



REPORT TO CITY COUNCIL

DATE: JANUARY 28, 2015

TO: MAYOR AND HONORABLE MEMBERS OF THE CITY COUNCIL

FROM: GREG RAMIREZ, CITY MANAGER 

BY: LOUIS CELAYA, DEPUTY CITY MANAGER 

SUBJECT: APPROVE TRANSFER REQUEST OF AGOURA HILLS 2015 COMMERCIAL SOLID WASTE AND RECYCLABLES PERMIT – CROWN DISPOSAL TO RECOLOGY LOS ANGELES

On December 16, 2014, the City received communication from Crown Disposal Co., Inc., (Crown), to consent to a transfer of its current 2015 Commercial Solid Waste and Recyclable permit and associated encroachment permit, to Recology Los Angeles (Recology). Crown has been a permitted solid waste collector in the commercial sector for many years and annually secures a permit with the City. The City was advised that Crown has entered into an agreement with Recology to sell all, or substantially all, of its assets to Recology, who will continue its operations in the City. The Municipal Code states that a solid waste collector permit or a franchise issued shall not be transferred, delegated, sublet, subcontracted to, or assigned to another person without the approval of the City Council.

Upon receipt of the request, staff responded to Crown with inquiries on Recology's intentions with respect to its solid waste and recycling operations and was provided a response (attached). Review of the response from Recology reveals Recology will continue to operate in same capacity as Crown, and within 30 days from the conclusion of their acquisition, begin re-branding their vehicles with Recology markings.

Staff asked the City Attorney's Office to also review the request and concurred the actions being requested by Recology were similar to what was also occurring in neighboring and other municipal jurisdictions where Crown carries either permits or agreements. Their office saw no issue with this request. They did recommend Recology be provided a 2015 Commercial Solid Waste Permit application to be completed. This was provided to Recology. The City's solid waste consultant, Solid Waste Solutions Inc., reviewed several references provided by Recology and received positive comments about the company and its operations and administrative reporting to agencies. Their office has also received the completed 2015 commercial permit application and appropriate supporting documentation.

Recology's primary activity, as a solid waste collector, appears to have been in Northern California. They appear to be a well-established collector, with experience in solid

waste and recycling operations. Should the transfer request be approved by the City Council, staff will conclude its administrative work with Recology, update City website and appropriate public information lists, and release a Solid Waste Commercial and Recyclables Permit and a new encroachment permit to Recology. Recology would begin its operations starting January 29, 2015, and advise current Crown customers of the transition.

RECOMMENDATION

Staff respectfully recommends the City Council approve the transfer request of the Agoura Hills 2015 Commercial Solid Waste and Recyclables Permit – Crown Disposal to Recology Los Angeles.

Attachments: December 5, 2014 – Request for Consent to Assignment (Crown)
December 31, 2014 – Recology Response to Agoura Hills Inquiry (Recology)



CITY OF AGOURA HILLS

2014 DEC 16 AM 11:49

CITY CLERK

9189 DE GARMO AVENUE • Mailing Address: P.O. BOX 1081 • SUN VALLEY CALIFORNIA 91352
(818) 767-0675 • (323) 875-0587 • FAX# (818) 768-3930

December 5, 2014

Via email lcelaya@ci.agoura-hills.ca.us

Louis A. Celaya
Deputy City Manager
City of Agoura Hills
30001 Ladyface Ct.
Agoura Hills, CA 91301

Via email kim@sws-inc.com

Ms. Kimberly C. Nilsson
Solid Waste Solutions, Inc.
25 W. Rolling Oaks Dr., Suite 201
Thousand Oaks, CA 91361

Re: Request for Consent to Assignment of Encroachment Permit No. EP-13-133,
Commercial Solid Waste Permit Number 2014-001, and pending 2015
Application for Commercial Solid Waste Permit between the City of Agoura Hills
and Crown Disposal Company, Inc. (the "*Agreement*")

Ladies and Gentlemen:

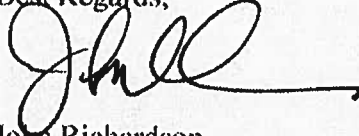
We wish to inform you that Crown Disposal Company, Inc. ("*Crown*") has entered into an agreement dated as of October 22, 2014, to sell all or substantially all of its assets to Recology Los Angeles or an affiliate thereof ("*Recology*"), who will continue Crown's operations (the "*Transaction*").

The purpose of this letter is to request that the City of Agoura Hills provide its consent for Crown to assign the above-referenced permits to Recology. Upon the assignment of the permits, Recology will be subject to the applicable terms and conditions of the Agreement and will continue to perform the obligations thereunder.

At your earliest convenience, please countersign this letter agreement to indicate your consent of the assignment of the Agreement and send a copy of the signed document to Lisa Whiting at Lewitt Hackman Shapiro Marshall & Harlan, via e-mail at lwhiting@lewithhackman.com or via mail at 16633 Ventura Boulevard, Eleventh Floor, Encino, CA 91436, Attn: Lisa Whiting. Your consent will become effective as of the closing of the Transaction and will have no effect unless the closing of the Transaction occurs. We expect the Transaction to close in January 2015. Time is of the essence in obtaining a response to this request, accordingly, please do not hesitate to contact me at (818) 767-0675 regarding this matter.

