



City Council Staff Report

Date: July 3, 2013 PUBLIC HEARING

Subject: APPROVAL OF A 15 YEAR EXCLUSIVE SOLID WASTE FRANCHISE AGREEMENT WITH PALM SPRINGS DISPOSAL

From: David H. Ready, City Manager

Initiated by: Public Works and Engineering Department

SUMMARY

This item is a Public Hearing obtaining testimony regarding approval of a 15 year exclusive solid waste collection franchise agreement with Palm Springs Disposal Services (PSDS), expiring March 31, 2029. The proposed agreement changes collection from twice to once per week and will result in a reduction of residential rates and a "carbon footprint" reduction in the City through less frequent solid waste collection truck runs.

RECOMMENDATION:

1. Open the public hearing and receive public testimony,
2. Waive reading of the full text and adopt Urgency Ordinance No. _____, "AN URGENCY ORDINANCE OF THE CITY OF PALM SPRINGS, CALIFORNIA, GRANTING AN EXCLUSIVE SOLID WASTE MANAGEMENT SERVICES FRANCHISE TO PALM SPRINGS DISPOSAL SERVICES, A CALIFORNIA CORPORATION."
3. Waive the reading of the full text and introduce Ordinance No. _____, "AN ORDINANCE OF THE CITY OF PALM SPRINGS, CALIFORNIA, GRANTING AN EXCLUSIVE SOLID WASTE MANAGEMENT SERVICES FRANCHISE TO PALM SPRINGS DISPOSAL SERVICES, A CALIFORNIA CORPORATION."
4. Waive the reading of the full text and introduce Ordinance No. _____, "AN ORDINANCE OF THE CITY OF PALM SPRINGS, CALIFORNIA, ADDING SECTIONS 6.04.075, 6.04.076, AND 6.04.100 TO, AND AMENDING SECTIONS 6.04.010, 6.04.020, 6.040.40, AND 6.04.234 OF, THE PALM SPRINGS MUNICIPAL CODE RELATING TO SOLID WASTE DISPOSAL SERVICES."

ITEM NO. 1B

5. Authorize the City Manager to execute all necessary documents.
6. Appoint the Director of Public Works and/or designee as the City Ombudsman pursuant to the Agreement.

STAFF ANALYSIS:

The City as a charter city has broad authority to establish a system for the collection and disposal of solid waste. Collection services can be provided by the City with its own employees, another local entity, or by a solid waste enterprise. The City also has the authority to award a franchise for solid waste services, with or without competitive bids, by means of a non-exclusive, partially exclusive, or exclusive franchise, if in the opinion of the City Council the public health, safety, and well-being of the City so requires.

The City entered into an exclusive franchise agreement with PSDS on July 3, 2003, for twice weekly pick up of solid waste. The term of the agreement is 13 years and expires on June 30, 2016. The agreement provides for a 2 year extension to June 30, 2018, based on the results of a performance review and at the City's discretion. Per agreement with PSDS the new exclusive franchise agreement is proposed to take effect April 1, 2014.

By entering into a new 15 year exclusive franchise agreement at this time, the City has a unique opportunity to facilitate capital expenditures required to achieve enhanced customer service, and step-up achieving sustainability goals and waste diversion mandates.

On June 1, 2011, the City Council authorized staff to enter into negotiations with PSDS to explore a new agreement which changes collection to once weekly and modifies some terms of the existing agreement such as reducing the collection fee to reflect collection changes.

On January 16, 2013, the City Council directed staff to proceed with a final Franchise Agreement with Palm Springs Disposal that changes collection to once per week, reduces residential rates approximately 14%, modifies certain definitions, amends fees and by separate accompanying agreement provides for a \$325,000 cash credit to the City for previous years' AB 939 and Diversion Facility Fees.

The agreement has been thoroughly reviewed by staff and the City Attorney and discussed and agreed to by Palm Springs Disposal. The terms of the agreement are to keep commercial and industrial rates the same as existing while lowering residential rates an average of 14%. Typical Rates were shown in the January 16, 2013 staff report (attached). Fee payments to the City are to result in the same estimated total dollar value as existing.

As contained in the current agreement rates will be adjusted annually, by the Consumer Price Index (CPI) as defined in Section 10.04 of the agreement. Additionally, rates may be adjusted in the event of changes to the Riverside County tipping fees. Residential rates will be frozen for the first 15 months with no CPI or Tipping Fee adjustment until July 1, 2015. The agreement also mandates two performance reviews during the life of the agreement with additional performance reviews if deemed necessary by the City.

PSDS will offer commercial enclosure cleaning at 3 different service levels per rates shown in Agreement. PSDS will purchase new automated clean fuel refuse vehicles. All collection will be automated with the exception of a few narrow hill side streets where automated trucks cannot navigate. These streets are listed in the agreement. Residential pick up for refuse and recyclables will be on the same day. Green waste pick up will be on a subscription basis. There will be a minimal one time charge for a green waste container but the subscription for pick up will be free.

The agreement provides for the City to appoint an Ombudsman to handle questions or disputes from the public and to work with PSDS on resolving issues with property owners.

The approval of the proposed franchise agreement will also necessitate a few minor amendments to the City's solid waste ordinance to ensure consistency between the franchise agreement and the Code, including a definition for "Container" that will include the new carts and requirements for the use of such carts and other solid waste containers. An appropriate ordinance is included for the Council's consideration.

FISCAL IMPACT:

If the proposed 15 year exclusive franchise agreement is approved with PSDS, the franchise fees paid to the City by PSDS (including recycling and sustainability) will remain at the same estimated dollar amount. Actual revenues related to such fees are based on collection "tonnage" and may fluctuate accordingly.

Additionally, residential customers will realize a 14% rate reduction subject to future annual Consumer Price Index adjustments and disposal "tipping fee" changes as in the current agreement.



DAVID J. BARAKIAN
Director of Public Works/City Engineer



DOUGLAS C. HOLLAND
City Attorney



DAVID H. READ
City Manager

Attachments:

1. City Council Staff Report January 16, 2013
2. Agreement to Once-Weekly Residential Refuse
3. Urgency Ordinance Approving Agreement
4. Ordinance Approving Agreement
5. Ordinance Code Amendment

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF PALM SPRINGS, CALIFORNIA, ADDING SECTIONS 6.04.075, 6.04.076, AND 6.04.100 TO, AND AMENDING SECTIONS 6.04.010, 6.04.020, 6.040.40, AND 6.04.234 OF, THE PALM SPRINGS MUNICIPAL CODE RELATING TO SOLID WASTE DISPOSAL SERVICES.

City Attorney's Summary

This Ordinance amends certain provisions of the City's waste disposal ordinance to conform to the new and additional services and related equipment that will be provided in conjunction with a new franchise agreement for solid waste services in the City.

