



# CITY OF LONG BEACH

# H-4

DEPARTMENT OF PUBLIC WORKS

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October 20, 2009

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

1. Direct the City Attorney to draft Amendments to the Municipal Code Chapter 8.60 regarding operating rules and regulations and the implementation of the Refuse Hauler Business Fee for private refuse haulers.
2. Receive the supporting documentation into the record, conclude the public hearing, declare the attached ordinance read the first time and laid over to the next meeting of the City Council for a second reading and adopt the attached resolution establishing the Refuse Hauler Business Fee.
3. Authorize the City Manager to develop and execute agreements of up to ten years with all private refuse haulers currently operating in compliance with their Refuse Transportation Permit.
4. Authorize the Director of Public Works to:
  - a. Develop and implement rules and regulations as required for the successful execution, implementation and administration of the Agreements and to ensure compliance with Federal, State and local regulations;
  - b. Limit the number of permits to be issued to the 16 existing permitted haulers only;
  - c. Collect any and all fees as authorized by the City Council, including the currently authorized AB 939 fee and the proposed Refuse Hauler Business Fee;
  - d. Require private refuse haulers to utilize alternative fuel vehicles when operating in the City after September 30, 2015;
  - e. Continue to require private refuse haulers to provide recycling services to all multi-family and commercial accounts as determined by the Director of Public Works. (Citywide)

## DISCUSSION

The City currently regulates its commercial solid waste collection program through permits issued to private refuse haulers, who are required to comply with the Municipal Code and Administrative Regulations. The Municipal Code currently limits the number of permitted haulers and regulates their activities. Although the permit program has effectively assisted the City in meeting its waste reduction mandates, staff recommends an administratively more flexible means of enforcing all permit, Municipal Code and environmental program requirements.

Staff recommends that the City Council authorize the City Manager, as a condition of permit approval, to enter into agreements of up to ten years (Agreements) with each of the 16 currently permitted private refuse haulers. The initial term will be for seven years, extendable for up to three additional years as discussed below. The proposed Agreements would incorporate the current requirements of Chapter 8.60 of the Municipal Code, enhance waste collection and recycling requirements, mandate the use of alternative fuel vehicles by 2015 and provide contractual remedies for illegal or unapproved activities.

In support of the City's sustainability efforts, private refuse haulers will be offered the following incentives to comply with the alternate fuel requirement early:

- If 100 percent of their Long Beach fleet is comprised of alternative fuel vehicles by October 1, 2012, then three additional years will be added to the initial seven-year term of the vendor's contract, making the respective vendor's contract effective through September 30, 2019;
- If 100 percent of their Long Beach fleet is comprised of alternative fuel vehicles by October 1, 2013, then 2 (two) additional years will be added to the initial seven-year term of the vendor's contract, making the respective vendor's contract effective through September 30, 2018.

If 100 percent of the Long Beach fleet is not compliant by October 1, 2015, then the City will consider the private refuse hauler to be in violation of their contract and will require the vendor to cease operating in Long Beach within a one-year period as determined by the City.

Agreements will provide the City with clear legal authority to enforce City Council or City Manager mandates, such as recycling for multi-family buildings, use of alternative fuel vehicles, or other operating conditions. The Agreements will also allow for a more timely and effective resolution of service complaints. For example, the increase in mixed-use development (combined commercial and residential buildings) has resulted in an increase in complaints regarding haulers operating in violation of the hours set by the Municipal Code. While haulers are required to operate in compliance with the current Municipal Code, individual Agreements with each hauler would enable the City to assess monetary damages against a hauler for breach of contract.

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In consideration for being one of the limited haulers allowed to collect solid waste in the City for an extended permit term, staff also recommends that City Council institute an 8 percent Refuse Hauler Business Fee (based on gross receipts), to be deposited in the General Fund, and eliminate the current Recycling Incentive Fee (payable based on a calculation of tons disposed), currently deposited into the Refuse Fund. This fee would be in addition to the AB 939 fee of 8 percent (of gross receipts) to support the City's efforts to maintain compliance with State recycling mandates. Adoption of the attached resolution would establish the amount of the fee, which would take effect at the same time as the amendment to the Municipal Code.

Pursuant to CEQA guidelines, California Code of Regulations, Article 19 §15300, et seq., a categorical exemption has been issued for this project.

This letter was reviewed by Deputy City Attorney Amy R. Burton on September 29, 2009 and by Budget and Performance Management Bureau Manager David Wodynski on September 30, 2009.

TIMING CONSIDERATIONS

City Council action on this matter is requested on October 20, 2009, to begin implementation of the new Agreements and establishment of the Refuse Hauler Business Fee as soon as possible.

FISCAL IMPACT

Proceeds from the Refuse Hauler Business Fee will be deposited in the General Fund (GP) in the Department of Public Works (PW). Based on current estimated gross receipts of existing private haulers, annual revenue would be approximately \$1.3 million. Proceeds from the AB 939 fee, also estimated at \$1.3 million annually, based on gross receipts of existing private haulers, will continue to accrue to the Refuse Fund (EF 330) in the Department of Public Works (PW). The Refuse Fund will no longer receive annual revenue from the Recycling Incentive Fee, currently estimated at \$400,000, which is based on the private haulers' current waste diversion compliance rates.

SUGGESTED ACTION:

Approve Recommendation.

Respectfully submitted,




MICHAEL P. CONWAY  
DIRECTOR OF PUBLIC WORKS

MPC:JK:az

P:CL/Private Hauler Permit rev 2

APPROVED:

  
PATRICK H. WEST  
CITY MANAGER

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE  
CITY OF LONG BEACH ESTABLISHING A REFUSE  
HAULER BUSINESS FEE FOR COMMERCIAL REFUSE  
HAULERS OPERATING IN THE CITY OF LONG BEACH

WHEREAS, California Public Resources Code Section 45920 et seq.  
authorizes cities to enter into exclusive and non-exclusive franchise agreements; and

WHEREAS, Long Beach City Charter Section 1600 authorizes the City to  
grant franchises to persons, firms or corporations provided the City receives adequate  
compensation for the franchise, permit or privilege conferred; and

WHEREAS, Long Beach Municipal Code Chapter 8.60 et seq. regulates  
commercial refuse hauling in the City by the issuance of permits to commercial waste  
haulers; and

WHEREAS, as a condition of issuance of a permit and in consideration of  
the ability to operate as a refuse hauler in the City for an extended term, the City  
established by ordinance a franchise fee known as the "Refuse Hauler Business Fee";  
and

WHEREAS, the City now desires to establish the amount of the refuse  
hauler business fee;

NOW, THEREFORE, the City Council of the City of Long Beach resolves as  
follows:

Section 1. That the City Council of the City of Long Beach has  
established a refuse hauler business fee for refuse haulers holding valid permits pursuant  
to Long Beach Municipal Code Chapter 8.60 et seq.

Section 2. That the amount of the fee shall be established at eight  
percent (8%) of annual gross receipts, to be deposited in the City general fund.

Section 3. This resolution shall take effect upon the effective date of the ordinance amending Subsection 8.60.087.A of the Long Beach Municipal Code establishing the "Refuse Hauler Business Fee". The City Clerk shall certify the vote adopting this resolution.

I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of \_\_\_\_\_, 20\_\_ by the following vote:

**Ayes:** \_\_\_\_\_ **Councilmembers:** \_\_\_\_\_

Noes: Councilmembers: \_\_\_\_\_

Absent: Councilmembers: \_\_\_\_\_

City Clerk