposal Company (Southland Disposal) to Southland Environmental Services, Inc for the term beginning immediately upon execution of the agreement through June 30, 2026, with one additional one-year renewal term at the sole discretion of the City Manager. Southland Environmental Services, Inc has no vested or contract right in the additional one-year renewal term.

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. City Council has since approved the renewal of Non-Exclusive Solid Waste Franchises to 20 existing franchises annually.

Southland Disposal, a sole proprietorship, holds a non-exclusive solid waste franchise in the City of Pasadena. On August 11, 2025, Robert Arsenian, owner of both Southland Disposal Company and Southland Environmental Services, Inc informed our office of his plan to merge the two companies to Southland Environmental Services, Inc.

Southland Environmental Services, Inc does not have a Pasadena non-exclusive solid waste franchise. Therefore, Mr. Arsenian desires to have the franchise agreement of Southland Disposal assigned to Southland Environmental Services, Inc. and operate the franchise under Southland Environmental Services, Inc. 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 Southland Disposal is in good standing and in compliance with the terms of the franchise agreement. Also, Southland Environmental Services, Inc 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 60 percent for solid waste (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.

Southland Disposal – Past Performance (January 1, 2025 – November 30, 2025):

Soild Waste	# of Permanent Customers	Vehicles in Pasadena	Tons Collected	Franchise Fees Collected
70%	87	3	2,064	\$135,518

Southland Environmental Services Inc's franchise 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. Southland Environmental Services Inc's franchise term shall begin immediately upon execution

of the agreement through June 30, 2026, with one additional one-year renewal term at the sole discretion of the City Manager.

COUNCIL POLICY CONSIDERATION:

The recommended action is consistent with the City Council's goal to increase conservation and sustainability.

ENVIRONMENTAL ANALYSIS:

The action proposed herein is exempt from the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines Section 15061 (b) (3), the "common sense" provision of CEQA which only applies to projects that have the potential for causing a significant effect on the environment. Approving the transfer and assignment of the existing franchise will not result in any changes to the terms and conditions of the franchise agreement or result in any 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 amount remitted and information provided to the City is accurate.

Respectfully submitted,



GREG DE VINCK, P.E.
Director of Public Works

Prepared by:



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Approved by:



MIGUEL MÁRQUEZ
City Manager