THE CITY COUNCIL OF THE CITY OF PALM SPRINGS ORDAINS:

SECTION 1. Section 6.04.010 of the Palm Springs Municipal Code is amended by adding the term "Container" and amending the term "Municipal solid waste" to read:

"Container" means a cart, can, commercial bin, debris box, or stationary compactor intended for the purpose of depositing waste for disposal, except construction and demolition debris and bulky items, or recyclable materials for diversion. Containers may be provided by City or its authorized agent, or for manual collection as may be required to be provided by the property owner or occupant generating waste or recyclables.

"Municipal solid waste" means all solid wastes generated by residential, commercial and industrial sources, and all solid waste generated at construction and demolition sites, and at treatment works for water and wastewater, which are collected and transported under authorization of the city or are self-hauled. Municipal solid waste does not include agricultural crop residues, mining waste and fuel extraction waste, forestry wastes, ash from industrial oilers, furnaces and incinerators, infectious waste, or hazardous waste.

SECTION 2. Section 6.040.020 of the Palm Springs Municipal Code is amended to read:

6.04.020 Containers—Provision required—Adequacy.

It is the duty of every person in possession, charge, or control of any premises within the City, in or from which waste is produced, generated or accumulated, to provide, and at all times to keep in a suitable place readily accessible to the waste or recyclable material collector, containers capable of holding without spilling all materials which

would ordinarily accumulate on such premises between the times of two successive collections. No containers shall be located within locked gates or doors or in a fenced or enclosed area used to restrain animals at the time of collection. The containers shall be filled no more than level full and shall be kept covered. When amounts of waste exceed the capacity of the container, it shall be the duty of the property owner or the person responsible for disposal of waste generated at the premises to arrange for removal of such excess waste by the City or its authorized representative.

SECTION 3. Section 6.040.40 of the Palm Springs Municipal Code is amended to read:

6.04.040 Containers—Domestic—Specifications.

All domestic waste containers shall be constructed of metal or plastic, equipped with suitable handles and tight-fitting covers, watertight, have a capacity of not less than ten gallons and not more than thirty-two gallons, and have a total loaded weight of not more than fifty pounds at the time of collection. In the event the City or its authorized agent provides carts for waste and recyclable materials for use in its collection system, domestic premises and commercial premises that receive individual collection from carts shall utilize the carts so provided by separating waste and recyclable materials.

SECTION 4. Section 6.04.075 is added to the Palm Springs Municipal Code to read:

6.04.075 Debris Boxes.

Debris boxes shall be of welded steel construction suitable for storage of construction and demolition debris, yard waste, and bulky items, and shall be equipped to be hauled by a roll-off type of refuse truck designed for that purpose. Debris boxes shall be filled more than level full and shall not exceed eleven tons at the time of collection.

SECTION 5. Section 6.04.076 is added to the Palm Springs Municipal Code to read:

6.04.076 Stationary Compactor.

Stationary compactors shall be of welded steel construction, fully enclosed with detachable compaction units suitable for storage of waste, except construction and demolition debris and bulky items, and shall be equipped to be hauled by a roll-off type refuse truck designed for that purpose. Stationary compactors shall not exceed eleven tons at the time of collection.

SECTION 6. Section 6.04.100 is added to the Palm Springs Municipal Code to read:

6.04.100 Construction and Demolition Debris.

Waste resulting from demolition, remodeling, refurbishing, landscaping, or construction at any premises shall not be deposited in containers designed or otherwise intended for domestic or commercial waste.

SECTION 7. Section 6.04.234 of the Palm Springs Municipal Code is amended to read:

6.04.234 Unauthorized collectors.

At such times as there is in force a contract entered into by the city with any contractor for the collection and disposal of waste and recyclable materials of the city and its inhabitants, it is unlawful for any person other than the contractor, or its agents and employees, to collect any waste or recyclable materials for hire within the city. This section shall not, however, be deemed to prohibit any person performing gardening or landscape services, and who possesses an appropriate business license for such activity, from carrying away leaves and the like, generated by the gardening or landscape services performed.

SECTION 2. The Mayor shall sign and the City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same, or the summary thereof, to be published and posted pursuant to the provisions of law and this Ordinance shall take effect thirty (30) days after passage.

PASSED AND ADOPTED THIS _____ DAY OF _____, 2013.

AYES:
NOES:
ABSTAIN:
ABSENT:

STEPHEN P. POUCKET, MAYOR

ATTEST:

JAMES THOMPSON, CITY CLERK

ORDINANCE NO. _____

**AN ORDINANCE OF THE CITY OF PALM SPRINGS, CALIFORNIA,
GRANTING AN EXCLUSIVE SOLID WASTE MANAGEMENT SERVICES
FRANCHISE TO PALM SPRINGS DISPOSAL SERVICES, A CALIFORNIA
CORPORATION**

City Attorney Summary

The City Charter and the City's Municipal Code provides the City Council with the authority to decide the level of solid waste services to be provided to the City and whether such services are to be provided by means of nonexclusive, partially exclusive, or wholly exclusive franchise, contract, or license granted pursuant to such terms and conditions as prescribed by the City Council. This Ordinance grants an exclusive franchise to Palm Springs Disposal Services to provide collection, transfer, and disposal of solid waste and related services, including without limitation, source reduction, recycling, and composting activities. The franchise is for a term of 15 years, commencing on April 1, 2014.

THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, FINDS:

A. The City is responsible for providing solid waste management services to its citizens, including source reduction, recycling, composting activities and the collection, transfer and disposal of solid waste within the City boundaries, in a manner consistent with state laws.

B. The City Council has determined that the provision of solid waste management services by providing an exclusive franchise and agreement to a solid waste enterprise will best provide and maintain reasonable rates for collection, transportation, recycling, composting, and disposal of solid waste, recyclables, and compostable material generated within the City.

C. Palm Springs Disposal Services ("PSDS"), a California Corporation, has provided superior and reasonably priced solid waste collection and disposal services for the City of Palm Springs and its residents for several years and is qualified and competent to perform the solid waste management services desired by the City.

D. It is the desire of the City and PSDS to modify the residential service to one-day a week service with an appropriate reduction in service fees and to enhance recycling and waste diversion efforts in the City to ensure the City can reasonably attain its goals and requirements under state law.

E. On July 3, 2013, the City Council held a public hearing to consider the grant of an exclusive solid waste management services franchise to PSDS and to hear all persons desiring to be heard on the grant of such franchise.

F. Having considered all oral and documentary evidence presented on the matter of granting such franchise, the City Council has determined that the grant of an exclusive solid waste management services franchise to PSDS is in the public interest.

THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, ORDAINS:

Section 1. The City Council grants an Exclusive Solid Waste Management Services Franchise to Palm Springs Disposal Services, a California Corporation. PSDS is authorized to engage in the business of collecting, transporting, and disposing of solid waste and recyclable materials kept, accumulated, or produced in the City of Palm Springs and to use the public streets and rights of way for such purpose.

