

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**FROM:** Community Health Agency/ Environmental Health      **SUBMITTAL DATE:** March 7, 2003

**SUBJECT:** Riverside County Board of Supervisors Resolution No 2003-128  
Recognizing the Sale of International Rubbish Service to Waste Management  
of the Inland Empire

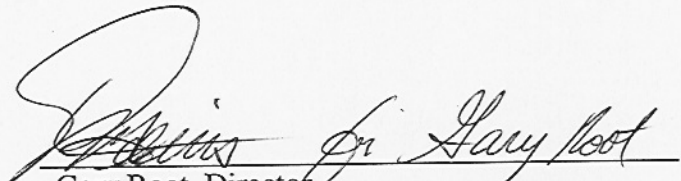
**RECOMMENDED MOTION:**

That the Board approve Resolution No. 2003-128 Recognizing the Acquisition of Assets of International Rubbish Service, Inc. (IRS) to Waste Management of the Inland Empire (WMI) and Granting Authority to WMI to Service the Collection and Hauling Contracts in Franchise Area 4 currently held by IRS.

**BACKGROUND**

Exclusive Waste Collection Franchises were awarded to IRS and WMI in 1998 for Franchise Areas 1 and 4, respectively, with effective dates of January 1, 1999. Since that date, both companies have operated in conformance with the conditions of those respective Franchises.

(continued)

  
\_\_\_\_\_  
Gary Root, Director  
Department of Environmental Health

**FINANCIAL DATA:**      see financial section

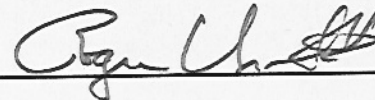
<b>CURRENT YEAR COST:</b>	\$	<u>0</u>	<b>ANNUAL COST \$</b>	<u>0</u>
<b>NET COUNTY COST:</b>	\$	<u>0</u>	<b>IN CURRENT YEAR BUDGET:</b>	YES _____ NO <u>✓</u>
			<b>BUDGET ADJUSTMENT:</b>	YES _____ NO <u>✓</u> <b>FOR FY:</b> <u>02/03</u>

**SOURCE OF FUNDS:**

**C.E.O. RECOMMENDATION:**

**APPROVE**

Executive Officer Signature



Policy  
 Policy

Consent  
 Consent

Department Recommendation:  
Per Executive Office:

Prev. Agn. ref.

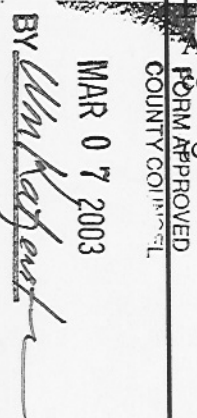
10.2, 10.3

9/19/98

Dist. 3 & 5

AGENDA NO.

**3.39**

BY   
MAR 07 2003  
COUNTY CLERK

**Background Continued:**

On November 14, 2002 this Department received a letter from Kevin Boling of IRS (Exhibit A), indicating that the company has entered into the final stages of an asset purchase agreement with WMI. The letter further indicated that the completion of such a sale is contingent on the Board of Supervisors approval of this transaction and WMI's assumption of IRS' waste collection responsibilities in Franchise Area 4. Staff is advised as of March 5, 2003 that final details of the sale have been completed and that the approval of the Board is now requested.

The requirements for the transfer of a franchise are identified in Section 12 (Exhibit B) of each Franchise Agreement. Staff has requested and reviewed the information identified in that section that is relevant in view of WMI's status as an existing Franchisee in the County. Staff is satisfied that WMI has met and continues to meet its contractual obligations under the Franchise Agreement with Riverside County.

Resolution 2003-128 (Exhibit C) will authorize WMI to carry out collection and hauling responsibilities in Area 4 under that Franchise and satisfy a condition for completion of the sales transaction.

**Financial Data:**

There is no cost or revenue associated with this motion.

**INTERNATIONAL  
RUBBISH  
SERVICE, INC.**

November 14, 2002

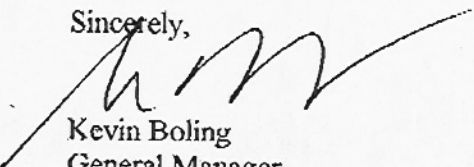
Mr. Damien Meins  
Riverside County  
Department of Environmental Services  
4080 Lemon Street, 9<sup>th</sup> Floor  
Riverside, CA 92501

Dear Mr. Meins:

International Rubbish Services, Inc. has entered into the final stages of an asset purchase agreement with Waste Management. The acquisition is contingent upon Riverside County's consent.

