



SPECIAL JOINT MEETING MINUTES
CITY OF NORCO
CITY COUNCIL
EXCLUSIVE REFUSE FRANCHISE AGREEMENT AD-HOC COMMITTEE
February 18, 2014

Conference Rooms A & B
Norco City Hall
2870 Clark Avenue, Norco, CA 92860



CALL TO ORDER: Mayor Hanna called the meeting to order at 6:00 p.m.

ROLL CALL: **City Council:**
Berwin Hanna, Mayor, **Present**
Herb Higgins, Mayor Pro Tem, **Present**
Kathy Azevedo, Council Member, **Present**
Kevin Bash, Council Member, **Present**
Greg Newton, Council Member, **Present**

Ad-Hoc Committee:
Kathy Azevedo, Council Member, **Present**
Greg Newton, Council Member, **Present**
City Manager Andy Okoro, **Present**
Public Works Director Lori Askew, **Present**
Linda Dixon, Resident, **Present**
Patrick Malone, Resident, **Present**
Paul Ryan, Resident, **Present**

PLEDGE OF ALLEGIANCE: Mayor Hanna

1. DISCUSSION / ACTION ITEM:

- A. Exclusive Refuse Franchise Agreement Ad-Hoc Committee's Recommendation to the City Council for Refuse Franchise Agreement with USA Waste of California, Inc. **Recommended Action: That the City Council accept the recommendations of the Ad-Hoc Committee and direct the City Manager to proceed with Proposition 218 Hearing notices.** (City Manager)

City Manager Okoro introduced the discussion item and expressed his thanks to the Ad-Hoc Committee for working hard to find the best solution for Norco. He also thanks Waste Management staff and residents who took time to participate and provide input through this

process. A presentation was made stating the results of the four (4) meetings held by the Ad-Hoc Committee. The primary objective of the Ad-Hoc Committee was to assist staff in structuring and negotiating a potential long-term exclusive refuse franchise agreement with Waste Management for final City Council approval. The items reviewed and discussed by the Ad-Hoc Committee were presented that resulted in the following recommendations from a page by page review of the contract:

- **Provisions of Senate Bill 1016 and Assembly Bill 341 be incorporated into the Franchise Agreement where Necessary.**
- **These legislations state that it is within the public interest to authorize and require local agencies to make adequate provisions for Solid Waste and construction debris handling within their jurisdictions through public education, outreach and monitoring requirements.**
- **Expansion of Hazardous Waste definition.**
- **Clarification of when Waste Management is not the sole provider of roll-off services.**
- **Clarification that Waste Management charge for cart exchange only in cases of misuse by a customer.**
- **Clarification of the eligibility for Senior Discount.**
- **Modification to the list of City facilities.**
- **Expansion of list of City Special Events.**
- **Removal of street sweeping provisions.**
- **Restructured franchise fee provisions to recognize phase in and to be based on percentage instead of flat amount.**
- **Strengthened language requiring Waste Management to develop alternative methods for manure disposal.**
- **Modified City billing fee to be 1.5% instead of flat amount.**
- **Agreed to cap annual CPI adjustment to 5% - contract to reflect.**
- **Reduced the number of days for Waste Management to resolve customer complaints.**
- **Added to the list of City parks.**

The rate components (service, disposal, billing, scout, street sweeping, franchise fee, etc.) were reviewed individually by the Ad-Hoc Committee in order to determine the reasonableness of the rates proposed by Waste Management. A comparison of service fees retained by Waste Management among other nearby jurisdictions was presented, along with the total residential unbundled rates. The proposed residential rate for the City of Norco is \$21.47 for the first year.

The recommendation from the Ad-Hoc Committee regarding the Franchise Fee is to maintain the franchise rate at 17.9%, which is the equivalent of the flat franchise fee as proposed in the initial contract that was presented to the City Council on November 20, 2013, with a modification that the increase from 10% to 17.9% will be phased in over 3 years for commercial accounts and 5 years for residential accounts. The AD-Hoc Committee reviewed the franchise fee rates for several similar cities in the Inland Empire Area in order to determine if the 17.9% rate requested by staff is reasonable. The review found that the average rate for the cities was 20%.