Section 2. The grant of this Exclusive Solid Waste Management Services Franchise is expressly subject to the terms and conditions of the City Charter, Chapter 6.05 of the Palm Springs Municipal Code, this Ordinance, and the Agreement between the City and PSDS for Solid Waste Management Services ("Franchise Agreement") as such now exists or as may be amended from time to time.

Section 3. The Franchise Agreement shall be for a term of fifteen (15) years, commencing on April 1, 2014 and ending on March 30, 2029.

Section 4. The Mayor shall sign and the City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same, or the summary thereof, to be published and posted pursuant to the provisions of law and this Ordinance shall take effect thirty (30) days after passage.

PASSED AND ADOPTED at a regular meeting of the City Council on the ____ day of _____ 2013, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

Stephen P. Pougnet
Mayor

ATTEST:

James Thompson
City Clerk

ORDINANCE NO. _____

AN URGENCY ORDINANCE OF THE CITY OF PALM SPRINGS, CALIFORNIA, GRANTING AN EXCLUSIVE SOLID WASTE MANAGEMENT SERVICES FRANCHISE TO PALM SPRINGS DISPOSAL SERVICES, A CALIFORNIA CORPORATION. (4/5^{THS} Vote Required)

City Attorney Summary

The City Charter and the City's Municipal Code provides the City Council with the authority to decide the level of solid waste services to be provided to the City and whether such services are to be provided by means of nonexclusive, partially exclusive, or wholly exclusive franchise, contract, or license granted pursuant to such terms and conditions as prescribed by the City Council. This Ordinance grants an exclusive franchise to Palm Springs Disposal Services to provide collection, transfer, and disposal of solid waste and related services, including without limitation, source reduction, recycling, and composting activities. The franchise is for a term of 15 years, commencing on April 1, 2014.

THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, FINDS:

A. The City is responsible for providing solid waste management services to its citizens, including source reduction, recycling, composting activities and the collection, transfer and disposal of solid waste within the City boundaries, in a manner consistent with state laws.

B. The City Council has determined that the provision of solid waste management services by providing an exclusive franchise and agreement to a solid waste enterprise will best provide and maintain reasonable rates for collection, transportation, recycling, composting, and disposal of solid waste, recyclables, and compostable material generated within the City.

C. Palm Springs Disposal Services ("PSDS"), a California Corporation, has provided superior and reasonably priced solid waste collection and disposal services for the City of Palm Springs and its residents for several years and is qualified and competent to perform the solid waste management services desired by the City.

D. It is the desire of the City and PSDS to modify the residential service to one-day a week service with an appropriate reduction in service fees and to enhance recycling and waste diversion efforts in the City to ensure the City can reasonably attain its goals and requirements under state law.

E. On July 3, 2013, the City Council held a public hearing to consider the grant of an exclusive solid waste management services franchise to PSDS and to hear all persons desiring to be heard on the grant of such franchise.

F. Having considered all oral and documentary evidence presented on the matter of granting such franchise, the City Council has determined that the grant of an exclusive solid waste management services franchise to PSDS is in the public interest.

THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, ORDAINS:

Section 1. The City Council grants an Exclusive Solid Waste Management Services Franchise to Palm Springs Disposal Services, a California Corporation. PSDS is authorized to engage in the business of collecting, transporting, and disposing of solid waste and recyclable materials kept, accumulated, or produced in the City of Palm Springs and to use the public streets and rights of way for such purpose.

Section 2. The grant of this Exclusive Solid Waste Management Services Franchise is expressly subject to the terms and conditions of the City Charter, Chapter 6.05 of the Palm Springs Municipal Code, this Ordinance, and the Agreement between the City and PSDS for Solid Waste Management Services ("Franchise Agreement") as such now exists or as may be amended from time to time.

Section 3. The Franchise Agreement shall be for a term of fifteen (15) years, commencing on April 1, 2014 and ending on March 30, 2029.

Section 4. The Mayor shall sign and the City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same, or the summary thereof, to be published and posted pursuant to the provisions of law.

Section 5. Findings. The adoption of this Urgency Ordinance is necessary for the immediate protection of the public peace, health, and safety by ensuring the timely and orderly award of a solid waste franchise and the implementation of revised residential services the concomitant reduction in service rates, and the acquisition of new environmentally responsible equipment and vehicles. In accordance with Section 312 of the Palm Springs City Charter, the City Council of the City of Palm Springs finds and determines that the adoption of this Urgency Ordinance is necessary to ensure the timely approval of a Solid Waste Franchise Agreement for the timely implementation of a new solid waste program for the immediate protection of the public peace, health, and safety.

Section 6. Effective Date. The City Council hereby declares, on the basis of the findings set forth above, that an emergency exists and that this Ordinance is necessary to preserve the public peace, health and safety. Accordingly, this Ordinance is adopted as an emergency ordinance and shall take effect and be in force immediately upon its adoption.

PASSED, APPROVED AND ADOPTED BY THE PALM SPRINGS CITY COUNCIL
THIS 3d DAY OF JULY, 2013.

STEPHEN P. POUCKET, MAYOR

ATTEST:

JAMES THOMPSON, CITY CLERK

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF PALM SPRINGS)

I, JAMES THOMPSON, City Clerk of the City of Palm Springs, California, do hereby certify that Urgency Ordinance No. _____ is a full, true, and correct copy, and adopted at a regular meeting of the City Council held on the 3rd day of July, 2013, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

JAMES THOMPSON, CITY CLERK
City of Palm Springs, California



City Council Staff Report

Date: January 16, 2013 UNFINISHED BUSINESS

Subject: DISCUSS EXCLUSIVE SOLID WASTE AGREEMENT WITH PALM SPRINGS DISPOSAL SERVICES (PSDS) AND ALTERNATIVES.

From: David H. Ready, City Manager

Initiated by: Public Works and Engineering Department

SUMMARY

The City Council will discuss and direct staff related to modifying solid waste collection in the City of Palm Springs from the current twice per week to once per week. This proposed change in service will result in a reduction of residential rates and a "carbon footprint" reduction in the City through less frequent solid waste collection truck runs.

Additionally, Palm Springs Disposal Service (PSDS) has indicated they will require a new 15 year exclusive contract to effectuate the modification of collection services. If so directed, staff will finalize negotiations for a new contract accordingly and return to the City Council for approval.

RECOMMENDATION:

Direct Staff as appropriate.

STAFF ANALYSIS:

The City entered into a contract with PSDS on July 3, 2003, for twice weekly pick up of solid waste. The term of the agreement is 13 years and expires on June 30, 2016. The agreement provides for a 2 year extension to June 30, 2018, based on the results of a performance review and at the City's discretion.

On June 1, 2011, the City Council authorized staff to enter into negotiations with PSDS to explore a new agreement which changed collection to once weekly and modify some terms of the existing agreement such as reducing the collection fee to reflect collection changes. (See attached staff report dated June 1, 2011.)

ITEM NO. 5.0.

