



FREQUENTLY ASKED QUESTIONS

NON-EXCLUSIVE COMMERCIAL SOLID WASTE COLLECTION FRANCHISE

(For Waste Haulers)

What is the current trash collection system in the unincorporated areas?

Commercial solid waste collection services in bins or dumpsters within the unincorporated County areas are currently provided by private waste haulers through an open-market system where customers directly arrange for services with waste haulers and not with the County.

Why change the current waste collection system in the unincorporated areas?

The open-market system has been unable to meet demands due to changes in Federal and State laws, public attitudes towards protecting the environment, and customers' desire for enhanced recycling and collection services. Pursuant to State law, the County must implement a mandatory commercial recycling and waste reduction program by July 1, 2012 due to diminishing space in landfills and growing environmental concerns. In order to comply with the State's mandate, the County is required to implement a franchise system for the unincorporated areas of the County.

What do the State's mandatory commercial recycling regulations require?

Assembly Bill 341 and Assembly Bill 32 require all businesses that generate 4 cubic yards of commercial solid waste per week and multi-family properties (5 units or more) to arrange for recycling service through one of the following:

- Subscribe to service that collects recyclables separately, or
- Send materials to mixed waste processing facility that diverts recyclables, or
- Self-haul your own recyclables

What type of system will the County be implementing?

The County will be implementing a Non-Exclusive Commercial Solid Waste Collection Franchise System (non-exclusive franchise). A non-exclusive franchise is a system in which a jurisdiction allows solid waste collection services to be provided by private waste haulers but requires haulers to enter into a non-exclusive commercial franchise agreement (Agreement) with the jurisdiction, in this case the County. Under this non-exclusive franchise system, customers will have a choice of more than one waste hauler because the system is open to competition to all haulers that enter into a franchise agreement. The waste haulers deal directly with the public and businesses in competing for customers.

When did the Board of Supervisors authorize the franchise system to move forward on a countywide basis?

On September 28, 2004, the Board adopted an ordinance to authorize franchise agreements for solid waste handling services in all or part of the unincorporated areas.

What is the non-exclusive franchise system intended to do?

The franchise system is intended to:

- Enhance recycling efforts and participation by providing customers separate collection of trash, recyclables and green waste materials, offering free bulky item and electronic waste collection, and by distributing recycling and waste diversion educational outreach materials.
- Improve customer service by offering a standardized, high-level of service, based on community input and specific needs. The County will enforce service standards through daily inspection of hauler's performance and assessment of liquidated damages for not meeting the standards prescribed in the agreement.
- Improve documentation of recycling efforts by requiring the franchise waste hauler to provide collection, disposal, and recycling information. This aids the County's effort to substantiate its compliance with the State's waste reduction mandate.

Overall, the franchise system will assist the County in meeting the State mandate by increasing recycling, requiring better reporting, and providing funding for additional recycling and educational programs.

Who is required to obtain an Agreement?

All waste haulers who provide service or plan to provide service in **bins or dumpsters and roll-off boxes** to residential, multi-family, commercial, industrial and institutional properties in the unincorporated areas of Los Angeles County will be required to enter into an Agreement. Additionally, this requirement applies to all waste haulers providing roll-off and construction and demolition handling services in the unincorporated areas of the County.

How do I enter into an Agreement?

Waste haulers need to submit all documentation and forms as specified in the Request for Statement of Qualifications (RFSQ) and sign an Agreement with the County of Los Angeles, Department of Public Works.

Are there exemptions?

No, all waste haulers that intend to provide service in bins or dumpsters and roll-off boxes to customers within the unincorporated areas of the County will be required to enter into a franchise Agreement.

What do I get as proof of entering into a franchise?

Waste haulers will receive a copy of the signed Agreement between the County and the waste hauler. Also, the County will be issuing vehicle decals to franchise waste haulers that must be affixed to vehicles that will be used for collection and transport of solid waste and recyclables.

What is the term of the Agreement?

The term of this Agreement will begin on July 1, 2012 and is for seven years. The term of this Agreement will be extended for up to three additional years depending on whether the franchise waste hauler utilizes alternative fuel vehicles to provide services. The specific extension will be based on the following timetable:

50% CONVERSION DATE	EXTENDED EXPIRATION DATE
as of this franchise date / prior to July 1, 2012	June 30, 2022
prior to July 1, 2013	June 30, 2021
prior to July 1, 2014	June 30, 2020

75% CONVERSION DATE	EXTENDED EXPIRATION DATE
prior to July 1, 2015	June 30, 2022
prior to July 1, 2016	June 30, 2021
prior to July 1, 2017	June 30, 2020

Is there fee to apply for a franchise?

No, there is no submittal fee.

When will the new franchise system be implemented?

The new system will begin July 1, 2012.

What is the fee associated with being a non-exclusive solid waste collector in commercial franchise?