Therefore, we respectfully request your approval of the proposed acquisition and transfer of our Franchise Agreement. If there is any additional information you need to expedite the process, please feel free to contact me at (909) 688-4326.

Sincerely,



Kevin Boling  
General Manager

Cc: Sam Cardelucci

## Section 12 - FRANCHISE TRANSFERABILITY.

A. The franchise granted by this Agreement shall not be transferred, sold, hypothecated, leased, or assigned, nor shall any of the rights or privileges herein be hypothecated, leased, assigned, sold, or transferred, either in whole or in part, nor shall title thereto, either legal or equitable, or any right, interest, or property therein, pass to or vest in any Person, except the Franchisee, either by act of the Franchisee or by operation of law, without the prior written consent of the County expressed by Resolution. Any attempt by Franchisee to assign this franchise without the consent of County shall be void. The County shall review such a request using such criteria as it deems necessary including, but not limited to, those listed in Subsection C.

B. The County shall not unreasonably withhold its consent to a transfer of the franchise granted by this Franchise Agreement. The County may impose new conditions of approval on a Franchise Agreement transfer, including, but not limited to, conditions requiring acceptance of any reasonable amendments to this Agreement.

C. If the Franchisee requests that the County consider and consent to a transfer, the Franchisee shall meet the following requirements:

1) The Franchisee shall pay the County its reasonable expenses for attorney's fees and investigation costs necessary to investigate the suitability of any proposed transferee, and to review and finalize any documentation required as a condition for approving any such transfer.

2) The Franchisee shall furnish the County with audited financial statements of the proposed transferee's operations for the immediately preceding three (3) operating years.

3) The Franchisee shall furnish the County with satisfactory proof: (i) that the proposed transferee has at least five (5) years of solid waste management experience of a scale equal to or exceeding the scale of operations conducted by Franchisee under this Agreement; (ii) that in the last five (5) years, the proposed transferee has not suffered any citations or other censure from any federal, state or local agency having jurisdiction over its waste management operations due to any significant failure to comply with state, federal or local waste management laws. Franchisee shall supply the County with a complete list of such citations and censures; (iii) that the proposed transferee has at all times conducted its operations in an environmentally safe and conscientious fashion; (iv) that the proposed transferee conducts its solid waste management practices in accordance with sound waste management practices in full compliance with all federal, state and local laws regulating the Collection and disposal of waste; (v) of comparable financial strength; (vi) of required insurance and bonds; and (vii) of other material as may be requested by the County.

**WASTE MANAGEMENT**

7227 NE 55th Avenue  
Portland, Oregon 97218  
(503) 331-2221  
(503) 493-7883 Fax

November 18, 2002

Mr. Damian Miens  
Department of Environmental Health  
Riverside County  
4080 Lemon Street, 9<sup>th</sup> Floor  
Riverside, CA 92501

Dear Mr. Miens:

As you are aware, USA Waste of California, Inc. ("USA") has entered into an agreement to acquire the assets of International Rubbish Service, Inc. subject to certain conditions precedent, including obtaining Riverside County's consent. In connection therewith, I am pleased to provide you with certain information regarding USA as the proposed franchise transferee as required pursuant to Section 12(c) of the Agreement Between the County of Riverside and International Rubbish Service, Inc. for the Collection and Transportation of Solid Waste and Other Specified Services (the "Franchise Agreement").

USA is a Delaware corporation formed on June 25, 1993, and qualified to do business in California since October 28, 1996. USA is an indirect wholly-owned subsidiary of Waste Management, Inc. USA is Waste Management, Inc.'s primary subsidiary providing waste collection, transfer, recycling and resource recovery and disposal services throughout the State of California. USA has approximately 50 subsidiaries providing such services. While USA does not separately prepare audited financial statements, its parent company, Waste Management, Inc., is one of the largest publicly-owned companies providing integrated waste management services in North America. Waste Management, Inc. provides solid waste management services throughout the United States, Canada and Puerto Rico, including collection, transfer, recycling and resource recovery services and disposal services. The Annual Reports on Form 10-K for the fiscal years ended December 31, 1999, 2000 and 2001, as well as Waste Management's most recent quarterly report on Form 10-Q for the quarter ended June 30, 2002, are incorporated herein by this reference.