We appreciate your prompt consideration of this request.

Best Regards,

A handwritten signature in black ink, appearing to read "John Richardson", with a long horizontal flourish extending to the right.

John Richardson
Senior Vice President

cc: Donald Gambelin, Recology

ACKNOWLEDGED AND AGREED:

CITY OF AGOURA HILLS

BY: _____

NAME: _____

TITLE: _____



December 31, 2014

Mr. Louis A. Celaya
Deputy City Manager
City of Agoura Hills
30001 Ladyface Court
Agoura Hills, CA 91301

Re: Recology response to Agoura Hills inquiry regarding request to assign Crown Disposal Company's Commercial Solid Waste Permit 2015-01 & Encroachment Permit No. EP-13-133 to Recology Los Angeles

To Mr. Louis Celaya,

Thank you for your inquiry dated December 29, 2014, regarding Crown Disposal Company's (Crown) request to transfer the City of Agoura Hill's (City) Commercial Solid Waste Permit 2015-01 and Encroachment Permit No. EP-13-133 (Permits) to Recology Los Angeles (Recology).

As previously noted, Recology has entered into an agreement to acquire substantially all of the assets of Crown (the Transaction). This letter is to provide the City with the information requested in your December 29th letter.

1. Does Recology plan to continue to operate in Agoura Hills as Crown Disposal Inc., or will it operate as Recology?

Recology plans to operate in the City of Agoura Hills under the "Recology Los Angeles" entity. Recology Los Angeles is a wholly-owned subsidiary of Recology Inc.

2. The City's understanding is that Recology Los Angeles is a subsidiary of Recology Inc. Is that understanding accurate?

Yes, Recology Los Angeles is a wholly-owned subsidiary of Recology Inc. Recology Inc. is parent to over 40 subsidiaries – including Recology Los Angeles. These subsidiaries partner with 119 communities in California, Washington, Oregon, and Nevada, helping over 710,000 residential and 95,000 commercial customers divert material from landfills. Recology Inc. operates:

- 11 transfer stations (six Company-owned)
- 10 Material Recovery Facilities (MRFs)
- Nine compost facilities

Following completion of the Transaction, Recology will operate the Sun Valley Material Recovery Facility (MRF) and the Lamont composting facility, which is the largest permitted compost facility in California.

In addition, Recology Inc. is the largest 100% employee-owned company in the solid waste collection and processing industries through an Employee Stock Ownership Plan (ESOP).

3. Is Recology planning to continue to operate in the commercial collection capacity as well as provision of temporary roll-off waste bins?

Yes, following completion of the Transaction, Recology plans to continue to provide the same commercial collection services available to Agoura Hills customers today, in addition to temporary roll-off services.

4. Will the collection vehicles continue operation as Crown or Recology? If Recology, what type of collection vehicles will be utilized, with what identifying markings?

Following completion of the Transaction, Recology plans to continue utilizing the same vehicles currently serving the City today. These vehicles will be rebranded from Crown to Recology Los Angeles.

The re-branding will initially entail placing decals and/or signs with the Recology Los Angeles logo on existing vehicles; this will be followed by repainting select vehicles with the Recology green, blue, and white color scheme (pictured).



5. If the intent is to operate as Recology, a revised Commercial Solid Waste and Recyclable application with all necessary Recology attachments, insurance, contact personnel, etc. will be required.

Recology has received the Commercial Solid Waste and Recyclable application from Deputy City Manager Louis Celaya, and has begun completing the application. Recology anticipates submitting the application before the January 14, 2015 City Council meeting.

6. Where will Recology's collected material be processed?

Recology will continue processing material collected in the City at the Sun Valley MRF located at 9189 DeGarmo Ave., Sun Valley, CA.

7. How does Recology plan to advise its current clients of this pending change?

Recology issues a Welcome Letter to all new customers. Once the Permit transfer is approved by the City, Recology will begin contacting customers regarding the change. Customer Service operations will remain local at the Sun Valley facility, and customer service telephone numbers are not expected to change. This will help minimize disruption to customers during the transition.

Recology partners closely with the municipalities it serves to meet diversion goals. This entails developing tailored outreach and education programs, coupled with the proper technical assistance

to help customers participate in diversion programs.

Recology maintains teams of Waste Zero Specialists, who work closely with individual accounts to help achieve higher diversion rates on the customer level. Through waste characterization studies, data-driven metrics, and education, Recology has helped some of the largest material generators achieve high diversion rates.

Alongside this letter, Recology has provided PDF samples of outreach and education material used by Recology in its existing service areas. The material is translated into languages that represent the community (such as Spanish or Mandarin).

8. Identify how Recology has remedied their northern California issues with tonnage reporting.

Recology understands that this question is in reference to a lawsuit brought by Brian McVeigh against Recology.