Working with the City's solid waste consultant, MSW Consultants, a detailed analysis was prepared on the proposed change. Attached you will find their report, "Review of Proposal to Change to Once-Weekly Residential Refuse Collection." One of the specific areas the report reviewed was comparison of PSDS converting to automated trucks vs. use of current manual trucks, and found their projected cost savings "appeared reasonable" (see report "Finding 4.2," p. 8), which is a basis for the reduction in proposed residential rates. Also, the report noted that the 11 year contract term originally proposed is "reasonable" (see "Finding 4.4," p. 10). However, since the time of this report, PSDS has modified their request to include a 15 year contract term.

Further meetings and discussions with MSW Consultants, PSDS and the City Council ad hoc subcommittee (Mayor Pro Tem Mills and Councilmember Hutcheson) resulted in the current PSDS proposal on once weekly collection rates presented to Council here. Below is a comparison Table of current rates and proposed "1x week service" for the most used category of residential service (a full residential rate category comparison is attached):

"Residential" Solid Waste Monthly Rates*

Current Rate	7/1/13 Estimated COLA Rate	7/1/14 Estimated COLA Rate	7/1/14 1x week PSDS Proposed Rate
\$18.02	\$18.31	\$18.83	\$16.20 (14% Reduction)

(*Includes green waste collection – via a "no charge" subscription service)

As a comparison of these proposed rates with other Coachella Valley Cities, attached is a Table showing current 1x weekly service rates in Cathedral City, Coachella, Desert Hot Springs, Indian Wells, Indio, La Quinta and Palm Desert. It should be noted, the proposed reduction is for residential only, and business rates will remain the same with no service change frequency for that category of customer.

If the City Council directs staff to proceed with the change in residential service, staff will finalize contract negotiations with PSDS based on the information above and return at a future meeting for final approval of a new 15 year exclusive solid waste contract.

ALTERNATIVES:

In the alternative, the City Council may direct staff to leave the current PSDS contract in place maintaining twice per week residential service at the current rate structure, until the contract expiration date of June 30, 2016. At that time, the City Council may direct staff to proceed with a "request for proposals" for once weekly solid waste collection service.

FISCAL IMPACT:

If a new agreement for once weekly service is approved, the franchise fees for the City (including recycling and sustainability) will remain at the same percentages. Actual revenues related to those fees are based on collection "tonnage" and may fluctuate accordingly. Additionally, residential customers will realize a 14% rate reduction subject to future annual cost of living increases (COLA's) and disposal "tipping fee" pass-thru's as in the current agreement.



David J. Barakian
City Engineer &
Director of Public Works



David H. Ready,
City Manager

Attachments:

1. City Council Staff Report June 1, 2011
2. Residential Solid Waste Rate Comparison Table
3. MSW Consultants, *"Review of Proposal to Change to Once-Weekly Residential Refuse Collection"*
4. Once-Weekly Service Comparative Analysis of Monthly Rates



City Council Staff Report

Date: June 1, 2011

NEW BUSINESS

Subject: AUTHORIZATION TO NEGOTIATE NEW AGREEMENT WITH PALM SPRINGS DISPOSAL SERVICES (PSDS) PROVIDING FOR ONCE WEEKLY SERVICE.

From: David H. Ready, City Manager

Initiated by: Public Works and Engineering Department

SUMMARY

The City entered into an agreement with PSDS on July 1, 2003 to provide solid waste collection services. That agreement provides twice weekly pick up and expires June 30, 2016. Approval of this item will authorize staff to enter negotiations with PSDS on a new agreement which will modify the existing terms to, among other things, change collection to once weekly.

RECOMMENDATION:

- 1) Authorize staff to enter into negotiations with PSDS on a new Agreement which will modify some existing terms of the current Agreement to, among other things, change collection to once weekly.

STAFF ANALYSIS:

The current term of Agreement No. 4727 with PSDS expires June 30, 2016 after a term of 13 years. The City Charter limits the term of any franchise agreement to 15 years which means the Agreement could be extended to no later than June 30, 2018. PSDS has prepared and submitted a proposal for once weekly service. City Staff, utilizing our solid waste consultant MSW Consultants, reviewed the proposal and presented findings to City Staff as well as PSDS. PSDS has concurred in the general conclusions included in the findings. The main conclusions were a) a new 11 year contract term b) change to once weekly residential service resulting in an average 11.4% decrease in customer rates c) fully automated collection using new CNG vehicles d) Green Waste services on a subscription basis.

As part of the performance review of PSDS services by the City's Consultant, staff conducted a customer satisfaction survey. One thousand residential customers and 50% of the commercial customers were surveyed, yielding a margin of error of 3-6%. The overwhelming majority of customers rated PSDS's overall performance as either Good or Excellent. The survey results did show a few minor areas where improvement is needed and those areas are proposed to be addressed in the new agreement.

Staff proposes to negotiate all terms of a new agreement and bring it back to Council for their consideration this coming Fall. Authorization as recommended above would need to also include approval of the MSW amendment also on this agenda.

FISCAL IMPACT:

Authorizing staff to negotiate a new agreement, in itself, has no fiscal impact.

SUBMITTED:

Recommended by:



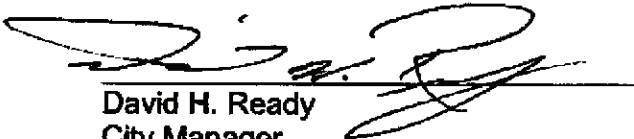
David J. Barakian
City Engineer &
Director of Public Works

Approved by:



Thomas J. Wilson
Assistant City Manager

Approved by:



David H. Ready
City Manager

Attachment: PSDS proposed program rate comparison

CURRENT PROGRAM		PROPOSED PROGRAM	
Twice-Weekly Collection		Once-Weekly Collection	
Subscription Services(1)(2)	Estimated FY'12 Monthly Rate	Subscription Services(4)(5)	Estimated FY'12 Monthly Rate(3)
Individually-Billed Dwellings			
Curbside Economy (Trash: 1, 32-g. can), Recycle: 1, 68-g. cart)	\$ 17.92	Curbside Economy (Trash: 1, 68-g. cart), Rec: 1, 68-g. cart)	\$ 16.25
Family Value (Trash: 4, 32-g. cans), Recycle: 1, 68-g. cart)	\$ 21.21	Curbside PLUS (Trash: 1, 96-gal cans), Recycle: 1, 68-gal Cart)	\$ 19.54
Walk-In (Trash: 2, 32-g. cans), Recycle: 1, 68-g. cart @ curb)	\$ 23.40	Standard Walk-In(7) (Trash: 1, 68-gal cart, 1X), Recycle: 1, 68-gal cart)	\$ 20.93
		Manual Walk-In(7)(8) (Trash: 4, 32-gal. cans, Recycle: 2, 32-gal. cans)	\$ 20.93
Estate (Unlimited trash & recycle, walk-in)	\$ 59.66	Estate (Unlimited trash & recycle, walk-in)	\$ 53.70
Centrally-Billed Dwellings			
Curbside Economy (Trash: 1, 32-gal can, 2X), Recycle: 1, 68-gal cart)	\$ 17.74	Curbside Economy (Trash: 1, 68-gal cart), Recycle: 1, 68-gal cart)	\$ 16.09
Family Value (Trash: 4, 32-gal cans, 2X), Recycle: 1, 68-gal cart)	\$ 21.03	Curbside PLUS (Trash: 1, 96-gal cans), Recycle: 1, 68-gal Cart)	\$ 19.39
Walk-In (Trash: 2, 32-gal cans, 2X), Recycle: 1, 68-gal cart @ curb)	\$ 23.21 (6)	Standard Walk-In(7) (Trash: 1, 68-gal cart), Recycle: 1, 68-gal cart)	\$ 20.77