Turning to the specific requirements of Section 12(c)(3), I will address each item in turn as follows:

- (i) As noted above, USA has more than five years of solid waste management experience of a scale equal to or exceeding the scale of operations conducted by International Rubbish Service. Moreover, USA and/or its affiliates, have been ongoing franchisee with the County of Riverside for numerous years.

- (ii) USA is Waste Management, Inc.'s primary operating subsidiary with 50 subsidiaries of its own. Notwithstanding its size, USA has an enviable record with respect to state, federal and local waste management laws. Included herewith, is a short list of matters falling into the category of "citations and centures" for USA over the previous five years. Given the size of the company, we believe this is an extremely low number of incidents and, in each case, the matter was promptly resolved by USA.
- (iii)& (iv) USA is proud to conduct its operations in an environmentally safe and conscientious fashion. In those rare incidents where USA has not been in full compliance with any applicable federal, state or local law, the item was promptly addressed and resolved to the satisfaction of the appropriate agency. In connection therewith, we are pleased to provide you with the environmental compliance history for the previous five years for USA which is included herewith. Again, in light of the size of the company, we believe this is an extremely clean record, and in all cases, the matters have been satisfactorily resolved with the appropriate agencies.
- (v) As noted above, USA has at least comparable financial strength to International Rubbish Service, Inc.
- (vi) This letter will confirm that USA has insurance and bonding capacity meeting or exceeding the requirements of Section 8 of the Franchise Agreement.
- (vii) USA is pleased to provide the County with any additional materials which it may request. For any such information, please contact the undersigned.

We look forward to working with you on the coordination of the transfer of this franchise and to continue to provide outstanding service to the residents of Riverside County. Should you have any questions regarding this matter, please do not hesitate to contact me. By separate letter, I will address some issues regarding coordination with our existing franchise and landfill facilities.

Sincerely,



Joe Cassin

Director of Business Development, Western Group

Cc: Alex Braicovich

## Environmental Compliance History

Facility	Date	Source Agency	Nature of Violation	Disposition
BDC Special Waste (Sacramento)	11/15/99	Central Valley RWQCB	NOV - Failure to file 1998/1999 Storm Water Discharge Report	Report with sample results were delivered to RWQCB on 11/16/99. Resolved.
Blue Barrel Disposal (Saugus)	12/15/99	South Coast AQMD	NOV - Use of conventional spray gun to apply VOC coating to metal parts	Facility purchased HBLP spray guns in order to comply. Resolved.
Carson Transfer Station (Carson)	11/15/01	LA County Sanitation District	NOV - Discharge of wastewater with pH lower than 6.0	NOV - Site began manual testing for pH. Automated system installed. Resolved.
Downtown Transfer Station (Los Angeles)	5/27/98	City of Los Angeles	NOV - Several small refrigerators were stored in baler loading area.	Refrigerators taken offsite for proper disposal. Issue resolved.
El Sobrante LF (Corona)	5/27/99	CIWMB	NOV - Litter control	Slopes of LF were cleaned by crew. Issue resolved.
El Sobrante LF (Corona)	12/13/99	RWQCB	NOV - Placement of clay liner without approval	Tentative approval received. Construction halted until final approval received. Resolved.
Fresno TS	1/8/01	Fresno County LEA	NOV - Alleged failure to control onsite litter.	Frequency of litter collection increased. Issue resolved.
Inland Empire (Corona)	10/18/00	CA RWQCB	NOV - Runoff from waste piles considered possible contaminate of stormwater	Change in operations and implementation of additional BMPs to address issues. Resolved.
LA Hauling (Long Beach)	2/5/99	LA County Public Works	NOV - Failure to file new application for industrial wastewater discharge permit	Permit was obtained. Issue resolved.
LA Hauling (Long Beach)	6/26/01	CA Dept of Food and Agriculture	NOV - Transportation of inedible products without proper registration.	Issue corrected and no further action taken by agency. Resolved.
Napa Garbage (Napa)	2/24/00	Napa County LEA	NOV - Litter observed around fence line and drop box storage.	Frequency of litter collection increased. Issue resolved.
Santa Fe Springs Hauling (Santa Fe Springs)	12/27/00	City of Santa Fe Springs Fire Dept.	NOV - Corrections required for underground fuel tanks.	Inspection and certification performed on tanks 12/22/00. Issue resolved.

