



CITY OF COMMERCE AGENDA REPORT

TO: City Council

Item No. _____

FROM: City Administrator

SUBJECT: An Ordinance Repealing and Replacing Chapter 6.06 – Garbage and Refuse – first reading regarding Commercial Refuse Management and Mandated Recycling Reporting

MEETING DATE: February 6, 2018

RECOMMENDATION:

For the City Council to:

1. Move to read the proposed Refuse Management Ordinance by title only to:
 - a. discontinue issuing recycling hauler licenses,
 - b. establish a single license for haulers of refuse and/or recycling services, and
 - c. require all haulers to pay a hauler license fee, and
 - d. transfer an existing and valid refuse and/or recycling hauler license to the parent company who acquired the licensed hauler for operating solely under the parent company name.
2. Approve the Ordinance for first reading, and
3. Set a Public Hearing date of February 20, 2018.
4. Direct staff to draft one of the following with procedures for implementation:
 - Option 1 – semi-exclusive hauler agreement (maximum of 12 haulers)
 - Option 2 – non-exclusive hauler agreement (all existing haulers)
 - Option 3 – exclusive hauler agreement (one hauler for entire City)

Note: Selected agreement template would include specific reporting requirements for review and arrangements for conducting a formal bidding process.

BACKGROUND/ANALYSIS:

As previously reported, per state law, the City is responsible for preparing and submitting an Annual Recycling Report to CalRecycle to demonstrate compliance with all applicable recycling regulations. The Commercial Recycling Mandates have significantly increased staff's business outreach efforts, data gathering needs, and reporting responsibilities.

On April 24, 2017, staff presented a report to the City Council regarding commercial refuse management and the need to modify its commercial refuse collection system. The industry standard is to have one or at most, several exclusive franchise haulers under contract to

collect all refuse and recycling in a city following a competitive bidding process. This arrangement allows for a more manageable system of collection and reporting of mandated recycling information, consistent customer service, City involvement in rate setting, and establishment of contract terms such as condition and age of equipment and containers to prevent leakage and contamination of City public right-of-ways, specific reporting requirements, and franchise payments to the City.

On December 5, 2017, staff presented a report to the City Council regarding the status of CalRecycle's public hearing regarding the City of Commerce's non-compliance with State-mandated recycling reporting and with enforcement of the regulations on commercial haulers. At this meeting, Council approved the following:

1. Modifying the Municipal Code to cease issuing any additional business licenses to recycling haulers.
2. Assigning Republic Services a business license and consolidating all their subsidiaries currently licensed in Commerce for hauling refuse. *Note: NASA is now requesting the same consideration from the City.*
3. Mailing a 3rd and final notice with a 7 day time frame in which to report their recycling tonnages to non-responsive haulers prior to issuing a notice of suspension of their business license.

At this same meeting, Council directed staff to return with additional information regarding the three types of hauler agreement templates to choose from to place haulers under terms which would include reporting of recycling services.

Following the December 5, 2017 Council meeting, staff mailed via certified mail a Notice to Suspend and Terminate hauler licenses for those not complying with the mandated recycling reporting, namely to the following:

1. Goodwill Disposal Co., Inc.
2. Wilson's Metal Exchange, Inc.

In addition, three companies have been removed from the active hauler list since two are no longer in business (Belmont Fibers, Inc. and United Standard Pallet) and one allowed their license to expire on December 31, 2014 (City Fibers, Inc.). Staff also has continued reaching out to haulers to offer a one-time transfer of their business license to their parent company per Council direction. Staff subsequently received such a request from NASA who currently operates under Peerless' business license. NASA is the parent company and owner of Peerless. Once the Ordinance to amend the Municipal Code is effective, staff will transfer applicable licenses to the parent company and terminate the subsidiary licenses.