Additional Charges

Each additional refuse can	\$ 5.29	Each additional refuse cart	\$ 5.85
1st additional recycling cart	\$ 4.97	1st additional recycling cart	Free
2nd additional recycling cart	\$ 4.97	2nd additional recycling cart	\$ 2.19
Green waste collection	incl.	Green waste collection	\$ 3.16
Each additional refuse can	\$ 11.71	Each additional refuse cart	\$ 8.44
Walk-in recycling collection	\$ 4.99	Walk-in recycling collection	Free
1st additional recycling cart	\$ 4.97	1st additional recycling cart	Free
2nd additional recycling cart	\$ 4.97	2nd additional recycling cart	\$ 4.78
Green waste collection	incl.	Green waste collection	\$ 5.19

Notes:

- (1) Trash services are twice-weekly, recycling services are once-weekly; walk-in recycling is an added cost.
- (2) All trash cans provided by customer; all recycle carts provided by PSDS.
- (3)
- (4) All services are once-weekly.
- (5) All trash & recycle carts provided by PSDS.
- (6) \$28.18 with optional walk-in recycling added.
- (7) All Walk-in customers will receive walk-in recycling collection at no added cost.
- (8) Customer to provide 32-gal. max cans for trash & recycle collection.

Residential Solid Waste Rate Comparison

1/8/2013

	64 Gallon Cart	Any Size Direct Billing	Rate Adjustment	Weekly Service	Date of Agreement	Year of Agreement
Cathedral City		\$ 16.59	Yes	1	1-Jul-11	3 of 17
Coachella		\$ 18.06	Yes	1	1-Jun-06	7 of 10
Desert Hot Springs		\$ 22.12	Yes	1	1-Aug-10	3 of 15
Indian Wells		\$ 20.34	No	1	1-Jul-05	8 of 10
Indio		\$ 17.73	Yes	1	1-Jul-10	3 of 9
La Quinta		\$ 13.71	Yes	1	1-Jul-07	6 of 10
Palm Desert	\$ 8.46		Yes	1	15-May-09	3 of 10
Palm Springs	\$ 18.02		Yes	2	18-Jul-03	10 of 15

**REVIEW OF PROPOSAL TO CHANGE TO
ONCE-WEEKLY RESIDENTIAL REFUSE COLLECTION**

PREPARED BY



**SOLID WASTE CONSULTANTS
TO LOCAL GOVERNMENT**

FEBRUARY 8, 2011

**REVIEW OF PROPOSAL TO CHANGE TO
ONCE-WEEKLY RESIDENTIAL REFUSE COLLECTION**

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1. BACKGROUND

The City of Palm Springs (City) provides solid waste collection service to its residents through an exclusive franchise agreement (Agreement) with Palms Springs Disposal Services, Co. (the Company). Under the terms of the Agreement, the Company is required to collect refuse from residential customers twice per week, and collect co-mingled recyclables and greenwaste once per week. Table 1 below shows the days of the week and from what areas in the City the Company collects each of these material types.

Table 1 – Current Frequency and Days of Collection

Material Type	Frequency of Collection	Service Area	Days of Collection
Refuse	Twice per Week	North of Ramon Rd.	Monday <u>and</u> Thursday
		South of Ramon Rd.	Tuesday <u>and</u> Friday
Co-mingled Recyclables	Once per Week	North of Ramon Rd.	Monday <u>or</u> Thursday
		South of Ramon Rd.	Tuesday <u>or</u> Friday
		West of Palm Cyn. Dr.	Wednesday
Greenwaste	Once per Week	Citywide	Wednesday

In the vast majority of other cities throughout Southern California, residential refuse is collected once per week. Moreover, of the other cities in the Coachella Valley, only one other city (Rancho Mirage) has twice per week refuse collection.

At the City's request, the Company submitted a proposal to transition to once per week residential refuse collection service. The Company's proposal included a cost analysis that quantified the net cost savings of converting to once-weekly collection, and a term sheet that proposed several other changes to the Agreement.

The Agreement provides that either the City or the Company may initiate a change in the scope of services. Any such change, and any corresponding adjustment to customer rates, is subject to the mutual agreement of the City and the Company. The City retained MSW Consultants to assist the City in evaluating the reasonableness of the Company's proposal for once-weekly collection. This report summarizes the Company's proposal, outlines the work we performed, and describes our findings.

2. SUMMARY OF THE COMPANY'S PROPOSAL

The Company's proposal for once-weekly collection centered around a changeover to automated cart service. The Company's proposal also included several changes in the Company's residential collection service, and resulted in an 11.4% decrease in customer rates. The Company also proposed that the City enter into a new franchise agreement with certain modifications to the current contract provisions.

Table 2 below summarizes each of the Company's proposed changes in residential collection service. The Company's proposed changes to the contract provisions and proposed lower service fees are shown in the table on the next page. The Company also offered several qualitative reasons why it believed that a transition to once-weekly service was best accomplished in conjunction with a changeover to automated cart service. These reasons are summarized at the end of this section.

Table 2 – Proposed Changes in Residential Service

Service Change	Under the new agreement, the Company would:
Weekly Service	Collect refuse once per week; residents would receive service for all three material types on the same day of the week.
New Refuse Carts	Furnish all customers with new high capacity wheeled refuse carts with attached lids. Economy and Walk-in customers would receive 65-gallon carts; Family Value and Estate customers would receive 95 gallon carts.
New Clean-fuel Vehicles	Use clean-fuel, CNG-powered vehicles to provide automated (i.e., mechanized) residential collection service.
Recyclables Collection for Walk-in Customers	No longer charge an additional fee for collection of recyclables from Walk-in customers.
'Scout' Vehicles for Walk-in Service	Employ smaller 'scout' vehicles to retrieve and pre-position carts for residential customers with Walk-in service.
Subscription-basis Greenwaste Service	Begin offering greenwaste collection service on a subscription basis. The Company would charge a fee only to those customers who elect to use the service, rather than the current system in which the Company provides greenwaste collection on a universal basis at no additional charge.

In addition to its proposed changes in service frequency and service fees, the Company proposed that the City and the Company enter into a new 11-year franchise agreement, and that the new agreement include several changes to the provisions of the current Agreement. These proposed changes are listed below in Table 3.