The unanimous recommendation from the Ad-Hoc Committee regarding scout service is that the fee is for the use of specific services and that the user of the service should pay for the cost. It was noted that it is possible for some current users of the service to switch to other options (use of manure carts) that does not involve scout service.

The recommendation from the Ad-Hoc Committee regarding street sweeping is that this issue may be re-visited at a later date and voted to exclude street sweeping from the franchise agreement.

The recommendation from the Ad-Hoc Committee regarding the use of franchise fee revenues is that a portion of the increased franchise fees should be dedicated to funding for decomposed granite for horse trails, traffic officers, and other infrastructure and road improvements projects. The City Manager will recommend the amounts to be earmarked as a part of the budget process. The City Council will have the final authority as to how the funds will be appropriated and spent.

The recommendations from the Ad-Hoc Committee regarding manure-to-energy potential and alternative manure disposal methods are as follows:

- **The City will reserve the right to direct manure collected by Waste Management to an energy recovery facility.**
- **Waste Management will meet with the Ad-Hoc Committee of the City Council on a quarterly basis to discuss changes in laws and progress in the development of alternative manure disposal methods**
- **Waste Management will meet with City Council and staff annually through a Study Session or Workshop to review with the City Council and staff their progress in developing and implementing alternative manure disposal solutions.**
- **At the request of the City, at least once each calendar year, Waste Management will participate in a public workshop to review diversion services. The purpose of the workshop will be to provide for a discussion and review of technological, economic, and regulatory changes in collection, source reduction, recycling, processing and disposal to achieve a continuing, advanced solid waste collection, source reduction and recycling and disposal system.**

Waste Management's qualifications, experience and contributions were presented as follows:

- **This is a very important service to the City. Waste Management has the experience and qualifications to conduct recycling and waste diversion programs, to provide the City with information sufficient to meet the City's reporting requirements to CalRecycle and other agencies, and to meet the City's other requirements.**
- **Waste Management has extensive positive experience meeting the unique needs of Norco residents and businesses. The equestrian community requires special handling which the residents know that Waste Management has been able to provide satisfactorily.**
- **The service rates offered by Waste Management are very competitive.**
- **Waste Management has ensured that the City is complying with legal requirements.**
- **Waste Management is a financially well-established company that is not likely to back out of promises made.**
- **Waste Management is very active in the community and supports community events.**

It was noted that Waste Management has and continues to give back to the community by providing trash, recycling and disposal services for many community events such as the National Day of the American Cowboy, Relay for Life, Parade of Lights and the Norco Valley Fair. Annual contributions for in-kind services and monetary donations to the City are estimated to be \$2.7 million over the life of the franchise agreement.

The proposed rate recommendations were presented with the recommendation from the Ad-Hoc Committee that the City Council accept the recommendations of the Ad-Hoc Committee and direct the City Manager to proceed with the Proposition 218 Hearing notices. The next steps would be to initiate the 45-day notice and approve the Restated and Amended Agreement at a public hearing that would be noticed for May 7, 2014.

Final comments were provided by the Members of the Ad-Hoc Committee, noting the importance of future plans for manure disposal and also the importance of the City retaining the right to control this. City Council Member/Ad-Hoc Committee Member Newton commented on the Contamination Fee charged to Commercial accounts, noting that he is concerned with this fee not being business friendly and would like to see it reduced or waived. In response, Julie Reyes from Waste Management stated that they will look into this and make a change if necessary.

2. PUBLIC COMMENTS:

Greg Nordbak. Mr. Nordbak, representing Tight Line Consulting and Public Relations, LLC, encouraged the City of Norco to put the solid waste contract out to the RFP process. He distributed a packet of information to all of the Council Members.

Bobbie Pope. Ms. Pope commented on the cost for recycling manure. She noted that she wants to go out to the RFP process, adding that the citizens need to know where the money goes.