The following tables represent the vast number of haulers operating in the City:

Commercial Refuse Haulers – 17 licensed after staff recommendation implemented

	# of Cust	Refuse Company	Licensed Hauler	Services Provided	Staff Recommendation
1	249	Waste Management	Yes	Refuse & Recycling	
2	67	<u>Republic Services/CDS – parent co.</u>	No	Refuse & Recycling	Assign Republic a license,
	33	1. Cal Waste Industries	Yes	“	consolidate
	13	2. Browing Ferris Industries (BFI)	Yes	“	subsidiaries &
		3. Wilshire Disposal	Yes	“	terminate all other
		4. Perdomo & Sons	Yes	“	licenses
		5. Tom Mendrin Rubbish	Yes	“	
		6. Consolidated Disposal Service	No	“	
3	147	Haul Away Rubbish Service	Yes	Refuse & Recycling	
4	161	Athens	Yes	Refuse & Recycling	
5	119	AAA Rubbish	Yes	Refuse & Recycling	
6	132	Calmet Services	Yes	Refuse & Recycling	
7	74	Key Disposal	Yes	Refuse & e-waste recycling only	
8	42	GB Services	Yes	Refuse & Recycling	
9	20	Peerless Disposal NASA	No	Refuse & Recycling	Assign NASA a license & terminate Peerless’ license
10	24	Universal Waste	Yes	Refuse & Recycling	
11	8	American Reclamation	Yes	Refuse & Recycling	
12	7	Commercial Waste Services	Yes	Refuse & Recycling	
13	2	AM Disposal	Yes	Refuse & greenwaste recycling only	
14	1	All Service Disposal	Yes	Refuse only	
15	1	East and West Disposal	Yes	Refuse only	
16	1	Goodwill Disposal	Yes	N/A	No response to 3 notices - revoked license on 12/20/17
17	1	Van Disposal Service	Yes	Refuse only	
18	0	Sav Way Disposal	Yes	Refuse only	
19	3	Angelus Western Paper Fibers	Yes	Recycling only	Reassign to recycling license only

Commercial Recycling Haulers - 17 licensed after staff recommendation implemented (currently separately licensed for recycling services only)

	Recycling Company	Status of Business	Staff Recommendation
1	Active Recycling Co., Inc.		
2	Al's Plastics	N/A per CalRecycle	Reassign license to “other non-local.”

3	Angelus Western Paper Fibers, Inc.		
4	Asco Metals		
5	Atlas Iron & Metal Co.	No longer in business	Removed from hauler list
6	Baker Commodities	N/A per CalRecycle	Reassign license to “other non-local.”
7	Belmont Fibers, Inc.	No longer in business	Removed from hauler list
8	Berco Services/Bell Gardens Recycling	Expired business license	Removed from list
9	California Recyclers		
10	Calmet Services, Inc.		Assign one license for both refuse and recycling
11	City Fibers Inc.	Business license expired on December 31, 2014	Removed from hauler list
12	Corridor Recycling		
13	Eco-Pan Inc.	Expired business license	Removed from hauler list
14	Get Wet Roll Off, Inc.		
15	GP Harmon Recycling, LLC		
16	Imperial Western Products, Inc.		
17	Jos. Levin & Sons	Letter received – legal counsel responding	
18	Kramer Metals, Inc	Letter received – legal counsel responding	
19	Let's Roll Roll-Off Service, Inc.		
20	Marwes Metals, Inc.		
21	Recycle To Conserve	No longer in business	Removed from hauler list
22	Recycled Wood Products		
23	SA Recycling		
24	Scor Industries	Expired business license	Removed from list
25	Serv-Well		
26	Superior Metal Company		
27	United Standard Pallet	No longer in business	Removed from hauler list
28	Wilson's Metal Exchange, Inc.	No response to 3 notices	Revoked license on 12/20/17
29	World Oil Environmental Services		

On December 28, 2017, the City received a CalRecycle-issued Compliance Order. The Order requires the following:

1. Development and submittal of a Local Implementation Plan (LIP) by March 2, 2018,
2. Implementation of the LIP by July 31, 2018,
3. CalRecycle monitoring of the City's LIP implementation through January 31, 2019, and
4. Quarterly and Annual Report submittals with implementation status updates.