Table 3 – Proposed Changes in Contract Provisions

Contract Provision	Current	Proposed
Length of Term	Agreement expires on June 30, 2016.	New agreement would have a term of 11 years.
Minimum Service Requirements for Part-time Residents	Dwelling units that are regularly occupied on a part time basis are required to subscribe to service, but the type of service is determined by the property owner or manager.	Dwelling units regularly occupied on a part-time basis would be required to subscribe to Walk-in service to ensure that automated carts are not left on the street when seasonal residents leave the City.
Vacation Rentals	The City Code requires vacation rentals to subscribe to the highest level of service, which is Estate Service. However, the Agreement does not address this issue.	The Company proposes to add a provision to the Agreement regarding vacation rentals to make the Agreement consistent with the City Code.
Event Houses	The City Code requires event houses to use reasonable business practices in arranging for refuse collection.	Event Houses would be required to receive commercial bin service on an event-by-event basis.
Collection of Construction and Demolition Debris	Construction and demolition debris removed by a contractor or other person using their own equipment as an incidental part of a total service offered by that contractor is exempt from the agreement.	The Company would have the right to collect all construction and demolition debris generated in the City, even that which is now removed by contractors as an incidental part of a total service offered by that contractor.
Community Funding	None in current contract.	Company would pay \$78,000 per year for sustainable community programs.
Successor Agreement Incentive	None in current contract.	Company would set aside \$100,000 annually and transfer \$1,000,000 to City upon entering into a successor 10-year contract.

The Company projected that by the time the new service was rolled out in 2012, the net saving it would realize would enable it to decrease residential customer rates by approximately 11.4%. In addition to lower rates, the Company offered primarily three reasons why it felt that a transition to once-weekly service was best accomplished in conjunction with a changeover to automated cart service.

First, with the wide acceptance of automated cart service in other communities throughout Southern California and in the Coachella Valley, automated cart service would be viewed favorably as an enhancement to the current manual service.

Second, transitioning to once-weekly service would increase the amount of waste collected in a single pickup. If the Company continued using manual collection to provide once-per-week service, many residents would need to purchase additional cans to contain the increased amount of waste collected in a single pickup. Residents would not need to incur this additional expense if they were provided high capacity refuse carts with automated collection service.

Finally, if residents were to purchase additional cans to accommodate once-weekly manual collection service, the additional cans would require additional storage space in either the resident's yard or garage. Because the high capacity carts used in an automated collection system are taller, they are able to contain a greater amount of waste with a smaller 'footprint.' As a result, the use of high capacity automated carts would make it less likely that residents garage, side-yard or patio space would be infringed upon by additional refuse cans.

3. WORK PERFORMED

To evaluate the Company's proposal for once-weekly service, we performed the following tasks:

- Met with Company representatives to review and discuss the proposal for once-weekly refuse collection.
- Obtained and reviewed the Company's financial statements, detail general ledger and other financial and operational information.
- Analyzed the Company's expenses, and allocated its costs among its residential, commercial, industrial and non-franchised lines of business.
- Evaluated the Company's productivity assumptions by comparing them to the Company's actual productivity for providing automated once per week service in Desert Hot Springs, and by comparing them to other residential solid waste collection operations with which we are familiar.
- Compared the Company's projected cost savings with its current actual expenses.
- Evaluated the reasonableness of the Company's projected capital costs by comparing them to actual costs incurred by the Company and by other jurisdictions for similar equipment.
- Reviewed the Company's revenue and expense projections for calendar year 2012, the year in which automated, once-weekly collection service is proposed to be implemented.
- Confirmed the mathematical accuracy of the supporting schedules and the resulting reduction in customer rates.

4. FINDINGS

Based on our review and analysis of the Company's proposal for once-weekly collection, we found that:

4.1 A Large Portion of the Company's Costs Do Not Change with the Frequency of Collection

We found that a large portion of the Company's cost to provide residential service did not vary with the frequency of collection. Solid waste collection operations are similar to public utilities in that they typically include a high portion of fixed costs. These fixed costs typically include items such as office buildings and maintenance facilities.

In addition to fixed costs, the Company's cost of providing residential service includes other costs that are not considered fixed costs, but nevertheless do not vary with the frequency of service. For example, disposal tipping fee costs are typically considered 'variable' costs because the cost of disposal varies with the volume of tons. However, disposal tipping fee costs do not vary with the frequency of collection. The volume of waste that residential customers generate does not change with the number of weekly pickups.

Additionally, the labor and equipment cost of the Company's drivers travelling from the collection area to the disposal facility does not change with the frequency of collection. Because there is no change in the amount of tons of waste collected, the Company's drivers must continue to make the same number of trips to the Edom Hill transfer station. Drivers typically make two trips per day to the disposal site. As a result, this disposal site travel time typically consumes about one quarter of a driver's work day.

Other items in the Company's cost structure that do not change with a reduction in the number of weekly pickups include the cost of recyclables collection (which will continue to be collected once per week) and the cost of fees paid to the City.¹

¹ The City Administrative Fee and Franchise Fee are based on a percent of the Company's gross receipts. As a result, if the Company's revenue is decreased, percentage rate of these fees must be increased slightly to maintain city fee revenues at the same level.

Table 4 below shows that, for the 12 months ended September 30, 2009, the Company's total cost of providing residential solid waste collection service was approximately \$4,362,000. Of that amount, approximately \$2,755,000, or approximately 63% were costs that do not change with the frequency of refuse collection service. Conversely, Table 4 shows that approximately 37%, or a little more than one-third, of the Company's total residential collection costs change with the number of weekly refuse pickups.

Table 4 - Costs that Change with the Number of Weekly Refuse Pickups

Cost Category	Annual Cost	Percent of Total Cost
Costs that Change with the Number of Weekly Pickups		
Labor and labor-related Cost	\$794,000	18%
Vehicle Operating Cost	\$661,000	15%
Vehicle Depreciation	\$152,000	3%
Subtotal: Costs that Vary with the Number of Weekly Pickups	\$1,607,000	37%
Costs that Do Not Change with the Number of Weekly Pickups		
Recyclables Collection Costs	357,000	8%
Disposal Tipping Fees	550,000	13%
City Fees	295,000	7%
Other Fixed Operating Cost	785,000	18%
General & Administrative	768,000	18%
Subtotal: Costs that Do Not Vary	\$2,755,000	63%
Total Cost to Provide Residential Service	\$4,362,000	100%

4.2 The Company's Projected 2012 Net Cost Savings Appeared Reasonable

We found that the Company's projected net reduction in cost to provide automated service appeared reasonable. The transition to once-weekly service would enable the Company to significantly reduce its labor costs. However, to provide automated service, the Company is proposing to spend approximately \$3 million to purchase new trucks and carts. Therefore, the labor cost savings would be partially offset by the additional cost of this new equipment.