Recology understands that higher diversion rates are important to the City of Agoura Hills, and would like to provide the following update regarding the case:

- The Plaintiff alleged that Recology submitted false claims to the State of California regarding CRV reimbursements and to the City and County of San Francisco regarding a Diversion Incentive Account.
- On June 17, 2014, a jury rendered a verdict in favor of Recology on all 154 claims regarding CRV reimbursements and on four out of five claims regarding the Diversion Incentive Account.
- On October 21, 2014, the judge set aside the jury verdict on the one claim that the jury did not find for Recology and granted a new trial on that claim on the grounds that there was insufficient evidence to support the jury verdict.

Recology has worked closely with the municipalities it serves, including the City and County of San Francisco, to meet reporting requirements and validate the accuracy of Recology's diversion reporting. This includes updated reporting systems, improved reporting protocols, and streamlined reporting efforts with regulatory agencies.

9. Provide a list of municipalities currently or formerly serviced by Recology Los Angeles, including years in service and contact references.

Recology Los Angeles does not currently service any municipalities. Once the Transaction closes, Recology Los Angeles anticipates serving municipalities in Southern California that include Beverly Hills, Calabasas, Pasadena, Thousand Oaks, Santa Paula, and Santa Clarita.

Therefore, Recology is providing references from a number of municipalities serviced by its operating companies in Northern California and Washington.

City of Atherton	
Population served (total accounts):	2,366
Contact:	George Rodericks Atherton City Manager Telephone: (650) 752-0500
Services Provided:	MSW, Recycling, Food Scraps, and Yard Trimmings collection for single-family, multi-family, and commercial.
Contract start and end:	January 1, 2011 – December 31, 2021

City of Hillsborough	
Population served (total accounts):	3,668
Contact:	Randy Schwartz Hillsborough City Manager Telephone: (650) 375.7412
Services Provided:	MSW, Recycling, Food Scraps, and Yard Trimmings collection for single-family, multi-family, and commercial.
Contract start and end:	January 1, 2011 – December 31, 2021

City of Menlo Park	
Population served (total accounts):	9,013
Contact:	Alex McIntyre Menlo Park City Manager Telephone: (650) 330.6610
Services Provided:	MSW, Recycling, Food Scraps, and Yard Trimmings collection for single-family, multi-family, and commercial.
Contract start and end:	January 1, 2011 – December 31, 2021

City and County of San Francisco	
Population served (total accounts):	170,807
Contact:	Robert Haley Zero Waste Manager Telephone: (415) 355-3752
Services Provided:	MSW, recyclables, organics, bulky items, e-waste, and hazardous waste collection and processing services for single-family, multi-family, and commercial.
Contract start and end:	Franchise ordinance since 1920

City of San Mateo	
Population served (total accounts):	22,919
Contact:	Larry Patterson City Manager of San Mateo Telephone: (650) 522-7303
Services Provided:	MSW, Recycling, Food Scraps, and Yard Trimmings collection for single-family, multi-family, and commercial.
Contract start and end:	January 1, 2011 – December 31, 2021

City of Redwood City	
Population served (total accounts):	19,420
Contact:	Robert Bell City Manager of Redwood City Telephone: (650) 780-7000
Services Provided:	MSW, Recycling, Food Scraps, and Yard Trimmings collection for single-family, multi-family, and commercial.
Contract start and end:	January 1, 2011 – December 31, 2021

City of Seattle, WA	
Population served (total accounts):	67,824
Contact:	Ray Hoffman, Director Seattle Public Utilities Telephone: (206) 684-5852
Services Provided:	MSW and Recycling collection for half of the City of Seattle commercial and residential population.
Contract start and end:	March 30, 2009 – March 31, 2017 (with two optional two-year extensions)

City of Burlingame	
Population served (total accounts):	8,011
Contact:	Lisa Goldman City Manager of Burlingame Telephone: (650) 558-7204
Services Provided:	MSW, Recycling, Food Scraps, and Yard Trimmings collection for single-family, multi-family, and commercial.
Contract start and end:	January 1, 2011 – December 31, 2021

City of Cupertino	
Population served (total accounts):	14,445
Contact:	Cheri Donnelly Environmental Programs Manager Telephone: (408) 777-3242
Services Provided:	MSW, Recycling, Food Scraps, and Yard Trimmings collection for single-family, multi-family, and commercial.
Contract start and end:	1950s - December 31, 2019

City of Mountain View	
Population served (total accounts):	13,376
Contact:	Lori Topley Solid Waste Program Manager (650) 903-6488
Services Provided:	MSW, Recycling, Commercial Food Scraps, and Yard Trimmings collection.
Contract start and end:	1930s – October 31, 2021

Thank you for your inquiries; if you have any further questions, please feel free to contact me at dgambelin@recology.com or (650) 242-6383.

We look forward to continued discussions.

Sincerely,

A handwritten signature in black ink, appearing to read 'DG', with a stylized flourish at the end.

Donald Gambelin
Senior Director of Business Development
Recology Inc.

cc John Richardson

Enclosures: Sample Outreach and Education Material