As a result of the State-mandated regulations and Compliance Order, staff recommends Council direct staff to draft one of the following agreement templates and procedures for implementation:

- Option 1 – semi-exclusive hauler agreement (maximum of 12 haulers)
- Option 2 – non-exclusive hauler agreement (all existing haulers)
- Option 3 – exclusive hauler agreement (one hauler for entire City)

The pros and cons are as follows:

Option 1 – Semi-Exclusive (maximum 12 haulers)	Option 2 – Non-Exclusive (all existing haulers)	Option 3 – Exclusive (one hauler citywide)
<p>Pros</p> <ol style="list-style-type: none"> 1. Achieves the original intent of the Municipal Code modified in 1984 to reduce to 12 haulers. 2. Fewer haulers to directly work with than current system. 3. Easier to manage outreach and reporting than current system. 4. Some City oversight - City can choose to negotiate specific rates and customer service standards or allow competition among the 12 haulers to set rates. 5. Businesses retain some choice. 6. Discontinues two-license system. <p>Cons</p> <ol style="list-style-type: none"> 1. Revocation of business licenses for many haulers. May use agreement terms to reduce number of haulers such as all haulers need to provide both refuse and recycling services. 	<p>Pros</p> <ol style="list-style-type: none"> 1. Businesses have the most choices to service their refuse and recycling needs. <p>Cons</p> <ol style="list-style-type: none"> 1. Too many haulers to manage for outreach and reporting causing non-compliance with State mandated recycling programs. 2. No City oversight in setting rates or customer service standards. 3. Continues with two-license, inequitable system – refuse haulers pay \$500/vehicle licensed + hauler fees (11% of gross receipts) and recyclers pay \$150/vehicle and no hauler fees. 	<p>Pros</p> <ol style="list-style-type: none"> 1. Direct working relationship with one hauler. 2. Easy to manage outreach and reporting. 3. City involved in rate setting and customer service standards. 4. Discontinues two-license system. <p>Cons</p> <ol style="list-style-type: none"> 1. Requires a formal bidding process to select one hauler. 2. No competition for cost of service. 3. No choices for businesses.

Next Steps depending on Council's selected option

1. Draft agreement template for the awarded hauler(s) to provide both refuse and recycling services and include specific reporting requirements (except for Option 3 which would continue to separately license refuse and recycling services).

2. Council presentation of agreement template for adoption and authorization to release a Request for Proposals for a formal bidding process. Notification of bidding procedures will be sent to all licensed haulers, advertised online via PlanetBids through the City's Department of Finance Purchasing Division, and in the local newspaper (all three options).
3. Bidding period of at least 30 days with sealed bids submitted to the City Clerks for a public bid opening which haulers may attend in person to obtain bid results (all three options). Bid results will be listed in PlanetBids also. Haulers do not need to attend the bid opening in person to receive bid results.
4. Staff review of bids and recommendation to Council.
5. Council approval of bid results and recommendation with award of agreement(s) to hauler(s).

ALTERNATIVES:

1. Approve staff recommendation
2. Disapprove staff recommendation
3. Provide further direction to staff

FISCAL IMPACT:

No fiscal impact at this time.

RELATIONSHIP TO STRATEGIC GOALS:

The item is related to:

Action Item - Environmental Compliance, Monitoring, and Reporting: City oversight and management of environmental compliance for development projects, regulations, public engagement, and coordination with other agencies.

Approved by: Maryam Babaki, Director of Public Works and Development Services

Prepared by: Gina Nila, Deputy Director of Public Works Operations

Reviewed by: Vilko Domic, Finance Director

Approved as to form: Noel Tapia, City Attorney

Respectfully submitted: Edgar Cisneros, City Administrator

Attachment: Ordinance
Resolution
NASA letter
PowerPoint Presentation
CalRecycle Compliance Order documents