In its proposal, the Company projected that it would be able to realize an annual net costs savings of approximately \$487,000. Based on our review and analysis, we found this to be a reasonable estimate. Table 5 below shows the Company's projection of the changes in its residential collection costs that would result from transitioning to once-weekly automated collection service.

**Table 5 – Projected 2012 Cost Savings Due to
Once-weekly Refuse Collection – Automated Service**

Cost Category	Projected 2012 Cost of Twice per Week Service	Projected 2012 Cost of Once per Week Service	Cost Increase or (Savings)
Collection Labor and Labor-related Costs	\$858,000	\$375,000	(\$483,000)
Truck Operating Cost	560,000	352,000	(208,000)
Truck Depreciation	231,000	185,000	(46,000)
Truck Interest	0	80,000	80,000
Subtotal: Trucks	\$791,000	\$617,000	(\$174,000)
Cart Depreciation	0	91,000	91,000
Cart Interest	0	36,000	36,000
Cart Maintenance	0	43,000	43,000
Subtotal: Carts	\$0	\$170,000	\$170,000
Total	\$1,649,000	\$1,162,000	(\$487,000)

4.3 Net Cost Reduction is Less for Manual Service

We found that if the Company were to convert to once-weekly service and continue to provide manual service, the net cost savings would be less than that of providing automated service.

In evaluating the Company's proposal, we considered the issue of whether the Company should convert to once per week service and continue to collect refuse using its existing fleet of rear-loading vehicles and two-man crews. To perform this analysis, we used the Company's existing costs and operational factors to model the savings it might realize if it simply began collecting refuse once per week instead of twice per week. Based on our analysis, we found that the Company would be able to reduce its annual costs by approximately \$458,000.

Our estimate of the reduction in cost resulting from reducing the number of pickups and continuing to provide manual service is shown below in Table 6.

**Table 6 – Projected Cost Savings Due to
Once-weekly Refuse Collection – Manual Service**

Cost Category	Projected 2012 Cost of Twice per Week Service	Projected 2012 Once-weekly Service	Cost Increase or (Savings)
Collection Labor and Labor-related Costs	\$858,000	\$620,000	(\$238,000)
Truck Operating Cost	560,000	\$404,000	(156,000)
Truck Depreciation	231,000	\$167,000	(64,000)
Truck Interest	0		0
Subtotal: Trucks	\$791,000	\$571,000	(\$220,000)
Cart Depreciation	0		0
Cart Interest	0		0
Subtotal: Carts	\$0	\$0	\$0
Total	\$1,649,000	\$1,191,000	(\$458,000)

4.4 The Proposed 11-year Contract Term is Reasonable

The new 11-year contract term proposed by the Company is reasonable. Municipal refuse collection agreements typically have a term of from 7 to 10 years to allow the contractor time to amortize its capital investment. Moreover, the existence of a multi-year contract is often a key factor for private refuse companies to obtain financing for their capital expenditures. In its cost estimates, the Company calculated its depreciation expense over a 10 year useful life for the new trucks and carts. We found this to be reasonable.

According to the Company, the purpose for including an additional year over the useful life of the assets is to allow the Company time to arrange for financing and order the equipment prior to placing it in service. We also found this to be reasonable. Therefore, we believe that an 11-year contract term is reasonable.

4.5 Not All Proposed Contract Provisions are Related to Once-weekly Service.

In addition to the contract term, we found that the Company's proposed contract provisions for the minimum service requirement for part time residents and vacation houses were related to the implementation of once-weekly automated service. The Company has represented that these provisions are an integral part of rolling out automated cart service.

The purpose for requiring seasonal residents and vacation house to subscribe to Walk-in service is to ensure that the new automated carts will be taken off the curb after part-time and holiday residents leave town. We believe it is reasonable to link these proposed contract provisions to the implementation of once-weekly service.

However, the remaining proposed contract terms described in Table 3 above are not related to once-weekly service. The Company could feasibly implement once-weekly refuse collection without addressing the issue of requiring event houses to have 'commercial-type waste services on an as needed basis.' Additionally, the expansion of the Company's franchise right to collect all C&D debris is not linked to the implementation of once-weekly service. Any changes in the scope of service in the current Agreement are subject to the mutual agreement of the City and the Company. Therefore, while the Company may require these changes as a condition of implementing once-weekly service, it should be understood that these other contract issues are not operationally linked to collecting refuse once per week vs. twice per week.

4.6 Automated Cart Collection Service is a Higher Quality Service

Automated cart service represents a higher quality of solid waste collection service. We found the Company's justifications for linking a transition to once-weekly service to a changeover to automated cart service to be reasonable. In addition to the Company's reasons for changing over to automated service, there are other reasons for the City to change to automated cart collection.

For example, the use of automated carts in the collection of residential solid waste significantly reduces the frequency and severity of drivers' back-related injuries. The hinged lids help to better contain odor and prevent spillage. Automated carts are equipped with wheels and are of a balanced design, which enables them to be easily maneuvered. They are manufactured from durable materials and have a long useful life. The use of standard automated carts also results in neighborhoods having a neater, more uniform appearance on collection day. Accordingly, automated solid waste collection service is of a higher quality than manual collection.

**Once-Weekly Service
Comparative Analysis of Monthly Rates**

Current Rate	Current Program Twice-Weekly Collection		Proposed Program Once-Weekly Collection	
	Subscription Services (1)(2)	Estimated FY 14/15 Monthly Rate	Subscription Services (4)(5)	Estimated FY 14/15 Monthly Rate(3)
Individually-Billed Dwellings				
\$18.02	Curbside Economy	\$18.83	Curbside Economy	\$16.20
\$21.31	Family Value	\$22.54	Curbside PLUS	\$19.38
\$23.53	Walk-In	\$24.36	Standard Walk-In (6)	\$20.93
			Manual Walk-In (6)(7)	\$24.36
\$60.00	Estate	\$62.35	Estate	\$53.62
Centrally-Billed Dwellings				
\$17.84	Curbside Economy	\$18.63	Curbside Economy	\$16.02
\$21.13	Family Value	\$22.34	Curbside PLUS	\$19.21
\$23.36	Walk-In	\$24.17	Standard Walk-In	\$24.17

Green Waste free on subscription basis.
No rate changes to Commercial, Industrial or manual collection.

Notes:

- (1) Trash services are twice-weekly, recycling services are once-weekly; walk-in recycling is an added cost.
- (2) All trash cans provided by customer; all recycling carts provided by PSDS.
- (3)
- (4) All services are once-weekly.
- (5) All Trash & recycling carts provided by PSDS.
- (6) All Walk-In customers will receive walk-on recycling collection at not added cost.
- (7) Customers to provide 32-gal max cans for trash & recycling collection.

