

REPORT TO CITY COUNCIL

DATE: APRIL 26, 2006
TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL
FROM: GREG RAMIREZ, CITY MANAGER
BY: NATHAN HAMBURGER, ASSISTANT TO THE CITY MANAGER
SUBJECT: REQUEST FROM CONSOLIDATED DISPOSAL SERVICES/LAS VIRGENES TO NEGATE SOLID WASTE HAULER FRANCHISE AGREEMENT

The City received a letter from Consolidated Disposal Services (CDS), dated March 29th, that indicated their desire to negate the existing Residential Solid Waste Hauler Franchise Agreement and a portion of the services provided under the City's Commercial Solid Waste Hauling Permit (annual permit). The letter indicates that Consolidated has entered into an agreement with G.I./Waste Management Industries to transfer their existing customers within the Cities of Agoura Hills (approximately 630 residential and 41 commercial accounts), Calabasas and Malibu. The letter also indicates that the transfer of customers is scheduled to take place on or before April 28, 2006.

Based on this information, the City Attorney, the City's solid waste consultant, Solid Waste Solutions, and staff have reviewed the existing franchise agreement and conclude that this transfer would not be in violation of the existing agreement unless City Council approval was not given for the transfer of customers. With the affected customers' best interest in mind, staff has met with G.I./Waste Management to discuss the ability of their company handling the new customer base (residential and commercial) on a designated temporary time period with several conditions. Staff has asked that the current rates of the customers being transferred over be frozen for a time period of at least 6 months, or until an agreement is reached through the Council's approval of Resolution No. 06-1413. The reasoning behind this is that there appears to be a wide range of service prices for various customers served in the past by Consolidated Disposal. By freezing the current rates, it gives Waste Management time to look at any rate changes that will affect residential homes (specifically the elderly and those on fixed incomes) to find a fair market rate. Staff has also asked that Waste Management give proper notice to the customers who will be affected by the change as well as those who will have their waste pick-up days changed (due to Consolidated having different routes in various areas of the City). To alleviate the concern of trash being left at residential curbsides for anyone who failed to change the day that they put out their trash, staff has asked that trucks be scheduled to do additional runs for the first few weeks of this transition.

At the request of staff, Waste Management has provided a viable transition plan for all of the new customers it will be taking over for Consolidated Disposal. This transition plan includes information on how waste containers will be handled, customers will be notified and how routes will be adjusted to pick-up refuse in the most efficient manner. The City has had a good standing relationship with Waste Management and staff is confident that this transition plan will adequately insure that our residents and business partners do not see any drop in the service level provided.

Staff will be working closely with G.I./Waste Management Industries during this interim period to decide how rates for the customers transferred from Consolidated Disposal will be addressed and how the routes for the entire City will be handled. Staff feels that based on this current situation, it is pertinent to begin the discussion of Waste Management Industries' franchise review which is due to be completed by December 31st of this year, with a renewal period of three years written into the agreement.

The City has had multiple residential waste hauler franchise agreements in the past and is now faced with the fact that all of the residential and a majority of the commercial accounts will be handled by one hauler. Traditionally, the City has stayed away from setting the rates of waste haulers but had caps on the amount of rate increases that could take place annually. It is recommended that the City Council give staff the direction to work with our consultant, legal staff and Waste Management representatives to negotiate an exclusive residential waste hauling franchise agreement with rate protection, waste diversion rate requirements and other items that would be beneficial to the community as a whole. Should staff be unable to reach an appropriate agreement, then it would be the recommendation of staff to complete a Request For Proposal (RFP) process for additional waste hauler(s).

In relation to the collection of commercial waste, staff feels that it is the appropriate time to discuss changes to the annual permit system currently utilized. Waste diversion rates on the commercial side have been extremely low over the past 7 years, which has caused the City to fall short of the 50% diversion rate mandated by AB 939. Staff is proposing to update the City's waste/refuse code and annual permit approval requirements to include the stipulation that all commercial waste be taken to a Materials Recovery Facility (MRF). The MRF allows recyclable items to be removed from non-recyclable trash through a sorting process. This process helps recover items that currently would be put in a landfill. By recovering these recyclable items, it would be expected that the City's overall diversion rate would increase significantly, bringing us in compliance with the requirements established under AB 939. The City would also encourage the use of recycling and green waste containers at commercial centers and multi-family dwellings to increase recycling prior to the waste being taken to the MRF.

The City's annual Commercial Waste Hauling Permit was received by six haulers this year. A majority of these haulers do not have weekly collection services but instead only offer roll-off or temporary bin service. With the transfer of the commercial accounts currently served by Consolidated Disposal Services, it is estimated that G.I./Waste Management would serve 97% of the regular waste pick up in the City's commercial/multi-family dwelling sector. Although a majority of the regular commercial customers will be serviced by one hauler, the current permit system in place does not allow the City to negotiate a franchise agreement with a hauler from the permit process. If a franchise were to be pursued, staff would recommend that an RFP process be completed to insure that the City performs its fiduciary and legal duties. Thus, staff is recommending that the annual permit process be kept in place with the suggested changes that will be brought back to the Council at a later date. The other option would be for the City Council to direct staff to begin an RFP process immediately to find an exclusive hauler for all commercial waste accounts.

RECOMMENDATION

Staff is recommending that the City Council:

- 1) Approve the transfer of residential waste services from Consolidated Disposal Services/Las Virgenes to G.I./Waste Management Industries as requested and allow G.I./Waste Management to temporarily serve these new accounts under their existing franchise agreement through the approval of Resolution No. 06-1413; and
- 2) Approve Resolution No. 06-1414, creating a freeze on the rates of accounts transferred from Consolidated Disposal Services to G.I./Waste Management; and
- 3) Instruct staff to begin negotiations with G.I./Waste Management in regards to an exclusive residential waste hauling franchise agreement and if an agreement can not be reached, to begin the RFP process for additional solid waste hauler(s); and
- 4) Instruct staff to make the necessary changes to the annual commercial waste hauling permit.

Attachments: Resolution No. 06-1413
Exhibit A – Termination Agreement
Exhibit B – Transition Plan
Resolution No. 06-1414