

Another Stinker: City Hall's Trash Franchise Payoff

02.09.2012

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LA WATCHDOG - The highly paid, politically appointed Board of Public Works is meeting on Monday morning at 9:30 in City Hall, Room 350, to approve the implementation of an "Exclusive Franchise Waste Hauling System" for the collection of solid waste from an estimated 100,000 accounts consisting of multifamily (privately served), commercial, industrial, and institutional properties.

This plan will create 11 franchise areas throughout the City, including one in San Pedro and four in the Valley. Each Exclusive Franchise would be serviced by only one hauler, selected pursuant to Requests for Proposals and subject to the political blessing of the Board of Public Works, the City Council, and the Mayor.

The Board of Public Works has stated that the establishment of these Exclusive Franchises will facilitate the City reaching the Mayor's goal of diverting 70% of its waste by the end of 2013 and the Zero Waste goal of 90% by 2025.

However, what the Board of Public Works is conveniently neglecting to mention is that the City's current open-permit non-exclusive system has diverted 65% of its waste, by far the highest of any big city in the USA.

And furthermore, the Exclusive Franchises envisioned by the light bulbs on the Board of Public Works will not be operational until December of 2016, five years after proper notice was given to private waste haulers for commercial establishments that the City reserved its right to establish a franchise system.

So what is going on?

Once again, the Mayor is using the environment as an excuse to reward his campaign funding union friends, just like he did with Measure B, the Mayor's Solar Initiative, a blatant, multibillion payback to IBEW Union Bo\$\$ Brian d'Arcy, the largest contributor to the Mayor's 2005 campaign.

In this case, the Mayor and his cronies on the City Council, Councilmen Huizar, Alarcon, and Wesson, are rewarding the notoriously corrupt Teamsters union for their 2008 financial support of Measure S (the Communication User Tax) and Measure R (the half cent increase in the sales tax to fund transportation projects).

By establishing Exclusive Franchises that are under the thumb of the Board of Public Works and the Mayor, the single hauler is a prime target for the Teamsters and other unions. And this will drive up costs significantly for multifamily dwellings, renters, and commercial establishments.

Unfortunate, but not unsurprising given the lack of transparency on the part of the Board of Public Works, neither the 39 page high priced report by HF&H Consultants or the 27 page (non-searchable) report by the Bureau of Sanitation address the financial impact of Exclusive Franchises on the customers. But this is by design since trash fees would increase over time by an estimated \$100 to \$200 million a year.

In addition to increased costs, the City will have to administer the overly complicated and bureaucratic system that has been devised at the direction of the organizational geniuses on the Board of Public Works with more than a little help from the Mayor's office and their union buddies.

The Bureau of Sanitation is calling for the creation of a new Franchise Section to oversee the Exclusive Franchise Waster Hauling System. This new fully staffed organization will report to the Solid

Resources Citywide Recycling Division, that will report to the Bureau of Sanitation, that will report to the \$24 million staff of Board of Public Works who will report to the Commissioners, none of whom have any technical, organizational, or financial expertise or experience. ([Link](#))

This yet to be defined Franchise Section has no budget, more than likely because the Administrative Fees required to support the substantial bureaucracy will total millions, perhaps as much as \$10 million, by the time the Board of Public Works is finished.

And this does not include the \$22 million of AB 939 fees that are deposited in the Citywide Recycling Trust Fund.

Nor does this include possible franchise fees that would be directed to the City's General Fund. However, such franchise fees may not be permitted since they are not covering a specific cost and are therefore inconsistent with Proposition 26 (The Supermajority Vote to Pass New Taxes and Fees Act) that was approved by California voters in November of 2010.

The Bureau of Sanitation claims to have conducted significant stakeholder outreach over the summer and even claims that the Neighborhood Councils are supportive of the Exclusive Franchise System.

But that is news to Neighborhood Councils, especially since people were focused on the Department of Water and Power with respect to the 22% and 26% increases in our water and power rates, respectively.

And this so called outreach also pales in comparison to meetings conducted by the Bureau of Sanitation regarding the 77% increase in our sewer rates over the next ten years.

Rather than continuing with this politically motivated farce, the Board of Public Works should direct the Bureau of Sanitation to trash the Exclusive Franchise System and work within the parameters of the existing non exclusive permit system that has resulted in a nation leading diversion rate of over 65%.

The current system is not broken and is favored by the customers and haulers and allows for users to negotiate the desired level of service and rates. This is in stark contrast to the Exclusive Franchise System where rates would be determined by the Board of Public Works, the same wizards that are responsible for our lunar cratered streets, the worst in the nation, and crumbling sidewalks and curbs.

However, the existing system could be modified, for example, to require the phase-in of alternative fuel vehicles, similar to those at The Port of Los Angeles which helped reduce emissions by 80%, several years ahead of schedule Or the City could create non exclusive franchises which would accommodate the existing 140 haulers, most of which are small businesses owned and operated by our fellow Angelenos that do not have the wherewithal to respond to City's overly complicated Requests for Proposals.

Finally, this business unfriendly Exclusive Franchise Waste Hauling System fiasco and the accompanying duplicity and lack of candor by the Commissioners support the recommendation of the City Administrative Officer in his March 2011 report, Opportunity to Redefine and Strengthen Los Angeles City Government, to replace these million dollar Commissioners (that have cost us billions through their incompetence) with an experienced General Manager who has the skills to run a multibillion dollar organization with over 5,000 employees.

It is time for the Mayor, his self serving cronies, and their campaign fund union buddies to stop trashing LA, its businesses, and its citizens.

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Tags: Jack Humpheville, LA Watchdog, Trash Franchise, Board of Public Works, IBEW, Franchise Waste Hauling System

CityWatch  
Vol 10 Issue 12  
Pub: Feb 10, 2012