



**CITY OF GLENDALE, CALIFORNIA
REPORT TO THE CITY COUNCIL**

AGENDA ITEM

Report: Introduction of Ordinance Authorizing Commercial and Multifamily Franchise Hauling System

1. Introduction of Ordinance Authorizing Commercial and Multifamily Franchise Hauling System and Amending Section 8.56.150 related to AB 939 Fees.

COUNCIL ACTION

Item Type: Action Item

Approved for July 13, 2021 **calendar**

ADMINISTRATIVE ACTION

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RECOMMENDATION

Staff respectfully recommends that the City Council introduce the Ordinance Authorizing Commercial and Multifamily Franchise Hauling System and Amending Section 8.56.150 related to AB 939 Fees. If introduced, staff will return to Council on July 20, 2021 with the Franchise Agreements for the collection, hauling, recycling and disposal of solid waste from commercial establishments and multi-family residential properties of five units or more.

BACKGROUND/ANALYSIS

The City of Glendale has been engaged in an extensive process to implement an exclusive franchise system for the collection, hauling, recycling and disposal of solid waste from commercial establishments and multi-family residential properties of five units or more. The exclusive franchise system furthers sustainability goals, brings improvement to the environment, and allows the City to meet additional mandates by the State of California related to recycling and organics diversion.

Current Solid Waste Management System

Pursuant to Article XI, §7 of the California Constitution, the City has the authority to protect public health and safety by taking measures in furtherance of their authority over police and sanitary matters. State Public Resources Code (PRC) section 40059 et seq., provides that the City has the sole discretion to contract, license, and/or permit private haulers, and may award franchise agreements including, but not limited to, frequency of collection, means of collection and transportation, level of services, charges and fees, and nature, location and extent of providing solid waste handling services.

Solid waste collection, hauling, recycling, and disposal in the City of Glendale are currently managed by both the City and permitted private waste haulers. Single family homes and multifamily properties with four (4) units or fewer are serviced by the City. Private waste haulers collect from all multifamily and commercial establishments not collected by the City under an open permit system. Currently, there are approximately 31 private haulers collecting from multifamily and commercial sites. The City also imposes AB 939 fees currently to pay the costs of preparing, adopting, and implementing the current waste management plan.

Although the existing waste hauler open permit system and the AB 939 Compliance Fee have been an effective tool used by the City in establishing significant recycling programs, the current solid waste hauling system limits the City's ability to address many of the current challenges it faces. These challenges include compliance with new state mandates, City diversion goals, and the environmental and health impacts of waste hauling. In addition, multiple haulers operating in a given area translate to more refuse trucks on the road, traffic impacts, and more localized emissions. Price and customer service vary widely depending on the size of the business and current private waste hauler.

Changes in Regulations over Solid Resources Management in California

The California Integrated Waste Management Act of 1989 (AB 939), adopted by the state to regulate solid waste management in California, established an integrated waste management hierarchy to guide the California Integrated Waste Management Board (now CalRecycle). AB 939 mandated cities and counties to divert 25 percent of all solid waste from landfills by January 1, 1995 and 50 percent by January 1, 2000, through source reduction, recycling, composting and transformation activities.

In 2011, AB 341 was signed, requiring not less than 75% of solid waste generated in California be source reduced, recycled, or composted by the year 2020. On and after July 1, 2012, AB 341 also requires a business that generates more than four cubic yards of commercial solid waste per week or a multifamily residential dwelling of five units or more to arrange for recycling services. CalRecycle is the state agency charged with developing the plan to bring the entire state to 75% waste diversion from landfills by 2020.

The State has also passed laws affecting organic solid waste handling. In October 2014, AB 1826 Chesbro (Chapter 727, Statutes of 2014) was signed, requiring businesses to recycle their organic waste on and after April 1, 2016, depending on the amount of waste they generate per week. AB 1826 phases in the mandatory recycling of commercial organics over time, requiring businesses that generate four cubic yards or more of commercial solid waste per week to arrange for organic waste recycling services by January 1, 2019. If statewide disposal of organic waste in 2020 is not reduced by 50 percent below the 2014 baseline disposal level the organic recycling requirements on businesses will expand to cover businesses that generate two cubic yards or more of commercial solid waste per week.

In 2016, an additional State law (SB 1383), designed to keep organics out of the landfills, was passed. SB 1383 requires a 50 percent reduction in organic waste disposal by 2020 and 75 percent by 2025. Final rulemaking was completed in November 2020 with regulations to go into effect January 1, 2022. Under the new law, jurisdictions are required to provide organics services to all residents and businesses, establish an edible food recovery program, procure recyclable and recovered organic products, secure access to organics recycling capacity, monitor compliance, and conduct enforcement.

Establishment of Exclusive Franchises for Commercial and Multifamily Solid Waste Collection

The City of Glendale has a responsibility under state law to ensure effective and efficient waste, recycling, and organics diversion services for its businesses and residents and will most successfully fulfill that responsibility by ensuring its solid waste, including recyclables and organics, are collected, transported and processed in a manner that reduces environmental and social impacts on the City. The existing waste hauler permit system and the AB 939 Fee limits the City's ability to comply with new state mandates, City diversion goals, and the environmental and health impacts of waste hauling. The establishment of an exclusive, competitive franchise system for the

collection, transportation and processing of commercial and multifamily solid waste will aid the City in meeting its diversion goals; and other beneficial effects including reducing adverse environmental impacts such as unnecessary solid waste traffic, emissions, and street impacts.

To that end, the City formally issued notice of its intention to implement an exclusive franchise system in 2013. In 2019, after substantial analysis and preparation, a Request for Proposals was issued. Nine proposals were received, eight were identified as responsive, and the City began meetings with those proposers to check references and qualitatively rate their abilities to service the City of Glendale. In July of 2020, Council authorized staff to negotiate terms with the four top ranked firms. In April of 2021, Council authorized negotiation of final contracts with those four firms for each of the assigned four exclusive collection zones established for the City.

In anticipation of the conclusion of those negotiations, an ordinance to amend the GMC is necessary to effectuate an exclusive franchise system and establish authority for the City Council to award exclusive franchise agreements to provide collection services to commercial establishments and multi-family dwellings within a franchise zone. That also creates a strict prohibition on any person or entity other than a franchise holder to do such hauling within a zone (subject to limited exceptions).

The proposed ordinance also establishes a franchise fee, a fee paid by any franchisee to the City in consideration of the award of an exclusive franchise. The franchise fee reflects a reasonable estimate of the value of the franchise and the Ordinance provides that the amount be established and adjusted as necessary by City Council by resolution. The subject ordinance also amends the basis for calculating AB 939 fees, which like the franchise fee, will be established and adjusted as necessary by City Council by resolution.

FISCAL IMPACT

While the fiscal impact to the City for adopting this ordinance is minimal, once the City enters into franchise agreements with franchisees, the City will experience fiscal impacts related to discontinuing the provision of commercial waste management services with in-house resources, the enactment of new franchise fees, the adjustment of AB 939 fees and the alteration of other waste management fees

ALTERNATIVES

Alternative 1: The City Council may introduce the Ordinance amending Chapter 8.56 of the GMC, authorizing an exclusive Commercial and Multifamily Franchise Hauling System and Amending Section 8.56.150 related to AB 939 Fees.

Alternative 2: The City Council may choose not to introduce the Ordinance. If the Ordinance is not introduced and adopted, the City may not award exclusive franchises for commercial and multifamily solid waste collection.

Alternative 3: The City Council may consider any other alternative not proposed by staff.

EXHIBITS

None.