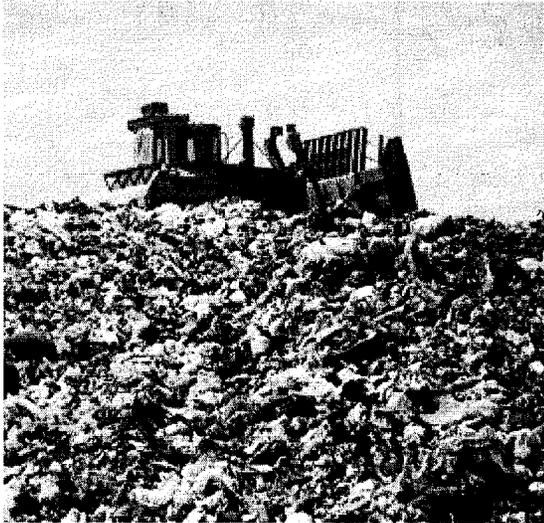


Business Bashing City to Trash Private Waste Haulers

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LA WATCHDOG - The City of Los Angeles is trying to develop an image of being business friendly in an effort to stimulate the City's economy.

So much so that the Jobs and Business Development Committee, headed by Mayoral hopeful Eric Garcetti, has even had discussions about the unilateral elimination of the Gross Receipts Tax over a four year period. But this politically motivated, fiscally irresponsible move is DOA (Dead on Arrival) since it would deprive the City's cash strapped General Fund of \$439 million, an amount representing 10% of its budget.

Anyway, you would never know that Los Angeles is business friendly based on the way that Mayor Villaraigosa, the Board of Public Works, and their union cronies are trying to stick the business community and apartment owners, and ultimately renters, with \$100 to \$200 million a

year in increased trash collection costs in connection with the City's ill conceived efforts to restructure the private waste hauling industry.

But where is all this money going and who are the main beneficiaries of this major restructuring program?

As it is, Los Angeles is doing very well, diverting or recycling 65% of its waste, by far the highest in the nation for large cities. This may account, in part, for our high cost per ton of trash disposal. However, the City's new goal is 70% by 2013, and according to its Zero Waste Initiative, 90% by 2025.

Currently, the City's Bureau of Sanitation collects the solid waste from single family residences and smaller apartments (four units or less). This represents about 17% of the City's trash.

On the other hand, at least 134 City wide permitted private waste haulers service commercial establishments and larger multifamily residences (five or more units), which generate 77% and 6%, respectively, of City's refuse.

As a result of the July 2012 recycling mandates of AB 32, the City is considering the implementation of a franchise system whereby private waste haulers (and possibly their customers) would be required to abide by the new recycling regulations and to use clean fuel vehicles. At the same time, the City would be able to request more information from the private waste haulers in order to monitor compliance.

The City is thought to be considering a limited number of franchise areas ("waste sheds") where the City would grant exclusive or semi exclusive permits to selected private waste haulers, most likely the large companies that dominate the industry.

Private waste haulers, commercial establishments, and apartment owners, who have not objected to the environmental mandates, favor a City wide franchise where all private haulers are able to participate.

Under the exclusive waste shed system, many private waste haulers who have been in business for many years and have strong relationships with their customers and the community would be forced to close their doors, layoff numerous loyal workers, and sell their equipment at a significant loss.

Their customers, on the other hand, would face increased rates because the monopolistic conditions created by the geographic franchise arrangements would severely limit price competition and more than

likely result in a lower level of service.

Once these monopolistic conditions are implemented, the likelihood of unionization increases dramatically. This would result in many burdensome work rules and significantly higher wages and benefits, costs that would be passed along to commercial establishments and apartments owners, and ultimately to all Angelenos, producing a negative impact on the whole local economy.

There is also the very legitimate fear that the politically favored operators and the unions, most likely the reputation-challenged Teamsters, would collude even further, resulting in even higher rates, possibly approaching those in Chicago, the highest in the country.

But this is not the first time that the Mayor has used the environmental lobby as a front for promoting the interests of his campaign funding union friends.

Measure B, the Mayor's Solar Initiative, was a blatant payback to campaign funding Union Bo\$\$ Brian d'Arcy, the largest contributor to the Mayor's 2005 election.

The "employee provision" of Port's 2008 Clean Truck Program is another example where the Mayor sought to reward the Teamsters for its financial support for Measure S (the Communication User Tax) in February of 2008 and Measure R (the half cent increase in the sales tax to fund transportation projects) in November of 2008.

While the Clean Truck Program has far exceeded environmental expectations, the "employee provision" that essentially banned owner operator truck drivers in favor of company drivers was judged to be illegal by a federal court. But this was only after the Port had spent an estimated \$15 million in legal fees and related expenses defending the Teamsters request.

This bare knuckles battle with the trucking industry also trashed the reputation of the Port, resulting in the diversion of cargo by shippers and importers, resulting in the loss of revenue for the Port and fewer longshoreman jobs.

This negative impact on the Port and our local economy will accelerate once the Panama Canal is widened, costing our local economy billions, all because of a little campaign contribution.

Once again, the City needs to determine how best to achieve its environmental goals and to meet its regulatory requirements. And the same is true with the environmental community who are only damaging their reputation and credibility by providing a smokescreen for the creation of monopolistic conditions that are going to inflict even higher costs on the local economy over and above the costs associated with the increased environmental regulations.

The current City wide system is working well for both the private waste haulers and their customers. The City is recycling 65% of its trash and is well on its way to 70%.

All that is needed is a little nudge, not a major trashing and restructuring of the industry that is unilaterally determined by Board of Public Works and their City Hall cronies with ulterior political motives that are not in the best interest of Angelenos.

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