As consideration for the grant of a franchise awarded, franchise waste haulers will pay a franchise fee to the County in such amount as may be determined by the Board of Supervisors, expressed as a percentage of the monthly gross receipts of the franchise waste hauler arising from the use, operation, or possession of the franchise.

Who is required to pay the franchise fee?

All franchise waste haulers who provide franchise service in the unincorporated areas of Los Angeles County.

Will the County be setting the service rates?

No, service rates will be set, billed and collected by franchise waste haulers.

Can I operate in the unincorporated areas without a franchise agreement?

No, County Code Chapter 20.72.60 states that no person other than the holder of a franchise may provide solid waste handling services within the granted franchise area, in this case, the unincorporated areas of Los Angeles County. A violation of this code constitutes an infraction and any person who conducts solid waste handling services in violation of this code shall be subject to civil penalty.

If I have a separate collection for green waste, is that considered a free service since green waste is a “Recyclable material” or can I charge for the service?

No. Green waste material is not defined as “recyclable” under the Commercial Waste Collection Franchise Agreement. You do not have to provide green waste collection service. However, if you do provide green waste collection service and the customer pays for the service, you must pay franchise fees on the green waste service fee revenue (1D) and tell the County where you deliver green waste (3F).

If a Waste Hauler Company owns one or more building properties, and provides trash collection service for those properties, is that considered “Self-Haul” and therefore, not subject to the Franchise Fee?

Collecting solid waste from your property is “self-haul” if you meet 2 criteria.

1. The property is owned in your name as franchised hauler, and
2. You do not invoice anyone for providing services or receive compensation. [Note that AB 341 defines a “self-hauler”: “Self-hauler” means a business that hauls its own waste rather than contracting for that service.]

If I have a building demolition business which allows me to haul the waste to my transfer/processing facility for recycling, is that considered “Self-Haul” and therefore, not subject to the Franchise Fee? (FYI, I am also a Bin Rental company with a Waste Collector Permit and Solid Waste Facility Permit).

Yes, you are a “Self-Hauler”. You are not required to pay franchise fees under the Commercial Franchise Agreement on gross receipts you receive for demolition and C&D removal services that you provide in your vehicles, without separate invoicing. However, you must pay franchise fees on gross receipts from your Bin Rental and other waste collection enterprises.

How do I show the Franchise Fee on my billing statement or can I itemize the Franchise Fee on my invoice to customers?

You cannot itemize the Franchise Fee on your billing statement or invoice to customers [Note: Franchise Agreement Section 1D, page 12]. However, you may show the following statement to address questions related to the Franchise Fee: “***This Billing Statement or Invoice reflects increased service costs related to changes in State law affecting Los Angeles County, its refuse haulers and its businesses.***”

Does our Customer Service Agreement need to be consistent with the County approved Customer Subscription Order and Bill of Rights?

Yes, it must include all applicable franchise services, terms and conditions and cannot be in conflict with the County’s approved Customer Subscription Order and Bill of Rights. However, Section 7 – Customer Service, Subsection C.6 of the Franchise Agreement, allows a waste hauler up to 6 months to amend its contract to be consistent with the County approved Customer Subscription Order and Bill of Rights.

Does a customer generated Agreement need to be consistent with the County approved Customer Subscription Order and Bill of Rights?

Yes, it must include all applicable franchise services, either within the customer’s text or referenced and attached to the customer’s text. The County approved Customer Subscription Order and Bill of Rights establishes minimum standards for waste haulers providing trash collection service in the unincorporated County areas.

Is revenue generated from the sale of recyclable materials included in calculating “Gross Receipts” for the purposes of determining the Franchise Fee?

No, Los Angeles County Code (Section 20.70.021(B)) excludes revenue derived from the sale of recyclable materials in calculating “Gross Receipts”. However, receipts generated from collection of recyclables or source-separated materials are not excluded, and therefore, must be included in calculating “Gross Receipts” for the purposes of determining the Franchise Fee.

As a waste hauler, who also operates a Material Recovery Facility (MRF) and plan to take all waste collected to the MRF for processing, do I have to offer source-separated recycling service to my customers or can I just market only mixed-waste collection service and charge a fee for the mixed-waste collection service?

You do not have to offer source-separated recycling service to your customers only if you plan to take all waste collected to a MRF for processing. However, you must annually conduct a waste recycling/diversion rate study of your MRF. The Study must demonstrate to County’s satisfaction that your MRF’s diversion rate is comparable to source-separated recycling services. [Note: Franchise Agreement Attachment No. 1 (Section 3A) – Franchise Services, Section A.1, and AB 341, California Public Resources Code Section 42649.2 (b)(2)].

If you have any questions, please call the franchise hotline at (800) 993-5844, Monday through Thursday, 7 a.m. to 5:30 p.m. or for more information please visit www.CleanLA.com.