SOLID WASTE FRANCHISE AGREEMENT

MATERIALS TO FOLLOW



City of Palm Springs

Office of the City Clerk

3200 E. Tahquitz Canyon Way • Palm Springs, CA 92262

Tel: (760) 323-8204 • Fax: (760) 322-8332 • TDD: (760) 864-9527 • Web: www.palmspringsca.gov

NOTICE OF CONTINUANCE

NOTICE IS HEREBY GIVEN that the Regular Meeting held on May 15, 2013, the City Council continued Public Hearing Item No. 1.C. to July 3, 2013:

GRANT A 15-YEAR EXCLUSIVE FRANCHISE AGREEMENT WITH PALM SPRINGS DISPOSAL SERVICES FOR RESIDENTIAL AND COMMERCIAL COLLECTION AND DISPOSAL OF SOLID WASTE AND FOR THE COLLECTION OF RECYCLABLE MATERIAL:

I, James Thompson, City Clerk of the City of Palm Springs, California, certify this Notice of Continuance was posted at or before 6:00 p.m. on May 16, 2013, as required by established policies and procedures.


JAMES THOMPSON
City Clerk

The Desert Sun
750 N Gene Autry Trail
Palm Springs, CA 92262
760-778-4578 / Fax 760-778-4731

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I am over the age of 18 years old, a citizen of the United States and not a party to, or have interest in this matter. I hereby certify that the attached advertisement appeared in said newspaper (set in type not smaller than non pariel) in each and entire issue of said newspaper and not in any supplement thereof on the following dates, to wit:

Newspaper: .The Desert Sun

4/13/2013

I acknowledge that I am a principal clerk of the printer of The Desert Sun, printed and published weekly in the City of Palm Springs, County of Riverside, State of California. The Desert Sun was adjudicated a newspaper of general circulation on March 24, 1988 by the Superior Court of the County of Riverside, State of California Case No. 191236.

I declare under penalty of perjury that the foregoing is true and correct. Executed on this 13th day of April, 2013 in Palm Springs, California.

Declarant's Signature

No 0717
NOTICE OF PUBLIC HEARING
CITY COUNCIL
CITY OF PALM SPRINGS

**PALM SPRINGS DISPOSAL SERVICES
SOLID WASTE FRANCHISE AGREEMENT**

NOTICE IS HEREBY GIVEN that the City Council of the City of Palm Springs, California, will hold a public hearing at its meeting of May 1, 2013. The City Council meeting begins at 6:00 p.m., in the Council Chamber at City Hall, 3200 E. Tahquitz Canyon Way, Palm Springs.

The purpose of this hearing is to consider granting a 15-year exclusive franchise agreement with Palm Springs Disposal Services (PSDS) for residential and commercial collection and disposal of solid waste and for the collection of recyclable material.

REVIEW OF INFORMATION: The staff report and other supporting documents regarding the proposed franchise agreement is available for public review at City Hall between the hours of 8:00 a.m. to 11:00 a.m. and 2:00 p.m. to 5:00 p.m., Monday through Thursday. Please contact the Office of the City Clerk at (760) 323-8204 if you would like to schedule an appointment to review these documents.

COMMENTS: Response to this notice may be made verbally at the public hearing and/or in writing before the hearing. Written comments may be made to the City Council by letter (for mail or hand delivery) to:

James Thompson, City Clerk
3200 E. Tahquitz Canyon Way
Palm Springs, CA 92262

Any challenge of the proposed in court may be limited to raising only those issues raised at the public hearing described in this notice, or in written correspondence delivered to the City Clerk at, or prior, to the public hearing. (Government Code Section 65009(b)(2)).

An opportunity will be given at said hearing for all interested persons to be heard. Questions regarding this case may be directed to Dave Barakian (760) 323-8160.

Si necesita ayuda con esta carta, porfavor llame a la Ciudad de Palm Springs y puede hablar con Nadine Fieger telefono (760) 323-8245.

James Thompson, City Clerk

Published: 4/13/13

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, GRANTING AN EXCLUSIVE SOLID WASTE MANAGEMENT SERVICES FRANCHISE TO PALM SPRINGS DISPOSAL SERVICES, A CALIFORNIA CORPORATION

City Attorney Summary

The City Charter and the City's Municipal Code provides the City Council with the authority to decide the level of solid waste services to be provided to the City and whether such services are to be provided by means of nonexclusive, partially exclusive, or wholly exclusive franchise, contract, or license granted pursuant to such terms and conditions as prescribed by the City Council. This Ordinance grants an exclusive franchise to Palm Springs Disposal Services to provide collection, transfer, and disposal of solid waste and related services, including without limitation, source reduction, recycling, and composting activities. The franchise is for a term of 15 years, commencing on April 1, 2014.

THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, FINDS:

A. The City is responsible for providing solid waste management services to its citizens, including source reduction, recycling, composting activities and the collection, transfer and disposal of solid waste within the City boundaries, in a manner consistent with state laws.

B. The City Council has determined that the provision of solid waste management services by providing an exclusive franchise and agreement to a solid waste enterprise will best provide and maintain reasonable rates for collection, transportation, recycling, composting, and disposal of solid waste, recyclables, and compostable material generated within the City.

C. Palm Springs Disposal Services ("PSDS"), a California Corporation, has provided superior and reasonably priced solid waste collection and disposal services for the City of Palm Springs and its residents for several years and is qualified and competent to perform the solid waste management services desired by the City.

D. It is the desire of the City and PSDS to modify the residential service to one-day a week service with an appropriate reduction in service fees and to enhance recycling and waste diversion efforts in the City to ensure the City can reasonably attain its goals and requirements under state law.

E. On July 3, 2013, the City Council held a public hearing to consider the grant of an exclusive solid waste management services franchise to PSDS and to hear all persons desiring to be heard on the grant of such franchise.

F. Having considered all oral and documentary evidence presented on the matter of granting such franchise, the City Council has determined that the of an exclusive solid waste management services franchise to PSDS is in the public interest.

THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, ORDAINS:

Section 1. The City Council grants an Exclusive Solid Waste Management Services Franchise to Palm Springs Disposal Services, a California Corporation. PSDS is authorized to engage in the business of collecting, transporting, and disposing of solid waste and recyclable materials kept, accumulated, or produced in the City of Palm Springs and to use the public streets and rights of way for such purpose.

Section 2. The grant of this Exclusive Solid Waste Management Services Franchise is expressly subject to the terms and conditions of the City Charter, Chapter 6.05 of the Palm Springs Municipal Code, this Ordinance, and the Agreement between the City and PSDS for Solid Waste Management Services ("Franchise Agreement") as such now exists or as may be amended from time to time.

Section 3. The Franchise Agreement shall be for a term of fifteen (15) years, commencing on April 1, 2014 and ending on March 30, 2029.

Section 4. The Mayor shall sign and the City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same, or the summary thereof, to be published and posted pursuant to the provisions of law and this Ordinance shall take effect thirty (30) days after passage.

PASSED AND ADOPTED at a regular meeting of the City Council on the ____ day of _____ 2013, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

Stephen P. Pougnet
Mayor

ATTEST:

James Thompson
City Clerk