Stockton Scavengers (Stockton)	1/10/01	San Joaquin APCD	NOV - Facility sprayed over the conditional VOC limits.	Changes made to permit to allow VOC paint usage. Issue resolved.
Tulare County Recycling (Visalia)	12/6/00	County of Tulare	Correction notice - Failure to control vectors, maintain drainage, and alleged storage of waste.	Conditional use permit modified and all issues addressed during reinspection.
WM of Los Angeles	3/27/98	South Coast AQMD	NOV - performance tests not conducted for emissions	Tests were conducted. Issue resolved.

## Litigation Record - Exhibit B

Matter	Date Filed	Court	Case Number	Primary Site	Matter Description	Status
People v. Waste Management of California (Redondo Beach)	09/02/1998	Los Angeles County Municipal Court (CA)	88B07175	Los Angeles Hauling	Alleged non-compliance at the scale used to weigh recyclables at Redondo Beach Recyclery. The company immediately instituted corrective measures. This incident occurred prior to the Waste Management/USA Waste merger and was eventually resolved as a non-criminal infraction.	Inactive
People of the State of California v. USA Waste of California, Inc. and Jose Luis Ventura Anaya (and related cases: Jurado and Pena)	04/06/2000	San Diego Superior Court (CA)	M798932CF; M805064; M796562	Coast Waste	Misdemeanor charges stemming from overweight vehicle citations. Settled.	Inactive
People of the State of California v. Waste Management	05/08/2000	Los Angeles County Superior Court (CA)	4078514	Compton Hauling	Overweight vehicle citation. Dismissed.	Inactive
People of the State of California v. Green Valley Disposal Co., Inc.	08/01/2000	Santa Clara County Superior Court (CA)		Green Valley Disposal	A fuel tank rupture on one of the Green Valley Disposal trucks caused diesel fuel to pass into a storm drain. The Company stipulated to a judgment in the matter, and agreed to pay civil penalties and clean up costs.	Inactive

**RESOLUTION NO. 2003-128****A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE  
RECOGNIZING THE SALE OF INTERNATIONAL RUBBISH SERVICE, INC. TO WASTE  
MANAGEMENT OF THE INLAND EMPIRE, INC. (WMI) AND GRANTING AUTHORITY  
TO WMI TO SERVICE COLLECTION AND HAULING CONTRACTS IN  
FRANCHISE AREA 4 CURRENTLY HELD BY IRS.**

Whereas WMI is a solid waste hauling company currently holding a Franchise issued by Riverside County Board of Supervisors on May 19, 1998 authorizing it to collect solid waste in Franchise Area's 1 and 3 of the County under County Ordinance No. 657, and;

Whereas IRS is a solid waste hauling company currently holding a Franchise issued by Riverside County Board of Supervisors on May 19, 1998 authorizing it to collect solid waste in Franchise Area 4 of the County under County Ordinance No. 657, and;

Whereas IRS in a letter to the Department of Environmental Health dated November 14, 2002 has notified the Department, as the County Administrator of all solid waste collection franchises currently in effect in the County, that it is in the final stages of an asset purchase agreement with WMI; and stating the intention of WMI to assume performance responsibilities under IRS' current Franchise in Area 4.

IRS further requested that this matter be brought to the attention of the Board of Supervisors with a request that the Board authorize WMI to assume IRS performance responsibilities under the latter's franchise and service the collection and hauling contracts currently held by IRS in Franchise Area 4, and;

Whereas the Department of Environmental Health has found WMI to be in current good standing under its Franchise issued for Area 1 and 3; now therefore

BE IT RESOLVED, by the Board of Supervisors in Regular session assembled on March 11, 2003 that this Board now grants its approval to WMI to assume performance responsibilities in Area 4 under the

1 Franchise currently held by IRS for the remainder of the term of that Franchise and hereby authorizes  
2 WMI to carry out collection and hauling responsibilities in Area 4 under that franchise.

3 **EFFECTIVE DATE**

4 This Resolution shall take effect this date.

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BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE,

STATE OF CALIFORNIA

BY \_\_\_\_\_

Chairman

ATTEST:

Clerk of the Board

By \_\_\_\_\_

Deputy

(SEAL)