Ted Hoffman. Mr. Hoffman commended the Ad-Hoc Committee for its work. He noted that this is a no-win situation, adding that the decision made will be best for the residents and encouraged the City Council to listen to the Ad-Hoc Committee.

Karen Leonard. Ms. Leonard commended the Ad-Hoc Committee for its work. She noted that she is happy with Waste Management and is glad to see that the rates meet the City's criteria. She stated that in fairness to all, this needs to go out to the RFP process to assure citizens the best rates.

Don Bowker. Mr. Bowker noted his concerns with the franchise fee going from 10% to 17% in five years and the fee increases associated with this.

Brent Sakamoto. Mr. Sakamoto commented on his concerns regarding commercial recycling costs and the dumpster costs. He also commented on the sponsorships provided by Waste Management, noting that this is good will of doing business. He further commented on why there is a need to dispose the trash in Riverside County.

Lisa Campbell. Ms. Campbell commented on other cities that are not charged for manure collection.

CITY COUNCIL COMMENTS:

Council Member Bash noted that the big picture here is the preservation of big lots and open space in the City. He stated that the City lives/dies on franchise fees and sales tax. He further stated that the decision made will need to be economically feasible while protecting the equestrian lifestyle. He also commented on the need for the City to control its own destiny in regards to manure pick up.

Mayor Pro Tem Higgins asked if there will still be two free dump days. In response, Julie Reyes from Waste Management stated that this service is provided by the County of Riverside. Mayor Pro Tem Higgins commented on the damage made to trail fencing, noting that this is an ongoing problem and asked how Waste Management will address the problem and how it is determined who is responsible. He further commented on the damaged cart exchange, noting that the agreement may need some clarification in regards to this issue. Mayor Pro Tem Higgins asked how Waste Management would deal any lockouts and/or labor disputes. In response, Waste Management representatives stated that they have a green team that steps in during labor issues and the lag time is approximately two (2) days.

In response to some of the questions asked, Julie Reyes from Waste Management addressed the issue regarding free service for manure pickup. She commented on Santa Clarita, adding that they have only 30 customers for this service out of 38,000 cart service customers. She compared this to Norco's 1,800 manure service customers. She noted that the rates for the unincorporated areas of Orange County and Rolling Hills estates are both higher than Norco's. Ms. Reyes also commented on the dumpsters for recycling provided by other service companies and the rates involved in the bundling process. Ms. Reyes also commented on the increased disposal costs involved in mixing green waste and manure.

Council Member Azevedo commented on the Ac-Hoc Committee decision regarding scout service, noting that she changed her mind through this process. She further commented that in the last 20 years with Waste Management, there have been no major horse accidents, adding that there is huge value in receiving safe services from a company. Council Member Azevedo noted that the City needs to continue to find ways to dispose of its manure.

Council Member Newton commented on the process for bin replacement as stated in the proposed revised Agreement. He also commented on the cost of hauling the manure out of the County, noting that other costs involved in this (tipping fees). He asked about the service level and the percentage of complaints received. In response, Julie Reyes from Waste Management stated that the complaints received are 1/10th of a percent. Council Member Newton commented on manure disposal, noting that he wanted re-assurance from Waste Management that they will continue to work with the City on this issue. He further commented on the need to adhere to recycling mandates in AB 341. He stated that there would be a learning curve and risks involved in starting with a new company, adding that he believed that Waste Management is a partner that understands the City's lifestyle.

Mayor Hanna commented on the bin replacement and received confirmation when there is a charge for this. He also stated that he agreed with the scout service fee. He further commented on the costs involved in hauling the trash further.

M/S Hanna/Higgins to accept the recommendations of the Ad-Hoc Committee and direct the City Manager to proceed with Proposition 218 Hearing notices. The motion was carried by the following roll call vote:

AYES: AZEVEDO, HANNA, HIGGINS, NEWTON

NOES: BASH

ABSENT: NONE

ABSTAIN: NONE

3. **ADJOURNMENT:** There being no further business to come before the City Council, Mayor Hanna adjourned the meeting at 7:45 p.m.

BRENDA K. JACOBS, CMC
CITY CLERK